

## CenturyTel, Inc.

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	Three months ended September 30, 2007			Three months ended September 30, 2006		
<i>In thousands</i>	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As adjusted excluding non- recurring items
<b>Operating cash flow and cash flow margin</b>						
Operating income	\$ 224,185	(2,214) (1)	226,399	168,942	(2,604) (1)	171,546
Add: Depreciation and amortization	136,606	-	136,606	130,147	-	130,147
Operating cash flow	<u>\$ 360,791</u>	<u>(2,214)</u>	<u>363,005</u>	<u>299,089</u>	<u>(2,604)</u>	<u>301,693</u>
Revenues	<u>\$ 708,833</u>	<u>527</u> (1)	<u>708,306</u>	<u>619,837</u>	<u>651</u> (1)	<u>619,186</u>
Operating income margin (operating income divided by revenues)	<u>31.6%</u>		<u>32.0%</u>	<u>27.3%</u>		<u>27.7%</u>
Operating cash flow margin (operating cash flow divided by revenues)	<u>50.9%</u>		<u>51.2%</u>	<u>48.3%</u>		<u>48.7%</u>
<b>Free cash flow (prior to debt service requirements and dividends)</b>						
Net income	\$ 113,202	5,065 (2)	108,137	76,324	(1,604) (3)	77,928
Add: Depreciation and amortization	136,606	-	136,606	130,147	-	130,147
Less: Capital expenditures	(77,445)	-	(77,445)	(82,579)	-	(82,579)
Free cash flow	<u>\$ 172,363</u>	<u>5,065</u>	<u>167,298</u>	<u>123,892</u>	<u>(1,604)</u>	<u>125,496</u>
Free cash flow	\$ 172,363			123,892		
Gain on asset dispositions	(10,436)			-		
Deferred income taxes	13,106			11,262		
Changes in current assets and current liabilities	(42,321)			(14,012)		
Increase in other noncurrent assets	4,400			4,132		
Decrease in other noncurrent liabilities	(2,542)			(1,729)		
Retirement benefits	6,745			10,406		
Excess tax benefits from share-based compensation	(122)			(2,913)		
Other, net	12,770			2,574		
Add: Capital expenditures	77,445			82,579		
Net cash provided by operating activities	<u>\$ 231,408</u>			<u>216,191</u>		

#### NONRECURRING ITEMS

- (1) - Severance and related costs due to workforce reduction, including revenue impact (presented on a pre-tax basis).
- (2) - After-tax effect of gain on sale of non-core asset and severance and related costs due to workforce reduction.
- (3) - After-tax effect of severance and related costs due to workforce reduction.

## CenturyTel, Inc.

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

<i>In thousands</i>	Nine months ended September 30, 2007			Nine months ended September 30, 2006		
	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As adjusted excluding non- recurring items
<b>Operating cash flow and cash flow margin</b>						
Operating income	\$ 624,104	52,707	(1) 571,397	491,859	(7,467)	(4) 499,326
Add: Depreciation and amortization	398,701	-	398,701	397,146	-	397,146
Operating cash flow	<u>\$ 1,022,805</u>	<u>52,707</u>	<u>970,098</u>	<u>889,005</u>	<u>(7,467)</u>	<u>896,472</u>
Revenues	<u>\$ 1,999,679</u>	<u>51,396</u>	<u>(2) 1,948,283</u>	<u>1,840,035</u>	<u>1,963</u>	<u>(4) 1,838,072</u>
Operating income margin (operating income divided by revenues)	<u>31.2%</u>		<u>29.3%</u>	<u>26.7%</u>		<u>27.2%</u>
Operating cash flow margin (operating cash flow divided by revenues)	<u>51.1%</u>		<u>49.8%</u>	<u>48.3%</u>		<u>48.8%</u>
<b>Free cash flow (prior to debt service requirements and dividends)</b>						
Net income	\$ 303,337	38,896	(3) 264,441	297,794	74,206	(5) 223,588
Add: Depreciation and amortization	398,701	-	398,701	397,146	-	397,146
Less: Capital expenditures	(184,301)	-	(184,301)	(213,034)	-	(213,034)
Free cash flow	<u>\$ 517,737</u>	<u>38,896</u>	<u>478,841</u>	<u>481,906</u>	<u>74,206</u>	<u>407,700</u>
Free cash flow	\$ 517,737			481,906		
Gain on asset dispositions	(10,436)			(118,649)		
Deferred income taxes	43,111			33,413		
Changes in current assets and current liabilities	28,514			(14,472)		
Decrease in other noncurrent assets	8,053			4,429		
Increase (decrease) in other noncurrent liabilities	(14,209)			557		
Retirement benefits	21,392			25,332		
Excess tax benefits from share-based compensation	(6,434)			(7,860)		
Other, net	17,404			4,818		
Add: Capital expenditures	184,301			213,034		
Net cash provided by operating activities	<u>\$ 789,433</u>			<u>622,508</u>		

#### NONRECURRING ITEMS

- (1) - Includes (i) \$49.0 million revenue recorded upon settlement of a dispute with a carrier; (ii) \$5.9 million reimbursement of amounts upon a change in our satellite television arrangement, net of (iii) impact of severance and related costs due to workforce reduction (\$2.2 million).
- (2) - Includes (i) \$49.0 million revenue recorded upon settlement of a dispute with a carrier; (ii) \$1.9 million reimbursement of amounts upon a change in our satellite television arrangement and (iii) revenue impact of severance and related costs due to workforce reduction (\$.5 million).
- (3) - Includes after-tax gain on sale of non-core asset and the after-tax effect of Item (1).
- (4) - Severance and related costs due to workforce reduction, including related revenue impact.
- (5) - Includes (i) the after-tax effect of gains on sales of assets (primarily gain on Rural Telephone Bank stock redemption), (ii) the after-tax effect of Item (4) and (iii) a \$6.4 million net tax benefit due to the resolution of various income tax audit issues.