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CENTURYTEL INC
Form 8-K
April 29, 2004

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) April 29, 2004

CenturyTel, Inc.

(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
(Address of principal executive offices)

71203
(Zip Code)

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

ITEM 12. Results of Operations and Financial Condition

The following information, except for our forecasts for the upcoming quarter and for 2004 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filed by us under the Securities Act of 1933, as amended, except to the extent that such incorporated information is superceded by information as of a subsequent date that is included in or incorporated by reference into any such registration statement.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 April 29, 2004, we issued a press release announcing our first 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 March 31, 2004, which we expect to file shortly with the Securities and Exchange Commission. The entire text of our April 29, 2004 press release is reproduced below:

FOR IMMEDIATE RELEASE
April 29, 2004

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CenturyTel Reports First Quarter Earnings

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for first quarter 2004.

- o Operating revenues increased 2.7% to \$593.7 million from \$578.0 million.
- o Operating cash flow (as defined in the attached financial schedules), excluding nonrecurring items, rose to \$310.5 million.
- o Net income, excluding nonrecurring items, grew 3.2% to \$83.3 million. Reported under GAAP, net income was \$83.3 million compared to \$83.9 million in first quarter 2003.
- o Diluted earnings per share, excluding nonrecurring items, increased 3.6% to \$.58 from \$.56 in first quarter 2003. Reported under GAAP, diluted earnings per share for both first quarter 2004 and first quarter 2003 were \$.58.
- o Free cash flow (as defined in the attached financial schedules) was \$148.5 million in first quarter 2004.
- o During the first quarter, the Company repurchased 4,942,000 shares of common stock under its share repurchase program.

| First Quarter Highlights (1) (In thousands, except per share amounts and customer units) | Quarter Ended 3/31/04 | Quarter Ended 3/31/03 | % Change |
|---|--------------------------|--------------------------|----------|
| Operating Revenues | \$ 593,704 | \$ 578,014 | 2.7% |
| Operating Cash Flow | \$ 310,549 | \$ 306,579 | 1.3% |
| Net Income | \$ 83,279 | \$ 80,696 | 3.2% |
| Diluted Earnings Per Share | \$.58 | \$.56 | 3.6% |
| Average Diluted Shares Outstanding | 143,347 | 143,797 | (0.3)% |
| Capital Expenditures | \$ 61,745 | \$ 59,669 | 3.5% |
| <hr/> | | | |
| Telephone Access Lines | 2,366,420 | 2,407,152 | (1.7)% |
| Long Distance Lines (2) | 971,922 | 848,810 | 14.5% |
| DSL Connections | 97,092 | 60,615 | 60.2% |

- (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) Effective first quarter 2004, long distance units are reported on a line basis instead of a customer basis. First quarter 2003 has been restated on a line basis to ensure period-to-period comparability.

* * * * *

"CenturyTel achieved both revenue and earnings growth in the first quarter while continuing to generate strong free cash flow," Glen F. Post, III, chairman and chief executive officer, said. "We also made excellent progress with our

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share repurchase program announced in February, investing over \$139 million to acquire more than 4.9 million shares of common stock."

As previously announced, CenturyTel is presenting its results of operations in a single segment format beginning first quarter 2004. The Company is also reporting separate revenue components that align with its major products and services. However, CenturyTel is providing operating cash flow and operating income information on a consolidated basis only. Quarterly and full year 2003 financial results have been restated to conform to the single segment format and are included in the attached schedules.

Operating revenues rose 2.7% to \$593.7 million in first quarter 2004 from \$578.0 million in first quarter 2003. This \$15.7 million revenue increase was driven primarily by the fiber assets acquired during 2003, data revenue growth from DSL subscriber and data circuit additions and increased enhanced calling feature penetration. These increases more than offset revenue declines attributable to lower intrastate toll revenues and universal service funding, along with access line losses.

