

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Earliest Event Reported: October 28, 2004

C ENTURYTEL, I NC.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction
of incorporation)

1-7784
(Commission
File Number)

72-0651161
(IRS Employer
Identification No.)

**100 CenturyTel Drive
Monroe, Louisiana 71203**
(Address of principal executive offices) (Zip Code)

(318) 388-9000
(Registrant's telephone number, including area code)

Item 2.02. Results of Operations and Financial Condition.

The following information, except for our forecasts for the upcoming quarter and except for our references to non-GAAP financial measures (as defined in Regulation G promulgated by the Securities and Exchange Commission), shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed by us under the Securities Act of 1933, as amended, except to the extent that such incorporated information is superceded by information as of a subsequent date that is included in or incorporated by reference into any such registration statement. None of the following information shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

On October 28, 2004, we issued a press release announcing our third quarter 2004 consolidated operating results. More complete information on our operating results will be included in our Quarterly Report on Form 10-Q for the period ended September 30, 2004, which we expect to file shortly with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits.

The following exhibit is furnished as part of this report:

(c) Exhibit.

99 Press release dated October 28, 2004 reporting third quarter 2004 operating results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

C ENTURY T EL, I NC.

By: /s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller

Dated: October 28, 2004

FOR IMMEDIATE RELEASE

October 28, 2004

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CenturyTel Reports Third Quarter Earnings

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for third quarter 2004 that met or exceeded First Call consensus estimates.

- **Operating revenues, excluding nonrecurring items, increased 1.2% to \$607.4 million from \$600.3 million. Reported under GAAP, operating revenues increased 0.6% to \$603.9 million from \$600.3 million.**
- **Operating cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$308.2 million.**
- **Net income, excluding nonrecurring items, was \$81.1 million compared to \$88.5 million in third quarter 2003. Net income, reported under GAAP, was \$86.2 million compared to \$91.0 million in third quarter 2003.**
- **Diluted earnings per share, excluding nonrecurring items, was \$.60 in third quarter 2004 and \$.61 in third quarter 2003, while GAAP diluted earnings per share was \$.63 in both third quarter 2004 and third quarter 2003.**
- **Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$110.6 million in third quarter 2004.**
- **Through the third quarter, the Company had repurchased nearly 10.9 million shares of common stock for a total investment of \$318.4 million.**

Third Quarter Highlights (1) (Excluding nonrecurring items) (In thousands, except per share amounts and customer units)	Quarter Ended 9/30/04	Quarter Ended 9/30/03	% Change
Operating Revenues	\$ 607,392	\$ 600,264	1.2 %
Operating Cash Flow	\$ 308,239	\$ 315,510	(2.3)%
Net Income	\$ 81,135	\$ 88,452	(8.3)%
Diluted Earnings Per Share	\$.60	\$.61	(1.6)%
Average Diluted Shares Outstanding	135,737	145,171	(6.5)%
Capital Expenditures	\$ 97,583	\$ 102,201	(4.5)%
Telephone Access Lines	2,336,517	2,394,623	(2.4)%
Long Distance Lines (2)	1,037,293	903,939	14.8 %
DSL Connections	120,869	76,328	58.4 %

(1) These results include adjustments for nonrecurring items and other non-GAAP financial measures. A reconciliation of these items to comparable GAAP measures is included in the attached financial schedules.

(2) In first quarter 2004, the Company began reporting long distance units on a line basis instead of a customer basis. Third quarter 2003 has been restated on a line basis to ensure period-to-period comparability. All periods have also been adjusted to reflect the removal of 10,090 long distance lines due to zero-usage account clean-up during the billing system conversion.

" CenturyTel achieved revenue growth of 1.2% and generated strong free cash flow of \$110.6 million during the third quarter in a very challenging environment," Glen F. Post, III, chairman and chief executive officer, said. " Through the first nine months of 2004, CenturyTel generated nearly \$379 million of free cash flow and returned more than \$342 million to shareholders through our cash dividends and share repurchase program."

