

**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 Report**  
(Date of Earliest Event Reported)

February 3, 2005

*Commission file number 1-7784*

**CENTURYTEL, INC.**  
(Exact name of Registrant as specified in its charter)

Louisiana  
(State or other jurisdiction of  
incorporation or organization)

72-0651161  
(IRS Employer  
Identification No.)

100 CenturyTel Drive, Monroe, Louisiana  
(Address of principal executive offices)

71203  
(Zip Code)

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

The information included in Item 2.02 and Item 9.01, except for any forward-looking statements (including our forecast for the upcoming quarter and year) 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 and 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filed by us under the Securities Act of 1933, as amended, except to the extent that such incorporated information is superceded by information as of a subsequent date that is included in or incorporated by reference into any such registration statement.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 information included in Item 2.02 or

Item 9.01 shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

**Item 2.02 Results of Operations and Financial Condition**

On February 3, 2005, we issued a press release announcing our fourth quarter 2004 consolidated operating results. More complete information on our operating results will be included in our Annual Report on Form 10-K for the year ended December 31, 2004, which we expect to file shortly with the Securities and Exchange Commission. The complete press release is included as Exhibit 99.1.

**Item 8.01 Other Events**

On February 3, 2005, we issued a press release announcing (i) that our board of directors approved a stock repurchase program authorizing us to repurchase up to an aggregate of \$200 million of either our common stock or equity units and (ii) that we have entered into a definitive agreement to purchase metro fiber networks in 16 markets from KMC Telecom Holdings, Inc. for \$65 million cash, subject to certain purchase price adjustments. The complete press release is included as Exhibit 99.2.

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

99.1 Press release dated February 3, 2005 reporting fourth quarter 2004 operating results.

99.2 Press release dated February 3, 2005 announcing stock repurchase program and definitive agreement to purchase metro fiber networks from KMC Telecom Holdings, Inc.

## **SIGNATURES**

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

### **CenturyTel, Inc.**

*By: /s/ Neil A. Sweasy*

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*Neil A. Sweasy*

*Vice-President and Controller*

*Dated: February 3, 2005*

**FOR IMMEDIATE RELEASE FOR MORE INFORMATION CONTACT:**

February 3, 2005 Media: Patricia Cameron 318.388.9674 patricia.cameron@centurytel.com Investors: Tony Davis 318.388.9525  
tony.davis@centurytel.com

**CenturyTel Reports Fourth Quarter 2004 Earnings and Record Broadband Growth**

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

- o Operating revenues, excluding nonrecurring items, increased to \$606.2 million from \$601.1 million, while GAAP operating revenues increased to \$606.2 million from \$602.6 million.
- o Operating cash flow (as defined in the attached financial schedules) was \$318.9 million.
- o Net income, excluding nonrecurring items, was \$85.1 million compared to \$89.3 million in fourth quarter 2003. Net income, reported under GAAP, was \$84.5 million compared to \$82.4 million in fourth quarter 2003.
- o Diluted earnings per share, excluding nonrecurring items, was \$.62 in fourth quarter 2004 and \$.61 in fourth quarter 2003, while GAAP diluted earnings per share was \$.62 in fourth quarter 2004 and \$.56 in fourth quarter 2003.
- o Free cash flow (as defined in the attached financial schedules), excluding nonrecurring items, was \$82.7 million in fourth quarter 2004.
- o CenturyTel completed its previously announced \$400 million share repurchase

program.

Fourth Quarter Highlights (1) (Excluding nonrecurring items) (In thousands, except per share amounts and customer data)	Quarter Ended 12/31/04	Quarter Ended 12/31/03	% Change
Operating Revenues	606,234	601,103	.9 %
Operating Cash Flow	318,920	319,954	(.3) %
Net Income	85,105	89,267	(4.7) %
Diluted Earnings Per Share (2)	.62	.61	1.6 %
Average Diluted Shares Outstanding (2)	138,368	149,433	(7.4) %
Capital Expenditures	131,719	121,480	8.4 %
Telephone Access Lines	2,313,626	2,376,118	(2.6) %
Long Distance Lines (3)	1,067,817	931,761	14.6 %
DSL Connections	142,575	83,465	70.8 %

(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) Diluted earnings per share and average diluted shares outstanding reflect the application of a change in accounting related to the effect of contingent convertible debt on the diluted earnings per share calculation. Prior periods have been restated to reflect this change in accounting.

(3) In first quarter 2004, the Company began reporting long distance units on a line basis instead of a customer basis. Fourth quarter 2003 has been restated on a line basis to ensure period-to-period comparability.

"CenturyTel achieved record broadband subscriber growth as we added nearly 22,000 DSL connections in the fourth quarter," Glen F. Post, III, chairman and chief executive officer, said. "Our focus on bundled offerings and delivering quality broadband solutions that provide our customers flexibility and choice resulted in full year DSL subscriber growth of nearly 71% as we ended 2004 with more than 142,000 DSL connections."

Operating revenues, excluding nonrecurring items, rose to \$606.2 million in fourth quarter 2004 from \$601.1 million in fourth quarter 2003. Revenue increases resulted primarily from approximately \$21 million of aggregate incremental revenues generated by the regional fiber transport operations acquired during 2003, data revenue growth primarily from DSL subscribers, continued long distance subscriber growth and increased enhanced calling feature penetration. These increases more than offset revenue declines of \$17 million attributable to lower intrastate toll revenues, universal service funding, and the effect of access line losses.

Operating expenses, excluding nonrecurring items, increased 2.0% to \$416.6 million from \$408.6 million in fourth quarter 2003, due primarily to costs associated with the fiber assets acquired during 2003 and DSL subscriber growth.

Operating cash flow, excluding nonrecurring items, was \$318.9 million. CenturyTel achieved an operating cash flow margin, excluding nonrecurring items, of 52.6% during the quarter versus 53.2% in fourth quarter 2003.

Net income, excluding nonrecurring items, was \$85.1 million compared to \$89.3 million in fourth quarter 2003. Diluted earnings per share, excluding nonrecurring items, was \$.62 in fourth quarter 2004, a 1.6% increase over the \$.61 in fourth quarter 2003.

"Data revenue growth of 12.8% for the fourth quarter and 12.7% for full year 2004 reflects our customers' strong demand for broadband solutions. Additionally, we continued to invest in our broadband networks during the year to deliver advanced communications solutions. At year end 2004, nearly 71% of our access lines were DSL-enabled. Also, we upgraded our LightCore fiber optic network to offer IP services to our wholesale and enterprise customers," Post said.

For the year 2004, operating revenues, excluding nonrecurring items, increased to \$2.411 billion from \$2.366 billion in 2003, a 1.9% increase. Operating cash flow, excluding nonrecurring items, was \$1.258 billion for 2004 compared to \$1.255 billion a year ago. Net income, excluding nonrecurring items, decreased 3.8% to \$332.8 million from \$345.8 million in 2003, while diluted earnings per share increased to \$2.38 from \$2.36 in 2003. Fourth quarter and full year 2004 diluted earnings per share reflect reductions of approximately \$.01 and \$.035, respectively, due to the recently adopted accounting change in the calculation of earnings per share for contingent convertibles. Prior periods have been restated to reflect this accounting change.

Under generally accepted accounting principles (GAAP), net income for fourth quarter 2004 was \$84.5 million compared to \$82.4 million for fourth quarter 2003. Diluted earnings per share for fourth quarter 2004 was \$.62 compared to \$.56 for fourth quarter 2003. Fourth quarter 2004 results reflect an after-tax \$616,000 charge for the impairment of a non-operating investment. Fourth quarter 2003 results were negatively impacted by \$6.8 million of aggregate after-tax adjustments for operating taxes and interest associated with various operating tax audits and the related revenue effect, as well as other nonrecurring items detailed in the accompanying financial information.

For the year 2004, prepared in accordance with GAAP, the Company reported net income of \$337.2 million, or \$2.41 per diluted share, compared to net income of \$344.7 million, or \$2.35 per diluted share, for the year 2003. The 2004 results included a favorable \$4.4 million net after-tax for an adjustment for over-depreciated assets and the related revenue effect and for an adjustment for the impairment of a non-operating investment. The 2003 results included adjustments for operating taxes and interest costs associated with various operating tax audits, as well as other nonrecurring items detailed in the accompanying financial information.

**Other Information.** Earlier today the Company announced that its Board had approved a \$200 million share repurchase program and a definitive agreement to purchase for \$65 million in cash certain metro fiber assets from KMC Telecom Holdings, Inc.

**Guidance for 2005.** As previously announced, CenturyTel expects 2005 diluted earnings per share to be negatively impacted \$.05 to \$.07 due to lower universal service funding. We also expect our satellite entertainment and wireless service initiatives to negatively impact diluted earnings per share an additional \$.04 to \$.07. CenturyTel believes the Company can continue to drive revenue growth primarily from the further penetration of its bundled offerings and continued expansion in its fiber business. Giving effect to these expectations, the incremental amortization expense related to the new billing and customer care system, the anticipation of continued access line declines and the estimated \$.03 impact from the change in accounting for stock options, CenturyTel expects 2005 diluted earnings per share to be in the range of \$2.20 to \$2.35.

For first quarter 2005, CenturyTel expects total revenues of \$585 to \$595 million and diluted earnings per share of \$.53 to \$.57. The anticipated decline in revenues from fourth quarter 2004 is primarily due to a network access revenue settlement during the fourth quarter that increased revenue approximately \$8 million.

These outlook figures assume the successful mitigation of the dilutive effect of the \$500 million in Equity Units currently scheduled to settle in May 2005, and exclude nonrecurring items, any costs associated with transactions related to the Equity Units, share repurchases, future mergers, acquisitions, divestitures or other similar business transactions.

**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. Reconciliations 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](http://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 888.535.2555. The call will be accessible for replay through February 9, 2005, by calling 888.266.2081 and entering the conference ID number 624572. 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](http://www.centurytel.com) prior to February 23, 2005.

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 successfully take steps to mitigate the dilutive effect of the \$500 million of Equity Units currently scheduled to settle in May 2005; 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 February 3, 2005. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel, Inc. (NYSE: CTL) provides a full range of local, long distance, Internet and broadband services to consumers in 22 states. Included in the S&P 500 Index, CenturyTel is a leading provider of integrated communications services to rural areas and smaller cities in the United States. Visit CenturyTel at [www.centurytel.com](http://www.centurytel.com).

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**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THREE MONTHS ENDED DECEMBER 31, 2004 AND 2003**  
**(UNAUDITED)**

In thousands, except per share amounts	Three months ended December 31, 2004			Three months ended December 31, 2003			Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
	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 REVENUES</b>								
Local service	\$ 178,035		178,035	178,056		178,056	(0.0%)	(0.0%)
Network access	242,017		242,017	254,155	1,500 (3)	252,655	(4.8%)	(4.2%)
Long distance	46,938		46,938	42,916		42,916	9.4%	9.4%
Data	72,410		72,410	64,182		64,182	12.8%	12.8%
Fiber transport and CLEC	19,543		19,543	14,580		14,580	34.0%	34.0%
Other	47,291		47,291	48,714		48,714	(2.9%)	(2.9%)
	606,234	-	606,234	602,603	1,500	601,103	0.6%	0.9%
<b>OPERATING EXPENSES</b>								
Cost of services and products	192,638		192,638	187,197		187,197	2.9%	2.9%
Selling, general and administrative	94,676		94,676	101,452	7,500 (3)	93,952	(6.7%)	0.8%
Depreciation and amortization	129,304		129,304	127,493		127,493	1.4%	1.4%
	416,618	-	416,618	416,142	7,500	408,642	0.1%	2.0%
<b>OPERATING INCOME</b>	189,616	-	189,616	186,461	(6,000)	192,461	1.7%	(1.5%)
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(53,245)		(53,245)	(60,842)	(7,500) (3)	(53,342)	(12.5%)	(0.2%)
Income from unconsolidated cellular entity	953		953	1,265		1,265	(24.7%)	(24.7%)
Other income (expense)	(268)	(1,000) (1)	732	3,188	3,000 (4)	188	(108.4%)	289.4%
Income tax expense	(52,567)	384 (2)	(52,951)	(47,630)	3,675 (5)	(51,305)	10.4%	3.2%
<b>NET INCOME</b>	\$ 84,489	(616)	85,105	82,442	(6,825)	89,267	2.5%	(4.7%)
<b>BASIC EARNINGS PER SHARE</b>	\$ 0.63	0.00	0.64	0.57	(0.05)	0.62	10.5%	3.2%
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.62	0.00	0.62	0.56	(0.05)	0.61	10.7%	1.6%
<b>SHARES OUTSTANDING</b>								
Basic	133,324		133,324	144,204		144,204	(7.5%)	(7.5%)
Diluted	138,368		138,368	149,433		149,433	(7.4%)	(7.4%)
<b>DIVIDENDS PER COMMON SHARE</b>	\$ 0.0575		0.0575	0.055		0.055	4.5%	4.5%

**NONRECURRING ITEMS**

- (1) - Impairment of nonoperating investment.
- (2) - Tax effect of item (1).
- (3) - Operating taxes, including related revenue effect, and interest associated with various operating tax audits.
- (4) - Reversal of costs previously accrued to defend unsolicited takeover proposal.

(5) - Tax effect of items (3) and (4).

**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003**  
**(UNAUDITED)**

In thousands, except per share amounts	Twelve months ended December 31, 2004			Twelve months ended December 31, 2003			Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
	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 REVENUES</b>								
Local service	\$ 716,028		716,028	712,565		712,565	0.5%	0.5%
Network access	966,011	(3,091)	(1) 969,102	1,001,462	1,500 (4)	999,962	(3.5%)	(3.1%)
Long distance	186,997		186,997	173,884		173,884	7.5%	7.5%
Data	275,777	(422)	(1) 276,199	244,998		244,998	12.6%	12.7%
Fiber transport and CLEC	74,409		74,409	43,041		43,041	72.9%	72.9%
Other	188,150		188,150	191,660		191,660	(1.8%)	(1.8%)
	2,407,372	(3,513)	2,410,885	2,367,610	1,500	2,366,110	1.7%	1.9%
<b>OPERATING EXPENSES</b>								
Cost of services and products	755,413		755,413	739,210		739,210	2.2%	2.2%
Selling, general and administrative	397,102		397,102	374,352	2,541 (4)	371,811	6.1%	6.8%
Depreciation and amortization	500,904	(13,221)	(1) 514,125	503,652		503,652	(0.5%)	2.1%
	1,653,419	(13,221)	1,666,640	1,617,214	2,541	1,614,673	2.2%	3.2%
<b>OPERATING INCOME</b>	753,953	9,708	744,245	750,396	(1,041)	751,437	0.5%	(1.0%)
<b>OTHER INCOME (EXPENSE)</b>								
Interest expense	(211,051)		(211,051)	(226,751)	(7,500) (4)	(219,251)	(6.9%)	(3.7%)
Income from unconsolidated cellular entity	7,067		7,067	6,160		6,160	14.7%	14.7%
Other income (expense)	(2,597)	(2,500)	(2) (97)	2,154	3,000 (5)	(846)	(220.6%)	(88.5%)
Income tax expense	(210,128)	(2,767)	(3) (207,361)	(187,252)	4,466 (6)	(191,718)	12.2%	8.2%
<b>NET INCOME</b>	\$ 337,244	4,441	332,803	344,707	(1,075)	345,782	(2.2%)	(3.8%)
<b>BASIC EARNINGS PER SHARE</b>	\$ 2.45	0.03	2.42	2.40	(0.01)	2.41	2.1%	0.4%
<b>DILUTED EARNINGS PER SHARE</b>	\$ 2.41	0.03	2.38	2.35	(0.01)	2.36	2.6%	0.8%
<b>SHARES OUTSTANDING</b>								
Basic	137,215		137,215	143,583		143,583	(4.4%)	(4.4%)
Diluted	142,144		142,144	148,779		148,779	(4.5%)	(4.5%)
<b>DIVIDENDS PER COMMON SHARE</b>	\$ 0.2300		0.2300	0.220		0.220	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) - Includes (i) operating taxes (\$7.5 million), net of related revenue effect (\$1.5 million), and interest cost (\$7.5 million) associated with various operating tax audits and (ii) partial recovery of amounts previously written off in connection with WorldCom bankruptcy (\$4.9 million).
- (5) - Reversal of costs previously accrued to defend unsolicited takeover proposal.
- (6) - Net out of period income tax adjustments (\$2.5 million credit), net of tax effect of items (4) and (5).

**CenturyTel, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2004 AND DECEMBER 31, 2003**  
**(UNAUDITED)**

	December 31, 2004	December 31, 2003
	-----	-----
	(in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 167,215	203,181
Other current assets	252,632	259,758
	-----	-----
Total current assets	419,847	462,939
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	7,431,017	7,184,155
Accumulated depreciation	(4,089,616)	(3,728,674)
	-----	-----
Net property, plant and equipment	3,341,401	3,455,481
	-----	-----
INVESTMENTS AND OTHER ASSETS		
Goodwill	3,433,864	3,425,001
Other	601,841	552,431
	-----	-----
Total investments and other assets	4,035,705	3,977,432
	-----	-----
TOTAL ASSETS	\$ 7,796,953	7,895,852
	=====	=====
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 249,617	72,453
Other current liabilities	442,001	398,930
	-----	-----
Total current liabilities	691,618	471,383
	-----	-----
LONG-TERM DEBT	2,762,019	3,109,302
DEFERRED CREDITS AND OTHER LIABILITIES	933,551	836,651
STOCKHOLDERS' EQUITY	3,409,765	3,478,516
	-----	-----
TOTAL LIABILITIES AND EQUITY	\$ 7,796,953	7,895,852
	=====	=====