Operating expenses, excluding nonrecurring items, increased 3.0% to \$410.1 million, or \$11.9 million over first quarter 2003. Cost of services and products increased \$3.7 million primarily due to the fiber assets acquired during 2003. Selling, general and administrative expenses, excluding nonrecurring items, increased \$8.0 million primarily due to the 2003 fiber asset acquisitions, increases in employee costs and increased marketing expenses.

Operating cash flow, excluding nonrecurring items, increased 1.3% to \$310.5 million from \$306.6 million. CenturyTel achieved an operating cash flow margin, excluding nonrecurring items, of 52.3% during the quarter versus 53.0% in first quarter 2003.

Net income, excluding nonrecurring items, increased 3.2% to \$83.3 million from \$80.7 million in first quarter 2003 due to a \$3.7 million increase in operating income and lower interest expense, which were partially offset by the previously announced increase in state income taxes. Diluted earnings per share, excluding nonrecurring items, increased 3.6% to \$.58 from \$.56.

"The launch of tiered DSL service during the first quarter across CenturyTel's more than 1.5 million DSL-enabled lines was well received as we added more than 13,600 DSL customers, a 90% increase over net additions in fourth quarter 2003. Additionally, a majority of these customers selected bundles with higher speed service offerings," Post said.

For first quarter 2004, CenturyTel reported, under generally accepted accounting principles (GAAP), operating revenues of \$593.7 million, a 2.7% increase from \$578.0 million in first quarter 2003. The Company reported net income of \$83.3 million and diluted earnings per share of \$.58, compared to \$83.9 million and \$.58 per diluted share, respectively, in first quarter 2003. Net income in first quarter 2003 included a nonrecurring \$5.0 million pre-tax partial recovery of amounts previously written off in connection with the WorldCom bankruptcy.

For the second quarter 2004, CenturyTel expects total revenues of \$590 to \$605 million and diluted earnings per share of \$.52 to \$.56, which reflects \$4.6 million of expenses in connection with the planned prepayment in early May of the Company's \$100 million aggregate principal amount of Series B senior notes. For the full year 2004, diluted earnings per share is expected to be in the range of \$2.20 to \$2.35, an increase of \$.15 over previously provided guidance. This increase in full year 2004 EPS guidance is primarily due to stronger first quarter revenues than expected, lower 2004 expenses than originally forecast and fewer fully diluted shares as a result of share repurchases during the first quarter.

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These outlook figures are presented on a GAAP basis, excluding non-recurring items and the potential impact of any future mergers, acquisitions, divestitures, share repurchases 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. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available on 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 800.346.2923. The call will be accessible for replay until 1:00 p.m. Central Time, May 6, 2004, by calling 800.332.6854 and entering the conference ID number 3383. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Company's Web site at www.centurytel.com.

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, 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; 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 April 29, 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 more than 3 million 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

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

| In thousands, except per share amounts | Three months ended March 31, 2004 | | | Three months ended March 31, 2003 | | |
|---|-----------------------------------|------------------------------------|--|-----------------------------------|------------------------------------|------------------|
| | As reported | Less non- recurring items | As adjusted excluding non- recurring items | As reported | Less non- recurring items | As a reported |
| OPERATING REVENUES | | | | | | |
| Local service | \$ 178,058 | - | 178,058 | 177,013 | - | 177,013 |
| Network access | 240,957 | - | 240,957 | 246,330 | - | 246,330 |
| Long distance | 44,589 | - | 44,589 | 42,560 | - | 42,560 |
| Data | 65,628 | - | 65,628 | 58,136 | - | 58,136 |
| Fiber transport and CLEC | 17,432 | - | 17,432 | 5,895 | - | 5,895 |
| Other | 47,040 | - | 47,040 | 48,080 | - | 48,080 |
| | 593,704 | - | 593,704 | 578,014 | - | 578,014 |
| OPERATING EXPENSES | | | | | | |
| Cost of services and products | 181,549 | - | 181,549 | 177,860 | - | 177,860 |
| Selling, general and administrative | 101,606 | - | 101,606 | 88,616 | (4,959) | 83,657 |
| Depreciation and amortization | 126,992 | - | 126,992 | 126,765 | - | 126,765 |
| | 410,147 | - | 410,147 | 393,241 | (4,959) | 388,282 |
| OPERATING INCOME | 183,557 | - | 183,557 | 184,773 | 4,959 | 189,732 |
| OTHER INCOME (EXPENSE) | | | | | | |
| Interest expense | (52,543) | - | (52,543) | (55,592) | - | (55,592) |
| Income from unconsolidated cellular entity | 2,059 | - | 2,059 | 1,569 | - | 1,569 |
| Other income and expense | 2,304 | - | 2,304 | (932) | - | (932) |
| Income tax expense | (52,098) | - | (52,098) | (45,899) | (1,736) | (47,635) |
| NET INCOME | \$ 83,279 | - | 83,279 | 83,919 | 3,223 | 87,142 |
| BASIC EARNINGS PER SHARE | \$ 0.58 | - | 0.58 | 0.59 | 0.02 | 0.61 |
| DILUTED EARNINGS PER SHARE | \$ 0.58 | - | 0.58 | 0.58 | 0.02 | 0.60 |
| SHARES OUTSTANDING | | | | | | |
| Basic | 142,585 | | 142,585 | 142,901 | | 142,901 |
| Diluted | 143,347 | | 143,347 | 143,797 | | 143,797 |