Operating revenues, excluding nonrecurring items, rose 1.2% to \$607.4 million in third quarter 2004 from \$600.3 million in third quarter 2003. Revenue increases resulted primarily from approximately \$20.0 million of revenues generated by the fiber assets acquired during 2003, data revenue growth from DSL subscribers, continued long distance subscriber growth and increased enhanced calling feature penetration. These increases more than offset revenue declines of \$13.6 million attributable to anticipated lower intrastate toll revenues, universal service funding, interstate access revenues related to prior periods and the effect of access line losses.

Operating expenses, excluding nonrecurring items, increased 4.1% to \$426.2 million from \$409.5 million in third quarter 2003 due primarily to the fiber assets acquired during 2003 and increases in operating taxes, customer service expenses and marketing expenses.

Operating cash flow, excluding nonrecurring items, decreased 2.3% to \$308.2 million from \$315.5 million. CenturyTel achieved an operating cash flow margin of 50.7% during the quarter versus 52.6% in third quarter 2003.

Net income, excluding nonrecurring items, was \$81.1 million compared to \$88.5 million in third quarter 2003. Diluted earnings per share, excluding nonrecurring items, was \$.60 in third quarter 2004 and \$.61 in third quarter 2003.

"Strong growth in long distance and data revenues as well as the continued penetration of enhanced calling features reflect CenturyTel ' s continued success in delivering needed products and services to our customers in rural areas and smaller cities across the country," Post said.

For the first nine months of 2004, operating revenues, excluding nonrecurring items, increased to \$1.805 billion from \$1.765 billion for the same period in

2003, a 2.2% increase. Operating cash flow, excluding nonrecurring items, was \$939.5 million for 2004 compared to \$935.1 million a year ago. Operating income, excluding nonrecurring items, decreased to \$554.6 million from \$559.0 million in 2003.

Under generally accepted accounting principles (GAAP), net income for third quarter 2004 was \$86.2 million compared to \$91.0 million for third quarter 2003. Diluted earnings per share for both third quarter 2004 and 2003 was \$.63. For the first nine months of 2004 and 2003, net income was \$252.8 million and \$262.3 million, respectively, while diluted earnings per share was \$1.81 and \$1.82, respectively. Third quarter 2004 results reflect an after-tax \$6.0 million adjustment for over depreciated assets and the related revenue effect, as well as other nonrecurring items detailed in the accompanying financial information that affected the third quarters and first nine months of 2004 and 2003.

Outlook. For the fourth quarter 2004, CenturyTel expects total revenues of \$590 to \$605 million and diluted earnings per share of \$.56 to \$.60. For the full year 2004, diluted earnings per share is expected to be in the range of \$2.34 to \$2.38. These outlook figures are presented excluding the potential impact of any future mergers, acquisitions, divestitures, share repurchases or other unusual events.

The Company expects to provide full year 2005 earnings per share guidance in January 2005. The Company has, however, identified several items that can be expected to affect 2005 results. Increased national average loop costs are expected to negatively impact the Company's 2005 Universal Service Fund receipts and diluted earnings per share by \$.05 to \$.07. Our anticipated roll-outs of satellite entertainment and wireless services are expected to negatively impact 2005 diluted earnings per share by approximately \$.05 to \$.09. The Company currently anticipates, subject to market conditions and the availability of other investment opportunities, to complete its previously announced \$400 million share repurchase program and to undertake transactions to mitigate the dilutive effect of the \$500 million in Equity Units that are currently scheduled to settle in May 2005. Giving effect to these items, we currently anticipate 2005 interest expense will be between \$200 and \$210 million. These and other items that may affect 2005 results will be discussed in greater detail during our January 2005 call.

Reconciliation to GAAP. This release includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow and adjustments to GAAP measures to exclude the effect of nonrecurring items. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist readers in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial statements. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available in the Investor Relations portion of the Company's Web site at www.centurytel.com. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

Investor Call. As previously announced, CenturyTel's management will host a conference call at 10:30 a.m. Central Time today. Interested parties can access the call by dialing 888.578.9505. The call will be accessible for replay until 11:59 p.m. Central Time, November 3, 2004, by calling 888.266.2081 and entering the conference ID number 575262. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Investor Relations portion of the Company's Web site at www.centurytel.com prior to November 17, 2004.

In addition to historical information, this release includes certain forward-looking statements, estimates and projections that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond the control of the Company. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry; the Company's ability to effectively manage its growth, including integrating newly-acquired businesses into the Company's operations and hiring adequate numbers of qualified staff; possible changes in the demand for, or pricing of, the Company's products and services; the Company's ability to successfully introduce new product or service offerings on a timely and cost-effective basis; the Company's ability to collect its receivables from financially troubled communications companies; other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission; and the effects of more general factors such as changes in interest rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The information contained in this release is as of October 28, 2004. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel, Inc. provides communications services including local, long distance, Internet access and data services to customers in 22 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL, and is included in the S&P 500 Index. CenturyTel is the 8th largest local exchange telephone company, based on access lines, in the United States. Visit CenturyTel at www.centurytel.com.

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C ENTURY T EL, I NC.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(UNAUDITED)

	Three months ended September 30, 2004			Three months ended September 30, 2003				
	As reported	Less non-recurring items	As adjusted excluding non-recurring items	As reported	Less non-recurring items	As adjusted excluding non-recurring items	Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
<i>In thousands, except per share amounts</i>								
OPERATING REVENUES								
Local service	\$ 179,793		179,793	179,136		179,136	0.4%	0.4%
Network access	237,522	(3,091)	(1) 240,613	252,757		252,757	(6.0%)	(4.8%)

Long distance	49,743			49,743	45,207		45,207	10.0%	10.0%
Data	69,570	(422)	(1)	69,992	62,008		62,008	12.2%	12.9%
Fiber transport and CLEC	19,113			19,113	13,530		13,530	41.3%	41.3%
Other	48,138			48,138	47,626		47,626	1.1%	1.1%
	<u>603,879</u>	<u>(3,513)</u>		<u>607,392</u>	<u>600,264</u>	<u>-</u>	<u>600,264</u>	0.6%	1.2%
OPERATING EXPENSES									
Cost of services and products	191,000			191,000	190,193		190,193	0.4%	0.4%
Selling, general and administrative	108,153			108,153	94,561		94,561	14.4%	14.4%
Depreciation and amortization	113,857	(13,221)	(1)	127,078	124,729		124,729	(8.7%)	1.9%
	<u>413,010</u>	<u>(13,221)</u>		<u>426,231</u>	<u>409,483</u>	<u>-</u>	<u>409,483</u>	0.9%	4.1%
OPERATING INCOME	190,869	9,708		181,161	190,781	-	190,781	0.0%	(5.0%)
OTHER INCOME (EXPENSE)									
Interest expense	(52,174)			(52,174)	(54,360)		(54,360)	(4.0%)	(4.0%)
Income from unconsolidated cellular entity	1,929			1,929	1,736		1,736	11.1%	11.1%
Other income and expense	(822)	(1,500)	(2)	678	(1,076)		(1,076)	(23.6%)	(163.0%)
Income tax expense	(53,610)	(3,151)	(3)	(50,459)	(46,102)	2,527 (4)	(48,629)	16.3%	3.8%
NET INCOME	<u>\$ 86,192</u>	<u>5,057</u>		<u>81,135</u>	<u>90,979</u>	<u>2,527</u>	<u>88,452</u>	(5.3%)	(8.3%)
BASIC EARNINGS PER SHARE	\$ 0.64	0.04		0.60	0.63	0.02	0.61	1.6%	(1.6%)
DILUTED EARNINGS PER SHARE	\$ 0.63	0.04		0.60	0.63	0.02	0.61	0.0%	(1.6%)
SHARES OUTSTANDING									
Basic	134,885			134,885	143,897		143,897	(6.3%)	(6.3%)
Diluted	135,737			135,737	145,171		145,171	(6.5%)	(6.5%)
DIVIDENDS PER COMMON SHARE	\$ 0.0575			0.0575	0.055		0.055	4.5%	4.5%

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect.
- (2) - Impairment of nonoperating investment.
- (3) - Tax effect of items (1) and (2).
- (4) - Net out of period income tax adjustments.

CENTURYTEL, INC. CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003 (UNAUDITED)

	Nine months ended September 30, 2004			Nine months ended September 30, 2003				
	As reported	Less non-recurring items	As adjusted excluding non-recurring items	As reported	Less non-recurring items	As adjusted excluding non-recurring items	Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
In thousands, except per share amounts								
OPERATING REVENUES								
Local service	\$ 537,993		537,993	534,509		534,509	0.7%	0.7%
Network access	723,994	(3,091)(1)	727,085	747,307		747,307	(3.1%)	(2.7%)
Long distance	140,059		140,059	130,968		130,968	6.9%	6.9%
Data	203,367	(422)(1)	203,789	180,816		180,816	12.5%	12.7%
Fiber transport and CLEC	54,866		54,866	28,461		28,461	92.8%	92.8%
Other	140,859		140,859	142,946		142,946	(1.5%)	(1.5%)
	<u>1,801,138</u>	<u>(3,513)</u>	<u>1,804,651</u>	<u>1,765,007</u>		<u>1,765,007</u>	2.0%	2.2%
OPERATING EXPENSES								
Cost of services and products	562,775		562,775	552,013		552,013	1.9%	1.9%
Selling, general and administrative	302,426		302,426	272,900	(4,959)(4)	277,859	10.8%	8.8%
Depreciation and amortization	371,600	(13,221)(1)	384,821	376,159		376,159	(1.2%)	2.3%
	<u>1,236,801</u>	<u>(13,221)</u>	<u>1,250,022</u>	<u>1,201,072</u>	<u>(4,959)</u>	<u>1,206,031</u>	3.0%	3.6%
OPERATING INCOME	564,337	9,708	554,629	563,935	4,959	558,976	0.1%	(0.8%)
OTHER INCOME (EXPENSE)								
Interest expense	(157,806)		(157,806)	(165,909)		(165,909)	(4.9%)	(4.9%)
Income from unconsolidated cellular entity	6,114		6,114	4,895		4,895	24.9%	24.9%
Other income and expense	(2,329)	(1,500)(2)	(829)	(1,034)		(1,034)	125.2%	(19.8%)
Income tax expense	(157,561)	(3,151)(3)	(154,410)	(139,622)	791 (5)	(140,413)	12.8%	10.0%
NET INCOME	<u>\$ 252,755</u>	<u>5,057</u>	<u>247,698</u>	<u>262,265</u>	<u>5,750</u>	<u>256,515</u>	(3.6%)	(3.4%)
BASIC EARNINGS PER SHARE	\$ 1.82	0.04	1.79	1.83	0.04	1.79	(0.5%)	0.0%
DILUTED EARNINGS PER SHARE	\$ 1.81	0.04	1.78	1.82	0.04	1.78	(0.5%)	0.0%
SHARES OUTSTANDING								
Basic	138,512		138,512	143,370		143,370	(3.4%)	(3.4%)
Diluted	139,324		139,324	144,481		144,481	(3.6%)	(3.6%)
DIVIDENDS PER COMMON SHARE	\$ 0.1725		0.1725	0.165		0.165	4.5%	4.5%

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect.
(2) - Impairment of nonoperating investment.
(3) - Tax effect of items (1) and (2).
(4) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy.
(5) - Net out of period income tax adjustments (\$2.5 million credit), net of tax expense effect of item (4).

C ENTURYTEL, I NC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2004 AND DECEMBER 31, 2003
(UNAUDITED)

	September 30, 2004	December 31, 2003
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 168,975	203,181
Other current assets	261,861	259,758
Total current assets	430,836	462,939
NET PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	7,333,871	7,184,155
Accumulated depreciation	(3,998,332)	(3,728,674)
Net property, plant and equipment	3,335,539	3,455,481
INVESTMENTS AND OTHER ASSETS		
Goodwill	3,430,302	3,425,001
Other	593,657	552,431
Total investments and other assets	4,023,959	3,977,432
TOTAL ASSETS		
	\$ 7,790,334	7,895,852
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 121,156	72,453
Other current liabilities	418,930	398,930
Total current liabilities	540,086	471,383
LONG-TERM DEBT	2,900,964	3,109,302
DEFERRED CREDITS AND OTHER LIABILITIES	941,539	836,651
STOCKHOLDERS' EQUITY	3,407,745	3,478,516
TOTAL LIABILITIES AND EQUITY	\$ 7,790,334	7,895,852

C ENTURYTEL, I NC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

	Three months ended September 30, 2004			Three months ended September 30, 2003		
	As reported	Less non-recurring items	As adjusted excluding non-recurring items	As reported	Less non-recurring items	As adjusted excluding non-recurring items
<i>In thousands</i>						
Operating cash flow and cash flow margin						
Operating income	\$ 190,869	9,708 (1)	181,161	190,781	-	190,781
Add: Depreciation and amortization	113,857	(13,221) (1)	127,078	124,729	-	124,729
Operating cash flow	\$ 304,726	(3,513)	308,239	315,510	-	315,510
Revenues	\$ 603,879	(3,513) (1)	607,392	600,264	-	600,264

Operating income margin (operating income divided by revenues)	31.6%	29.8%	31.8%	31.8%
Operating cash flow margin (operating cash flow divided by revenues)	50.5%	50.7%	52.6%	52.6%
Free cash flow (prior to debt service requirements and dividends)				
Net income	\$ 86,192	5,057 (2)	81,135	90,979
Add: Depreciation and amortization	113,857	(13,221) (1)	127,078	124,729
Less: Capital expenditures	(97,583)	-	(97,583)	(102,201)
Free cash flow	\$ 102,466	(8,164)	110,630	113,507
Free cash flow	\$ 102,466			113,507
Income from unconsolidated cellular entity	(1,929)			(1,736)
Deferred income taxes	18,370			24,181
Changes in current assets and current liabilities	13,622			12,604
Increase in other noncurrent assets	(8,565)			(6,779)
Decrease in other noncurrent liabilities	(1,152)			(5,483)
Retirement benefits	5,137			13,721
Other, net	6,904			(2,867)
Add: Capital expenditures	97,583			102,201
Net cash provided by operating activities	\$ 232,436			249,349

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect (presented on a pre-tax basis).
- (2) - Adjustment for overdepreciated assets, including related revenue effect, and impairment of nonoperating investment (presented on an after-tax basis).
- (3) - Net out of period income tax adjustments.

CENTURYTEL, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

	Nine months ended September 30, 2004			Nine months ended September 30, 2003		
	As reported	Less non-recurring items	As adjusted excluding non-recurring items	As reported	Less non-recurring items	As adjusted excluding non-recurring items
<i>In thousands</i>						
Operating cash flow and cash flow margin						
Operating income	\$ 564,337	9,708 (1)	554,629	563,935	4,959 (3)	558,976
Add: Depreciation and amortization	371,600	(13,221)(1)	384,821	376,159	-	376,159
Operating cash flow	\$ 935,937	(3,513)	939,450	940,094	4,959	935,135
Revenues	\$ 1,801,138	(3,513)(1)	1,804,651	1,765,007	-	1,765,007
Operating income margin (operating income divided by revenues)	31.3%		30.7%	32.0%		31.7%
Operating cash flow margin (operating cash flow divided by revenues)	52.0%		52.1%	53.3%		53.0%
Free cash flow (prior to debt service requirements and dividends)						
Net income	\$ 252,755	5,057 (2)	247,698	262,265	5,750 (4)	256,515
Add: Depreciation and amortization	371,600	(13,221)(1)	384,821	376,159	-	376,159
Less: Capital expenditures	(253,597)	-	(253,597)	(256,459)	-	(256,459)
Free cash flow	\$ 370,758	(8,164)	378,922	381,965	5,750	376,215
Free cash flow	\$ 370,758			381,965		
Income from unconsolidated cellular entity	(6,114)			(4,895)		
Deferred income taxes	75,408			68,022		
Changes in current assets and current liabilities	45,892			128,431		
Increase in other noncurrent assets	(26,474)			(18,280)		
Decrease in other noncurrent liabilities	(4,696)			(4,790)		
Retirement benefits	23,000			25,597		
Other, net	4,423			(4,087)		
Add: Capital expenditures	253,597			256,459		
Net cash provided by operating activities	\$ 735,794			828,422		

NONRECURRING ITEMS

- (1) - Adjustment for overdepreciated assets, including related revenue effect (presented on a pre-tax basis).
- (2) - Adjustment for overdepreciated assets, including related revenue effect, and impairment of nonoperating investment (presented on an after-tax basis).
- (3) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on a pre-tax basis).
- (4) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on an after-tax basis) and net out of period income tax adjustments of \$2.5 million.