**CenturyTel, Inc.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**(UNAUDITED)**

	Three months ended December 31, 2004			Three months ended December 31, 2003		
	-----	-----	-----	-----	-----	-----
In thousands	As reported	Less non- recurring items	As adjusted excluding non- recurring items	As reported	Less non- recurring items	As adjusted excluding non- recurring items
Operating cash flow and cash flow margin	-----	-----	-----	-----	-----	-----
Operating income	\$ 189,616	-	189,616	186,461	(6,000) (2)	192,461
Add: Depreciation and amortization	129,304	-	129,304	127,493		127,493
	-----	-----	-----	-----	-----	-----
Operating cash flow	\$ 318,920	-	318,920	313,954	(6,000)	319,954
	=====	=====	=====	=====	=====	=====
Revenues	\$ 606,234	-	606,234	602,603	1,500 (2)	601,103
	=====	=====	=====	=====	=====	=====
Operating income margin (operating income divided by revenues)	31.3%		31.3%	30.9%		32.0%
	=====		=====	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	52.6%		52.6%	52.1%		53.2%
	=====		=====	=====		=====
Free cash flow (prior to debt service requirements and dividends)						



Net income	\$ 84,489	(616) (1)	85,105	82,442	(6,825) (3)	89,267
Add: Depreciation and amortization	129,304	-	129,304	127,493	-	127,493
Less: Capital expenditures	(131,719)	-	(131,719)	(121,480)	-	(121,480)
	-----	-----	-----	-----	-----	-----
Free cash flow	\$ 82,074	(616)	82,690	88,455	(6,825)	95,280
	=====	=====	=====	=====	=====	=====
Free cash flow	82,074			88,455		
Income from unconsolidated cellular entity	(953)			(1,265)		
Deferred income taxes	(1,034)			60,684		
Changes in current assets and current liabilities	12,430			32,553		
Increase in other noncurrent assets	(5,240)			(5,248)		
Decrease in other noncurrent liabilities	(1,524)			(1,361)		
Retirement benefits	3,954			(40,336)		
Other, net	(1,389)			(15,420)		
Add: Capital expenditures	131,719			121,480		
	-----			-----		
Net cash provided by operating activities	\$ 220,037			239,542		
	=====			=====		

## NONRECURRING ITEMS

(1) - Impairment of nonoperating investment (presented on an after-tax basis).

(2) - Operating taxes (\$7.5 million), net of revenue effect (\$1.5 million), associated with various operating tax audits.

(3) - Includes (i) interest cost (\$4.9 million after-tax) related to operating tax audits; (ii) benefit from reversal of costs previously accrued to defend unsolicited takeover proposal (\$2.0 million after-tax); and (iii) after tax effect of item (2).

**CenturyTel, Inc.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**(UNAUDITED)**

In thousands	Twelve months ended December 31, 2004			Twelve months ended December 31, 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
Operating cash flow and cash flow margin						
Operating income	\$ 753,953	9,708 (1)	744,245	750,396	(1,041) (3)	751,437
Add: Depreciation and amortization	500,904	(13,221) (1)	514,125	503,652	-	503,652
Operating cash flow	\$ 1,254,857	(3,513)	1,258,370	1,254,048	(1,041)	1,255,089
Revenues	\$ 2,407,372	(3,513) (1)	2,410,885	2,367,610	1,500 (3)	2,366,110
Operating income margin (operating income divided by revenues)	31.3%		30.9%	31.7%		31.8%
Operating cash flow margin (operating cash flow divided by revenues)	52.1%		52.2%	53.0%		53.0%
Free cash flow (prior to debt service requirements and dividends)						
Net income	\$ 337,244	4,441 (2)	332,803	344,707	(1,075) (4)	345,782
Add: Depreciation and amortization	500,904	(13,221) (1)	514,125	503,652	-	503,652
Less: Capital expenditures	(385,316)	-	(385,316)	(377,939)	-	(377,939)
Free cash flow	\$ 452,832	(8,780)	461,612	470,420	(1,075)	471,495
Free cash flow	\$ 452,832			470,420		
Income from unconsolidated cellular entity	(7,067)			(6,160)		
Deferred income taxes	74,374			128,706		
Changes in current assets and current liabilities	58,322			160,984		
Increase in other noncurrent assets	(31,714)			(23,528)		
Decrease in other noncurrent liabilities	(6,220)			(6,151)		
Retirement benefits	26,954			(14,739)		
Other, net	3,034			(19,507)		
Add: Capital expenditures	385,316			377,939		
Net cash provided by operating activities	\$ 955,831			1,067,964		

**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) - Operating taxes (\$7.5 million), net of related revenue effect (\$1.5 million), associated with various operating tax audits, net of partial recovery of amounts previously written off in connection with WorldCom bankruptcy (\$4.9 million).

(4) - Includes (i) interest cost (\$4.9 million after-tax) related to operating tax audits; (ii) benefit from reversal of costs previously accrued to defend unsolicited takeover proposal (\$2.0 million after-tax); (iii) net out of period income tax adjustments (\$2.5 million credit); and (iv) after-tax effect of item (3).

**FOR IMMEDIATE RELEASE: FOR MORE INFORMATION CONTACT:**

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CenturyTel announces \$200 million stock repurchase program; signs definitive agreement to buy metro fiber networks

MONROE, La. . . CenturyTel, Inc. (NYSE: CTL) announced today that it has entered into a definitive agreement to purchase metro fiber networks in 16 markets, primarily in the central United States, from KMC Telecom Holdings, Inc. (KMC) for \$65 million cash, subject to purchase price adjustments.

CenturyTel anticipates completing this transaction by third quarter 2005, subject to regulatory approval. The transition of these markets is expected to be seamless to KMC's existing customers. The transaction is anticipated to be breakeven, or slightly dilutive including transition costs, for the first 12 months of operation and accretive to earnings per share thereafter.

CenturyTel will operate these networks and related assets through its LightCore subsidiary, which provides fiber optic services to national and regional communications carriers. The KMC networks being acquired include almost 1,000 lit route miles of metro fiber and more than 100 points of presence (POPs), and will bring LightCore's total network to more than 9,700 lit route miles of fiber and 618 total POPs.

"This acquisition advances CenturyTel's strategic goal of continuing to grow and diversify our revenue streams by becoming a dominant fiber transport provider to smaller cities and rural areas in and near our local exchange and LightCore markets," Glen F. Post, III, CenturyTel chairman and CEO, said. "It also positions LightCore to grow the enterprise and government segments of its customer base."

With this purchase, CenturyTel will add key markets to its LightCore footprint across Alabama, Indiana, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Ohio, Tennessee, Texas and Wisconsin.

**Stock Repurchase Program**

CenturyTel also announced today that its board of directors approved a stock repurchase program authorizing it to repurchase up to an aggregate of \$200 million of either its common stock or convertible equity units.

Repurchases under the program may be made in the open market or in privately negotiated transactions at such times and in such amounts as management deems appropriate, depending on market conditions and other factors. The program will expire in December 2005, unless extended by CenturyTel's board of directors. The new program follows CenturyTel's \$400 million repurchase program, which was completed during 2004.

"CenturyTel's free cash flow generation and strong balance sheet enable us to return value to shareholders through another stock repurchase program while continuing to grow our business through this strategic acquisition," Post said.

As of December 31, 2004, CenturyTel had outstanding approximately 132.4 million common shares and \$500 million stated value of convertible equity units. Wednesday's closing prices of CenturyTel's common stock and convertible equity units (CUSIP 156700403) were \$34.05 and \$25.45 per share, respectively.

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: Company's ability to obtain governmental approvals and third-party consents in a timely manner; the possibility of unforeseen near-term cash requirements; the ability to manage and maintain key customer relationships; 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, hiring adequate numbers of qualified staff, and successfully upgrading its billing and other information systems; 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; 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 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 February 3, 2005. The Company undertakes no obligation to update any of its forward-looking statements.

CenturyTel, Inc. (NYSE: CTL) provides a full range of local, long distance, Internet and broadband services to consumers in 22 states. Included in the S&P 500 Index, CenturyTel is a leading provider of integrated communications services to rural areas and smaller cities in the United States. Visit CenturyTel at [www.centurytel.com](http://www.centurytel.com).

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