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DIVIDENDS PER COMMON SHARE \$ 0.0575 0.0575 0.055

NONRECURRING ITEMS

- (1) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy.
 (2) - Tax effect of item (1).

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

| | Mar. 31, Dec. 31, 2004 2003 | |
|--|-----------------------------|-------------|
| | ----- | |
| | (in thousands) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 273,293 | 203,181 |
| Other current assets | 239,807 | 259,758 |
| | ----- | ----- |
| Total current assets | 513,100 | 462,939 |
| | ----- | ----- |
| NET PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment | 7,227,139 | 7,184,155 |
| Accumulated depreciation | (3,838,323) | (3,728,674) |
| | ----- | ----- |
| Net property, plant and equipment | 3,388,816 | 3,455,481 |
| | ----- | ----- |
| INVESTMENTS AND OTHER ASSETS | | |
| Goodwill | 3,426,714 | 3,425,001 |
| Other | 567,875 | 552,431 |
| | ----- | ----- |
| Total investments and other assets | 3,994,589 | 3,977,432 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 7,896,505 | 7,895,852 |
| | ===== | ===== |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Current maturities of long-term debt | \$ 172,258 | 72,453 |
| Other current liabilities | 438,179 | 398,930 |
| | ----- | ----- |
| Total current liabilities | 610,437 | 471,383 |
| | ----- | ----- |
| LONG-TERM DEBT | 3,016,992 | 3,109,302 |
| DEFERRED CREDITS AND OTHER LIABILITIES | 854,432 | 836,651 |
| STOCKHOLDERS' EQUITY | 3,414,644 | 3,478,516 |
| | ----- | ----- |
| TOTAL LIABILITIES AND EQUITY | \$ 7,896,505 | 7,895,852 |

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

| In thousands | Three months ended March 31, 2004 | | | Three months |
|---|-----------------------------------|--------------------------|---|--------------|
| | As reported | Less non-recurring items | As adjusted excluding non-recurring items | As reported |
| Consolidated operating cash flow and cash flow margin | | | | |
| Operating income | \$ 183,557 | - | 183,557 | 184,773 |
| Add: Depreciation and amortization | 126,992 | - | 126,992 | 126,765 |
| Consolidated operating cash flow | \$ 310,549 | - | 310,549 | 311,538 |
| Revenues | \$ 593,704 | - | 593,704 | 578,014 |
| Consolidated operating income margin (operating income divided by revenues) | 30.9% | | 30.9% | 32.0% |
| Consolidated cash flow margin (operating cash flow divided by revenues) | 52.3% | | 52.3% | 53.9% |
| Free cash flow (prior to debt service requirements and dividends) | | | | |
| Net income | \$ 83,279 | - | 83,279 | 83,919 |
| Add: Depreciation and amortization | 126,992 | - | 126,992 | 126,765 |
| Less: Capital expenditures | (61,745) | - | (61,745) | (59,669) |
| Free cash flow | \$ 148,526 | - | 148,526 | 151,015 |
| Free cash flow | \$ 148,526 | | | 151,015 |
| Income from unconsolidated cellular entity | (2,059) | | | (1,569) |
| Deferred income taxes | 26,673 | | | 9,502 |
| Changes in current assets and current liabilities | 57,695 | | | 104,810 |
| Increase in other noncurrent assets | (11,032) | | | (6,751) |

