

CENTURYTEL INC  
Form 10-Q  
November 08, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2006

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
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  
(I.R.S. Employer  
Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 31, 2006, there were 114,786,866 shares of common stock outstanding.

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**CenturyTel, Inc.**

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PART I. FINANCIAL INFORMATION  
Item 1. Financial Statements  
**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

|  | Three months<br>ended September 30,                             |          | Nine months<br>ended September 30, |           |
|--|---|----------|------------------------------------|-----------|
|  | 2006  | 2005     | 2006                               | 2005      |
|  | (Dollars, except per share amounts,<br>and shares in thousands) |          |                                    |           |
| OPERATING REVENUES   | \$ 620,083  | 657,085  | 1,840,863                          | 1,858,780 |
| <b>OPERATING EXPENSES</b>  |   |          |                                    |           |
| Cost of services and products<br>(exclusive of depreciation and<br>amortization) | 226,831   | 222,724  | 666,249                            | 609,590   |
| Selling, general and administrative  | 94,212  | 99,593   | 285,748                            | 289,053   |
| Depreciation and amortization  | 129,840   | 133,526  | 396,225                            | 396,153   |
| Total operating expenses   | 450,883   | 455,843  | 1,348,222                          | 1,294,796 |
| OPERATING INCOME   | 169,200   | 201,242  | 492,641                            | 563,984   |
| <b>OTHER INCOME (EXPENSE)</b>  |   |          |                                    |           |
| Interest expense   | (47,857)  | (49,904) | (148,582)                          | (152,176) |
| Income from unconsolidated cellular<br>entity                                    | 891   | 1,270    | 5,040                              | 3,307     |
| Other income (expense)   | 1,927   | (4,214)  | 125,834                            | (1,459)   |
| Total other income (expense)   | (45,039)  | (52,848) | (17,708)                           | (150,328) |
| INCOME BEFORE INCOME TAX<br>EXPENSE  | 124,161   | 148,394  | 474,933                            | 413,656   |
| Income tax expense   | 47,678  | 56,983   | 176,657                            | 157,511   |
| NET INCOME   | \$ 76,483   | 91,411   | 298,276                            | 256,145   |
| BASIC EARNINGS PER SHARE   | \$ .66  | .70      | 2.53                               | 1.95      |
| DILUTED EARNINGS PER SHARE   | \$ .65  | .68      | 2.45                               | 1.91      |
| DIVIDENDS PER COMMON<br>SHARE  | \$ .0625  | .06      | .1875                              | .18       |
| AVERAGE BASIC SHARES<br>OUTSTANDING  | 115,221   | 130,150  | 117,685                            | 130,877   |
| AVERAGE DILUTED SHARES<br>OUTSTANDING  | 120,448   | 135,916  | 123,348                            | 136,143   |

See accompanying notes to consolidated financial statements.



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**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)

| Three months        |      | Nine months         |      |
|---------------------|------|---------------------|------|
| ended September 30, |      | ended September 30, |      |
| 2006                | 2005 | 2006                | 2005 |

(Dollars in thousands)

|            |    |        |        |         |         |
|------------|----|--------|--------|---------|---------|
| NET INCOME | \$ | 76,483 | 91,411 | 298,276 | 256,145 |
|------------|----|--------|--------|---------|---------|