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| | | |
|---|------------|---------|
| Decrease in other noncurrent liabilities | (3,949) | (588) |
| Retirement benefits | 10,830 | 5,139 |
| Other, net | (4,989) | (1,926) |
| Add: Capital expenditures | 61,745 | 59,669 |
| | ----- | ----- |
| Net cash provided by operating activities | \$ 283,440 | 319,301 |
| | ===== | ===== |

(1) Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on both a pre-tax and after-tax basis).

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED JUNE 30, 2003, SEPTEMBER 30, 2003 AND DECEMBER 31, 2003
RESTATED FOR SINGLE SEGMENT PRESENTATION *
(UNAUDITED)

| In thousands, except per share amounts | Three months ended June 30, 2003 | | | Three months ended Sep. 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 |
| OPERATING REVENUES | | | | | | |
| Local service | \$ 178,360 | - | 178,360 | 179,136 | - | 179,136 |
| Network access | 248,220 | - | 248,220 | 252,757 | - | 252,757 |
| Long distance | 43,201 | - | 43,201 | 45,207 | - | 45,207 |
| Data | 60,672 | - | 60,672 | 62,008 | - | 62,008 |
| Fiber transport and CLEC | 9,036 | - | 9,036 | 13,530 | - | 13,530 |
| Other | 47,240 | - | 47,240 | 47,626 | - | 47,626 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 586,729 | - | 586,729 | 600,264 | - | 600,264 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| OPERATING EXPENSES | | | | | | |
| Cost of services and products | 183,960 | - | 183,960 | 190,193 | - | 190,193 |
| Selling, general and administrative | 89,723 | - | 89,723 | 94,561 | - | 94,561 |
| Depreciation and amortization | 124,665 | - | 124,665 | 124,729 | - | 124,729 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 398,348 | - | 398,348 | 409,483 | - | 409,483 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| OPERATING INCOME | 188,381 | - | 188,381 | 190,781 | - | 190,781 |
| OTHER INCOME (EXPENSE) | | | | | | |
| Interest expense | (55,957) | - | (55,957) | (54,360) | - | (54,360) |
| Income from unconsolidated cellular entity | 1,590 | - | 1,590 | 1,736 | - | 1,736 |

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| | | | | | | |
|----------------------------|-----------|---|----------|----------|-----------|----------|
| Other income and expense | 974 | - | 974 | (1,076) | - | (1,076) |
| Income tax expense | (47,621) | - | (47,621) | (46,102) | 2,527 (1) | (48,629) |
| NET INCOME | \$ 87,367 | - | 87,367 | 90,979 | 2,527 | 88,452 |
| BASIC EARNINGS PER SHARE | | | | | | |
| | \$ 0.61 | - | 0.61 | 0.63 | 0.02 | 0.61 |
| DILUTED EARNINGS PER SHARE | | | | | | |
| | \$ 0.60 | - | 0.60 | 0.63 | 0.02 | 0.61 |
| SHARES OUTSTANDING | | | | | | |
| Basic | 143,329 | | 143,329 | 143,897 | | 143,897 |
| Diluted | 144,475 | | 144,475 | 145,171 | | 145,171 |
| DIVIDENDS PER COMMON SHARE | | | | | | |
| | \$ 0.055 | | 0.055 | 0.055 | | 0.055 |

* Results of operations for 2003 have been restated to conform to the Company's 2004 presentation of a single reportable segment. In connection with this restatement, the Company has, among other things, (i) eliminated certain 2003 revenues arising out of previously-reported intersegment transactions (which reduced operating expenses by a like amount and therefore had no impact on operating income), and (ii) reclassified depreciation expense related to certain service subsidiaries of the Company to depreciation expense from operating expenses. Previously with multiple segment presentation, such costs were allocated to the Company's regulated telephone operations as an operating expense.

NONRECURRING ITEMS

- (1) - Net out of period income tax adjustments.
- (2) - Operating taxes, including related revenue effect, and interest associated with various operating tax audits.
- (3) - Reversal of costs previously accrued to defend unsolicited takeover proposal.
- (4) - Tax effect of items (2) and (3).

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2003
RESTATED FOR SINGLE SEGMENT PRESENTATION *
(UNAUDITED)

| | Twelve months ended December 31, 2003 | | |
|--|---------------------------------------|--------------------------|---|
| In thousands, except per share amounts | As reported | Less non-recurring items | As adjusted excluding non-recurring items |
| OPERATING REVENUES | | | |
| Local service | 712,565 | - | 712,565 |
| Network access | 1,001,462 | 1,500 (2) | 999,962 |
| Long distance | 173,884 | - | 173,884 |
| Data | 244,998 | - | 244,998 |

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| | | | |
|---|-----------|-------------|-----------|
| Fiber transport and CLEC | 43,041 | - | 43,041 |
| Other | 191,660 | - | 191,660 |
| | 2,367,610 | 1,500 | 2,366,110 |
| OPERATING EXPENSES | | | |
| Cost of services and products | 739,210 | - | 739,210 |
| Selling, general and administrative | 374,352 | 2,541 (1) | 371,811 |
| Depreciation and amortization | 503,652 | - | 503,652 |
| | 1,617,214 | 2,541 | 1,614,675 |
| OPERATING INCOME | 750,396 | (1,041) | 751,437 |
| OTHER INCOME (EXPENSE) | | | |
| Interest expense | (226,751) | (7,500) (2) | (219,251) |
| Income from unconsolidated cellular entity | 6,160 | - | 6,160 |
| Other income and expense | 2,154 | 3,000 (3) | (84) |
| Income tax expense | (187,252) | 4,466 (4) | (191,716) |
| NET INCOME | 344,707 | (1,075) | 345,782 |
| BASIC EARNINGS PER SHARE | 2.40 | (0.01) | 2.40 |
| DILUTED EARNINGS PER SHARE | 2.38 | (0.01) | 2.38 |
| SHARES OUTSTANDING | | | |
| Basic | 143,583 | | 143,583 |
| Diluted | 144,700 | | 144,700 |
| DIVIDENDS PER COMMON SHARE | 0.22 | | 0.22 |

* Results of operations for 2003 have been restated to conform to the Company's 2004 presentation of a single reportable segment. In connection with this restatement, the Company has, among other things, (i) eliminated certain 2003 revenues arising out of previously-reported intersegment transactions (which reduced operating expenses by a like amount and therefore had no impact on operating income), and (ii) reclassified depreciation expense related to certain service subsidiaries of the Company to depreciation expense from operating expenses. Previously with multiple segment presentation, such costs were allocated to the Company's regulated telephone operations as an operating expense.

NONRECURRING ITEMS

- (1) - Includes operating taxes associated with various audits (\$7.5 million), net of partial recovery of amounts previously written off in connection with WorldCom bankruptcy (\$5.0 million).
- (2) - Includes interest cost (\$7.5 million) associated with various operating tax audits and revenue effect of operating taxes in (1) above (\$1.5 million).
- (3) - Reversal of costs previously accrued to defend unsolicited takeover proposal.
- (4) - Net out of period income tax adjustments (\$2.5 million credit), net of tax effect of items (1) through (3).

* * * * *

SIGNATURE

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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 thereunto duly authorized.

CenturyTel, Inc.

April 29, 2004

By: /s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller