

CENTURYTEL INC

FORM 10-K (Annual Report)

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

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2000

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
(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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, par value \$1.00	New York Stock Exchange Berlin Stock Exchange
Preference Share Purchase Rights	New York Stock Exchange Berlin Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of February 28, 2001, the aggregate market value of voting stock held by non-affiliates (affiliates being for these purposes only directors, executive officers and holders of more than five percent of the Company's outstanding voting securities) was \$4.0 billion. As of February 28, 2001, there were 140,974,996 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Proxy Statement prepared in connection with the 2001 annual meeting of shareholders are incorporated in Part III of this Report.

PART I

Item 1. Business

General. CenturyTel, Inc. ("CenturyTel") is a regional integrated communications company engaged primarily in providing local exchange telephone services and wireless communications services. For the year ended December 31, 2000, local exchange telephone operations and wireless operations provided 68% and 24%, respectively, of the consolidated revenues of CenturyTel and its subsidiaries (the "Company"). All of the Company's operations are conducted within the continental United States.

At December 31, 2000, the Company's local exchange telephone subsidiaries operated over 1.8 million telephone access lines, primarily in rural, suburban and small urban areas in 21 states, with the largest customer bases located in Wisconsin, Arkansas, Washington, Missouri, Michigan, Louisiana and Colorado. According to published sources, the Company is the eighth largest local exchange telephone company in the United States based on the number of access lines served. For more information, see "Telephone Operations."

At December 31, 2000, the Company's majority-owned and operated cellular systems (i) served approximately 751,000 customers in 19 Metropolitan Statistical Areas ("MSAs") and 22 Rural Service Areas ("RSAs") in Michigan, Louisiana, Arkansas, Mississippi, Wisconsin and Texas and (ii) had access to approximately 7.6 million cellular pops (the estimated population of licensed cellular telephone markets multiplied by the Company's proportionate equity interest in the licensed operators thereof). At December 31, 2000, the Company also owned minority equity interests in 10 MSAs and 16 RSAs, representing approximately 1.9 million cellular pops. According to data derived from published sources, the Company is the eighth largest cellular telephone company in the United States based on the Company's 9.5 million aggregate pops. For more information, see "Wireless Operations."

The Company also provides long distance, Internet access, competitive local exchange carrier, broadband data, security monitoring, and other communications and business information services in certain local and regional markets. For more information, see "Other Operations."

Recent acquisitions and dispositions. On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon Communications, Inc. (successor to GTE Corporation) ("Verizon") in four separate transactions for approximately \$1.5 billion in cash. Under these transactions:

- o On July 31, 2000, the Company purchased approximately 231,000 telephone access lines and related local exchange assets comprising 106 exchanges throughout Arkansas for approximately \$842 million in cash.

- o On July 31, 2000, Spectra Communications Group, LLC ("Spectra") purchased approximately 127,000 telephone access lines and related local exchange assets comprising 107 exchanges throughout Missouri for approximately \$297 million cash. As of December 31, 2000, the Company owned 57.1% of Spectra, which was organized to acquire and operate these Missouri properties. At closing, the Company made a preferred equity investment in Spectra of approximately \$55 million and financed substantially all of the remainder of the purchase price.

- o On September 29, 2000, the Company purchased approximately 70,500 telephone access lines and related local exchange assets comprising 42 exchanges throughout Wisconsin for approximately \$197 million in cash.

- o On September 29, 2000, Telephone USA of Wisconsin, LLC ("TelUSA") purchased approximately 62,900 telephone access lines and related local exchange assets comprising 35 exchanges throughout Wisconsin for approximately \$172 million in cash. The Company owns 89% of TelUSA, which was organized to acquire and own these Wisconsin properties. At closing, the Company made an equity investment in TelUSA of approximately \$37.8 million and financed substantially all of the remainder of the purchase price.

In August 2000, the Company acquired the assets of CSW Net, Inc., a regional Internet service provider that offers dial-up and dedicated Internet access, and web site and domain hosting to more than 14,000 customers in 28 communities in Arkansas.

In November 1999, the Company acquired the assets of DigiSys, Inc., an Internet service provider in Kalispell, Montana. DigiSys provides Internet services to more than 8,600 customers in Montana and operates MontanaWeb, one of the largest online business directories in the state.

In October 1999, the Company acquired the non-wireline cellular license to serve Mississippi RSA #5, which covers 160,000 pops. Mississippi RSA #5 encompasses the Vicksburg and Greenville markets as well as portions of Interstate Highway 20 between Jackson, Mississippi and Monroe, Louisiana.

On December 1, 1998, the Company acquired the assets of certain of Ameritech's telephone operations and related telephone directories in 19 telephone exchanges covering 21 communities in northern and central Wisconsin for approximately \$221 million cash. The operations acquired by the Company include the telephone property and equipment that serves nearly 69,000 customers, or approximately 86,000 access lines, as well as nine related telephone directories.

In June 1999 the Company sold all of the operations of its Brownsville and McAllen, Texas, cellular systems to Western Wireless Corporation for approximately \$96 million cash. The Company received a proportionate share of the sale proceeds of approximately \$45 million after-tax.

In May 1998, the Company sold the undersea cable operations acquired in the December 1, 1997 Pacific Telecom, Inc. ("PTI") acquisition for approximately \$61.8 million cash. In May 1999, the Company sold substantially all of its Alaska telephone and wireless operations that it had acquired from PTI for approximately \$300 million after-tax. In February 2000, the Company sold its interest in Alaska RSA #1 which completed the Company's divestiture of its Alaska operations.

In November 2000, the Company entered into a definitive agreement with Leap Wireless International, Inc. to sell 30 PCS (Personal Communications Service) operating licenses for an aggregate of \$205 million. The transaction is expected to close late in the first quarter of 2001, subject to (i) approval of the Federal Communications Commission and (ii) certain other closing conditions. Approximately \$119 million of the purchase price will be delivered at closing. The remaining \$86 million will be payable in the form of a promissory note bearing 10% interest per annum. \$74 million will be payable within nine months after the issuance of the note with the remainder payable in 2002 upon maturity of the note.

The Company continually evaluates the possibility of acquiring additional telecommunications assets in exchange for cash, securities or both, and at any given time may be engaged in discussions or negotiations regarding additional acquisitions. The Company generally does not announce its acquisitions until it has entered into a preliminary or definitive agreement. Over the past few years, the number and size of communications properties on the market has increased substantially. Although the Company's primary focus will continue to be on acquiring telephone and wireless interests that are proximate to its properties or that serve a customer base large enough for the Company to operate efficiently, other communications interests may also be acquired and these acquisitions could have a material impact upon the Company.

Other. As of December 31, 2000, the Company had approximately 6,860 employees, approximately 1,270 of whom were members of 17 different bargaining units represented by the International Brotherhood of Electrical Workers, the Communications Workers of America, or the NTS Employee Committee. Relations with employees continue to be generally good.

CenturyTel was incorporated under Louisiana law in 1968 to serve as a holding company for several telephone companies acquired over the previous 15 to 20 years. CenturyTel's principal executive offices are located at 100 CenturyTel Drive, Monroe, Louisiana 71203 and its telephone number is (318) 388-9000.

TELEPHONE OPERATIONS

According to published sources, the Company is the eighth largest local exchange telephone company in the United States, based on the more than 1.8 million access lines it served at December 31, 2000. All of the Company's access lines are digitally switched. Through its operating telephone subsidiaries, the Company provides services to predominately rural, suburban and small urban markets in 21 states. The table below sets forth certain information with respect to the Company's access lines as of December 31, 2000 and 1999.

State	December 31, 2000		December 31, 1999	
	Number of access lines	Percent of access lines	Number of access lines	Percent of access lines
Wisconsin	498,234 (1)	28%	358,768	28%
Arkansas	278,155	15	45,675	4
Washington	189,341	11	183,759	14
Missouri	129,944 (2)	7	-	-
Michigan	114,325	6	112,468	9
Louisiana	103,091	6	100,967	8
Colorado	95,509	5	91,446	7
Ohio	85,308	5	83,287	7
Oregon	79,663	5	78,210	6
Montana	65,966	4	63,867	5
Texas	51,387	3	48,144	4
Minnesota	30,910	2	30,583	2
Tennessee	27,781	2	26,917	2
Mississippi	23,435	1	21,844	2
New Mexico	6,295	-	6,354	1
Idaho	6,197	-	6,040	1
Indiana	5,425	-	5,266	-
Wyoming	5,108	-	4,841	-
Iowa	2,048	-	1,997	-
Arizona	1,920	-	1,936	-
Nevada	523	-	498	-
	1,800,565	100%	1,272,867	100%

(1) Approximately 61,750 of these lines are owned and operated by CenturyTel's 89%-owned affiliate.

(2) These lines are owned and operated by CenturyTel's majority-owned affiliate, of which CenturyTel owned 57.1% at December 31, 2000 and 75.7% as of the date of this Report.

As indicated in the following table, the Company has experienced growth in its telephone operations over the past several years, a substantial

portion of which was attributable to the July and September 2000 acquisitions of telephone properties from Verizon, the December 1997 acquisition of PTI, the acquisitions of other telephone properties and the expansion of services. A portion of the Company's access line growth was offset by the May 1999 sale of the Company's Alaska telephone operations.

	Year ended or as of December 31,				
	2000	1999	1998	1997	1996
	(Dollars in thousands)				
Access lines	1,800,565	1,272,867	1,346,567	1,203,650	503,562
% Residential	76%	75	74	74	77
% Business	24%	25	26	26	23
Operating revenues	\$ 1,253,969	1,126,112	1,077,343	526,428	450,082
Capital expenditures	\$ 275,523	233,512	233,190	115,854	110,147

Future growth in telephone operations is expected to be derived from (i) acquiring additional telephone properties, (ii) providing service to new customers, (iii) increasing network usage and (iv) providing additional services made possible by advances in technology, improvements in the Company's infrastructure and changes in regulation. For information on developing competitive trends, see "-Regulation and Competition."

Services

The Company's local exchange telephone subsidiaries derive revenue from providing (i) local telephone services, (ii) network access services and (iii) other related services. The following table reflects the percentage of telephone operating revenues derived from these respective services:

	2000	1999	1998
Local service	32.6%	31.4	30.8
Network access	58.0	58.1	58.4
Other	9.4	10.5	10.8
	100.0%	100.0	100.0

Local service. Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Internal access line growth during 2000, 1999 and 1998 was 2.8%, 4.8% and 4.7%, respectively. The decrease in internal access line growth during 2000 was partially due to disconnecting service to customers for non-payment and the replacement of lines with high-speed data circuits.

The installation of digital switches, high-speed data circuits and related software has been an important component of the Company's growth strategy because it allows the Company to offer enhanced voice services (such as call forwarding, conference calling, caller identification, selective call ringing and call waiting) and data services and to thereby increase utilization of existing access lines. In 2000 the Company continued to expand its list of premium services (such as voice mail) offered in certain service areas and aggressively marketed these services.

Network access. Network access revenues primarily relate to services provided by the Company to long distance carriers, wireless carriers and other customers in connection with the use of the Company's facilities to originate and terminate interstate and intrastate long distance telephone calls. The Company's access charges are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges prescribed by the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other local exchange carriers ("LECs") administered by the National Exchange Carrier Association ("NECA"), a quasi-governmental non-profit organization formed by the FCC in 1983 for such purposes.

Certain of the Company's intrastate network access revenues are derived through access charges billed by the Company to intrastate long distance carriers and other LEC customers. Such intrastate network access charges are based on access tariffs, which are subject to state regulatory commission approval. Additionally, certain of the Company's intrastate network access revenues, along with intrastate and intra-LATA (Local Access and Transport Areas) long distance revenues, are derived through revenue sharing arrangements with other LECs.

The Company is installing fiber optic cable in certain of its high traffic routes and provides alternative routing of telephone service over fiber optic cable networks in several strategic operating areas. At December 31, 2000, the Company's telephone subsidiaries had over 10,000 miles of fiber optic cable in use.

Other. Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for long distance companies and (iii) participating in the publication of local directories.

Certain large communications companies for which the Company currently provides billing and collection services continue to indicate their desire to reduce their billing and collection expenses, which has resulted and may continue to result in future reductions of the Company's billing and collection revenues.

For further information on the regulation of the Company's revenues, see "-Regulation and Competition."

Federal Financing Programs

Certain of the Company's telephone subsidiaries receive long-term financing from the Rural Utilities Service ("RUS") or the Rural Telephone Bank ("RTB"). The RUS has made long-term loans to telephone companies since 1949 for the purpose of improving telephone service in rural areas. The RUS continues to make new loans at interest rates that range from 5% to 7% based on borrower qualifications and the cost of funds to the United States government. The RTB, established in 1971, makes long-term loans at interest rates based on its average cost of funds as determined by statutory formula (such rates ranged from 6.01% to 6.05% for the RTB's fiscal year ended September 30, 2000), and in some cases makes loans concurrently with RUS loans. Much of the Company's telephone plant is pledged or mortgaged to secure obligations of the Company's telephone subsidiaries to the RUS and RTB. The Company's telephone subsidiaries that have borrowed from government agencies generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial covenants are met.

For additional information regarding the Company's financing, see the Company's consolidated financial statements included in Item 8 herein.

Regulation and Competition

Traditionally, LECs have operated as regulated monopolies. Consequently, most of the Company's telephone operations have traditionally been regulated extensively by various state regulatory agencies (generally called public service commissions or public utility commissions) and by the FCC. As discussed in greater detail below, passage of the Telecommunications Act of 1996 (the "1996 Act"), coupled with state legislative and regulatory initiatives and technological changes, has fundamentally altered the telephone industry by reducing the regulation of LECs and permitting competition in each segment of the telephone industry. Although CenturyTel anticipates that these trends towards reduced regulation and increased competition will continue, it is difficult to determine the form or degree of future regulation and competition in the Company's service areas.

State regulation. The local service rates and intrastate access charges of substantially all of the Company's telephone subsidiaries are regulated by state regulatory commissions. Most of such commissions have traditionally regulated pricing through "rate of return" regulation that focuses on authorized levels of earnings by LECs. Most of these commissions also (i) regulate the purchase and sale of LECs, (ii) prescribe depreciation rates and certain accounting procedures and (iii) regulate various other matters, including certain service standards and operating procedures.

In recent years, state legislatures and regulatory commissions in most of the states in which the Company has substantial operations have either reduced the regulation of LECs or have announced their intention to do so, and it is expected that this trend will continue. Wisconsin, Louisiana and several other states have passed legislation or issued regulatory rulings which permit LECs to opt out of rate of return regulation in exchange for agreeing to alternative forms of regulation which typically permit the LEC greater freedom to establish local service rates in exchange for agreeing not to charge rates in excess of specified caps. As discussed further below, most of the Company's Wisconsin telephone subsidiaries, with the exception of the recently acquired properties, have agreed to be governed by alternative regulation plans, and the Company continues to explore its options for similar treatment in other states. Other states have imposed new regulatory models that do not rely on "rate of return" regulation. The Company believes that reduced regulatory oversight of certain of the Company's telephone operations may allow the Company to offer new and competitive services faster than under the traditional regulatory process. For a discussion of legislative, regulatory and technological changes that have introduced competition into the local exchange industry, see "-Developments Affecting Competition."

A portion of the Company's telephone operations in Wisconsin have been regulated under an alternative regulation plan since June 1996. In late 1999 and early 2000, most of the Company's remaining Wisconsin telephone subsidiaries agreed to be subject to alternative regulation plans. Each of these plans has a five-year term and permits the Company to adjust local rates within specified parameters if certain quality-of-service and infrastructure-development commitments are met. These plans also include initiatives designed to promote competition. Although the Company believes that these plans will be favorable in the future as additional revenue streams are added and cost efficiencies are obtained, these plans slowed revenue growth during 2000 because they are more closely tied to access line growth rather than minutes of use growth, which has traditionally grown at a faster rate than access lines. There can be no assurance that current or future alternative regulation plans will not reduce revenue growth in the future. For a discussion of the Company's pending rate proceedings with the Wisconsin Public Service Commission, see Item 7 of this Report.

In 1997 the Louisiana Public Service Commission ("LPSC") adopted a Consumer Price Protection Plan (the "Louisiana Plan"), effective July 1997 and renewed substantially in its same form during 2000, which impacts all of the Company's LECs operating in Louisiana. This form of regulation focuses on price and quality of service. Under the Louisiana Plan, the Company's Louisiana LECs' local rates were frozen for a period of three years and access rates were frozen for a period of two years. The Company's Louisiana LECs have the option to propose a new plan at any time if the LPSC determines that (i) effective competition exists or (ii) unforeseen events threaten the LEC's ability to provide adequate service or impair its financial health. Although the Louisiana Plan has no specified term, the LPSC is required to review it by mid-2003.

The Company's Arkansas LECs, excluding the newly-acquired Verizon properties, are regulated under an alternative regulation plan adopted in 1997, which initially froze access rates for three years, after which time such rates can be adjusted based on an inflation-based factor. Local service rates can be adjusted without commission approval; however, such rates are subject to commission review if certain petition criteria are met. In addition, since 1995 the Company's Michigan LECs have been subject to a regulatory structure that focuses on price and quality of service as opposed to traditional rate of return regulation, and which relies more on existing federal and state law regarding antitrust consumer protection and fair trade to provide safeguards for competition and consumers.

Notwithstanding the movement towards deregulation, LECs operating approximately 68% of the Company's total access lines continue to be subject to "rate of return" regulation. These LECs remain subject to the powers of state regulatory commissions to conduct earnings reviews and adjust service rates.

FCC regulation. The FCC regulates the interstate services provided by the Company's telephone subsidiaries primarily by regulating the interstate access charges that are billed to long distance companies and other LECs by the Company for use of its local network in connection with the origination and termination of interstate telephone calls. Additionally, the FCC has prescribed certain rules and regulations for telephone companies, including regulations regarding the use of radio frequencies; a uniform system of accounts; and rules regarding the separation of costs between jurisdictions and, ultimately, between interstate services.

Effective January 1, 1991, the FCC adopted price-cap regulation relating to interstate access rates for the Regional Bell Operating Companies ("RBOCs") and GTE Corporation. All other LECs may elect to be subject to price-cap regulation. Under price-cap regulation, limits imposed on a company's interstate rates are adjusted periodically to reflect inflation, productivity improvement and changes in certain non-controllable costs. In May 1993 the FCC adopted an optional incentive regulatory plan for LECs not subject to price-cap regulation. A LEC electing the optional incentive regulatory plan would, among other things, file tariffs based primarily on historical costs and not be allowed to participate in the relevant NECA pooling arrangements. The Company has not elected price-cap regulation or the optional incentive regulatory plan, but will continue to evaluate its options on a periodic basis. Either election, if made by the Company, would have to be applicable to all of the Company's telephone subsidiaries. The authorized interstate access rate of return for the Company's telephone subsidiaries is currently 11.25%, which is the authorized rate established by the FCC for LECs not governed by price-cap regulation or the optional incentive regulatory plan.

On October 20, 2000, a proposed comprehensive reform plan designed to address access rates, universal service, rate of return and separations was filed with the FCC by a Multi Association Group representing small and mid-sized telephone companies that currently are regulated under traditional rate of return mechanisms. The proposed plan attempts to mirror certain principles of the access charge reform plan implemented by the FCC for price cap companies in mid-1999. Under this plan, companies would have a five-year period to transition from their existing forms of rate of return regulation to a new form of incentive regulation. If adopted in its current form, the plan would not have a material effect on the Company's operating revenues or results of operations; however, until the plan is finalized under the rulemaking procedures of the FCC, it is premature to assess the ultimate impact this proposal will have on the Company. There can be no assurance that the plan, in its final form, will not have a material effect on the Company's results of operations.

High-cost support funds, revenue sharing arrangements and related matters. A significant number of the Company's telephone subsidiaries recover a portion of their costs under federal and state cost recovery mechanisms that traditionally have allowed LECs serving small communities and rural areas to provide communications services reasonably comparable to those available in urban areas and at reasonably comparable prices.

The 1996 Act authorized the establishment of new federal and state universal service funds to provide continued support to eligible telecommunications carriers. Substantially all of the Company's LECs has been designated eligible to receive continued support by its respective state regulatory agency. These new support funds are intended to replace existing federal support mechanisms that are based on historical cost models. The FCC has established a task force to recommend how universal service support should be administered for rural LECs. This task force has recommended a modified embedded cost model which, if adopted in its current form, would not have a material effect on the Company's consolidated revenues or results of operations. However, if the FCC implements new universal support mechanisms for rural carriers, including substantially all of the Company's LECs, based on forward-looking cost models (as it did for non-rural carriers in October 1999), the Company's consolidated revenues could be negatively impacted. Until new support mechanisms are finalized under the FCC's rulemaking procedures, there can be no assurance that the universal service support mechanism ultimately adopted by the FCC will not negatively affect the Company's operations. During 2000 and 1999 the Company's telephone subsidiaries received \$146.4 million (of which \$8.3 million related to the Company's recently-acquired Verizon operations) and \$127.5 million (of which \$5.2 million related to the Alaska based operations which were disposed of in mid-1999), respectively, from the federal Universal Service Fund, representing 7.9% and 7.6%, respectively, of the Company's consolidated revenues for 2000 and 1999. In addition, the Company's telephone subsidiaries received \$30.7 million and \$19.5 million in 2000 and 1999, respectively, from intrastate support funds. For additional information, see Item 7 of this report.

In 1997, the FCC also established new programs to provide discounted telecommunications services annually to schools, libraries and rural health care providers. All communications carriers providing interstate telecommunications services, including the Company's LECs and its cellular and long distance operations, are required to contribute to these programs. The Company's LECs recover their funding contributions in their rates for interstate services. The Company's contribution by its cellular and long distance operations, which is passed on to its customers, was approximately \$3.7 million in 2000 and \$3.9 million in 1999.

Some of the Company's telephone subsidiaries operate in states where traditional cost recovery mechanisms, including rate structures, are under evaluation or have been modified. See "-State Regulation." There can be no assurance that these states will continue to provide for cost recovery at current levels.

Substantially all of the Company's LECs concur with the common line tariffs and certain of the Company's LECs concur with the traffic sensitive tariffs filed by the NECA; such LECs participate in the access revenue sharing arrangements administered by the NECA for interstate services. All of the intrastate network access revenues of the Company's LECs are based on access charges, cost separation studies or special settlement arrangements. See "-Services."

Certain long distance carriers continue to request that certain of the Company's LECs reduce intrastate access tariffed rates. Long distance carriers have also aggressively pursued regulatory or legislative changes that would reduce access rates. There is no assurance that these requests or initiatives will not result in decreased access revenues.

Developments affecting competition. The communications industry continues to undergo fundamental changes which are likely to significantly impact the future operations and financial performance of all communications companies. Primarily as a result of legislative and regulatory initiatives and technological changes, competition has been introduced and encouraged in each sector of the telephone industry, including, most recently, the local exchange sector. As a result, the number of companies offering competitive services has increased substantially.

As indicated above, in February 1996 Congress enacted the 1996 Act, which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. The 1996 Act imposes several duties on a LEC if it receives a specific request from another entity which seeks to connect with or provide services using the LEC's network. In addition, each incumbent LEC is obligated to (i) negotiate interconnection agreements in good faith, (ii) provide "unbundled" access to all aspects of the LEC's network, (iii) offer resale of its telecommunications services at wholesale rates and (iv) permit competitors to collocate their physical plant on the LEC's property, or provide virtual collocation if physical collocation is not practicable. Under the 1996 Act's rural telephone company exemption, substantially all of the Company's telephone subsidiaries are exempt from certain of these interconnection requirements unless and until the appropriate state regulatory commission overrides the exemption upon receipt from a competitor of a request meeting certain criteria. In mid-2000, a federal appellate court overturned portions of the FCC's 1996 interconnection order that sought to place the burden of proving the continuing availability of this exemption on rural LECs. States are permitted to adopt laws or regulations that provide for greater competition than is mandated under the 1996 Act. Although portions of the FCC's August 1996 interconnection order have survived judicial challenge, the FCC has neither completed its interconnection rulemaking nor issued rules on universal service or access reform for rural carriers. Management believes that competition in its telephone service areas has increased and will continue to increase as a result of the 1996 Act, although the form and degree of competition cannot be ascertained until such time as the FCC (and, in certain instances, state regulatory commissions) adopts final and nonappealable implementing regulations.

In addition to these changes in federal regulation, all of the 21 states in which the Company provides telephone services have taken legislative or regulatory steps to further introduce competition into the LEC business. As a result of these regulatory developments, incumbent LECs ("ILECs") increasingly face competition from competitive local exchange carriers ("CLECs"), particularly in high population areas. CLECs provide competing services through reselling the ILECs' local services, through use of the ILECs' unbundled network elements or through their own facilities.

The number of companies which have requested authorization to provide local exchange service in the Company's service areas has increased substantially, especially in the Company's newly-acquired Verizon markets, and it is anticipated that similar action may be taken by others in the future.

In addition to facing direct competition from CLECs, ILECs increasingly face competition from alternate communication systems constructed by long distance carriers, large customers or alternative access vendors. These systems, which have become more prevalent as a result of the 1996 Act, are capable of originating or terminating calls without use of the ILECs' networks. Customers may also use wireless or Internet voice service to bypass ILECs' switching services. In addition, technological and regulatory developments have increased the feasibility of competing services offered by cable television companies, several of whom are pursuing these opportunities. Other potential sources of competition include noncarrier systems that are capable of bypassing ILECs' local networks, either partially or completely, through substitution of special access for switched access or through concentration of telecommunications traffic on few of the ILECs' access lines. The Company anticipates that all these trends will continue and lead to increased competition with the Company's LECs.

Historically, cellular telephone services have complemented traditional LEC services. However, existing and emerging wireless technologies increasingly compete with LEC services. The Company anticipates this trend will continue, particularly if wireless service rates continue to drop. Technological and regulatory developments in cellular telephone, personal communications services, digital microwave, coaxial cable, fiber optics, local multipoint distribution services and other wired and wireless technologies are expected to further permit the development of alternatives to traditional landline services. For further information on certain of these developments, see "Wireless Operations - Regulation and Competition."

Historically, ILECs earned all or substantially all of the toll revenues associated with intra-LATA long distance calls. Principally as a result of recent state regulatory changes, companies offering competing toll services have emerged in the Company's local exchange markets.

To the extent that the telephone industry increasingly experiences competition, the size and resources of each respective competitor may increasingly influence its prospects. Many companies currently providing or planning to provide competitive communication services have substantially greater financial and marketing resources than the Company, and several are not subject to the same regulatory constraints as the Company.

The Company anticipates that the traditional operations of LECs will continue to be impacted by continued technological developments as well

as legislative and regulatory initiatives affecting the ability of LECs to provide new services and the capability of long distance companies, CLECs, wireless companies, cable television companies and others to provide competitive LEC services. Competition relating to services traditionally provided solely by LECs has thus far affected large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company operates. The Company intends to actively monitor these developments, to observe the effect of emerging competitive trends in initial competitive markets and to continue to evaluate new business opportunities that may arise out of future technological, legislative and regulatory developments.

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its telephone operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

WIRELESS OPERATIONS

At December 31, 2000, the Company had access to approximately 9.5 million cellular pops, of which 65% were applicable to MSAs and 35% were RSA pops. According to data derived from published sources, the Company is the eighth largest cellular telephone company in the United States based on the Company's 9.5 million pops.

Cellular Industry

The cellular telephone industry has been in existence for over 16 years in the United States. The industry has grown significantly during this period and cellular service is now available in substantially all areas of the United States. According to the Cellular Telecommunications Industry Association, at June 2000 there were estimated to be over 97 million wireless customers across the United States.

Initially, all radio transmissions of cellular systems were conducted on an analog basis. Technological developments involving the application of digital radio technology offer certain advantages over analog technologies, including expanding the capacity of mobile communications systems, improving voice clarity, permitting the introduction of new services, and making such systems more secure. Digital service is now available in 100% of the Company's MSA markets and approximately 65% of its RSA markets. Approximately 19% of the Company's cellular customers currently subscribe to digital services. As discussed further below, several large wireless carriers have taken initial steps to develop "next generation" technologies capable of providing enhanced digital wireless services. For additional information, see "-Regulation and Competition-Developments Affecting Wireless Competition."

Construction and Maintenance

The construction and maintenance of cellular systems is capital intensive. Although the Company's MSA and RSA systems have been operational for many years, the Company has continued to add cell sites to increase coverage, provide additional capacity, and improve the quality of these systems. In 2000 the Company completed construction of 47 cell sites in its majority-owned markets. At December 31, 2000, the Company operated 743 cell sites in its majority-owned markets.

Over the past several years the Company has upgraded most of its wireless systems to be capable of providing digital service under the Time Division Multiple Access ("TDMA") standard, which is one of the four primary digital cellular standards currently used worldwide. The Company intends to continue installing digital voice transmission facilities in other markets in 2001. See "-Regulation and Competition-Developments Affecting Wireless Competition." Capital expenditures related to majority-owned and operated wireless systems totaled approximately \$58.5 million in 2000. Such capital expenditures for 2001 are anticipated to be approximately \$70 million.

Strategy

The Company's business development strategy for its wireless operations is to secure operating control of service areas that are geographically clustered. Clustered systems aid the Company's marketing efforts and provide various operating and service advantages. Approximately 46% of the Company's customers are in a single, contiguous cluster of eight MSAs and nine RSAs in Michigan; another 25% are in a cluster of five MSAs and seven RSAs in northern and central Louisiana, southern Arkansas and eastern Texas. See "-The Company's Cellular Interests."

The Company has also traditionally targeted roaming service revenues, which are derived from calls made in one of the Company's service areas by customers of other cellular carriers from other service areas. In exchange for providing roaming service to customers of other carriers, the Company has traditionally charged premium rates to most of these other carriers, who then frequently pass on some or all of these premium rates to their own customers. The Company's Michigan, Louisiana and Mississippi cellular properties provide service to various interstate highway corridors. As indicated elsewhere in Items 1 and 7 of this Report, the Company has increasingly received pressure from other cellular operators to reduce substantially its roaming rates. See "-Services, Customers and System Usage."

Marketing

The Company markets its wireless services through several distribution channels, including its direct sales force, retail outlets owned by the Company and independent agents. All sales employees and certain independent agents solicit customers exclusively for the Company. Company sales employees are compensated by salary and commission and independent sales agents are paid commissions. The Company

advertises its services through various means, including direct mail, billboard, magazine, radio, television and newspaper advertisements.

The sales and marketing costs of obtaining new subscribers include advertising and a direct expense applicable to most new subscribers, either in the form of a commission payment to an agent or an incentive payment to a direct sales employee. In addition, the Company discounts the cost of cellular telephone equipment sold to its customers, and periodically runs promotions which waive certain fees or provide some amount of free service to new subscribers. The average cost of acquiring each new customer (\$289 in 2000) remains one of the larger expenses in conducting the Company's wireless operations. In recent years, the Company has sought to lower this average cost by focusing more on its direct distribution channels. The Company opened its first retail outlet in 1994, and currently operates 143 such outlets. During 2000, approximately 65% of new cellular customers were added through direct distribution channels, up from 37% during 1996.

Because most of the Company's cellular markets are located in rural, suburban or small urban areas, the Company believes that most of its customers typically require only local or regional services. The Company lacks the facilities and national brand name necessary to compete effectively for business customers requiring nationwide services, and the Company does not actively target these customers in its marketing campaigns. See "-Regulation and Competition."

Services, Customers and System Usage

There are a number of different types of cellular telephones, all of which are currently compatible with cellular systems nationwide. The Company offers a full range of vehicle-mounted, transportable, and hand-held portable cellular telephones. The Company typically purchases cellular phones in bulk, and typically resells them at a loss to meet competition or to stimulate sales by reducing the cost of becoming a cellular customer.

The Company charges its subscribers for access to its systems, for minutes of use and for enhanced services, such as voice mail. A subscriber may purchase certain of these services separately or may purchase rate plans which bundle these services in different ways and are designed to fit different customer requirements. While the Company historically has typically charged its customers separately for custom-calling features, air time in excess of the packaged amount, and toll calls, it currently offers plans which include features such as unlimited toll calls and unlimited weekend calling in certain calling areas. Custom-calling features provided by the Company include call-forwarding, call-waiting, three-way calling and no- answer transfer. The Company also offers voice message service in its markets.

Cellular customers come from a wide range of occupations and typically include a large proportion of individuals who work outside of their office. In recent years, the individual consumer market has generated a majority of new customer additions. The Company's average monthly cellular revenue per customer declined to \$49 in 2000 from \$53 in 1999 and \$57 in 1998. Such average revenue per customer is expected to further decline (i) as market penetration increases and additional lower usage customers are activated, (ii) as the Company continues to receive pressure from other cellular operators to reduce roaming rates and (iii) as competitive pressures from current and future wireless communications providers intensify. See "-Regulation and Competition."

The Company has entered into "roaming agreements" nationwide with operators of other cellular systems that permit each company's respective customers to place or receive calls outside of their home market area. The charge to a non-Company customer for this service has traditionally been at premium rates, and is billed by the Company to the customer's service provider, which then bills the customer. In most instances, based on competitive factors and financial considerations, the Company charges an amount to its customers that is equal to or lower than the amount actually charged by the cellular carrier providing the roaming service. Within the past two years, several large nationwide cellular providers have introduced rate plans that offer roaming coverage (provided through other carriers) at the same rate as service within the customer's home market area. To defray the cost of these plans, these providers have exerted substantial pressure on other cellular providers, including the Company, to reduce their roaming fees. The Company anticipates that competitive factors and industry consolidation will continue to place further pressure on charging premium roaming rates. For additional information on roaming revenue, see "-Strategy."

Churn rate (the average percentage of cellular customers that terminate service each month) is an industry-wide concern. A significant portion of the churn in the Company's markets is due to the Company disconnecting service to cellular customers for nonpayment of their bills. In addition, the Company faces substantial competition from the other wireless providers, including PCS providers. The Company's average monthly churn rate, excluding prepaid customers, in its majority-owned and operated markets was 1.95% in 2000 and 2.02% in 1999. The Company is attempting to lower its churn rate by increasing its proactive customer service efforts and implementing additional customer retention programs.

During recent years, the Company's cellular subsidiaries experienced strong subscriber growth in the fourth quarter, primarily due to holiday season sales.

The following table summarizes, among other things, certain information about the Company's customers and market penetration:

	Year ended or at December 31,		
	2000	1999	1998
Majority-owned and operated MSA and RSA systems (Note 1):			
Cellular systems operated	41	42	44
Cell sites	743	711	644

Population of systems operated (Note 2)	8,219,411	8,267,140	9,026,150
Customers (Note 3):			
At beginning of period	707,486	624,290	569,983
Gross units added internally	339,247	240,084	214,767
Disconnects	284,880	146,325	160,460
Net units added internally	54,367	93,759	54,307
Effect of property dispositions	(10,653)	(10,563)	-
At end of period	751,200	707,486	624,290
Market penetration at end of period (Note 4)	9.1%	8.6	6.9
Churn rate (Note 5)	1.95%	2.02	2.23
Average monthly service revenue per customer	\$ 49	53	57
Construction expenditures (in thousands)	\$ 58,468	58,760	57,326

For additional information, see "- The Company's Wireless Interests."

Notes:

1. Represents the number of systems in which the Company owned at least a 50% interest. The revenues and expenses of these markets, all of which are operated by the Company, are included in the Company's consolidated operating revenues and operating expenses.
2. Based on independent third-party population estimates for each respective year.
3. Represents the approximate number of revenue-generating cellular telephones served by the cellular systems referred to in note 1.
4. Computed by dividing the number of customers at the end of the period by the total population of systems referred to in note 1.
5. Represents the average percentage of customers, excluding prepaid customers, that were disconnected per month.

The Company's Wireless Interests

Cellular interests. The Company obtained the right to provide cellular service through (i) the FCC's licensing process described below, under which it received interests in wireline licenses, and (ii) its acquisition program, under which it has acquired interests in both wireline and non-wireline licenses. The table below sets forth certain information with respect to the interests in cellular systems that the Company owned as of December 31, 2000:

	2000 population (Note 1)	Ownership percentage	The Company's pops at 12/31/00	Other cellular operator (Note 2)
Majority-owned and operated MSAs				
Pine Bluff, AR	80,281	100.00%	80,281	Cingular
Texarkana, AR/TX	135,898	89.00	120,949	AT&T
Alexandria, LA	146,312	100.00	146,312	Centennial
Monroe, LA	146,578	87.00	127,523	AT&T
Shreveport, LA	377,761	87.00	328,652	AT&T
Battle Creek, MI	196,796	97.00	190,892	Centennial
Benton Harbor, MI	159,535	97.00	154,749	Centennial
Grand Rapids, MI	787,798	97.00	764,164	Verizon
Jackson, MI	157,913	97.00	153,176	Centennial
Kalamazoo, MI	306,384	97.00	297,192	Centennial
Lansing-E. Lansing, MI	519,292	97.00	503,713	Verizon
Muskegon, MI	193,840	97.00	188,025	Verizon
Saginaw-Bay City- Midland, MI	400,325	91.70	367,098	Verizon
Biloxi-Gulfport, MS (Note 4)	235,582	96.45	227,222	Cellular South
Jackson, MS (Note 4)	435,366	90.22	392,779	MCTA
Pascagoula, MS (Note 4)	134,358	89.20	119,851	Cellular South
Appleton-Oshkosh- Neenah, WI	502,946	98.85	497,151	U.S. Cellular
Eau Claire, WI	144,884	55.50	80,411	American Cellular
LaCrosse, WI	102,624	95.00	97,493	U. S. Cellular
	5,164,473		4,837,633	
Minority-owned MSAs (Note 3)				
Little Rock, AR	562,766	36.00%	202,596	
Lafayette, LA	268,286	49.00	131,460	
Detroit, MI	4,803,771	3.20	153,625	
Flint, MI	510,354	3.20	16,321	

Rochester, MN	120,080	2.93	3,518
Austin, TX	1,085,641	35.00	379,974
Dallas-Ft. Worth, TX	4,893,547	0.50	24,468
Sherman-Denison, TX	104,843	0.50	524
Madison, WI	731,747	9.78	71,558
Milwaukee, WI	1,982,586	17.96	356,132
	15,063,621		1,340,176
Total MSAs	20,228,094		6,177,809

	2000 population (Note 1)	Ownership percentage	The Company's pops at 12/31/00	Other cellular operator (Note 2)
Operated RSAs				
Arkansas 2	87,754	82.00	71,958	Cingular
Arkansas 3	103,195	82.00	84,620	Cingular
Arkansas 11	65,468	89.00	58,267	Cingular
Arkansas 12	183,300	80.00	146,640	Cingular
Louisiana 1	111,200	87.00	96,744	AT&T
Louisiana 2	114,514	87.00	99,627	AT&T
Louisiana 3 B2	95,821	87.00	83,364	Centennial
Louisiana 4	73,021	100.00	73,021	Centennial
Michigan 1	196,868	100.00	196,868	American Cellular
Michigan 2	113,791	100.00	113,791	RFB
Michigan 3	169,125	48.63	82,244	Unitel
Michigan 4	137,452	100.00	137,452	RFB
Michigan 5	164,253	48.63	79,875	Unitel
Michigan 6	144,166	98.00	141,283	Centennial
Michigan 7	249,579	56.07	139,940	Centennial
Michigan 8	104,503	97.00	101,368	Allegan Cellular
Michigan 9	303,549	43.38	131,680	Centennial
Mississippi 2 (Note 4)	253,145	100.00	253,145	Cingular
Mississippi 5 (Note 4)	157,526	100.00	157,526	Cingular
Mississippi 6 (Note 4)	182,880	100.00	182,880	Cellular South
Mississippi 7 (Note 4)	180,620	100.00	180,620	MCTA
Texas 7 B6	57,433	89.00	51,115	AT&T
Wisconsin 1	115,077	42.21	48,571	American Cellular
Wisconsin 2	85,070	99.00	84,219	American Cellular
Wisconsin 6	118,257	57.14	67,575	U.S. Cellular
Wisconsin 7	293,085	22.70	66,536	U.S. Cellular
Wisconsin 8	239,375	84.00	201,075	U.S. Cellular
	4,100,027		3,132,004	

Non-operated RSAs (Note 3)

Michigan 10	137,416	26.00	35,728
Minnesota 7	171,133	2.93	5,014
Minnesota 8	65,841	2.93	1,929
Minnesota 9	131,183	2.93	3,844
Minnesota 10	233,392	2.93	6,839
Minnesota 11	207,482	2.93	6,079
Washington 5	61,860	8.47	5,241
Washington 8	137,121	7.36	10,086
Wisconsin 3	143,138	42.86	61,345
Wisconsin 4	122,361	25.00	30,590
Wisconsin 10	130,092	22.50	29,271
	1,541,019		195,966
Total RSAs	5,641,046		3,327,970
	25,869,140		9,505,779

Notes:

1. Based on 2000 independent third-party population estimates.
2. Information provided to the best of the Company's knowledge. There is also at least one PCS competitor in each of the operated MSAs and certain of the operated RSAs.

3. Markets not operated by the Company.
4. Represents a non-wireline interest. See "Regulation and Competition - Cellular licensing and regulation."

Other wireless interests - Excluding licenses that it is committed to sell, the Company owned at December 31, 2000 (i) licenses to provide personal communications services ("PCS") representing approximately 3.0 million pops and (ii) 36 local multi-point distribution system ("LMDS") licenses representing approximately 12.2 million pops. The Company intends to use a portion of its LMDS licenses in connection with its new competitive local exchange business described below under "Other Operations." The Company is currently evaluating its options with respect to the remainder of these licenses, some of which will lapse if not used by the Company by certain specified dates.

Operations

A substantial number of the cellular systems in MSAs operated by the Company are owned by limited partnerships in which the Company is a general partner ("MSA Partnerships"). Most of these partnerships are governed by partnership agreements with similar terms, including, among other things, customary provisions concerning capital contributions, sharing of profits and losses, and dissolution and termination of the partnership. Most of these partnership agreements vest complete operational control of the partnership with the general partner. The general partner typically has the power to manage, supervise and conduct the affairs of the partnership, make all decisions appropriate in connection with the business purposes of the partnership, and incur obligations and execute agreements on behalf of the partnership. The general partner also may make decisions regarding the time and amount of cash contributions and distributions, and the nature, timing and extent of construction, without the consent of the other partners. The Company owns more than 50% of all of the MSA Partnerships.

A substantial number of the cellular systems in RSAs operated by the Company are also owned by limited or general partnerships in which the Company is either the general or managing partner (the "RSA Partnerships"). These partnerships are governed by partnership agreements with varying terms and provisions. In many of these partnerships, the noncontrolling partners have the right to vote on major issues such as the annual budget and system design. In a few of these partnerships, the Company's management position is for a limited term (similar to a management contract) and the other partners in the partnership have the right to change managers, with or without cause. The Company owns less than 50% of some of the RSA Partnerships.

The partnership agreements for both the MSA Partnerships and RSA Partnerships generally contain provisions granting all partners a right of first refusal in the event a partner desires to transfer a partnership interest. This restriction on transfer can under certain circumstances make these partnership interests more difficult to sell to a third party.

Revenue

The following table reflects the major revenue categories for the Company's wireless operations as a percentage of wireless operating revenues in 2000, 1999 and 1998. Virtually all of these revenues were derived from cellular operations.

	2000	1999	1998
Access fees and toll revenues	74.2%	72.2	74.2
Roaming	22.5	25.2	23.6
Equipment sales	3.3	2.6	2.2
	100.0%	100.0	100.0

For further information on these revenue categories, see "-Services, Customers and System Usage."

Regulation and Competition

As discussed below, the FCC and various state public utility commissions regulate, among other things, the licensing, construction, operation, safety, interconnection arrangements, sale and acquisition of cellular telephone systems.

Competition between providers of wireless communications service in each market is conducted principally on the basis of price, services and enhancements offered, the technical quality and coverage of the system, and the quality and responsiveness of customer service. As discussed below, competition has intensified in recent years in a substantial number of the Company's markets. Under applicable law, the Company is required to permit the reselling of its services. In certain larger markets and in certain market segments, competition from resellers may be significant. There is also substantial competition for sales agents. Certain of the Company's competitors have substantially greater assets and resources than the Company.

Cellular licensing and regulation. The term "MSA" means a Metropolitan Statistical Area for which the FCC has granted a cellular operating license. The term "RSA" means a Rural Service Area for which the FCC has granted a cellular operating license. During the 1980's and early 1990's, the FCC awarded two 10-year licenses to provide cellular service in each MSA and RSA market. Initially, one license was reserved for companies offering local telephone service in the market (the wireline carrier) and one license was available for firms unaffiliated with the

local telephone company (the non-wireline carrier). Since mid-1986, the FCC has permitted telephone companies or their affiliates to acquire control of non-wireline licenses in markets in which they do not hold interests in the wireline license. The FCC has issued a decision that grants a renewal expectancy during the license renewal period to incumbent licensees that substantially comply with the terms and conditions of their cellular authorizations and the FCC's regulations. The licenses for the MSA markets operated by the Company were initially granted between 1984 and 1987, and licenses for operated RSAs were initially granted between 1989 and 1991. Thus far, the Company has received 10-year extensions of all of its licenses that have become subject to renewal since their original grant dates.

The completion of an acquisition involving the transfer of control of a cellular system requires prior FCC approval and, in certain cases, receipt of other federal and state regulatory approvals. The acquisition of a minority interest generally does not require FCC approval. Whenever FCC approval is required, any interested party may file a petition to dismiss or deny the application for approval of the proposed transfer.

In recent years, the FCC has also taken steps to (i) require certain cellular towers and antennas to comply with radio frequency radiation guidelines, (ii) require cellular carriers to work with public safety or law enforcement officials to process 911 calls and conduct electronic surveillance, (iii) enable cellular subscribers to retain, subject to certain limitations, their existing telephone numbers when they change service providers and (iv) implement portions of the 1996 Act. These initiatives may increase the cost of providing cellular service.

In addition to regulation of these and other matters by the FCC, cellular systems are subject to certain Federal Aviation Administration tower height regulations concerning the siting and construction of cellular transmitter towers and antennas.

Cellular operators are also subject to state and local regulation in some instances. Although the FCC has pre-empted the states from exercising jurisdiction in the areas of licensing, technical standards and market structure, certain states require cellular operators to be certified. In addition, some state authorities regulate certain aspects of a cellular operator's business, including certain aspects of pricing, the resale of long distance service to its customers, the technical arrangements and charges for interconnection with the local wireline network, and the transfer of interests in cellular systems. The siting and construction of the cellular facilities may also be subject to state or local zoning, land use and other local regulations, as well as the increasing possibility of local community opposition to new towers.

Media and other reports have from time to time suggested that radio frequency emissions from wireless handsets and base stations can cause various health problems, and may interfere with electronic medical devices. These concerns received increased scrutiny in 2000 following (i) the June 2000 announcement that the U.S. Food and Drug Administration had agreed to oversee a \$1 million industry-funded long-term study of handset emissions and had recommended that users of handsets limit the length of their calls pending completion of the study and (ii) the July 2000 adoption of a policy by the leading industry trade group requiring handset manufacturers to disclose emission levels. No assurance can be given that future research and studies will not demonstrate a link between the radio frequency emissions of wireless handset and base stations and health problems. If such a link is demonstrated, the Company cannot provide assurances that government authorities will not increase regulation of wireless handsets and base stations or that wireless companies will not be held liable for cost or damages associated with these concerns. Moreover, these concerns could materially reduce demand for wireless services, including those offered by the Company.

A small number of local communities have enacted ordinances restricting or prohibiting the use of wireless phones while driving motor vehicles, and several state and local legislative bodies have proposed legislation to adopt similar laws. In addition, some studies have indicated that using wireless phones while driving may impair drivers' attention. Laws prohibiting or restricting the use of wireless phones while driving could reduce subscriber usage. Additionally, concerns over the use of wireless phones while driving could lead to potential litigation against wireless carriers.

Developments affecting wireless competition. Competition in the wireless communications industry has increased substantially in recent years due to continued and rapid technological advances in the communications field, coupled with legislative and regulatory changes.

Several FCC initiatives over the past decade have resulted in the allocation of additional radio spectrum or the issuance of licenses for emerging mobile communications technologies that are competitive with the Company's cellular and telephone operations, including PCS. Although there is no universally recognized definition of PCS, the term is generally used to refer to wireless services to be provided by licensees operating in the 1850 MHz to 1990 MHz radio frequency band using microcells and high-capacity digital technology. In 1996 and early 1997 the FCC auctioned up to six PCS licenses per market. Two 30MHz frequency blocks were awarded for each of the 51 Rand McNally Major Trading Areas ("MTAs"), while one 30MHz and three 10MHz frequency blocks were awarded for each of the 493 Rand McNally Basic Trading Areas ("BTAs"). Additional future auctions of radio spectrum will further intensify competition.

PCS technology permits PCS operators to offer wireless voice, data, image and multimedia services. The largest PCS providers commenced initial operations in late 1996 and since then have aggressively expanded their operations. These providers have initially focused on larger markets, and have generally marketed PCS as being a competitive service to cellular. Many of these companies have aggressively competed for customers on the basis of price, which has placed downward pressure on cellular prices. There is at least one PCS competitor in each of the Company's operated MSAs and some of its operated RSAs.

In addition to PCS, current and prospective users of cellular systems may find their communication needs satisfied by other current and developing technologies. Several years ago the FCC authorized the licensees of certain specialized mobile radio service ("SMR") systems (which historically have generally been used by taxicabs and tow truck operators) to configure their systems into digital networks that operate in a manner similar to cellular systems. Such systems are commonly referred to as enhanced specialized mobile radio service ("ESMR") systems. FCC regulations allow up to two ESMR carriers per market. The Company believes that ESMR systems are operating in a few of its

cellular markets. One well-established ESMR provider has constructed a nationwide digital mobile communications system to compete with cellular systems. Other similar communication services that have the technical capability to handle wireless telephone calls may provide competition in certain markets, although these services currently lack the subscriber capacity of cellular systems. Paging or beeper services that feature text message and data display as well as tones may be adequate for potential subscribers who do not need to converse directly with the caller. Mobile satellite systems, in which transmissions are between mobile units and satellites, may ultimately be successful in obtaining market share from cellular systems that communicate directly to land-based stations. Other future technological advances or regulatory changes (including additional spectrum auctions) may result in other alternatives to cellular service, thereby creating additional sources of competition.

Several large wireless carriers have recently taken one or more of the following steps that could impact the Company's competitive position:

o First, several large wireless carriers have merged with other companies or formed marketing alliances or joint ventures in order to enhance their ability to provide nationwide cellular or PCS service under a single brand name. Although the Company believes that most of the customers in its smaller markets require only local or regional services, the Company's wireless operations could be negatively impacted if competitors are successful in marketing their nationwide services in the Company's markets.

o Second, several large wireless carriers have taken initial steps to provide wireless data, short messaging and other enhanced "next generation" digital wireless services. In connection therewith, several large domestic carriers that currently use the TDMA standard have either announced their intention to abandon the TDMA standard or have begun to overlay their TDMA systems with additional network elements permitting packet data transmissions. The Company is evaluating whether the opportunity to derive additional revenues from these enhanced services justify the capital costs necessary to provide these services. If the Company elects to continue to use the TDMA standard or to forego implementation of "next generation" technology or services, there can be no assurance that the Company will be able to receive support from vendors or to compete effectively against companies using different technologies or offering more services.

Although it is uncertain how competing services and emerging "next generation" technologies will ultimately affect the Company, the Company anticipates that it will continue to face increased competition in its wireless markets.

OTHER OPERATIONS

The Company provides long distance, Internet access, competitive local exchange services, broadband data, security monitoring, cable television and interactive services in certain local and regional markets, as well as certain printing and related services. The results of these operations, which accounted for 8.1% and 6.0%, respectively, of the Company's consolidated revenues and operating income during 2000, are reflected for financial reporting purposes in the "Other operations" section.

Long distance. In 1996 the Company began marketing long distance service in all of its equal access telephone operating areas. At December 31, 2000, the Company provided long distance services to approximately 363,000 customers. Approximately 75% of the Company's long distance revenues are derived from service provided to residential customers. Although the Company owns and operates a long distance switch in LaCrosse, Wisconsin, it anticipates that most of its future long distance service revenues will be provided by reselling service purchased from other facilities-based long distance providers. The Company intends to continue to expand its long distance business, principally through reselling arrangements.

Internet access. The Company began offering traditional Internet access services to its telephone customers in 1995. At December 31, 2000 the Company provided Internet access services to approximately 108,700 customers in 500 markets in 13 states. These 500 markets represent 64% of the access lines served by the Company's LECs.

In late 1999, the Company began offering in select markets digital subscriber line ("DSL") Internet access services, a high-speed premium-priced data service. At December 31, 2000 the Company provided DSL service to approximately 6,000 customers in markets that cover approximately 45% of the access lines served by the Company's LECs (exclusive of those lines acquired in mid-2000 in the Verizon acquisitions).

Competitive local exchange services. In late 2000, the Company began offering competitive local exchange telephone services, coupled with long distance, wireless, Internet access and other Company services, to small to medium-sized businesses in two Louisiana wireless markets. The Company currently plans to target a total of ten new markets by year end 2001, and has budgeted \$20 million of capital expenditures for 2001 to enter these markets. The Company expects to incur an operating loss in 2001 of approximately \$15 million in connection with providing these services.

Broadband data. In connection with its long-range plans to sell capacity to other carriers in or near certain of its select markets, the Company expects to complete construction and testing by the second quarter of 2001 of a 650- to 700-mile fiber optic ring connecting several communities in southern and central Michigan.

Security monitoring. The Company offers 24-hour burglary and fire monitoring services to approximately 7,400 customers in select markets in Louisiana, Arkansas, Mississippi, Texas and Ohio.

Other. The Company also provides audiotext services; printing, database management and direct mail services; and cable television services. The Company is also in the process of developing an integrated billing and customer care system which will enable the Company to offer

customers value packaging and produce a single bill for multiple services such as local telephone, wireless, Internet access and long distance. From time to time the Company also makes investments in other domestic or foreign communications companies, the most significant of which to date is a minority investment in a start-up Internet service provider in India.

Certain service subsidiaries of the Company provide installation and maintenance services, materials and supplies, and managerial, technical, accounting and administrative services to the telephone and wireless operating subsidiaries. In addition, the Company provides and bills management services to subsidiaries and in certain instances makes interest-bearing advances to finance construction of plant, purchases of equipment or acquisitions of other businesses. These transactions are recorded by the Company's regulated telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Such intercompany profit is reflected in operating income in "Other operations".

FORWARD-LOOKING STATEMENTS

This report on Form 10-K and other documents filed by the Company under the federal securities laws include, and future oral or written statements or press releases of the Company and its management may include, certain forward-looking statements, including without limitation statements with respect to the Company's anticipated future operating and financial performance (including the impact of pending acquisitions), financial position and liquidity, growth opportunities and growth rates, business prospects, regulatory and competitive outlook, investment and expenditure plans, investment results, financing opportunities and sources (including the impact of financings on the Company's financial position, financial performance or credit ratings), pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," "estimates," "hopes," "should," and "may," and variations thereof and similar expressions. Such forward-looking statements are inherently speculative and are based upon several assumptions concerning future events, many of which are outside of the Company's control. The Company's forward-looking statements, and the assumptions upon which such statements are based, are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. These uncertainties include but are not limited to those set forth below:

- o the Company's ability to timely consummate acquisitions and effectively manage its growth, including without limitation the Company's ability to

- (i) integrate newly-acquired operations into the Company's operations,
 - (ii) attract and retain technological, managerial and other key personnel to work at the Company's Monroe, Louisiana headquarters or regional offices,
 - (iii) achieve projected economies of scale and cost savings,
 - (iv) achieve projected growth and revenue targets developed by management in valuing newly-acquired businesses,
 - (v) upgrade its billing and other information systems and
 - (vi) otherwise monitor its operations, costs, regulatory compliance, and service quality and maintain other necessary internal controls.

- o the risks inherent in rapid technological change, including without limitation (i) the lack of assurance that the Company's ongoing wireless network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks, (ii) technological developments that could make the Company's analog and digital wireless networks uncompetitive or obsolete, such as the risk that the TDMA digital technology used by the Company will be uncompetitive with existing or future "next generation" technologies, and (iii) the risk that technologies will not be developed or embraced by the Company on a timely or cost-effective basis or perform according to expectations.

- o the effects of ongoing changes in the regulation of the communications industry, including without limitation (i) changes as a result of the 1996 Act and other similar federal and state legislation and federal and state regulations enacted thereunder, (ii) greater than anticipated interconnection requests or competition in the Company's predominately rural local exchange telephone markets resulting therefrom, (iii) greater than anticipated reductions in revenues received from the Universal Service Fund or other current or future federal and state support funds designed to compensate LECs that provide services in high-cost markets, (iv) the final outcome of regulatory and judicial proceedings with respect to interconnection agreements and access charge reforms, (v) future judicial or regulatory actions taken in response to the 1996 Act and (vi) future legislation or regulations addressing potential concerns about radio frequency emissions from wireless handsets and base stations, or the potential hazards of using wireless phones while driving motor vehicles.

- o the effects of greater than anticipated competition, including (i) competition from competitive local exchange companies or wireless carriers in the Company's local exchange markets and (ii) the inability of the Company's wireless operations to compete against larger nationwide wireless carriers on the basis of price, service coverage area or product offerings, or due to other factors, including technological obsolescence or the lack of marketing or other resources.

- o possible changes in the demand for the Company's products and services, including without limitation (i) lower than anticipated demand for traditional or premium telephone services or for additional access lines per household, (ii) lower than anticipated demand for wireless telephone services, whether caused by changes in economic conditions, technology, competition, health concerns or otherwise, (iii) lower than anticipated demand for the Company's DSL Internet access services and (iv) reduced demand for the Company's access or billing and collection services.

- o the Company's ability to successfully introduce new offerings on a timely and cost-effective basis, including without limitation the Company's ability to (i) expand successfully its long distance and Internet offerings to new markets (including those to be acquired in connection with future acquisitions), (ii) offer bundled service packages on terms attractive to its customers and (iii) successfully initiate competitive local exchange and data services in its targeted markets.

- o regulatory limits on the Company's ability to change its prices for telephone services in response to competitive pressures.
- o any difficulties in the Company's ability to expand through attractively priced acquisitions, whether caused by financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers.
- o the possibility of the need to make abrupt and potentially disruptive changes in the Company's business strategies due to changes in competition, regulation, technology, product acceptance or other factors.
- o higher than anticipated wireless operating costs due to churn or to fraudulent uses of the Company's networks, or lower than anticipated wireless revenues due to reduced roaming fees.
- o the lack of assurance that the Company can compete effectively against better-capitalized competitors.
- o the future unavailability of SFAS 71 to the Company's telephone subsidiaries.
- o the effects of more general factors, including without limitation:
 - changes in general industry and market conditions and growth rates
 - changes in interest rates or other general national, regional or local economic conditions
 - changes in legislation, regulation or public policy, including changes in federal rural financing programs
 - unanticipated increases in capital, operating or administrative costs, or the impact of new business opportunities requiring significant up-front investments
 - the continued availability of financing in amounts, and on terms and conditions, necessary to support the Company's operations
 - changes in the Company's relationships with vendors, or the failure of these vendors to provide competitive products on a timely basis
 - changes in the Company's senior debt ratings
 - unfavorable outcomes of regulatory or legal proceedings, including rate proceedings and environmental proceedings
 - losses or unfavorable returns on the Company's investments in other communications companies
 - delays in the construction of the Company's networks
 - changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles.

For additional information, see the description of the Company's business included above, as well as Item 7 of this report. Due to these uncertainties, you are cautioned not to place undue reliance upon the Company's forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update or revise any of its forward-looking statements for any reason.

OTHER MATTERS

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 2000 have not been material and the Company currently has no reason to believe that such costs will become material.

For additional information concerning the business and properties of the Company, see notes 2, 4, 5, 12, and 18 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein.

Item 2. Properties.

The Company's properties consist principally of (i) telephone lines, central office equipment, and land and buildings related to telephone operations, and (ii) switching and cell site equipment related to cellular telephone operations. As of December 31, 2000 and 1999, the Company's gross property, plant and equipment of approximately \$5.9 billion and \$4.2 billion, respectively, consisted of the following:

December 31,	

2000	1999

Telephone operations		
Cable and wire	47.7%	45.4
Central office equipment	28.0	27.4
General support	5.5	5.9
Information origination/termination equipment	.9	1.4
Construction in progress	2.3	1.9
Other	.1	.2

	84.5	82.2

Wireless operations		
Cell sites	6.2	8.4
General support	1.8	2.3
Construction in progress	.9	.4
Other	-	.1

	8.9	11.2

Other	6.6	6.6

	100.0%	100.0
=====		

"Cable and wire" facilities consist primarily of buried cable and aerial cable, poles, wire, conduit and drops. "Central office equipment" consists primarily of switching equipment, circuit equipment and related facilities. "General support" consists primarily of land, buildings, tools, furnishings, fixtures, motor vehicles and work equipment. "Information origination/termination equipment" consists primarily of premise equipment (private branch exchanges and telephones) for official company use. "Cell sites" consist primarily of radio frequency channel equipment, switching equipment and towers. "Construction in progress" includes property of the foregoing categories that has not been placed in service because it is still under construction.

Most of the properties of the Company's telephone subsidiaries are subject to mortgages securing the debt of such companies. The Company owns substantially all of the central office buildings, local administrative buildings, warehouses, and storage facilities used in its telephone operations. The Company leases most of the offices used in its wireless operations; certain of its transmitter sites are leased while others are owned by the Company. For further information on the location and type of the Company's properties, see the descriptions of the Company's telephone and wireless operations in Item 1.

Item 3. Legal Proceedings.

From time to time, the Company is involved in litigation incidental to its business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. Currently, there are no material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant

Information concerning Executive Officers, set forth at Item 10 in Part III hereof, is incorporated in Part I of this Report by reference.

PART II

Item 5. Market for Registrant's Common Equity and Related

Stockholder Matters.

CenturyTel's common stock is listed on the New York Stock Exchange and is traded under the symbol CTL. The following table sets forth the high and low sale prices, along with the quarterly dividends, for each of the quarters indicated:

Sale prices		Dividend per common share
High	Low	
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First quarter	\$ 47.31	32.31	.0475
Second quarter	\$ 40.38	24.44	.0475
Third quarter	\$ 32.38	25.25	.0475
Fourth quarter	\$ 38.50	26.81	.0475

1999:

First quarter	\$ 49.00	40.06	.0450
Second quarter	\$ 47.63	35.13	.0450
Third quarter	\$ 43.88	38.25	.0450
Fourth quarter	\$ 48.75	37.56	.0450

Common stock dividends during 2000 and 1999 were paid each quarter. As of February 28, 2001, there were approximately 5,550 stockholders of record of CenturyTel's common stock.

Item 6. Selected Financial Data.

The following table presents certain selected consolidated financial data as of and for each of the years ended in the five-year period ended December 31, 2000:

Selected Income Statement Data

	Year ended December 31,				
	2000	1999	1998	1997	1996
(Dollars, except per share amounts, and shares expressed in thousands)					
Operating revenues					
Telephone	\$ 1,253,969	1,126,112	1,077,343	526,428	450,082
Wireless	443,569	422,269	407,827	307,742	250,243
Other	148,388	128,288	91,915	67,351	49,352
Total operating revenues	\$ 1,845,926	1,676,669	1,577,085	901,521	749,677
Operating income (loss)					
Telephone	\$ 376,290	351,559	334,604	177,782	156,565
Wireless	117,865	133,930	129,124	87,772	67,914
Other	31,258	22,580	16,083	2,216	(1,183)
Total operating income	\$ 525,413	508,069	479,811	267,770	223,296
Gain on sale or exchange of assets, net (pre-tax)	\$ 20,593	62,808	49,859	169,640	815
Net income	\$ 231,474	239,769	228,757	255,978	129,077
Basic earnings per share	\$ 1.65	1.72	1.67	1.89	.96
Diluted earnings per share	\$ 1.63	1.70	1.64	1.87	.95
Dividends per common share	\$.190	.180	.173	.164	.160
Average basic shares outstanding	140,069	138,848	137,010	134,984	133,400
Average diluted shares outstanding	141,864	141,432	140,105	137,412	135,980

Selected Balance Sheet Data

	December 31,				
	2000	1999	1998	1997	1996
(Dollars in thousands)					
Net property, plant and equipment	\$ 2,959,293	2,256,458	2,351,453	2,258,563	1,149,012
Excess cost of net assets acquired, net	\$ 2,509,033	1,644,884	1,956,701	1,767,352	532,410
Total assets	\$ 6,393,290	4,705,407	4,935,455	4,709,401	2,028,505
Long-term debt	\$ 3,050,292	2,078,311	2,558,000	2,609,541	625,930

Stockholders' equity	\$ 2,032,079	1,847,992	1,531,482	1,300,272	1,028,153
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The following table presents certain selected consolidated operating data as of the end of each of the years in the five-year period ended December 31, 2000:

	Year ended December 31,				
	2000	1999	1998	1997	1996
Telephone access lines	1,800,565	1,272,867	1,346,567	1,203,650	503,562
Wireless units in service in majority-owned markets	751,200	707,486	624,290	569,983	368,233
Long distance customers	363,307	303,722	226,730	171,962	110,560

See Items 1 and 2 in Part I, Item 7 in Part II and notes 1, 2 and 5 of Notes to Consolidated Financial Statements set forth in Item 8 elsewhere herein for additional information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Overview

CenturyTel, Inc. and its subsidiaries (the "Company") is a regional integrated communications company engaged primarily in providing local exchange, wireless, long distance, Internet access and data services to customers in 21 states.

On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related local exchange assets in Arkansas, Missouri and Wisconsin from affiliates of Verizon Communications, Inc. ("Verizon") for an aggregate of approximately \$1.5 billion cash. On December 1, 1998, the Company acquired from affiliates of Ameritech Corporation ("Ameritech") telephone and directory operations serving approximately 86,000 access lines in northern and central Wisconsin for approximately \$221 million cash. The operations of these acquired properties are included in the Company's results of operations beginning on the respective dates of acquisition. See Acquisitions and Note 2 of Notes to Consolidated Financial Statements for additional information.

On May 14, 1999, the Company sold substantially all of its Alaska-based operations serving approximately 134,900 telephone access lines and 3,000 cellular subscribers. On June 1, 1999, the Company sold the assets of its Brownsville and McAllen, Texas cellular operations serving approximately 7,500 cellular subscribers. In February 2000, the Company sold the assets of its remaining Alaska cellular operations serving approximately 10,600 cellular subscribers. The operations of these disposed properties are included in the Company's results of operations up to the respective dates of disposition.

During the three years ended December 31, 2000, the Company has acquired and sold various other operations, the impact of which has not been material to the financial position or results of operations of the Company.

The net income of the Company for 2000 was \$231.5 million, compared to \$239.8 million during 1999 and \$228.8 million during 1998. Diluted earnings per share for 2000 were \$1.63 compared to \$1.70 in 1999 and \$1.64 in 1998.

Year ended December 31,	2000	1999	1998
	(Dollars, except per share amounts, and shares in thousands)		
Operating income			
Telephone	\$ 376,290	351,559	334,604
Wireless	117,865	133,930	129,124
Other	31,258	22,580	16,083
	525,413	508,069	479,811
Gain on sale or exchange of assets, net	20,593	62,808	49,859
Interest expense	(183,302)	(150,557)	(167,552)
Income from unconsolidated cellular entities	26,986	27,675	32,869
Minority interest	(10,201)	(27,913)	(12,797)
Other income and expense	6,696	9,190	5,268
Income tax expense	(154,711)	(189,503)	(158,701)
Net income	\$ 231,474	239,769	228,757

Basic earnings per share	\$ 1.65	1.72	1.67
Diluted earnings per share	\$ 1.63	1.70	1.64
Average basic shares outstanding	140,069	138,848	137,010
Average diluted shares outstanding	141,864	141,432	140,105

Contributions to operating revenues and operating income by the Company's telephone, wireless and other operations for each of the years in the three-year period ended December 31, 2000 were as follows:

Year ended December 31,	2000	1999	1998
Operating revenues			
Telephone operations	67.9%	67.2	68.3
Wireless operations	24.0%	25.2	25.9
Other operations	8.1%	7.6	5.8
Operating income			
Telephone operations	71.6%	69.2	69.7
Wireless operations	22.4%	26.4	26.9
Other operations	6.0%	4.4	3.4

In addition to historical information, management's discussion and analysis includes certain forward-looking statements regarding events and financial trends that may affect the Company's future operating results and financial position. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: 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; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the telecommunications industry; the effects of greater than anticipated competition in the Company's markets; 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; and the effects of more general factors such as changes in general market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

TELEPHONE OPERATIONS

The Company conducts its telephone operations in rural, suburban and small urban communities in 21 states. As of December 31, 2000, approximately 87% of the Company's 1.8 million access lines were in Wisconsin, Arkansas, Washington, Missouri, Michigan, Louisiana, Colorado, Ohio, and Oregon. The operating revenues, expenses and income of the Company's telephone operations for 2000, 1999 and 1998 are summarized below.

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Operating revenues			
Local service	\$ 408,538	353,534	331,736
Network access	727,797	654,003	629,583
Other	117,634	118,575	116,024
	1,253,969	1,126,112	1,077,343
Operating expenses			
Plant operations	290,062	251,704	233,896
Customer operations	105,950	88,552	90,331
Corporate and other	163,761	160,631	157,142
Depreciation and amortization	317,906	273,666	261,370
	877,679	774,553	742,739
Operating income	\$ 376,290	351,559	334,604

Local service revenues - Local service revenues are derived from the provision of local exchange telephone services in the Company's service areas. Of the \$55.0 million (15.6%) increase in local service revenues in 2000, \$46.5 million was due to the acquisition of the Verizon properties, which was partially offset by a \$14.4 million decrease attributable to the sale of the Company's Alaska-based operations in the second quarter of 1999. The remaining \$22.9 million increase was due to a \$16.4 million increase due to internal growth in the number of customer access lines and a \$5.4 million increase due to the increased provision of custom calling features. Of the \$21.8 million (6.6%)

increase in local service revenues in 1999, \$21.1 million was due to the acquisition of the Ameritech properties, which was more than offset by a \$22.8 million decrease attributable to the sale of the Company's Alaska-based operations. The remaining \$23.5 million increase was due to a \$15.6 million increase due to internal growth in the number of customer access lines and a \$4.1 million increase due to the increased provision of custom calling features. Internal access line growth during 2000, 1999 and 1998 was 2.8%, 4.8% and 4.7%, respectively. The decrease in internal access line growth during 2000 was partially due to disconnecting service to customers for non-payment and the replacement of lines with high-speed data circuits.

Network access revenues - Network access revenues are primarily derived from charges to long distance companies and other customers for access to the Company's local exchange carrier ("LEC") networks in connection with the completion of long distance telephone calls. These access charges are based on tariffed access rates filed with the Federal Communications Commission ("FCC") for interstate services and with the respective state regulatory agency for intrastate services. Certain of the Company's interstate network access revenues are based on access charges filed directly with the FCC; the remainder of such revenues are derived under revenue sharing arrangements with other LECs administered by the National Exchange Carrier Association. Intrastate network access revenues are based on access charges or are derived under revenue sharing arrangements with other LECs.

Network access revenues increased \$73.8 million (11.3%) in 2000 and \$24.4 million (3.9%) in 1999 due to the following factors:

	2000 increase (decrease)	1999 increase (decrease)
	(Dollars in thousands)	
Acquisitions	\$ 75,938	17,645
Increased recovery from the federal Universal Service Fund ("USF")	15,753	8,193
Disposition of Alaska properties	(23,348)	(39,985)
Partial recovery of increased operating costs through revenue sharing arrangements with other telephone companies, increased minutes of use, increased recovery from state support funds and return on rate base	3,637	19,524
Revision of prior year revenue settlement agreements	4,228	15,944
Other, net	(2,414)	3,099
	\$ 73,794	24,420

Other revenues - Other revenues include revenues related to (i) leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring ("CPE services"), (ii) providing billing and collection services for long distance carriers and (iii) participating in the publication of local directories. Other revenues decreased \$941,000 in 2000, primarily due to a \$6.3 million decrease due to the sale of the Alaska properties and a \$5.4 million decrease from the provision of CPE services, which benefited in 1999 from sales to customers readying their equipment for the Year 2000. Such decreases were substantially offset by a \$10.8 million increase attributable to revenues contributed by the Verizon properties. Other revenues increased \$2.6 million in 1999, primarily due to a \$5.0 million increase attributable to revenues contributed by the Ameritech properties and a \$6.4 million increase from the provision of CPE services. Such increases were partially offset by a \$9.2 million decrease due to the sale of the Alaska properties.

Operating expenses - Plant operations expenses during 2000 and 1999 increased \$38.4 million (15.2%) and \$17.8 million (7.6%), respectively. Of the \$38.4 million increase in 2000, \$44.8 million was attributable to the properties acquired from Verizon, which was partially offset by a \$13.0 million decrease due to the sale of the Alaska properties. The remaining \$6.6 million increase was primarily due to a \$4.7 million increase in salaries and benefits and a \$2.4 million increase in network operations and engineering expenses. Of the \$17.8 million increase in 1999, \$13.2 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$23.7 million decrease due to the sale of the Alaska properties. The remaining \$28.3 million increase was primarily due to a \$7.4 million increase in access expenses primarily due to changes in revenue settlement methods of certain telephone subsidiaries in a limited number of states; a \$5.6 million increase in repair and maintenance expenses and a \$5.6 million increase in network operations and engineering expenses.

Customer operations, corporate and other expenses increased \$20.5 million (8.2%) in 2000 and \$1.7 million (.7%) in 1999. Of the \$20.5 million increase in 2000, \$34.0 million related to the Verizon properties which was partially offset by an \$11.4 million decrease due to the sale of the Alaska properties in 1999. The remaining \$2.1 million decrease in 2000 was primarily due to a \$5.6 million decrease in contract labor expenses primarily associated with costs incurred in 1999 attributable to readying the Company's system to be Year 2000 compliant and an \$8.2 million decrease in operating taxes. Such decreases were partially offset by a \$7.7 million increase in the provision for doubtful accounts and a \$2.4 million increase in information technology expenses. The Ameritech properties contributed \$12.5 million of the 1999 increase. Such increase was more than offset by a \$19.8 million decrease due to the sale of the Alaska properties. The remaining \$9.0 million increase in 1999 was primarily due to a \$6.5 million increase in contract labor expenses attributable to readying the Company's systems to be Year 2000 compliant; a \$2.8 million increase in expenses associated with the provision of CPE services and a \$3.0 million increase in the provision for doubtful accounts. Such increases in 1999 were partially offset by a \$5.9 million decrease in salaries and benefits primarily due to a decrease in the number of administrative personnel.

Depreciation and amortization increased \$44.2 million (16.2%) and \$12.3 million (4.7%) in 2000 and 1999, respectively. Of the \$44.2 million

increase in 2000, \$44.6 million was attributable to the properties acquired from Verizon (which included \$8.5 million of amortization of goodwill) and \$11.8 million was primarily due to higher levels of plant in service. Such increases were partially offset by a \$10.6 million reduction resulting from the sale of the Company's Alaska properties. Of the 1999 increase of \$12.3 million, \$17.1 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$17.8 million decrease due to the sale of the Alaska properties. The remainder of the increase in depreciation and amortization in 1999 was due to higher levels of plant in service. Exclusive of acquisitions, depreciation expense included nonrecurring additional depreciation charges approved by regulators in certain jurisdictions which aggregated \$4.1 million in 2000 and \$10.7 million in 1999. In addition, the Company increased depreciation rates in certain jurisdictions which increased depreciation expense by \$2.7 million in 2000 and \$2.2 million in 1999. The composite depreciation rate for the Company's regulated telephone properties, including the additional depreciation charges, was 7.2% for 2000, 7.0% for 1999 and 6.9% for 1998.

Other - For additional information regarding certain matters that have impacted or may impact the Company's telephone operations, see Regulation and Competition.

WIRELESS OPERATIONS AND INCOME FROM UNCONSOLIDATED CELLULAR ENTITIES

Year ended December 31,	2000	1999	1998

	(Dollars in thousands)		
Operating income - wireless operations	\$ 117,865	133,930	129,124
Minority interest - wireless operations, exclusive of the effect of asset sales in 1999	(11,598)	(12,911)	(12,635)
Income from unconsolidated cellular entities	26,986	27,675	32,869

	\$ 133,253	148,694	149,358
=====			

The Company's wireless operations (discussed below) reflect 100% of the results of operations of the cellular entities in which the Company has a majority ownership interest. The minority interest owners' share of the income of such entities is reflected in the Company's Consolidated Statements of Income as an expense in "Minority interest." See Minority Interest for additional information. The Company's share of earnings from the cellular entities in which it has less than a majority interest is accounted for using the equity method and is reflected in the Company's Consolidated Statements of Income in "Income from unconsolidated cellular entities." See Income from Unconsolidated Cellular Entities for additional information.

WIRELESS OPERATIONS

All of the Company's wireless customers, which totaled more than 751,000 at December 31, 2000, are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas and Arkansas. The operating revenues, expenses and income of the Company's wireless operations for 2000, 1999 and 1998 are summarized below.

Year ended December 31,	2000	1999	1998

	(Dollars in thousands)		
Operating revenues			
Service	\$ 328,956	305,006	302,468
Roaming	99,791	106,486	96,271
Equipment sales	14,822	10,777	9,088

	443,569	422,269	407,827

Operating expenses			
Cost of equipment sold	30,064	21,408	16,992
System operations	69,641	56,866	60,049
General, administrative and customer service	78,087	79,569	81,350
Sales and marketing	82,673	61,903	57,967
Depreciation and amortization	65,239	68,593	62,345

	325,704	288,339	278,703

Operating income	\$ 117,865	133,930	129,124
=====			

Operating revenues - Service revenues include monthly service fees for providing access and airtime to customers and toll revenue. Roaming revenues include service fees for providing airtime to other carriers' customers roaming through the Company's service areas.

Of the \$24.0 million increase in service revenues in 2000, \$31.6 million was due to an increase in local service revenues primarily due to growth in the number of customers and increased minutes of use per customer, both of which were partially offset by reduced rates. Such increase was partially offset by an \$8.0 million decrease due to the sale of the Texas and Alaska cellular properties. Of the \$6.7 million decrease in roaming revenues in 2000, \$3.2 million was due to a reduction in roaming rates (which was partially offset by an increase in

roaming minutes of use), a downward trend in rates that the Company anticipates will continue in the near future. The remainder of the decrease in roaming revenues in 2000 was due to the sale of the Texas and Alaska cellular properties in mid-1999. Of the \$2.5 million increase in service revenues in 1999, \$5.9 million was due to growth in the number of customers and increased minutes of use, both of which were partially offset by reduced rates. Such increase was partially offset by a \$3.6 million decrease due to the sale of the Texas and Alaska cellular properties in mid-1999. The \$10.2 million increase in roaming revenues in 1999 was primarily due to an increase in roaming minutes of use which was partially offset by reduced rates.

The following table illustrates the growth in the Company's wireless customer base in its majority-owned markets:

Year ended December 31,	2000	1999	1998
Customers at beginning of period	707,486	624,290	569,983
Gross units added internally	339,247	240,084	214,767
Disconnects	284,880	146,325	160,460
Net units added internally	54,367	93,759	54,307
Effect of property dispositions	(10,653)	(10,563)	-
Customers at end of period	751,200	707,486	624,290
Average monthly churn rate (excluding prepaid customers)	1.95%	2.02%	2.23%

The average monthly revenue per customer declined to \$49 during 2000 from \$53 in 1999 and \$57 in 1998 primarily due to reductions in service rates charged to the Company's customers, reductions in roaming rates charged to other cellular operators, and the continued trend that a higher percentage of new customers tend to be lower usage customers. The average monthly revenue per customer is expected to further decline (i) as market penetration increases and additional lower usage customers are activated; (ii) as the Company continues to receive pressure from other cellular operators to reduce roaming rates and (iii) as competitive pressures from current and future wireless communications providers intensify. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, some of which may result in lower average revenue per customer.

During 2000 the Company added approximately 82,500 net contract customers while the prepaid customer base declined by 28,100 customers. The Company will continue to focus on adding contract customers while decreasing its focus on prepaid plans for future customer growth. At December 31, 2000, over 90% of the Company's wireless customers were contract customers.

Operating expenses - Cost of equipment sold increased \$8.7 million (40.4%) in 2000 and \$4.4 million (26.0%) in 1999 primarily due to an increase in the number of phones sold and an increase in average cost per unit primarily due to a higher percentage of digital phones sold.

System operations expenses increased \$12.8 million (22.5%) in 2000 primarily due to a \$5.9 million increase associated with operating a greater number of cell sites and a \$4.5 million increase in the net amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas. System operations expenses decreased \$3.2 million (5.3%) in 1999 primarily due to a \$3.8 million decrease in the net amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas primarily due to a decrease in roaming rates; a \$1.7 million decrease in toll costs; and a \$1.9 million decrease in expenses attributable to operations sold during 1999. Such decreases were partially offset by a \$4.3 million increase in expenses associated with operating a greater number of cell sites.

The Company operated 743 cell sites at December 31, 2000 in entities in which it had a majority interest, compared to 711 at December 31, 1999 and 644 at December 31, 1998.

General, administrative and customer service expenses decreased \$1.5 million (1.9%) in 2000, of which \$3.3 million was attributable to a decrease in operating taxes and \$1.5 million was due to the sale of the Alaska and Texas properties. Such decreases were partially offset by a \$2.2 million increase in the provision for doubtful accounts. General, administrative and customer service expenses decreased \$1.8 million (2.2%) in 1999, of which \$9.0 million was attributable to a decrease in the provision for doubtful accounts. Such decrease was substantially offset by a \$2.9 million increase in customer service expenses; a \$2.1 million increase in contract labor expenses associated with readying the Company's systems to be Year 2000 compliant; and a \$3.4 million increase in general office expenses.

Sales and marketing expenses increased \$20.8 million (33.6%) due primarily to a \$5.2 million increase in sales commissions paid to agents due to an increase in the number of units sold; an \$8.6 million increase in advertising and sales promotion expenses; and a \$4.2 million increase in costs incurred in selling products and services in retail locations primarily due to an increase in the number of retail locations. Sales and marketing expenses increased \$3.9 million (6.8%) in 1999 primarily due to a \$4.0 million increase in costs incurred in selling products and services in retail locations and a \$2.0 million increase in advertising expenses. Such increases were partially offset by a \$2.1 million reduction in commissions paid to agents for selling services to new customers primarily as a result of fewer cellular units being added through this distribution channel during 1999 as compared to 1998 and a \$1.2 million decrease in expenses due to the Company's sale of its Texas and Alaska properties.

Depreciation and amortization decreased \$3.4 million (4.9%) in 2000, primarily due to the sale of the Alaska and Texas properties. Depreciation and amortization increased \$6.2 million (10.0%) in 1999, of which \$4.0 million was due to an increase in amortization of intangibles and \$2.5 million was attributable to a higher level of plant in service.

Other - For additional information regarding certain matters that have impacted or may impact the Company's wireless operations, see Regulation and Competition.

OTHER OPERATIONS

Other operations includes the results of operations of subsidiaries of the Company which are not included in the telephone or wireless segments including, but not limited to, the Company's long distance operations, Internet operations, call center operations (which ceased operations in the third quarter of 2000), competitive local exchange carrier operations, and security monitoring operations. The operating revenues, expenses and income of the Company's other operations for 2000, 1999 and 1998 are summarized below.

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Operating revenues			
Long distance	\$ 104,435	83,087	53,027
Internet	23,491	16,818	14,267
Call center	3,765	11,749	9,701
Other	16,697	16,634	14,920
	148,388	128,288	91,915
Operating expenses			
Cost of sales and operating expenses	112,219	99,151	70,993
Depreciation and amortization	4,911	6,557	4,839
	117,130	105,708	75,832
Operating income	\$ 31,258	22,580	16,083

Long distance revenues increased \$21.3 million (25.7%) and \$30.1 million (56.7%) in 2000 and 1999, respectively, due primarily to the growth in the number of customers. The number of long distance customers as of December 31, 2000, 1999, and 1998 was 363,300, 303,700, and 226,700, respectively. Internet revenues increased \$6.7 million (39.7%) in 2000 primarily due to a \$6.9 million increase due to growth in the number of customers and a \$1.4 million increase due to Internet operations acquired in late 1999 and mid-2000. Such increases were partially offset by a \$2.3 million decrease due to the sale of the Company's Alaska Internet operation in mid-1999. Internet revenues increased \$2.6 million (17.9%) in 1999 primarily due to an increase in the number of customers. The \$8.0 million decrease in call center revenues in 2000 was due to the planned phase-out of the Company's third party call center operations during 2000.

Operating expenses during 2000 increased \$11.4 million (10.8%) primarily due to an increase of \$12.3 million in expenses of the Company's long distance operations primarily due to increased minutes of use due to an increase in the number of customers which was partially offset by reduced rates; a \$9.8 million increase in expenses associated with expanding the Company's Internet operations and a \$3.4 million increase in expenses primarily due to start-up costs of the Company's competitive local exchange carrier business. Such increases were partially offset by a \$9.0 million reduction in expenses due to the winding down of the Company's third party call center operations during 2000 and a \$2.4 million decrease due to the 1999 sale of the Company's Alaska Internet operations.

Operating expenses in 1999 increased \$29.9 million (39.4%) primarily due to (i) an increase of \$17.8 million in expenses of the Company's long distance operations primarily due to the increased minutes of use due to an increase in the number of long distance customers, (ii) a \$6.7 million increase associated with the Company's call center operations and (iii) a \$3.8 million increase in expenses due to the expansion of the Company's security monitoring and fiber network businesses. In January 2000, the Company announced that it would close its third party call center operations during 2000. Included in total operating expenses for 1999 is a \$2.7 million charge to write down the assets of the call center to estimated net realizable value.

The Company anticipates that the growth of operating income for its other operations will slow in future periods as it incurs increasingly larger expenses in connection with expanding its fiber network and competitive local exchange carrier businesses. The Company expects to incur a combined operating loss ranging from \$15 to \$20 million in 2001 in its fiber network and competitive local exchange carrier businesses.

Certain of the Company's service subsidiaries provide managerial, operational, technical, accounting and administrative services, along with materials and supplies, to the Company's telephone subsidiaries. In accordance with regulatory accounting, intercompany profit on transactions with regulated affiliates has not been eliminated in connection with consolidating the results of operations of the Company. When the regulated operations of the Company no longer qualify for the application of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation," such intercompany profit will be eliminated in subsequent financial statements, the primary result of which will be a decrease in operating expenses applicable to the Company's telephone operations and an increase in operating expenses applicable to the Company's other operations. The amount of intercompany profit with regulated affiliates which was not eliminated was approximately \$17.1 million, \$14.0 million and \$14.4 million in 2000, 1999 and 1998, respectively. For additional information applicable to SFAS 71, see Regulation and Competition -- Other Matters and Note 11 of Notes to Consolidated Financial Statements.

GAIN ON SALE OR EXCHANGE OF ASSETS, NET

In 2000, the Company recorded pre-tax gains aggregating \$20.6 million. Approximately \$9.9 million (\$5.2 million after tax; \$.04 per diluted share) was due to the sale of the assets of the Company's remaining Alaska cellular operations and approximately \$10.7 million (\$6.4 million after tax; \$.05 per diluted share) was due to the sale of the Company's minority interest in a non-strategic cellular partnership.

In 1999, the Company recorded pre-tax gains aggregating \$62.8 million. Approximately \$10.4 million of the pre-tax gains (\$6.7 million after tax; \$.04 per diluted share) was due to the sale of the Company's remaining common shares of MCIWorldCom, Inc. ("WorldCom"). Approximately \$39.6 million of the pre-tax gains (\$7.8 million after-tax loss; \$.05 per diluted share) was due to the sale of the Company's Brownsville and McAllen, Texas cellular properties. The remainder of the gains in 1999 was primarily due to an \$11.6 million pre-tax gain (\$7.6 million after tax; \$.05 per diluted share) due to the sale of the Company's shares of common stock of Telephone and Data Systems, Inc. See Note 12 of Notes to Consolidated Financial Statements for additional information.

In 1998 the Company recorded net pre-tax gains aggregating \$49.9 million (\$30.5 million after tax; \$.22 per diluted share) primarily due to the conversion of its investment in the common stock of Brooks Fiber Properties, Inc. into common stock of WorldCom, the subsequent sale of 750,000 shares of WorldCom stock, and the sale of minority interests in two non-strategic cellular entities.

INTEREST EXPENSE

Interest expense increased \$32.7 million in 2000 primarily due to \$41.5 million in interest expense related to the Verizon acquisition indebtedness and a \$6.8 million increase caused by higher interest rates. Such increases were partially offset by interest expense reductions primarily due to a decrease in outstanding indebtedness exclusive of debt associated with the Verizon acquisitions.

Interest expense decreased \$17.0 million in 1999 primarily due to a reduction in outstanding indebtedness. Income From Unconsolidated Cellular Entities Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, decreased \$689,000 (2.5%) in 2000 and \$5.2 million (15.8%) in 1999. During both 2000 and 1999, the Company recorded its proportionate share (\$5.3 million in 2000 and \$6.9 million in 1999) of non-cash, non-recurring charges that were recorded by cellular entities in which the Company owns a minority interest.

MINORITY INTEREST

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings of the Company's majority-owned subsidiaries. Minority interest decreased \$17.7 million during 2000 compared to 1999 primarily due to the minority partners' share of the gain on sale of assets of the Brownsville and McAllen, Texas cellular properties recorded in 1999. Excluding the effect of this gain, minority interest decreased \$2.8 million primarily due to the decreased profitability of the Company's majority-owned and operated cellular entities (\$1.3 million) and due to the minority partners' share of the loss incurred by certain of the operations acquired from Verizon by CenturyTel's majority-owned affiliates (\$1.6 million). Minority interest increased \$15.1 million during 1999, substantially all of which relates to the minority partners' share of the gain on sale of assets of the Brownsville and McAllen, Texas cellular properties.

OTHER INCOME AND EXPENSE

Other income and expense decreased \$2.5 million in 2000 primarily due to a \$7.9 million charge related to the settlement of certain interest rate hedge contracts entered into in connection with financing the Verizon acquisitions. Such decrease was partially offset by a \$4.1 million increase in interest income.

Other income and expense increased \$3.9 million in 1999, substantially all of which relates to favorable non-recurring items recorded in 1999.

INCOME TAX EXPENSE

The Company's effective income tax rate was 40.1%, 44.1% and 41.0% in 2000, 1999 and 1998, respectively. Exclusive of the effect of income tax expense on asset sales, the effective income tax rate was 39.9%, 39.0% and 41.3% in 2000, 1999 and 1998, respectively.

ACQUISITIONS

On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon in four separate transactions for approximately \$1.5 billion in cash. The Company has made preliminary estimates of the fair value and useful lives of Verizon's noncurrent assets and liabilities. Such estimates are subject to change upon completion of the purchase price allocation. Under these transactions:

- o On July 31, 2000, the Company purchased approximately 231,000 telephone access lines and related local exchange assets comprising 106 exchanges throughout Arkansas for approximately \$842 million in cash.

- o On July 31, 2000, Spectra Communications Group, LLC ("Spectra") purchased approximately 127,000 telephone access lines and related local exchange assets comprising 107 exchanges throughout Missouri for approximately \$297 million cash. At December 31, 2000, the Company owned 57.1% of Spectra, which was organized to acquire and operate these Missouri properties. At closing, the Company made a

preferred equity investment in Spectra of approximately \$55 million and financed substantially all of the remainder of the purchase price.

o On September 29, 2000, the Company purchased approximately 70,500 telephone access lines and related local exchange assets comprising 42 exchanges throughout Wisconsin for approximately \$197 million in cash.

o On September 29, 2000, Telephone USA of Wisconsin, LLC ("TelUSA") purchased approximately 62,900 telephone access lines and related local exchange assets comprising 35 exchanges throughout Wisconsin for approximately \$172 million in cash. The Company owns 89% of TelUSA, which was organized to acquire and own these Wisconsin properties. At closing, the Company made an equity investment in TelUSA of approximately \$37.8 million and financed substantially all of the remainder of the purchase price.

The purchase prices discussed above reflect various post-closing adjustments made to date. Any remaining adjustments are not expected to be material.

To finance these acquisitions on a short-term basis, the Company borrowed \$1.157 billion on a floating-rate basis under its new \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., as lenders, and Banc of America Securities LLC and Salomon Smith Barney Inc., as arrangers, and borrowed \$300 million on a floating-rate basis under its existing credit facility with Bank of America, N.A.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002) under its \$2.0 billion shelf registration statement filed in May 2000. The net proceeds of approximately \$908 million (excluding the Company's payments of approximately \$12.3 million associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisitions.

On December 1, 1998, the Company acquired the assets of certain of Ameritech's telephone and directory operations in 19 telephone exchanges covering 21 communities in northern and central Wisconsin for approximately \$221 million cash. The operations acquired by the Company include the telephone property and equipment serving approximately 86,000 access lines, as well as the related nine telephone directories.

ACCOUNTING PRONOUNCEMENTS

In June 1998 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." In June 1999, the FASB deferred the effective date of SFAS 133 to fiscal years beginning after June 15, 2000. SFAS 133 established accounting and reporting standards for derivative instruments and for hedging activities by requiring that entities recognize all derivatives as either assets or liabilities at fair value on the balance sheet. The Company's use of derivative financial instruments to date has been limited to entering interest rate hedge contracts to reduce interest rate risk with respect to anticipated public debt issuances. Based on the Company's current use of derivatives and the limited number of embedded derivatives in existing agreements, SFAS 133 is not expected to materially impact the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition and deferred costs in financial statements. SAB 101 was effective beginning in the fourth quarter of 2000 and did not materially impact the Company's financial position or results of operations.

In the fourth quarter of 2000, in connection with finalizing the new accounting standard for business combinations, the FASB announced its tentative conclusion that goodwill arising from business combinations, including prior business combinations, would no longer be required to be amortized. Goodwill would instead be reviewed for impairment and would be written down only in periods in which the recorded amount of goodwill exceeds its fair value. The final standard on business combinations is expected to be issued by the FASB by the third quarter of 2001.

INFLATION

The effects of increased costs historically have been mitigated by the Company's ability to recover certain costs applicable to its regulated telephone operations through the rate-making process. While the rate-making process does not permit the Company to immediately recover the costs of replacing its physical plant, the Company has historically been able to recapture these costs over time. Possible future regulatory changes may alter the Company's ability to recover increased costs in its regulated operations. For additional information regarding the current regulatory environment, see Regulation and Competition. As operating expenses in the Company's non-regulated lines of business increase as a result of inflation, the Company, to the extent permitted by competition, recovers the costs by increasing prices for its services and equipment.

MARKET RISK

The majority of the Company's long-term debt obligations are fixed rate. At December 31, 2000, the fair value of the Company's long-term debt was estimated to be \$3.1 billion based on the overall weighted average rate of the Company's long-term debt of 7.3% and an overall weighted maturity of 12 years compared to terms and rates currently available in long-term financing markets. For purposes hereof, market risk is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 73 basis points in interest rates (which represents ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$112.2 million decrease in fair value of the Company's long-term debt. As of December 31, 2000, the Company owed

\$826.6 million of debt on a floating-rate basis.

In the first quarter of 2000, the Company entered into interest rate hedge contracts designed to reduce its interest rate risk with respect to \$500 million of long-term public debt that it ultimately expected to incur in connection with providing long-term financing for its Verizon acquisitions. The Company recorded a \$7.9 million charge to earnings in 2000 related to the settlement of certain of these hedge contracts.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to provide for its cash needs. The Company's operations have historically provided a stable source of cash flow which has helped the Company continue its long-term program of capital improvements.

Operating activities - Net cash provided by operating activities was \$562.5 million, \$408.7 million and \$467.8 million in 2000, 1999 and 1998, respectively. The Company's accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of those years. For additional information relating to the telephone operations, wireless operations and other operations of the Company, see Results of Operations.

Investing activities - Net cash provided by (used in) investing activities was (\$1.914) billion, \$69.8 million and (\$375.6) million in 2000, 1999 and 1998, respectively. Cash used for acquisitions was \$1.541 billion in 2000 (substantially all of which relates to the Verizon acquisitions), \$21.0 million in 1999 and \$225.6 million in 1998. Proceeds from the sales of assets were \$29.5 million in 2000 compared to \$484.5 million in 1999 and \$132.3 million in 1998. Capital expenditures for 2000 were \$275.5 million for telephone operations, \$58.5 million for wireless operations and \$115.5 million for other operations. Capital expenditures during 1999 and 1998 were \$390.0 million and \$310.9 million, respectively.

Financing activities - Net cash provided by financing activities was \$1.314 billion in 2000. Net cash used in financing activities was \$427.6 million in 1999 and \$112.4 million in 1998. Net proceeds from the issuance of debt were \$1.763 billion more during 2000 compared to 1999 primarily due to an increase in borrowings due to the purchase of assets from Verizon.

On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon in four separate transactions for approximately \$1.5 billion in cash. See Acquisitions and Note 2 of Notes to Consolidated Financial Statements for additional information. To finance these acquisitions on a short-term basis, the Company borrowed \$1.157 billion on a floating-rate basis under its new \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., as lenders, and Banc of America Securities LLC and Salomon Smith Barney Inc., as arrangers, and borrowed \$300 million on a floating-rate basis under its existing credit facility with Bank of America, N.A.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002) under its \$2.0 billion shelf registration statement filed in May 2000. The net proceeds of approximately \$908 million (excluding the Company's payments of approximately \$12.3 million associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisitions.

Other - Budgeted capital expenditures for 2001 total \$400 million for telephone operations, \$70 million for wireless operations and \$80 million for other operations. The Company anticipates that capital expenditures in its telephone operations will continue to include the installation of fiber optic cable and the upgrading of its plant and equipment, including its digital switches, to provide enhanced services, particularly in its newly acquired markets. Capital expenditures in the wireless operations are expected to continue to focus on constructing additional cell sites (which will provide additional capacity and expanded areas where cellular phones may be used) and providing digital service. Budgeted capital expenditures for other operations include \$20 million for construction of competitive local exchange networks.

The Company continually evaluates the possibility of acquiring additional telecommunications operations and expects to continue its long-term strategy of pursuing the acquisition of attractive communications properties in exchange for cash, securities or both. The Company generally does not announce its acquisitions until it has entered into a preliminary or definitive agreement. Over the past few years, the amount and size of communications properties available to be purchased by the Company has increased substantially. The Company may require additional financing in connection with any such acquisitions, the consummation of which could have a material impact on the Company's financial condition or operations. Approximately 4.6 million shares of CenturyTel common stock and 200,000 shares of CenturyTel preferred stock remain available for future issuance in connection with acquisitions under an acquisition shelf registration statement.

As of December 31, 2000, the Company's telephone subsidiaries had available for use \$129.5 million of commitments for long-term financing from the Rural Utilities Service and the Company had \$400.1 million of undrawn committed bank lines of credit. In October 2000 the Company implemented a commercial paper program that authorizes the Company to have outstanding up to \$1.5 billion in commercial paper at any one time. The Company also has access to debt and equity capital markets, including its shelf registration statements.

In November 2000, the Company entered into a definitive agreement with Leap Wireless International, Inc. to sell 30 PCS (Personal Communications Service) operating licenses for an aggregate of \$205 million. The transaction is expected to close in the first quarter of 2001, subject to (i) approval of the Federal Communications Commission and (ii) certain other closing conditions. Approximately \$119 million of the

purchase price will be delivered at closing. The remaining \$86 million will be payable in the form of a promissory note bearing 10% interest per annum. \$74 million will be payable within nine months after the issuance of the note with the remainder payable in 2002 upon maturity of the note. These receipts will be used to pay down indebtedness incurred in connection with the Company's recent acquisitions of properties from Verizon.

On September 19, 2000, Moody's Investors Service ("Moody's") lowered CenturyTel's long-term debt rating to Baa2 (with a stable outlook) from Baa1 and on September 20, 2000, Standard & Poor's ("S&P") affirmed its rating of CenturyTel's long-term debt of BBB+ (with a negative outlook). The Company's commercial paper program initiated in October 2000 is rated P2 by Moody's and A2 by S&P.

The following table reflects the Company's debt to total capitalization percentage and ratio of earnings to fixed charges as of and for the years ended December 31:

	2000	1999	1998
Debt to total capitalization percentage	63.1%	53.7	63.0
Ratio of earnings to fixed charges	3.08	3.76	3.25
Ratio of earnings to fixed charges excluding gain on sale or exchange of assets	2.97	3.44	2.96

REGULATION AND COMPETITION

The communications industry continues to undergo various fundamental regulatory, legislative, competitive and technological changes that make it difficult to determine the form or degree of future regulation and competition affecting the Company's operations. These changes may have a significant impact on the future financial performance of all communications companies.

Events affecting the communications industry - In 1996 the United States Congress enacted the Telecommunications Act of 1996 (the "1996 Act"), which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. The 1996 Act provides certain exemptions for rural LECs such as those operated by the Company. Under the FCC's August 1996 order implementing most of the 1996 Act's interconnection provisions, rural LECs have the burden of proving the availability of these exemptions.

Prior to and since the enactment of the 1996 Act, the FCC and a number of state legislative and regulatory bodies have also taken steps to foster local exchange competition. Coincident with this recent movement toward increased competition has been the gradual reduction of regulatory oversight of LECs. These cumulative changes have led to the continued growth of various companies providing services that compete with LECs' services. Wireless services entities are also expected to increasingly compete with LECs.

The 1996 Act authorized the establishment of new federal and state universal service funds to provide support to eligible telecommunications carriers. These new funds are intended to replace existing federal support mechanisms that are based on historical cost models and that currently provide approximately 8% of the Company's consolidated revenues. The FCC has established a task force to recommend how universal service support should be administered for rural LECs. This task force has recommended a modified embedded cost model which, if adopted in its current form, would not have a material effect on the Company's consolidated revenues or results of operations. However, if the FCC implements new universal service support mechanisms for rural carriers based on forward-looking cost models (as it did for non-rural carriers in October 1999), the Company's consolidated revenues could be negatively impacted. Until new support mechanisms are finalized under the FCC's rulemaking procedures, there can be no assurance that the universal service support mechanism ultimately adopted by the FCC will not negatively affect the Company's operations.

On October 20, 2000, a proposed comprehensive reform plan designed to address access rates, universal service, rate of return and separations was filed with the FCC by a Multi Association Group representing small and mid-sized telephone companies that currently are regulated under traditional rate of return mechanisms. The proposed plan attempts to mirror certain principles of the access charge reform plan implemented by the FCC for price cap companies in mid-1999. Under this plan, companies would have a five-year period to transition from their existing forms of rate of return regulation to a new form of incentive regulation. If adopted in its current form, the plan would not have a material effect on the Company's operating revenues or results of operations; however, until the plan is finalized under the rulemaking procedures of the FCC, it is premature to assess the ultimate impact this proposal will have on the Company. There can be no assurance that the plan, in its final form, will not have a material effect on the Company's results of operations.

Competition to provide traditional telephone or wireless services has thus far affected large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company's operations are located. Although the Company has increasingly experienced competition in its markets, the Company does not believe such competition is likely to materially affect it in the near term. The Company will continue to monitor ongoing changes in regulation, competition and technology and consider which developments provide the most favorable opportunities for the Company to pursue.

The Company's wireless operations are subject to increased competition from large wireless carriers offering nationwide calling plans. The Company does not offer a nationwide calling plan at this time and may be hindered in its ability to compete for customers seeking nationwide calling plans. Additionally, several wireless carriers have taken initial steps to abandon the TDMA standard used by the Company and to

provide enhanced "next generation" wireless services utilizing different technologies. If the Company elects to continue to use the TDMA standard or to forego implementation of enhanced wireless services, there can be no assurance that the Company will be able to receive support from vendors or to compete effectively against competitors using different technologies or offering more services.

Recent events affecting the Company - During 2000 the Company's revenues from the USF totaled approximately \$146.4 million (which includes \$8.3 million related to the newly-acquired Verizon properties). During 1999, such revenues totaled \$127.5 million (of which \$5.2 million related to the Alaska based operations.) Although the Company may experience a reduction in its federal support revenues at some point in the future, management believes it is premature to assess or estimate the ultimate impact thereof. There can be no assurance, however, that such impact will not be material.

During the last few years, several states in which the Company has substantial operations took legislative or regulatory steps to further introduce competition into the LEC business. The number of companies which have requested authorization to provide local exchange service in the Company's service areas has increased in recent years, especially in the newly-acquired Verizon markets, and it is anticipated that similar action may be taken by others in the future.

State alternative regulation plans recently adopted by certain of the Company's LECs have also affected revenue growth recently. Although the Company believes that these plans will be favorable in the future as additional revenue streams are added and cost efficiencies are obtained, these plans slowed revenue growth during 2000 because they are more closely tied to access line growth rather than minutes of use growth, which has traditionally grown at a faster rate than access lines. There can be no assurance that current or future alternative regulation plans will not reduce revenue growth in the future.

Certain long distance carriers continue to request that the Company reduce intrastate access tariffed rates for certain of its LECs. There is no assurance that these requests will not result in reduced intrastate access revenues in the future. In addition, the Company continues to receive pressure from other cellular operators to reduce roaming rates in the Company's cellular markets. In response, the Company anticipates that it will enter into agreements that will reduce its roaming rates from current levels. The Company further anticipates that the adverse impact of reduced roaming rates may be partially offset by increased roaming traffic.

In connection with authorizing the Company's acquisition from Verizon of telephone properties in Wisconsin, the Wisconsin Public Service Commission ("WPSC") indicated its intent to review the possibility of regulating all of the Company's Wisconsin local exchange carriers on a unitary basis, which would reduce the Company's revenues in Wisconsin (unless and to the extent the Company could mitigate these reductions through rate adjustments or other revenue enhancements approved by the WPSC).

In connection with this authorization, the WPSC also rejected CenturyTel's request to increase the access rates previously charged by Verizon. If the Company's appeal of this ruling is unsuccessful, the Verizon acquisitions will dilute the Company's 2001 earnings more than initially anticipated.

In the fourth quarter of 2000, an administrative law judge in Wisconsin issued a ruling, which was accepted by the WPSC, declaring that the Company had inappropriately increased access rates it charges to interexchange carriers following the Company's acquisition of properties from Ameritech on December 1, 1998. Such ruling ordered the Company to prospectively reduce its access rates and to refund interexchange carriers the difference between the access rates billed by the Company and the previous access rates billed by Ameritech retroactive to the December 1, 1998 acquisition date. The Company has filed an appeal to the ruling. If its appeal is unsuccessful, the Company anticipates that it will be required to incur a future pre-tax charge to earnings of between \$6.0 - \$8.0 million.

The Company anticipates that regulatory changes and competitive pressures may result in future revenue reductions in its operations. However, the Company anticipates that such reductions may be minimized by increases in revenues attributable to the continued demand for enhanced services and new product offerings. While the Company expects its telephone revenues to continue to grow, its internal telephone revenue growth rate may slow during upcoming periods.

Other matters - The Company's regulated telephone operations are subject to the provisions of SFAS 71, under which the Company is required to account for the economic effects of the rate-making process, including the recognition of depreciation of plant and equipment over lives approved by regulators. The ongoing applicability of SFAS 71 to the Company's regulated telephone operations is being monitored due to the changing regulatory, competitive and legislative environments. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, extraordinary, noncash charge against earnings. While the amount of such charge cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$400 million and \$450 million. See Note 11 of Notes to Consolidated Financial Statements for additional information.

The Company has certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 2000 have not been material, and the Company currently has no reason to believe that such costs will become material.

Item 7a. Quantitative and Qualitative Disclosure About Market Risk

The majority of the Company's long-term debt obligations are fixed rate. At December 31, 2000, the fair value of the Company's long-term debt was estimated to be \$3.1 billion based on the overall weighted average rate of the Company's long-term debt of 7.3% and an overall weighted maturity of 12 years compared to terms and rates currently available in long-term financing markets. For purposes hereof, market risk

is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 73 basis points in interest rates (which represents ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$112.2 million decrease in fair value of the Company's long-term debt. As of December 31, 2000, the Company owed \$826.6 million of debt on a floating-rate basis.

In the first quarter of 2000, the Company entered into interest rate hedge contracts designed to reduce its interest rate risk with respect to \$500 million of long-term public debt that it ultimately expected to incur in connection with providing long-term financing for its Verizon acquisitions. The Company recorded a \$7.9 million charge to earnings in 2000 related to the settlement of certain of these hedge contracts.

Item 8. Financial Statements and Supplementary Data

Report of Management

The Shareholders
CenturyTel, Inc.:

Management has prepared and is responsible for the Company's consolidated financial statements. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts determined using our best judgments and estimates with consideration given to materiality.

The Company maintains internal control systems and related policies and procedures designed to provide reasonable assurance that the accounting records accurately reflect business transactions and that the transactions are in accordance with management's authorization. The design, monitoring and revision of the systems of internal control involve, among other things, our judgment with respect to the relative cost and expected benefits of specific control measures. Additionally, the Company maintains an internal auditing function which independently evaluates the effectiveness of internal controls, policies and procedures and formally reports on the adequacy and effectiveness thereof.

The Company's consolidated financial statements have been audited by KPMG LLP, independent certified public accountants, who have expressed their opinion with respect to the fairness of the consolidated financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of the Company's internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

The Audit Committee of the Board of Directors is composed of independent directors who are not officers or employees of the Company. The Committee meets periodically with the independent certified public accountants, internal auditors and management. The Committee considers the independence of the external auditors and the audit scope and discusses internal control, financial and reporting matters. Both the independent and internal auditors have free access to the Committee.

*/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and Chief Financial Officer*

Independent Auditors' Report

The Board of Directors
CenturyTel, Inc.:

We have audited the consolidated financial statements of CenturyTel, Inc. and subsidiaries as listed in Item 14a(i). In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedules as listed in Item 14a(ii). These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CenturyTel, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

*/s/ KPMG LLP
KPMG LLP*

*Shreveport, Louisiana
January 26, 2001*

CENTURYTEL, INC.
Consolidated Statements of Income

Year ended December 31,			
	2000	1999	1998
(Dollars, except per share amounts, and shares in thousands)			
OPERATING REVENUES			
Telephone	\$ 1,253,969	1,126,112	1,077,343
Wireless	443,569	422,269	407,827
Other	148,388	128,288	91,915
Total operating revenues	1,845,926	1,676,669	1,577,085
OPERATING EXPENSES			
Cost of sales and operating expenses	932,457	819,784	768,720
Depreciation and amortization	388,056	348,816	328,554
Total operating expenses	1,320,513	1,168,600	1,097,274
OPERATING INCOME	525,413	508,069	479,811
OTHER INCOME (EXPENSE)			
Gain on sale or exchange of assets, net	20,593	62,808	49,859
Interest expense	(183,302)	(150,557)	(167,552)
Income from unconsolidated cellular entities	26,986	27,675	32,869
Minority interest	(10,201)	(27,913)	(12,797)
Other income and expense	6,696	9,190	5,268
Total other income (expense)	(139,228)	(78,797)	(92,353)
INCOME BEFORE INCOME TAX EXPENSE	386,185	429,272	387,458
Income tax expense	154,711	189,503	158,701
NET INCOME	\$ 231,474	239,769	228,757
BASIC EARNINGS PER SHARE	\$ 1.65	1.72	1.67
DILUTED EARNINGS PER SHARE	\$ 1.63	1.70	1.64
DIVIDENDS PER COMMON SHARE	\$.190	.180	.173
AVERAGE BASIC SHARES OUTSTANDING	140,069	138,848	137,010
AVERAGE DILUTED SHARES OUTSTANDING	141,864	141,432	140,105

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Comprehensive Income

Year ended December 31,			
	2000	1999	1998
(Dollars in thousands)			
NET INCOME	\$ 231,474	239,769	228,757
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Unrealized holding gains (losses) arising during period, net of (\$20,941), \$38,473 and \$8,509 taxes	(38,891)	71,449	15,802
Reclassification adjustment for gains included in net income, net of \$7,702 and \$11,027 taxes	-	(14,304)	(20,478)
Other comprehensive income, net of (\$20,941), \$30,771 and (\$2,518) taxes	(38,891)	57,145	(4,676)

COMPREHENSIVE INCOME	\$ 192,583	296,914	224,081
=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Balance Sheets

	December 31,	
	2000	1999
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,039	56,640
Accounts receivable		
Customers, less allowance of \$12,857 and \$4,150	182,454	128,338
Other	124,711	64,719
Materials and supplies, at average cost	38,532	28,769
Other	11,768	7,607
Total current assets	376,504	286,073
NET PROPERTY, PLANT AND EQUIPMENT	2,959,293	2,256,458
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired, less accumulated		
amortization of \$219,809 and \$165,327	2,509,033	1,644,884
Other	548,460	517,992
Total investments and other assets	3,057,493	2,162,876
TOTAL ASSETS	\$ 6,393,290	4,705,407
=====		
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 149,962	62,098
Short-term debt	276,000	-
Accounts payable	127,287	78,450
Accrued expenses and other current liabilities		
Salaries and benefits	33,859	34,570
Taxes	40,023	40,999
Interest	52,011	37,232
Other	23,349	22,172
Advance billings and customer deposits	40,879	33,656
Total current liabilities	743,370	309,177
LONG-TERM DEBT	3,050,292	2,078,311
DEFERRED CREDITS AND OTHER LIABILITIES	567,549	469,927
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized 350,000,000 shares,		
issued and outstanding 140,667,251 and 139,945,920 shares	140,667	139,946
Paid-in capital	509,840	493,432
Unrealized holding gain on investments, net of taxes	25,471	64,362
Retained earnings	1,351,626	1,146,967
Unearned ESOP shares	(3,500)	(4,690)
Preferred stock - non-redeemable	7,975	7,975
Total stockholders' equity	2,032,079	1,847,992
TOTAL LIABILITIES AND EQUITY	\$ 6,393,290	4,705,407

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Year ended December 31,				
	2000	1999	1998	
(Dollars in thousands)				
OPERATING ACTIVITIES				
Net income	\$ 231,474	239,769	228,757	
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	388,056	348,816	328,554	
Income from unconsolidated cellular entities	(26,986)	(27,675)	(32,869)	
Minority interest	10,201	27,913	12,797	
Deferred income taxes	41,820	(17,139)	16,196	
Gain on sale of assets, net	(20,593)	(62,808)	(49,859)	
Changes in current assets and current liabilities				
Accounts receivable	(82,252)	(15,181)	(15,227)	
Accounts payable	48,653	(11,469)	4,249	
Accrued taxes	(967)	(59,571)	(34,908)	
Other current assets and other current liabilities, net	3,605	(1,354)	15,033	
Increase in noncurrent assets	(46,026)	(30,375)	(10,067)	
Increase (decrease) in other noncurrent liabilities	4,087	(5,311)	(1,706)	
Other, net	11,394	23,087	6,824	
Net cash provided by operating activities	562,466	408,702	467,774	
INVESTING ACTIVITIES				
Acquisitions, net of cash acquired	(1,540,856)	(20,972)	(225,569)	
Payments for property, plant and equipment	(449,537)	(389,980)	(310,919)	
Proceeds from sale of assets	29,495	484,467	132,307	
Distributions from unconsolidated cellular entities	35,842	22,219	26,515	
Contribution from minority investor	20,000	-	-	
Purchase of life insurance investment, net	(5,753)	(2,545)	(2,786)	
Other, net	(3,267)	(23,416)	4,807	
Net cash provided by (used in) investing activities	(1,914,076)	69,773	(375,645)	
FINANCING ACTIVITIES				
Proceeds from issuance of debt	2,715,852	15,533	957,668	
Payments of debt	(1,375,895)	(438,399)	(1,015,015)	
Payment of deferred hedge contracts	(4,345)	-	(40,237)	
Proceeds from issuance of common stock	7,996	19,182	15,033	
Payment of debt issuance costs	(4,274)	-	(6,625)	
Cash dividends	(26,815)	(25,413)	(24,179)	
Other, net	1,490	1,520	951	
Net cash provided by (used in) financing activities	1,314,009	(427,577)	(112,404)	
Net increase (decrease) in cash and cash equivalents	(37,601)	50,898	(20,275)	
Cash and cash equivalents at beginning of year	56,640	5,742	26,017	
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 19,039	56,640	5,742	

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC. Consolidated Statements of Stockholders' Equity

Year ended December 31,				
	2000	1999	1998	
(Dollars and shares in thousands)				
COMMON STOCK				
Balance at beginning of year	\$ 139,946	138,083	91,104	
Issuance of common stock for acquisitions	-	-	28	
Conversion of convertible securities into common stock	254	330	169	
Issuance of common stock through dividend reinvestment, incentive and benefit plans	467	1,533	754	
Three-for-two stock split	-	-	46,028	

Balance at end of year	140,667	139,946	138,083

PAID-IN CAPITAL			
Balance at beginning of year	493,432	451,535	469,586
Issuance of common stock for acquisitions	-	-	1,059
Conversion of convertible securities into common stock	3,046	3,101	3,131
Issuance of common stock through dividend			
reinvestment, incentive and benefit plans	7,529	17,649	14,279
Amortization of unearned compensation and other	5,833	21,147	9,508
Three-for-two stock split	-	-	(46,028)
Balance at end of year	509,840	493,432	451,535

UNREALIZED HOLDING GAIN ON INVESTMENTS, NET OF TAXES			
Balance at beginning of year	64,362	7,217	11,893
Change in unrealized holding gain on investments, net of taxes	(38,891)	57,145	(4,676)
Balance at end of year	25,471	64,362	7,217

RETAINED EARNINGS			
Balance at beginning of year	1,146,967	932,611	728,033
Net income	231,474	239,769	228,757
Cash dividends declared			
Common stock - \$.19, \$.18 and \$.173 per share	(26,416)	(25,010)	(23,771)
Preferred stock	(399)	(403)	(408)
Balance at end of year	1,351,626	1,146,967	932,611

UNEARNED ESOP SHARES			
Balance at beginning of year	(4,690)	(6,070)	(8,450)
Release of ESOP shares	1,190	1,380	2,380
Balance at end of year	(3,500)	(4,690)	(6,070)

PREFERRED STOCK - NON-REDEEMABLE			
Balance at beginning of year	7,975	8,106	8,106
Conversion of preferred stock into common stock	-	(131)	-
Balance at end of year	7,975	7,975	8,106

TOTAL STOCKHOLDERS' EQUITY	\$ 2,032,079	1,847,992	1,531,482
=====			
COMMON SHARES OUTSTANDING			
Balance at beginning of year	139,946	138,083	91,104
Issuance of common stock for acquisitions	-	-	28
Conversion of convertible securities into common stock	254	330	169
Issuance of common stock through dividend			
reinvestment, incentive and benefit plans	467	1,533	754
Three-for-two stock split	-	-	46,028
Balance at end of year	140,667	139,946	138,083
=====			

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

Principles of consolidation - The consolidated financial statements of CenturyTel, Inc. and its subsidiaries (the "Company") include the accounts of CenturyTel, Inc. ("CenturyTel") and its majority-owned subsidiaries and partnerships. The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation." Investments in cellular entities where the Company does not own a majority interest are accounted for using the equity method of accounting.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition - Revenues are generally recognized and earned when evidence of an arrangement exists, service has been rendered, the selling price is determinable and collectibility is reasonably assured. Certain of the Company's telephone subsidiaries participate in revenue sharing arrangements with other telephone companies for interstate revenue and for certain intrastate revenue. Such sharing arrangements are funded by toll revenue and/or access charges within state jurisdictions and by access charges in the interstate market. Revenues earned through the various sharing arrangements are initially recorded based on the Company's estimates.

Property, plant and equipment - Telephone plant is stated substantially at original cost. Normal retirements of telephone plant are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. Renewals and betterments of plant and equipment are capitalized while repairs, as well as renewals of minor items, are charged to operating expense. Depreciation of telephone plant is provided on the straight line method using class or overall group rates acceptable to regulatory authorities; such rates range from 1.8% to 25%.

Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation of such property is provided on the straight line method over estimated service lives ranging from three to 30 years.

Long-lived assets and excess cost of net assets acquired (goodwill) - The carrying value of long-lived assets, including allocated goodwill, is reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that such carrying value may not be recoverable, by assessing the recoverability of such carrying value through estimated undiscounted future net cash flows expected to be generated by the assets or the acquired business. Substantially all of the Company's goodwill is being amortized over 40 years.

Affiliated transactions - Certain service subsidiaries of CenturyTel provide installation and maintenance services, materials and supplies, and managerial, operational, technical, accounting and administrative services to subsidiaries. In addition, CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by the Company's telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Intercompany profit on transactions with nonregulated affiliates has been eliminated.

Income taxes - CenturyTel files a consolidated federal income tax return with its eligible subsidiaries. The Company uses the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are established for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Investment tax credits related to telephone plant have been deferred and are being amortized as a reduction of federal income tax expense over the estimated useful lives of the assets giving rise to the credits.

Derivative financial instruments - The Company has from time to time entered into interest rate hedge contracts in anticipation of certain debt issuances to manage interest rate exposure. If a hedge of an anticipated issuance is deemed effective under current accounting rules, net amounts paid or received by the Company are reflected as adjustments to interest expense over the life of the debt issuance. If a hedge is deemed not to be effective, such amounts paid or received are reflected in earnings in the period the hedge is settled. The Company had no outstanding interest rate hedge contracts as of December 31, 2000. The Company does not utilize derivative financial instruments for trading or other speculative purposes.

Earnings per share - Basic earnings per share amounts are determined on the basis of the weighted average number of common shares outstanding during the year. Diluted earnings per share gives effect to all potential dilutive common shares that were outstanding during the period.

Stock compensation - The Company accounts for employee stock compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed by Statement of Financial Accounting Standards No. 123,

"Accounting for Stock-Based Compensation."

Cash equivalents - The Company considers short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

Reclassifications - Certain amounts previously reported for prior years have been reclassified to conform with the 2000 presentation, including the reclassification of the Company's Internet operations from the telephone segment to other operations.

(2) Acquisitions

On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon Communications, Inc. (successor to GTE Corporation) ("Verizon") in four separate transactions for approximately \$1.5 billion in cash. The Company has made preliminary estimates of the fair value and useful lives of Verizon's noncurrent assets and liabilities. Such estimates are subject to change upon completion of the purchase price allocation. Under these transactions:

o On July 31, 2000, the Company purchased approximately 231,000 telephone access lines and related local exchange assets comprising 106 exchanges throughout Arkansas for approximately \$842 million in cash.

o On July 31, 2000, Spectra Communications Group, LLC ("Spectra") purchased approximately 127,000 telephone access lines and related local exchange assets comprising 107 exchanges throughout Missouri for approximately \$297 million cash. As of December 31, 2000, the Company owned 57.1% of Spectra, which was organized to acquire and operate these Missouri properties. At closing, the Company made a preferred equity investment in Spectra of approximately \$55 million and financed substantially all of the remainder of the purchase price.

o On September 29, 2000, the Company purchased approximately 70,500 telephone access lines and related local exchange assets comprising 42 exchanges throughout Wisconsin for approximately \$197 million in cash.

o On September 29, 2000, Telephone USA of Wisconsin, LLC ("TelUSA") purchased approximately 62,900 telephone access lines and related local exchange assets comprising 35 exchanges throughout Wisconsin for approximately \$172 million in cash. The Company owns 89% of TelUSA, which was organized to acquire and own these Wisconsin properties. At closing, the Company made an equity investment in TelUSA of approximately \$37.8 million and financed substantially all of the remainder of the purchase price.

The purchase prices discussed above reflect various post-closing adjustments made to date. Any remaining adjustments are not expected to be material.

To finance these acquisitions on a short-term basis, the Company borrowed \$1.157 billion on a floating-rate basis under its new \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., as lenders, and Banc of America Securities LLC and Salomon Smith Barney Inc., as arrangers, and borrowed \$300 million on a floating-rate basis under its existing credit facility with Bank of America, N.A.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002) under its \$2.0 billion shelf registration statement filed in May 2000. The net proceeds of approximately \$908 million (excluding the Company's payments of approximately \$12.3 million associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisitions.

The following pro forma information represents the consolidated results of operations of the Company as if the Verizon acquisitions had been consummated as of January 1, 2000 and 1999.

Year ended December 31,	2000	1999
	(Dollars, except per share amounts, in thousands) (unaudited)	
Operating revenues	\$ 2,054,198	2,015,992
Net income	\$ 210,336	198,659
Basic earnings per share	\$ 1.50	1.43
Diluted earnings per share	\$ 1.48	1.41

The pro forma information is not necessarily indicative of the operating results that would have occurred if the Verizon acquisitions had been consummated as of January 1 of each respective period, nor is it necessarily indicative of future operating results. The pro forma information does not give effect to any potential revenue enhancements or cost synergies or other operating efficiencies that could result from the acquisitions. The actual results of operations of the Verizon properties are included in the Company's consolidated financial statements only from the date of acquisition.

On December 1, 1998, the Company acquired the assets of certain local telephone and directory operations in parts of northern and central Wisconsin from affiliates of Ameritech Corporation ("Ameritech"), in exchange for approximately \$221 million cash. The assets included (i) access lines and related property and equipment in 21 predominantly rural communities in Wisconsin and (ii) Ameritech's directory publishing operations that relate to nine telephone directories.

(3) Investments in Unconsolidated Cellular Entities

The Company's share of earnings from cellular entities in which it does not own a majority interest was \$28.1 million, \$28.8 million and \$34.1 million in 2000, 1999 and 1998, respectively, and is included, net of \$1.1 million, \$1.1 million and \$1.2 million of amortization of goodwill attributable to such investments, in "Income from unconsolidated cellular entities" in the Company's Consolidated Statements of Income. Over 73% of the 2000 income from unconsolidated cellular entities was attributable to the following investments.

	Ownership interest
GTE Mobilnet of Austin Limited Partnership	35%
Alltel Cellular Associates of Arkansas Limited Partnership	36%
Detroit SMSA Limited Partnership	3%
Michigan RSA #9 Limited Partnership	43%
Cellular North Michigan Network General Partnership	49%
Lafayette MSA Limited Partnership	49%
Dallas SMSA Limited Partnership	.5%

Based primarily on data furnished to the Company by third parties, the following summarizes the unaudited combined assets, liabilities and equity, and the unaudited combined results of operations, of the cellular entities in which the Company's investments (as of December 31, 2000 and 1999) were accounted for by the equity method.

December 31,	2000	1999	
	(Dollars in thousands) (unaudited)		
Assets			
Current assets	\$ 305,366	289,355	
Property and other noncurrent assets	996,702	822,771	
	\$ 1,302,068	1,112,126	
Liabilities and equity			
Current liabilities	\$ 153,797	130,161	
Noncurrent liabilities	138,642	43,423	
Equity	1,009,629	938,542	
	\$ 1,302,068	1,112,126	
Year ended December 31,	2000	1999	1998
	(Dollars in thousands) (unaudited)		
Results of operations			
Revenues	\$ 1,538,459	1,398,314	1,281,803
Operating income	\$ 495,971	427,274	430,859
Net income	\$ 481,923	416,740	435,744

At December 31, 2000, \$56.7 million of the Company's consolidated retained earnings represented undistributed earnings of unconsolidated cellular entities.

(4) Property, Plant and Equipment

Net property, plant and equipment at December 31, 2000 and 1999 was composed of the following:

December 31,	2000	1999
	(Dollars in thousands)	
Telephone, at original cost		
Cable and wire	\$ 2,817,797	1,904,957
Central office	1,656,898	1,149,095
General support	327,766	247,605
Information origination/termination	53,344	58,380
Construction in progress	136,755	74,219

Other	7,248	5,213
Accumulated depreciation	4,999,808 (2,552,648)	3,439,469 (1,605,553)
	2,447,160	1,833,916
Wireless, at cost		
Cell site	366,855	353,705
General support	105,951	96,774
Construction in progress	49,799	17,303
Other	79	4,943
Accumulated depreciation	522,684 (261,401)	472,725 (217,056)
	261,283	255,669
Other, at cost		
General support	272,286	242,780
Fiber network	60,649	24,722
Other	59,089	14,211
Accumulated depreciation	392,024 (141,174)	281,713 (114,840)
	250,850	166,873
Net property, plant and equipment	\$ 2,959,293	2,256,458

Depreciation expense was \$328.0 million, \$296.8 million and \$280.5 million in 2000, 1999 and 1998, respectively. The composite depreciation rate for telephone properties was 7.2% for 2000, 7.0% for 1999 and 6.9% for 1998.

(5) Long-term and Short-term Debt

The Company's long-term debt as of December 31, 2000 and 1999 is as follows:

December 31,	2000	1999
	(Dollars in thousands)	
CenturyTel		
6.92% senior credit facility, due through 2002	\$ 300,000	57,000
6.92% note, due through 2002	250,625	282,813
Senior notes and debentures:		
7.75% Series A, due 2004	50,000	50,000
8.25% Series B, due 2024	100,000	100,000
6.55% Series C, due 2005	50,000	50,000
7.20% Series D, due 2025	100,000	100,000
6.15% Series E, due 2005	100,000	100,000
6.30% Series F, due 2008	240,000	240,000
6.875% Series G, due 2028	425,000	425,000
8.375% Series H, due 2010	500,000	-
7.75% Series I, remarketable 2002	400,000	-
9.38% notes, due through 2003	12,000	16,025
Notes to banks	-	40,000
6.86%* Employee Stock Ownership		
Plan commitment, due in installments through 2004	3,500	4,690
Net unamortized premium and discounts	12,012	-
Other	201	225
Total CenturyTel	2,543,338	1,465,753
Subsidiaries		
First mortgage debt		
5.90%* notes, payable to agencies of the U. S. government		
and cooperative lending associations, due in		
installments through 2025	278,079	290,715
7.98% notes, due through 2002	5,582	5,732
Other debt		
7.48%* unsecured medium-term notes, due through 2008	333,158	333,657
8.12%* notes, due in installments through 2020	23,365	25,520
6.50% note, due in installments through 2001	3,300	6,399
7.06%* capital lease obligations, due through 2003	13,432	12,633

Total subsidiaries	656,916	674,656
Total long-term debt	3,200,254	2,140,409
Less current maturities	149,962	62,098
Long-term debt, excluding current maturities	\$ 3,050,292	2,078,311

* weighted average interest rate at December 31, 2000

The approximate annual debt maturities for the five years subsequent to December 31, 2000 are as follows: 2001 - \$150.0 million; 2002 - \$960.2 million (assuming the Company's Series I notes are redeemed by the Company in 2002); 2003 - \$68.9 million; 2004 - \$72.1 million; and 2005 - \$245.9 million.

Short-term borrowings of \$40.0 million at December 31, 1999 were classified as long-term debt on the accompanying balance sheets because the Company had adequate committed borrowing capacity available under long-term revolving facilities.

Certain of the loan agreements of CenturyTel and its subsidiaries contain various restrictions, among which are limitations regarding issuance of additional debt, payment of cash dividends, reacquisition of capital stock and other matters. In addition, the transfer of funds from certain consolidated subsidiaries to CenturyTel is restricted by various loan agreements. Subsidiaries which have loans from government agencies and cooperative lending associations, or have issued first mortgage bonds, generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial ratios are met. At December 31, 2000, restricted net assets of subsidiaries were \$638.7 million. Subsidiaries' retained earnings in excess of amounts restricted by debt covenants totaled \$1.6 billion. At December 31, 2000, all of the consolidated retained earnings reflected on the balance sheet was available under CenturyTel's loan agreements for the declaration of dividends.

Most of the Company's telephone property, plant and equipment is pledged to secure the long-term debt of subsidiaries.

During 2000, the Company borrowed \$1.157 billion on a floating-rate basis under its new 364-day, \$1.5 billion credit facility with Bank of America, N.A. and Citibank, N.A., as lenders, and Banc of America Securities LLC and Salomon Smith Barney Inc., as arrangers, and borrowed \$300 million on a floating-rate basis under its existing \$300 million credit facility with Bank of America, N.A. The proceeds were utilized to finance a substantial portion of the Verizon acquisition on a short-term basis. See Note 2 for additional information.

On October 19, 2000, the Company issued \$500 million of 8.375% Senior Notes, Series H, due 2010, and \$400 million of 7.75% Remarketable Senior Notes, Series I, due 2012 (with a remarketing date of October 15, 2002) under its \$2.0 billion shelf registration statement filed in May 2000. The Series I notes will bear interest at the rate of 7.75% per year through October 15, 2002 (which is the first remarketing date), and then at a fixed or floating rate. On the remarketing date, the Series I notes will be purchased and remarketed by the Company's remarketing dealer or mandatorily redeemed by the Company. The net proceeds from the sale of the Series H and I notes of approximately \$908 million (including the payment made to the Company for the remarketing option granted to the remarketing dealer, but excluding the Company's payments associated with related interest rate hedging) were used to repay a portion of the \$1.457 billion of aggregate indebtedness the Company incurred under its credit facilities in connection with the Verizon acquisition.

Subsequent to the issuance of permanent financing, the committed amount under the Company's 364-day, \$1.5 billion credit facility was reduced to \$500 million in accordance with its terms. The Company also has outstanding indebtedness under other short-term revolving credit facilities and through its newly initiated commercial paper program. The total amount outstanding under these short-term facilities aggregated \$276.0 million at December 31, 2000. The weighted average interest rate of the Company's short-term debt at December 31, 2000 was 7.3%.

At December 31, 2000, CenturyTel's telephone subsidiaries had approximately \$129.5 million in commitments for long-term financing from the Rural Utilities Service available and approximately \$400.1 million of additional borrowings were available to the Company through committed lines of credit with various banks.

(6) Postretirement Benefits

The Company sponsors health care plans that provide postretirement benefits to all qualified retired employees.

The following is a reconciliation for the benefit obligation and the plan assets.

December 31,	2000	1999	1998
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 156,724	172,323	152,632
Service cost	4,727	4,850	5,519
Interest cost	10,907	10,089	10,744
Plan amendments	-	(2,492)	-
Participant contributions	677	419	298
Actuarial (gain) loss	957	(23,855)	9,720

Benefits paid	(8,726)	(4,610)	(6,590)
Benefit obligation at end of year	\$ 165,266	156,724	172,323
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 41,781	35,799	34,618
Return on assets	(270)	2,961	4,080
Employer contributions	6,411	7,212	3,393
Participant contributions	677	419	298
Benefits paid	(8,726)	(4,610)	(6,590)
Fair value of plan assets at end of year	\$ 39,873	41,781	35,799

Net periodic postretirement benefit cost for 2000, 1999 and 1998 included the following components:

Year ended December 31,	2000	1999	1998
	(Dollars in thousands)		
Service cost	\$ 4,727	4,850	5,519
Interest cost	10,907	10,089	10,744
Expected return on plan assets	(4,178)	(3,580)	(3,250)
Amortization of unrecognized actuarial (gains) losses	26	54	430
Amortization of unrecognized prior service cost	(129)	(129)	121
Net periodic postretirement benefit cost	\$ 11,353	11,284	13,564

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2000, 1999 and 1998.

December 31,	2000	1999	1998
	(Dollars in thousands)		
Benefit obligation	\$ (165,266)	(156,724)	(172,323)
Fair value of plan assets	39,873	41,781	35,799
Unamortized prior service cost	(1,175)	(1,303)	1,060
Unrecognized net actuarial loss	6,109	707	23,972
Accrued benefit cost	\$ (120,459)	(115,539)	(111,492)

Assumptions used in accounting for postretirement benefits as of December 31, 2000 and 1999 were:

	2000	1999
Weighted average assumptions		
Discount rate	7.25%	7.25
Expected return on plan assets	10.0%	10.0

For measurement purposes, a 6.8% annual rate in the per capita cost of covered health care benefits was assumed for 2001 and beyond. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on total of service and interest cost components	\$ 989	(964)
Effect on postretirement benefit obligation	\$ 9,028	(8,334)

(7) Investments and Other Assets

Investments and other assets at December 31, 2000 and 1999 were composed of the following:

December 31,	2000	1999
	(Dollars in thousands)	

Excess cost of net assets acquired, less accumulated amortization	\$ 2,509,033	1,644,884
Investments in unconsolidated cellular entities	117,942	125,901
Cash surrender value of life insurance contracts	96,065	90,313
Marketable equity securities	42,801	102,633
Other	291,652	199,145
	<hr/>	<hr/>
	\$ 3,057,493	2,162,876
	<hr/>	<hr/>

Amortization of goodwill and other intangibles of \$60.1 million, \$52.0 million and \$47.8 million for 2000, 1999 and 1998, respectively, is included in "Depreciation and amortization" in the Company's Consolidated Statements of Income.

The Company's investments in marketable equity securities are classified as available for sale and are reported at fair value with unrealized holding gains and losses reported, net of taxes, as a separate component of stockholders' equity. Gross unrealized holding gains of the Company's marketable equity securities were \$39.2 million as of December 31, 2000 and \$99.0 million as of December 31, 1999.

(8) Deferred Credits and Other Liabilities

Deferred credits and other liabilities at December 31, 2000 and 1999 were composed of the following:

December 31,	2000	1999
	<hr/>	
	(Dollars in thousands)	
Deferred federal and state income taxes	\$ 298,451	269,988
Accrued postretirement benefit costs	118,614	112,876
Minority interest	88,295	43,204
Regulatory liability - income taxes	8,528	12,469
Deferred investment tax credits	1,053	1,724
Other	52,608	29,666
	<hr/>	<hr/>
	\$ 567,549	469,927
	<hr/>	<hr/>

(9) Stockholders' Equity

Common stock - At December 31, 2000, unissued shares of CenturyTel common stock were reserved as follows:

December 31,	2000
	<hr/>
	(In thousands)
Incentive compensation programs	9,973
Acquisitions	4,572
Employee stock purchase plan	976
Dividend reinvestment plan	633
Conversion of convertible preferred stock	435
Other employee benefit plans	2,213
	<hr/>
	18,802
	<hr/>

Under CenturyTel's Articles of Incorporation each share of common stock beneficially owned continuously by the same person since May 30, 1987 generally entitles the holder thereof to ten votes per share. All other shares entitle the holder to one vote per share. At December 31, 2000, the holders of 10.6 million shares of common stock were entitled to ten votes per share.

Preferred stock - As of December 31, 2000, CenturyTel had 2.0 million shares of convertible preferred stock, \$25 par value per share, authorized. At December 31, 2000 and 1999, there were 319,000 shares of outstanding preferred stock. Holders of outstanding CenturyTel preferred stock are entitled to receive cumulative dividends, receive preferential distributions equal to \$25 per share plus unpaid dividends upon CenturyTel's liquidation and vote as a single class with the holders of common stock.

Shareholders' Rights Plan - In 1996 the Board of Directors declared a dividend of one preference share purchase right for each common share outstanding. Such rights become exercisable if and when a potential acquiror takes certain steps to acquire 15% or more of CenturyTel's common stock. Upon the occurrence of such an acquisition, each right held by shareholders other than the acquiror may be exercised to receive that number of shares of common stock or other securities of CenturyTel (or, in certain situations, the acquiring company) which at the time of such transaction will have a market value of two times the exercise price of the right.

Stock split - On February 23, 1999, CenturyTel's Board of Directors declared a three-for-two common stock split effected as a 50% stock

dividend in March 1999. All per share data included in this report for periods prior to March 1999 have been restated to reflect this stock split. An amount equal to the par value of the additional common shares issued pursuant to the stock split was reflected as a transfer from paid-in capital to common stock in the consolidated financial statements for 1998.

(10) Stock Option Program

CenturyTel has a 2000 incentive compensation program which allows the Board of Directors, through the Compensation Committee, to grant incentives to certain employees in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of December 31, 2000, CenturyTel had reserved 10.0 million shares of common stock which may be issued under CenturyTel's current and predecessor incentive compensation programs.

Under the Company's programs, options have been granted to employees at a price either equal to or exceeding the then-current market price. All of the options expire ten years after the date of grant and the vesting period ranges from immediate to three years.

During 2000 the Company granted 1,565,750 options (the "2000 Options") at market price. The weighted average fair value of each of the 2000 Options was estimated as of the date of grant to be \$12.46 using an option-pricing model with the following assumptions: dividend yield - .5%; expected volatility - 25%; risk-free interest rate - 5.3%; and expected option life - seven years.

During 1999 the Company granted 83,743 options (the "1999 Options") at market price. The weighted average fair value of each of the 1999 Options was estimated as of the date of grant to be \$15.90 using an option-pricing model with the following assumptions: dividend yield - .4%; expected volatility - 20%; risk-free interest rate - 6.6%; and expected option life - seven years.

During 1998 the Company granted 121,667 options (the "1998 Options") at market price. The weighted average fair value of each of the 1998 Options was estimated as of the date of grant to be \$8.88 using an option-pricing model with the following assumptions: dividend yield - .5%; expected volatility - 20%; risk-free interest rate - 4.8%; and expected option life - seven years.

Stock option transactions during 2000, 1999 and 1998 were as follows:

	Number of options	Average price

Outstanding December 31, 1997	5,608,931	\$ 12.73
Exercised	(937,985)	11.41
Granted	121,667	26.25
Forfeited	(12,000)	13.33

Outstanding December 31, 1998	4,780,613	13.35
Exercised	(1,369,459)	10.90
Granted	83,743	40.88
Forfeited	(9,055)	37.07

Outstanding December 31, 1999	3,485,842	14.92
Exercised	(369,308)	12.46
Granted	1,565,750	33.00
Forfeited	(1,125)	13.33

Outstanding December 31, 2000	4,681,159	21.16
=====		
Exercisable December 31, 1999	3,317,004	14.32
=====		
Exercisable December 31, 2000	3,113,496	15.21
=====		

The following tables summarize certain information about CenturyTel's stock options at December 31, 2000.

Options outstanding				
Range of exercise prices		Weighted average Number of options	remaining contractual life outstanding	Weighted average exercise price
\$	9.63-12.30	899,481	1.6	\$ 12.29
	13.33-17.64	2,038,690	5.2	14.94
	23.03-26.05	305,713	7.4	24.74
	26.98-31.54	46,264	8.0	29.08
	33.13-34.63	1,315,198	9.2	34.62
	39.00-46.19	75,813	8.7	40.92

9.63-46.19

4,681,159

6.7

21.16

=====

Options exercisable		
Range of exercise prices	Number of options exercisable	Weighted average exercise price
\$ 9.63-12.30	899,481	\$ 12.29
13.33-17.64	2,038,690	14.94
23.03-26.05	53,248	25.95
26.98-31.54	46,264	29.08
39.00-46.19	75,813	40.92

9.63-46.19	3,113,496	15.21
	=====	

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its program. Accordingly, the Company has not recognized compensation cost in connection with issuing stock options. If compensation cost for CenturyTel's options had been determined consistent with SFAS 123, the Company's net income and earnings per share on a pro forma basis for 2000, 1999 and 1998 would have been as follows:

Year ended December 31,	2000	1999	1998
	(Dollars in thousands, except per share amounts)		
Net income			
As reported	\$ 231,474	239,769	228,757
Pro forma	\$ 225,164	239,033	227,113
Basic earnings per share			
As reported	\$ 1.65	1.72	1.67
Pro forma	\$ 1.60	1.72	1.66
Diluted earnings per share			
As reported	\$ 1.63	1.70	1.64
Pro forma	\$ 1.59	1.69	1.62

(11) Accounting for the Effects of Regulation

The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." Actions of regulators can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71.

The Company's consolidated balance sheet as of December 31, 2000 included regulatory assets of approximately \$735.4 million and regulatory liabilities of approximately \$4.8 million. The \$735.4 million of regulatory assets included amounts related to accumulated depreciation (\$732.1 million), assets established in connection with postretirement benefits (\$345,000), income taxes (\$38,000) and deferred financing costs (\$2.9 million). The \$4.8 million of regulatory liabilities was established in connection with the adoption of Statement of Financial Accounting Standards No. 109, "Accounting For Income Taxes." Net deferred income tax liabilities related to the regulatory assets and liabilities quantified above were \$294.6 million.

Property, plant and equipment of the Company's regulated telephone operations has been depreciated using generally the straight line method over lives approved by regulators. Such depreciable lives have generally exceeded the depreciable lives used by nonregulated entities. In addition, in accordance with regulatory accounting, retirements of regulated telephone property have been charged to accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. These accounting policies have resulted in accumulated depreciation being significantly less than if the Company's telephone operations had not been regulated.

Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," specifies the accounting required when an enterprise ceases to meet the criteria for application of SFAS 71. SFAS 101 requires the elimination of the effects of any actions of regulators that have been recognized as assets and liabilities in accordance with SFAS 71 but would not have been recognized as assets and liabilities by non-regulated enterprises, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for non-regulated enterprises. Deferred tax liabilities and deferred investment tax credits will be impacted based on the change in the temporary differences for property, plant and equipment and accumulated depreciation.

The Company is monitoring the ongoing applicability of SFAS 71 to its regulated telephone operations due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated

services or products could result in the Company's telephone operations no longer being subject to SFAS 71 in the near future. When the regulated operations of the Company no longer qualify for the application of SFAS 71, the net adjustments required will result in a material, noncash charge against earnings which will be reported as an extraordinary item. While the effect of implementing SFAS 101 cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$400 million and \$450 million. For regulatory purposes, the accounting and reporting of the Company's telephone subsidiaries will not be affected by the discontinued application of SFAS 71.

(12) Sale or Exchange of Assets

In the first quarter of 2000 the Company recorded a pre-tax gain aggregating \$9.9 million (\$5.2 million after tax) due to the sale of its remaining Alaska cellular operations.

In the third quarter of 2000 the Company recorded a pre-tax gain aggregating \$10.7 million (\$6.4 million after tax) due to the sale of its minority interest in a non-strategic cellular partnership.

In the first quarter of 1999 the Company recorded a pre-tax gain aggregating \$10.4 million (\$6.7 million after tax) due to the sale of its remaining common shares of MCIWorldCom, Inc. ("WorldCom").

In May 1999, the Company sold substantially all of its Alaska-based operations that were acquired in the acquisition of Pacific Telecom, Inc. on December 1, 1997. The Company received approximately \$300 million in after-tax cash as a result of the transaction. In accordance with purchase accounting, no gain or loss was recorded upon the disposition of these properties.

In June 1999, the Company sold the assets of its cellular operations in Brownsville and McAllen, Texas for approximately \$96 million cash. In connection therewith, the Company recorded a pre-tax gain of approximately \$39.6 million, and an after-tax loss of approximately \$7.8 million.

In the fourth quarter of 1999 the Company recorded a pre-tax gain aggregating \$11.6 million (\$7.6 million after tax) due to the sale of its Telephone and Data Systems, Inc. common stock.

In connection with the first quarter 1998 acquisition of Brooks Fiber Properties, Inc. ("Brooks") by WorldCom, the Company's 551,000 shares of Brooks' common stock were converted into approximately 1.0 million shares of WorldCom common stock. The Company recorded such conversion at fair value which resulted in a pre-tax gain of approximately \$22.8 million (\$14.8 million after tax). In the second quarter of 1998, the Company sold 750,000 shares of WorldCom common stock for \$35.6 million cash and recorded a pre-tax gain of \$8.7 million (\$5.7 million after tax).

In the second quarter of 1998, the Company sold its minority interests in two non-strategic cellular entities for approximately \$31.0 million cash which resulted in a pre-tax gain of \$21.8 million (\$12.3 million after tax). Additionally, in the second quarter the Company wrote off its minority investment in a start-up company.

(13) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Year ended December 31,	2000	1999	1998
(Dollars, except per share amounts, and shares in thousands)			
Income (Numerator):			
Net income	\$ 231,474	239,769	228,757
Dividends applicable to preferred stock	(399)	(403)	(408)
Net income applicable to common stock for computing basic earnings per share	231,075	239,366	228,349
Dividends applicable to preferred stock	399	403	408
Interest on convertible securities, net of taxes	132	252	372
Net income as adjusted for purposes of computing diluted earnings per share	\$ 231,606	240,021	229,129
Shares (Denominator):			
Weighted average number of shares outstanding during period	140,440	139,313	137,568
Employee Stock Ownership Plan shares not committed to be released	(371)	(465)	(558)
Weighted average number of shares outstanding during period for computing basic earnings per share	140,069	138,848	137,010
Incremental common shares attributable to			

dilutive securities:			
Conversion of convertible securities	707	981	1,274
Shares issuable under outstanding stock options	1,088	1,603	1,821

Number of shares as adjusted for purposes of computing diluted earnings per share	141,864	141,432	140,105
=====			
Basic earnings per share	\$ 1.65	1.72	1.67
=====			
Diluted earnings per share	\$ 1.63	1.70	1.64
=====			

The weighted average number of options to purchase shares of common stock that were excluded from the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the common stock was 969,000, 20,000 and 3,000 for 2000, 1999 and 1998, respectively.

(14) Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2000 and 1999 were as follows:

December 31,	2000	1999

	(Dollars in thousands)	
Deferred tax assets		
Postretirement benefit costs	\$ 30,834	36,851
Regulatory support	13,504	13,504
Net operating loss carryforwards	8,302	2,593
Regulatory liability	3,191	4,907
Long-term debt	7,765	2,805
Other employee benefits	7,335	8,367
Other	11,055	10,466

Gross deferred tax assets	81,986	79,493
Less valuation allowance	(8,302)	(2,593)

Net deferred tax assets	73,684	76,900

Deferred tax liabilities		
Property, plant and equipment, primarily due to depreciation differences	(283,008)	(239,583)
Excess cost of net assets acquired	(55,819)	(49,183)
Deferred debt costs	(2,764)	(3,128)
Customer base	(5,742)	(7,868)
Marketable equity securities	(13,715)	(34,656)
Intercompany profits	(3,283)	(3,259)
Other	(7,804)	(9,211)

Gross deferred tax liabilities	(372,135)	(346,888)

Net deferred tax liability	\$(298,451)	(269,988)
=====		

The following is a reconciliation from the statutory federal income tax rate to the Company's effective income tax rate:

Year ended December 31,	2000	1999	1998

	(Percentage of pre-tax income)		
Statutory federal income tax rate	35.0%	35.0	35.0
State income taxes, net of federal income tax benefit	2.8	2.5	3.9
Amortization of nondeductible excess cost of net assets acquired	2.9	2.7	3.3
Basis difference of assets sold	.3	3.9	.2
Amortization of investment tax credits	(.2)	(.4)	(.6)
Amortization of regulatory liability	(.4)	(.4)	(.6)
Other, net	(.3)	.8	(.2)

Effective income tax rate	40.1%	44.1	41.0
=====			

Income tax expense included in the Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998 was as follows:

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Federal			
Current	\$ 98,271	184,872	117,490
Deferred	39,651	(11,600)	18,048
State			
Current	14,620	21,770	25,015
Deferred	2,169	(5,539)	(1,852)
	\$ 154,711	189,503	158,701

Income tax expense was allocated as follows:

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Net tax expense in the consolidated statements of income	\$ 154,711	189,503	158,701
Stockholders' equity			
Compensation expense for tax purposes			
in excess of amounts recognized for			
financial reporting purposes	(2,702)	(16,836)	(6,579)
Tax effect of the change in unrealized holding			
gain on investments	(20,941)	30,771	(2,518)
	\$ 131,068	203,438	149,604

(15) Retirement and Savings Plans

CenturyTel and certain subsidiaries sponsor defined benefit pension plans for substantially all employees. CenturyTel also sponsors an Outside Directors' Retirement Plan and a Supplemental Executive Retirement Plan to provide directors and officers, respectively, with supplemental retirement, death and disability benefits.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets for the retirement and savings plans.

December 31,	2000	1999	1998
(Dollars in thousands)			
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 205,455	217,747	200,554
Service cost	5,928	5,226	5,361
Interest cost	15,381	13,817	13,225
Plan amendments	3,387	-	227
Acquisition	35,824	-	-
Actuarial (gain) loss	(3,726)	(19,844)	8,683
Benefits paid	(12,414)	(11,491)	(10,303)
Benefit obligation at end of year	\$ 249,835	205,455	217,747
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 319,901	278,678	237,618
Return on plan assets	(14,991)	52,183	50,720
Employer contributions	572	531	643
Acquisition	36,391	-	-
Benefits paid	(12,414)	(11,491)	(10,303)
Fair value of plan assets at end of year	\$ 329,459	319,901	278,678

Net periodic pension benefit for 2000, 1999 and 1998 included the following components:

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Service cost	\$ 5,928	5,226	5,361
Interest cost	15,381	13,817	13,225
Expected return on plan assets	(31,586)	(26,824)	(22,925)
Recognized net gains	(7,107)	(3,176)	(2,688)
Net amortization and deferral	(602)	(235)	(300)

Net periodic pension benefit	\$ (17,986)	(11,192)	(7,327)
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The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 2000, 1999 and 1998.

December 31,	2000	1999	1998
(Dollars in thousands)			
Benefit obligation	\$ (249,835)	(205,455)	(217,747)
Fair value of plan assets	329,459	319,901	278,678
Unrecognized transition asset	(1,648)	(1,892)	(2,136)
Unamortized prior service cost	4,126	1,031	1,053
Unrecognized net actuarial gain	(49,336)	(100,052)	(57,981)
Prepaid benefit cost	\$ 32,766	13,533	1,867

Assumptions used in accounting for the pension plans as of December 2000 and 1999 were:

	2000	1999
Discount rates	7.25%	7.25
Expected long-term rate of return on assets	8.0-10.0%	8.0-10.0

CenturyTel sponsors an Employee Stock Bonus Plan ("ESBP") and an Employee Stock Ownership Plan ("ESOP"). These plans cover most employees with one year of service with the Company and are funded by Company contributions determined annually by the Board of Directors.

The Company contributed \$6.0 million, \$5.2 million and \$3.7 million to the ESBP during 2000, 1999 and 1998, respectively. The Company's expense related to the ESOP during 2000, 1999 and 1998 was \$3.5 million, \$4.4 million, and \$4.4 million, respectively. At December 31, 2000, the ESBP and the ESOP owned an aggregate of 8.6 million shares of CenturyTel common stock.

CenturyTel and certain subsidiaries also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are available to substantially all employees of the Company. The Company's matching contributions to the 401(k) Plans were \$6.1 million in 2000, \$6.1 million in 1999 and \$8.5 million in 1998.

(16) Supplemental Cash Flow Disclosures

The Company paid interest, net of amounts capitalized, of \$164.0 million, \$148.3 million and \$150.8 million during 2000, 1999 and 1998, respectively. Income taxes paid were \$142.3 million in 2000, \$270.9 million in 1999 and \$185.9 million in 1998.

CenturyTel has consummated the acquisitions of various telephone and cellular operations, along with certain other assets, during the three years ended December 31, 2000. In connection with these acquisitions, the following assets were acquired and liabilities assumed:

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			
Property, plant and equipment, net	\$ 607,415	830	75,043
Excess cost of net assets acquired	917,468	20,194	145,880
Other investments	7,145	-	5,028
Long-term debt	(378)	-	-
Deferred credits and other liabilities	(44,465)	-	-
Other assets and liabilities, excluding cash and cash equivalents	53,671	(52)	(382)
Decrease in cash due to acquisitions	\$ 1,540,856	20,972	225,569

CenturyTel has disposed of various telephone and cellular operations, along with certain other assets, during the three years ended December 31, 2000. In connection with these dispositions, the following assets were sold, liabilities eliminated, assets received and gain recognized:

Year ended December 31,	2000	1999	1998
(Dollars in thousands)			

Property, plant and equipment, net	\$ (4,062)	(165,286)	-
Excess cost of net assets acquired, net	(4,071)	(296,605)	-
Marketable equity securities	-	(18,363)	(21,923)
Other assets and liabilities, excluding cash and cash equivalents	(769)	58,595	(60,525)
Gain on sale of assets	(20,593)	(62,808)	(49,859)

Increase in cash due to dispositions	\$ (29,495)	(484,467)	(132,307)
=====			

(17) Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of certain of the Company's financial instruments at December 31, 2000 and 1999.

	Carrying amount	Fair value	

	(Dollars in thousands)		
December 31, 2000			
Financial assets			
Investments			
Marketable equity securities	\$ 42,801	42,801	(1)
Other	\$ 36,514	36,514	(3)
Financial liabilities			
Long-term debt (including current maturities)	\$ 3,200,254	3,107,899	(2)
Other	\$ 40,879	40,879	(3)

December 31, 1999			
Financial assets			
Investments			
Marketable equity securities	\$ 102,633	102,633	(1)
Other	\$ 23,773	23,773	(3)
Financial liabilities			
Long-term debt (including current maturities)	\$ 2,140,409	2,092,744	(2)
Other	\$ 33,656	33,656	(3)

(1) Fair value was based on quoted market prices.

(2) Fair value was estimated by discounting the scheduled payment streams to present value based upon rates currently offered to the Company for similar debt.

(3) Fair value was estimated by the Company to approximate carrying value.

(4) The carrying amount of cash and cash equivalents, accounts receivable, short-term debt, accounts payable and accrued expenses approximates the fair value due to the short maturity of these instruments.

(18) Business Segments

The Company has two reportable segments: telephone and wireless. The Company's reportable segments are strategic business units that offer different products and services. The operating income of these segments is reviewed by the chief operating decision maker to assess performance and make business decisions.

The Company's telephone operations are conducted in rural, suburban and small urban communities in 21 states. Approximately 87% of the Company's telephone access lines are in Wisconsin, Arkansas, Washington, Missouri, Michigan, Louisiana, Colorado, Ohio and Oregon. The Company's wireless customers are located in Michigan, Louisiana, Wisconsin, Mississippi, Texas, and Arkansas.

	Operating revenues	Depreciation and amortization	Operating income

	(Dollars in thousands)		
Year ended December 31, 2000			

Telephone	\$ 1,253,969	317,906	376,290
Wireless	443,569	65,239	117,865
Other operations	148,388	4,911	31,258

Total	\$ 1,845,926	388,056	525,413
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Year ended December 31, 1999

Telephone	\$ 1,126,112	273,666	351,559
Wireless	422,269	68,593	133,930
Other operations	128,288	6,557	22,580
Total	\$ 1,676,669	348,816	508,069

Year ended December 31, 1998

Telephone	\$ 1,077,343	261,370	334,604
Wireless	407,827	62,345	129,124
Other operations	91,915	4,839	16,083
Total	\$ 1,577,085	328,554	479,811

Year ended December 31, 2000 1999 1998

(Dollars in thousands)

Operating income	\$ 525,413	508,069	479,811
Gain on sale or exchange of assets, net	20,593	62,808	49,859
Interest expense	(183,302)	(150,557)	(167,552)
Income from unconsolidated cellular entities	26,986	27,675	32,869
Minority interest	(10,201)	(27,913)	(12,797)
Other income and expense	6,696	9,190	5,268
Income before income tax expense	\$ 386,185	429,272	387,458

Year ended December 31, 2000 1999 1998

(Dollars in thousands)

Capital expenditures			
Telephone	\$ 275,523	233,512	233,190
Wireless	58,468	58,760	57,326
Other operations	115,546	97,708	20,403
Total	\$ 449,537	389,980	310,919

Total assets			
Telephone	\$ 4,779,812	3,246,290	3,674,148
Wireless	1,204,186	1,184,129	1,114,955
Other operations	409,292	274,988	146,352
Total assets	\$ 6,393,290	4,705,407	4,935,455

Other accounts receivable are primarily amounts due from various long distance carriers, principally AT&T, and several large local exchange operating companies.

(19) Commitments and Contingencies

Construction expenditures and investments in vehicles, buildings and equipment during 2001 are estimated to be \$400 million for telephone operations, \$70 million for wireless operations and \$80 million for other operations.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

	First quarter	Second quarter	Third quarter	Fourth quarter
	(Dollars in thousands, except per share amounts)			
2000				
Operating revenues	\$ 412,956	423,156	482,634	527,180
Operating income	\$ 111,422	124,892	147,059	142,040
Net income	\$ 49,284	57,845	67,224	57,121
Basic earnings per share	\$.35	.41	.48	.41
Diluted earnings per share	\$.35	.41	.47	.40
1999				
Operating revenues	\$ 414,256	416,750	419,205	426,458
Operating income	\$ 130,623	130,625	130,059	116,762
Net income	\$ 61,105	53,462	64,529	60,673
Basic earnings per share	\$.44	.38	.46	.43
Diluted earnings per share	\$.43	.38	.46	.43

Diluted earnings per share for the first and third quarters of 2000 included \$.04 and \$.05 per share, respectively, of gain on sale of assets. See Note 12 for additional information. On July 31, 2000 and September 29, 2000, affiliates of the Company acquired over 490,000 telephone access lines and related assets from Verizon. See Note 2 for additional information.

Diluted earnings per share for the first, second, third and fourth quarters of 1999 included \$.04, (\$.05), \$.01 and \$.05 per share, respectively, of net gain (loss) on sale of assets. See Note 12 for additional information.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The name, age and office(s) held by each of the Registrant's executive officers are shown below. Each of the executive officers listed below serves at the pleasure of the Board of Directors, except Mr. Williams who has entered into an employment agreement with the Registrant. The agreement's initial term has lapsed, but the agreement remains in effect from year to year, subject to the right of Mr. Williams or the Company to terminate such agreement.

Name ----	Age ---	Office(s) held with CenturyTel -----
Clarke M. Williams	79	Chairman of the Board of Directors
Glen F. Post, III	48	Vice Chairman of the Board of Directors, President and Chief Executive Officer
Karen A. Puckett	40	Executive Vice President and Chief Operating Officer
R. Stewart Ewing, Jr.	49	Executive Vice President and Chief Financial Officer
Harvey P. Perry	56	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary
David D. Cole	43	Senior Vice President - Operations Support
Michael Maslowski	53	Senior Vice President and Chief Information Officer

Each of the Registrant's executive officers, except for Ms. Puckett and Mr. Maslowski, has served as an officer of the Registrant and one or more of its subsidiaries in varying capacities for more than the past five years. Mr. Cole has served as Senior Vice President - Operational

Support since November 1998, as President - Wireless Group from October 1996 to October 1998 and as Vice President from 1990 to 1996. Mr. Maslowski has served as Senior Vice President and Chief Information Officer since March 1999 and as Senior Information Systems Executive for Lucent Technologies and for a joint venture between Lucent Technologies and Phillips Consumer Communications from 1996 to early 1999. Ms. Puckett has served as Executive Vice President and Chief Operating Officer since July 2000, as Sales and Marketing Senior Officer of BroadStream Communications from July 1999 to July 2000 and as Texas Region President for GTE Wireless from 1996 to mid-1999.

Commco Technology LLC (formerly BroadStream Communications) filed for bankruptcy on December 18, 2000 in the United States Bankruptcy Court, District of Connecticut (Bridgeport). Ms. Puckett was an officer and employee of BroadStream Communications from July 1999 through July 2000.

The balance of the information required by Item 10 is incorporated by reference to the Registrant's definitive proxy statement relating to its 2001 annual meeting of stockholders (the "Proxy Statement"), which Proxy Statement will be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 12 is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information required by Item 13 is incorporated by reference to the Proxy Statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

a. Financial Statements

(i) Consolidated Financial Statements:

Independent Auditors' Report on Consolidated Financial Statements and Financial Statement Schedules

Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Comprehensive Income for the years ended December 31, 2000, 1999 and 1998

Consolidated Balance Sheets - December 31, 2000 and 1999

Consolidated Statements of Cash Flows for the years
ended December 31, 2000, 1999 and 1998

Consolidated Statements of Stockholders' Equity for the
years ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

Consolidated Quarterly Income Information (unaudited)

(ii) Schedules:*

I Condensed Financial Information of Registrant

II Valuation and Qualifying Accounts

* Those schedules not listed above are omitted as not applicable or not required.

b. Reports on Form 8-K.

The following items were reported in a Form 8-K filed October 5, 2000.

Item 2. Acquisition of properties in Wisconsin from Verizon.

Item 5. Expected Third Quarter 2000 operating results and

updated long-term debt ratings.

Item 7. Historical and pro forma financial information related to Verizon acquisitions.

The following item was reported in a Form 8-K filed November 13, 2000.

Item 5. News release announcing third quarter results

of operations.

c. Exhibits:

3(i) Amended and Restated Articles of Incorporation of Registrant, dated as of May 6, 1999, (incorporated by reference to Exhibit 3(i) to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

3(ii) Registrant's Bylaws, as amended through November 18, 1999 (incorporated by reference to Exhibit 3(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999).

4.1 Note Purchase Agreement, dated September 1, 1989, between Registrant, Teachers Insurance and Annuity Association of America and the Lincoln National Life Insurance Company (incorporated by

reference to Exhibit 4.23 to Registrant's
Quarterly Report on Form 10-Q for the quarter
ended September 30, 1989).

4.2 Rights Agreement, dated as of August 27, 1996, between Registrant and Society National Bank, as Rights Agent, including the form of Rights Certificate (incorporated by reference to Exhibit 1 of Registrant's Current Report on Form 8-K filed August 30, 1996) and Amendment No.1 thereto, dated May 25, 1999 (incorporated by reference to Exhibit 4.2(ii) to Registrant's Report on Form 8-K dated May 25, 1999) and Amendment No. 2 thereto, dated and effective as of June 30, 2000, by and between the Registrant and Computershare Investor Services, LLC, as rights agent (incorporated by reference to Exhibit 4.1 of Registrant's Quarterly report on 10-Q for the quarter ended September 30, 2000).

4.3 Form of common stock certificate of the Registrant, included elsewhere herein.

4.4 Instruments relating to the Company's public senior debt

(a) Indenture dated as of March 31, 1994 between the Company and Regions Bank (formerly First American Bank & Trust of Louisiana), as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).

(b) Resolutions designating the terms and conditions of the Company's 7-3/4% Senior Notes, Series A, due 2004 and 8-1/4% Senior Notes, Series B, due 2024 (incorporated by reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994).

(c) Resolutions designating the terms and conditions of the Company's 6.55% Senior Notes, Series C, due 2005 and 7.2% Senior Notes, Series D, due 2025 (incorporated by reference to Exhibit 4.27 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(d) Resolutions designating the terms and conditions of the Company's 6.15% Senior Notes, Series E, due 2005; 6.30% Senior Notes, Series F, due 2008; and 6.875% Debentures, Series G, due 2028, (incorporated by reference to Exhibit 4.9 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997).

(e) Form of Registrant's 8.375% Senior Notes, Series H, Due 2010, issued October 19, 2000 (incorporated by reference to Exhibit 4.2 of Registrant's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2000).

(f) Form of the Registrant's 7.750% Remarketable Senior Notes, Series I, due 2012, issued October 19, 2000 (the "Remarketable Notes") (incorporated by reference to Exhibit 4.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

(g) Remarketing Agreement, dated as of October 19, 2000, between the Registrant and Banc of America Securities LLC, as remarketing agent for the Remarketable Notes (incorporated by reference to Exhibit 4.4 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

4.5 Competitive Advance and Revolving Credit Facility Agreement, dated as of August 28, 1997, among Registrant, the lenders named therein, and NationsBank of Texas, N.A. (incorporated by

reference to Exhibit 4.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

4.6 Revolving Credit Facility Agreement, dated July 31, 2000, among Registrant, Bank of America, N.A., Citibank, N.A., Banc of America Securities, LLC and Salomon Smith Barney, Inc. (incorporated by reference to Registrant's Current Report on Form 8-K dated July 31, 2000).

4.7 First Supplemental Indenture, dated as of November 2, 1998, to Indenture between CenturyTel of the Northwest, Inc. and The First National Bank of Chicago (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

10.1 Qualified Employee Benefit Plans

(a) Registrant's Employee Stock Ownership Plan and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995), amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), amendment thereto dated March 18, 1997 (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997), and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1

(a) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(b) Registrant's Stock Bonus Plan, PAYSOP and Trust, as amended and restated December 30, 1994 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995), amendment thereto dated July 11, 1995 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995), amendment thereto dated January 26, 1996 (incorporated by reference to Exhibit 10.1(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995), amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996), and amendment thereto dated December 31, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), amendments thereto dated January 1, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997), and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1(b) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(c) Registrant's Dollars & Sense Plan and Trust, as amended and restated, effective January 1, 1998 and amendment thereto dated December 29, 1998 (incorporated by reference to Exhibit 10.1 (c) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(d) Registrant's Amended and Restated Retirement Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1 (z) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

10.2 Stock-based Incentive Plans

(a) Registrant's 1983 Restricted Stock Plan, dated February 21, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996, (incorporated by reference to Exhibit 10.1(e) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(b) Registrant's 1988 Incentive Compensation Program as amended and restated August 22, 1989 (incorporated by reference to Exhibit 19.8 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(g) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(c) Registrant's 1990 Incentive Compensation Program, dated March 15, 1990 (incorporated by reference to Exhibit 19.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1(i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(i) Form of Stock Option Agreement entered into in 1992 by the Registrant, pursuant to 1990 Incentive Compensation Program, with certain of its officers and employees (incorporated by reference to Exhibit 10.17 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992) and amendment thereto dated as of May 22, 1995 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

(d) Registrant's 1995 Incentive Compensation Plan approved by Registrant's shareholders on May 11, 1995 (incorporated by reference to Exhibit 4.4 to Registration No. 33-60061) and amendment thereto dated November 21, 1996 (incorporated by Reference to Exhibit 10.1 (l) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(i) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of May 22, 1995, entered into by Registrant and its officers (incorporated by reference to Exhibit 10.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).

(ii) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of June 23, 1995, entered into by Registrant and certain key employees (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).

(iii) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 24, 1997, entered into by Registrant and its officers (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

(iv) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 21, 2000, entered into by Registrant and its officers (incorporated by reference to Exhibit 10.1

(t) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999).

(v) Form of Amended and Restated Restricted Stock and Performance Share Agreement dated as of March 16, 1998, relating to equity incentive awards granted in 1997 pursuant to Registrant's 1995 Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

(vi) Form of Restricted Stock and Performance Share Agreement, dated as of March 16, 1998, relating to equity incentive awards granted in 1998 pursuant to Registrant's 1995 Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

(vii) Form of Restricted Stock and Performance Share Agreement, dated as of February 22, 1999, relating to equity incentive awards granted in 1999 pursuant to the Registrant's 1995 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1(x) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999).

(e) Amended and Restated Registrant's 2000 Incentive Compensation Plan, as amended through May 23, 2000 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000).

10.3 Other Non-Qualified Employee Benefit Plans

(a) Registrant's Key Employee Incentive Compensation Plan, dated January 1, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

(b) Registrant's Restated Supplemental Executive Retirement Plan, dated April 3, 2000 (incorporated by reference to Exhibit 10.1(d) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.)

(c) Registrant's Restated Supplemental Defined Contribution Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1 (q) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995), amendment thereto dated July 15, 1996 (incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (p) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).

(d) Registrant's Amended and Restated Supplemental Dollars & Sense Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1

(q) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(e) Registrant's Supplemental Defined Benefit Plan, effective as of January 1, 1999 (incorporated by reference to Exhibit 10.1

(y) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

(f) Registrant's Amended and Restated Salary Continuation (Disability) Plan for Officers, dated November 26, 1991 (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1991).

(g) Registrant's Restated Outside Directors' Retirement Plan, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(t) to

Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(h) Registrant's Restated Deferred Compensation Plan for Outside Directors, dated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(u) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1995).

(i) Registrant's Chairman/Chief Executive Officer Short-Term Incentive Program (incorporated by reference to Exhibit 10.6 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

10.4 Employment, Severance and Related Agreements

(a) Employment Agreement, originally dated May 24, 1993, as amended and restated through February 22, 2000, by and between Clarke M. Williams and Registrant (incorporated by reference to Exhibit 10.1(a) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

(b) Agreement, dated December 31, 1994, by and between Jim D. Reppond and Registrant (incorporated by reference to Exhibit 10.24 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).

(c) Consulting Agreement, dated as of July 2, 1996, by and between Registrant and Jim D. Reppond (incorporated by reference to Exhibit 10 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996).

(d) Change of Control Agreement, dated February 22, 2000 by and between Glen F. Post, III and Registrant (incorporated by reference to Exhibit 10.1(b) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

(e) Form of Change of Control Agreement, dated February 22, 2000, by and between Registrant and David D. Cole, R. Stewart Ewing, Michael E. Maslowski and Harvey P. Perry (incorporated by reference exhibit 10.1(c) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

(f) Form of Change of Control Agreement dated July 24, 2000, by and between the Registrant and Karen A. Puckett (incorporated by reference to Exhibit 10.1(c) of Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

10.5 Other Agreements

(a) Amended and Restated Asset Purchase Agreement by and among GTE Arkansas Incorporated, GTE Midwest Incorporated, GTE Southwest Incorporated and Registrant, dated June 29, 1999 (incorporated by reference to Exhibit 99 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

(b) Asset Purchase Agreement by and between GTE Midwest Incorporated and Spectra Communications Group, LLC dated as of July 8, 1999 (incorporated by reference to Exhibit 2.2 of Registrant's Current Report on Form 8-K dated July 31, 2000).

(c) Asset Purchase Agreement by and between GTE North Incorporated and Telephone USA of Wisconsin, LLC dated as of August 19, 1999 (incorporated by reference to Exhibit 2.3 of Registrant's Current Report on Form 8-K dated September 29, 2000).

(d) Asset Purchase Agreement by and between GTE North Incorporated and Registrant dated as of October 11, 1999 (incorporated by reference to Exhibit 2.4 of Registrant's Current Report on Form 8-K dated September 29, 2000).

21 Subsidiaries of the Registrant, included elsewhere herein.

23 Independent Auditors' Consent, included elsewhere herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.,

Date: March 22, 2001

By: /s/ Clarke M. Williams

Clarke M. Williams
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of

the Registrant and in the capacities and on the date indicated.

<i>/s/ Clarke M. Williams</i> ----- Clarke M. Williams	Chairman of the Board of Directors	March 22, 2001
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Vice Chairman of the

<i>/s/ Glen F. Post, III</i> ----- Glen F. Post, III	Board of Directors, President, and Chief Executive Officer	March 22, 2001
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<i>/s/ R. Stewart Ewing, Jr.</i> ----- R. Stewart Ewing, Jr	Executive Vice President and Chief Financial Officer (Principal Accounting Officer)	March 22, 2001
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<i>/s/ Harvey P. Perry</i> ----- Harvey P. Perry	Executive Vice President, Chief Administrative Officer and Director	March 22, 2001
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<i>/s/ William R. Boles, Jr.</i> ----- William R. Boles, Jr.	Director	March 22, 2001
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<i>/s/ Virginia Boulet</i> ----- Virginia Boulet	Director	March 22, 2001
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<i>/s/ Ernest Butler, Jr.</i> ----- Ernest Butler, Jr.	Director	March 22, 2001
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<i>/s/ Calvin Czeschin</i> ----- Calvin Czeschin	Director	March 22, 2001
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<i>/s/ James B. Gardner</i> ----- James B. Gardner	Director	March 22, 2001
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<i>/s/ W. Bruce Hanks</i> ----- W. Bruce Hanks	Director	March 22, 2001
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<i>/s/ R. L. Hargrove, Jr.</i> ----- R. L. Hargrove, Jr.	Director	March 22, 2001
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<i>/s/ Johnny Hebert</i> ----- Johnny Hebert	Director	March 22, 2001
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<i>/s/ F. Earl Hogan</i> ----- F. Earl Hogan	Director	March 22, 2001
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/s/ C. G. Melville, Jr.

C. G. Melville, Jr.

Director

March 22, 2001

/s/ Jim D. Reppond

Jim D. Reppond

Director

March 22, 2001

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CENTURYTEL, INC.
(Parent Company)

STATEMENTS OF INCOME

Year ended December 31,			
	2000	1999	1998
(Dollars in thousands)			
REVENUES	\$ 13,007	15,542	16,055
EXPENSES			
Operating expenses	11,604	12,057	14,215
Depreciation and amortization	7,470	7,153	31,842
Total expenses	19,074	19,210	46,057
OPERATING LOSS	(6,067)	(3,668)	(30,002)
OTHER INCOME (EXPENSE)			
Gain on sales of assets	-	1,931	28,085
Interest expense	(214,140)	(117,760)	(131,309)
Interest income	84,307	48,078	40,005
Other expense	(7,741)	(697)	(1,573)
Total other income (expense)	(137,574)	(68,448)	(64,792)
LOSS BEFORE INCOME TAXES AND EQUITY IN SUBSIDIARIES' EARNINGS	(143,641)	(72,116)	(94,794)
Income tax benefit	52,259	33,179	21,857
LOSS BEFORE EQUITY IN SUBSIDIARIES' EARNINGS	(91,382)	(38,937)	(72,937)
Equity in subsidiaries' earnings	322,856	278,706	301,694
NET INCOME	\$ 231,474	239,769	228,757
=====			

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
(continued)

CENTURYTEL, INC.
(Parent Company)

BALANCE SHEETS

December 31,	
	2000 1999
(Dollars in thousands)	
ASSETS	

CURRENT ASSETS		
Cash and cash equivalents	\$ 4,600	12,400
Receivables from subsidiaries	641,794	337,600
Other receivables	35,890	513
Prepayments and other	527	225
Total current assets	682,811	350,738
PROPERTY, PLANT AND EQUIPMENT		
Property and equipment	1,005	1,004
Accumulated depreciation	(742)	(683)
Net property, plant and equipment	263	321
INVESTMENTS AND OTHER ASSETS		
Investments in subsidiaries (at equity)	4,825,386	3,422,022
Receivables from subsidiaries	224,753	343,169
Other investments	50,322	43,028
Deferred charges	85,253	54,776
Total investments and other assets	5,185,714	3,862,995
TOTAL ASSETS	\$ 5,868,788	4,214,054
=====		
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 57,527	37,427
Short-term debt	276,000	-
Payables to subsidiaries	886,249	837,645
Accrued interest	41,786	26,956
Other accrued liabilities	66,073	10,035
Total current liabilities	1,327,635	912,063
LONG-TERM DEBT	2,485,811	1,428,326
PAYABLES TO SUBSIDIARIES	-	4,348
DEFERRED CREDITS AND OTHER LIABILITIES	23,263	21,325
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized 350,000,000 shares, issued and outstanding 140,667,251 and 139,945,920 shares	140,667	139,946
Paid-in capital	509,840	493,432
Unrealized holding gain on investments, net of taxes	25,471	64,362
Retained earnings	1,351,626	1,146,967
Unearned ESOP shares	(3,500)	(4,690)
Preferred stock - non-redeemable	7,975	7,975
Total stockholders' equity	2,032,079	1,847,992
TOTAL LIABILITIES AND EQUITY	\$ 5,868,788	4,214,054
=====		

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(Continued)

CENTURYTEL, INC. (Parent Company)

STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2000	1999	1998
	(Dollars in thousands)		
OPERATING ACTIVITIES			
Net income	\$ 231,474	239,769	228,757
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,470	7,153	31,842
Deferred income taxes	(6,999)	(10,357)	12,902

Earnings of subsidiaries	(322,856)	(278,706)	(301,694)
Gain on sale of assets	-	(1,931)	(28,085)
Changes in current assets and current liabilities:			
Other receivables	(35,377)	23,393	(23,114)
Other accrued liabilities	56,037	(83,749)	(40,535)
Other current assets and liabilities, net	14,528	(435)	37,754
Other, net	14,770	6,060	9,724
Net cash used in operating activities	(40,953)	(98,803)	(72,449)
INVESTING ACTIVITIES			
Acquisitions	(22,952)	-	(225,569)
Capital contributions to subsidiaries	(1,302,568)	-	-
Dividends received from subsidiaries	174,637	162,149	116,906
Receivables from subsidiaries	(180,878)	(22,607)	303,221
Payables to subsidiaries	44,256	380,505	(90,319)
Proceeds from sales of assets	-	3,444	40,778
Other, net	(6,680)	2,569	(28,046)
Net cash provided by (used in) investing activities	(1,294,185)	526,060	116,971
FINANCING ACTIVITIES			
Proceeds from issuance of debt	2,654,375	-	950,000
Payments of debt	(1,299,599)	(415,166)	(960,274)
Payment of hedge contracts	(4,345)	-	(40,237)
Proceeds from issuance of common stock	7,996	19,182	15,033
Payment of debt issuance costs	(4,274)	-	(6,625)
Cash dividends paid	(26,815)	(25,413)	(24,179)
Net cash provided by (used in) financing activities	1,327,338	(421,397)	(66,282)
Net increase (decrease) in cash and cash equivalents	(7,800)	5,860	(21,760)
Cash and cash equivalents at beginning of year	12,400	6,540	28,300
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,600	12,400	6,540

See accompanying notes to condensed financial information of registrant.

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (continued)

CENTURYTEL, INC. (Parent Company)

NOTES TO CONDENSED FINANCIAL INFORMATION OF REGISTRANT

(A) LONG-TERM DEBT

The approximate annual debt maturities for the five years subsequent to December 31, 2000 are as follows:

2001	-	\$ 57.5 million
2002	-	\$ 906.3 million
2003	-	\$ 4.8 million
2004	-	\$ 51.5 million
2005	-	\$ 151.0 million

(B) GUARANTEES

As of December 31, 2000, CenturyTel has guaranteed debt of subsidiaries totaling \$325.6 million.

(C) DIVIDENDS FROM SUBSIDIARIES

Dividends paid to CenturyTel by consolidated subsidiaries were \$174.6 million, \$162.1 million and \$116.9 million during 2000, 1999 and 1998, respectively.

(D) INCOME TAXES AND INTEREST PAID

Income taxes paid by CenturyTel (including amounts reimbursed from subsidiaries) were \$124.0 million, \$217.0 million and \$162.0 million during 2000, 1999 and 1998, respectively.

Interest paid by CenturyTel was \$199.3 million, \$118.5 million and \$114.7 million during 2000, 1999 and 1998, respectively.

(E) AFFILIATED TRANSACTIONS

CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. CenturyTel recorded intercompany interest income of \$83.0 million, \$47.8 million and \$39.7 million in 2000, 1999 and 1998, respectively.

CenturyTel recorded intercompany interest expense of \$74.5 million, \$13.4 million and \$13.4 million in 2000, 1999 and 1998, respectively.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS CENTURYTEL, INC.

For the years ended December 31, 2000, 1999 and 1998

Description	Balance at beginning of period	Additions charged to costs and expenses	Deductions from allowance (1)	Other changes	Balance at end of period
(Dollars in thousands)					
Year ended December 31, 2000					
Allowance for doubtful accounts	\$ 4,150	17,904	(13,036)	3,839 (2)	12,857
Valuation allowance for deferred tax assets	\$ 2,593	6,211	-	(502) (3)	8,302
Year ended December 31, 1999					
Allowance for doubtful accounts	\$ 4,155	7,680	(7,494)	(191) (2)	4,150
Valuation allowance for deferred tax assets	\$ 6,716	-	-	(4,123) (3)	2,593
Year ended December 31, 1998					
Allowance for doubtful accounts	\$ 5,954	13,951	(15,775)	25 (2)	4,155
Valuation allowance for deferred tax assets	\$ 8,013	-	-	(1,297) (3)	6,716

(1) Customers' accounts written-off, net of recoveries.

(2) Allowance for doubtful accounts at the date of acquisition of purchased subsidiaries, net of allowance for doubtful accounts at the date of disposition of subsidiaries sold.

(3) Adjust excess cost of net assets acquired upon utilization of net operating loss carryforwards of acquired subsidiary.

EXHIBIT 4.3
[FRONT OF CERTIFICATE]

INCORPORATED UNDER THE LAWS COMMON STOCK
OF THE STATE OF LOUISIANA PAR VALUE \$1

NUMBER SHARES

DS _____ [Picture of Clarke M. Williams Corporate Founder] _____

THIS CERTIFICATE IS TRANSFERABLE EITHER CUSIP 156700 10 6
IN CHICAGO, IL OR IN NEW YORK, NY SEE REVERSE FOR CERTAIN DEFINITIONS

CenturyTel, Inc.

This Certifies that

Is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

CenturyTel, Inc. transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

[CenturyTel logo]

CERTIFICATE OF STOCK

*[CenturyTel, Inc.
Corporate SEAL
Monroe, Louisiana]*

Dated

*/s/ Glen F. Post, III
PRESIDENT*

*COUNTERSIGNED AND REGISTERED
COMPUTERSHARE INVESTOR SERVICES, LLC
TRANSFER AGENT
AND REGISTRAR,*

*/s/ Harvey Perry
SECRETARY*

AUTHORIZED SIGNATURE

[BACK OF CERTIFICATE]

CenturyTel, Inc.

The Corporation will furnish, upon request and without charge, a summary of the powers, designations, preferences and relative, participating, optional or other special rights (if any) of each class of stock or series thereof authorized to be issued by it, and the authority of the Board of Directors to establish other series of stock and to fix the powers, designations, preferences and rights thereof. Such request may be made to the Secretary of the Corporation, or to the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT-	_____Custodian_____
TEN ENT	- as tenants by the entireties		(Cust) (Minor)
JT TEN	- as joint tenant with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act	_____ (State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

**PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF
ASSIGNEE**

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

Certificate, and do hereby irrevocably constitute and appoint _____ Shares of capital stock represented by the within

Attorney to transfer the said
shares on the books of the within-named Company with full power of substitution in the premises.

Dated, _____

X _____

**NOTICE: THE SIGNATURE(S) TO THIS
ASSIGNMENT MUST CORRESPOND WITH
THE NAME(S) AS WRITTEN UPON THE
FACE OF THE CERTIFICATE IN EVERY
PARTICULAR, WITHOUT ALTERATION
OR ENLARGEMENT OR ANY CHANGE
WHATEVER.**

X _____

**THE SIGNATURE(S) SHOULD BE GUARANTEED
BY AN "ELIGIBLE GUARANTOR INSTITUTION"
AS DEFINED IN RULE 17 Ad-15 UNDER THE
SECURITIES AND EXCHANGE ACT OF 1934,
AS AMENDED**

SIGNATURE(S) GUARANTEED BY:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Rights Agreement between CenturyTel, Inc. (the "Company") and the Rights Agent named therein (the "Rights Agent"), dated as of August 27, 1996 (as amended from time to time, the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement, as in effect on the date of mailing, without charge promptly after receipt of a written request therefor. Under certain circumstances set forth in the Rights Agreement, Rights issued to, or held by, any Person who is, was or becomes an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may become null and void.

EXHIBIT 21

CENTURYTEL, INC. SUBSIDIARIES OF THE REGISTRANT AS OF DECEMBER 31, 2000

Subsidiary	State of incorporation
Actel, LLC	Delaware
Celutel of Biloxi, Inc.	Delaware
Celutel, Inc.	Delaware
Century Business Communications, LLC	Louisiana
Century Cellunet of Alexandria, Inc.	Louisiana
Century Cellunet of Michigan RSA #4, Inc.	Louisiana
Century Cellunet of Michigan RSAs, Inc.	Louisiana
Century Cellunet of Mississippi RSA #2, Inc.	Mississippi
Century Cellunet of Mississippi RSA #6, Inc.	Mississippi
Century Cellunet of Mississippi RSA #7, Inc.	Mississippi
Century Cellunet of North Arkansas, Inc.	Louisiana
Century Cellunet of Pine Bluff, LLC	Arkansas
Century Cellunet of Saginaw, Inc.	Louisiana
Century Cellunet of South Arkansas, Inc.	Louisiana
Century Cellunet of Southern Michigan, Inc.	Delaware
Century Cellunet of Texarkana, Inc.	Louisiana
Century Color Graphics, LLC	Louisiana
Century Interactive Communications, Inc.	Louisiana
Century Interactive Fax, Inc.	Louisiana
CenturyTel Arkansas Holdings, Inc.	Arkansas
CenturyTel Holdings, Inc.	Louisiana
CenturyTel Investments, LLC	Louisiana
CenturyTel Investments of Texas, Inc.	Delaware
CenturyTel Long Distance, Inc.	Louisiana
CenturyTel Michigan Network, LLC	Louisiana
CenturyTel Midwest - Michigan, Inc.	Michigan
CenturyTel of Adamsville, Inc.	Tennessee
CenturyTel of Arkansas, Inc.	Arkansas
CenturyTel of Central Arkansas, LLC	Arkansas
CenturyTel of Central Indiana, Inc.	Indiana
CenturyTel of Central Louisiana, LLC	Louisiana
Century Tel of Central Wisconsin, LLC	Delaware
CenturyTel of Chatham, LLC	Louisiana
CenturyTel of Chester, Inc.	Iowa
CenturyTel of Claiborne, Inc.	Tennessee
CenturyTel of Colorado, Inc.	Colorado
CenturyTel of Cowiche, Inc.	Washington
CenturyTel of Eagle, Inc.	Colorado
CenturyTel of East Louisiana, LLC	Louisiana
CenturyTel of Eastern Oregon, Inc.	Oregon
CenturyTel of Evangeline, LLC	Louisiana
CenturyTel of Fairwater-Brandon-Alto, LLC	Delaware
CenturyTel of Forestville, LLC	Delaware
CenturyTel of Greater Wisconsin, Inc.	Wisconsin
CenturyTel of Idaho, Inc.	Delaware
CenturyTel of Inter Island, Inc.	Washington
CenturyTel Internet Services, LLC	Louisiana
CenturyTel of Lake Dallas, Inc.	Texas
CenturyTel of Larsen-Readfield, LLC	Delaware
CenturyTel of Michigan, Inc.	Michigan
CenturyTel of Minnesota, Inc.	Minnesota
CenturyTel of Monroe County, LLC	Wisconsin
CenturyTel of Montana, Inc.	Oregon
CenturyTel of Mountain Home, Inc.	Arkansas
CenturyTel of North Louisiana, LLC	Louisiana
CenturyTel of North Mississippi, Inc.	Mississippi
CenturyTel of Northern Michigan, Inc.	Michigan
CenturyTel of Northern Wisconsin, LLC	Delaware
CenturyTel of Northwest Arkansas, LLC	Delaware
CenturyTel of Northwest Louisiana, Inc.	Louisiana
CenturyTel of Northwest Wisconsin, LLC	Delaware
CenturyTel of Odon, Inc.	Indiana
CenturyTel of Ohio, Inc.	Ohio
CenturyTel of Ooltewah-Collegedale, Inc.	Tennessee
CenturyTel of Oregon, Inc.	Oregon
CenturyTel of Port Aransas, Inc.	Texas
CenturyTel of Postville, Inc.	Iowa
CenturyTel of Redfield, Inc.	Arkansas
CenturyTel of Ringgold, LLC	Louisiana
CenturyTel of San Marcos, Inc.	Texas
CenturyTel of South Arkansas, Inc.	Arkansas

CenturyTel of Southeast Louisiana, LLC	Louisiana
CenturyTel of Southern Wisconsin, LLC	Louisiana
CenturyTel of Southwest Louisiana, LLC	Louisiana
CenturyTel of the Gem State, Inc.	Idaho
CenturyTel of the Midwest-Kendall, LLC	Delaware
CenturyTel of the Midwest-Wisconsin, LLC	Delaware
CenturyTel of the Northwest, Inc.	Washington
CenturyTel of the Southwest, Inc.	New Mexico
CenturyTel of Upper Michigan, Inc.	Michigan
CenturyTel of Washington, Inc.	Washington
CenturyTel of Wisconsin, LLC	Louisiana
CenturyTel of Wyoming, Inc.	Wyoming
CenturyTel Paging, Inc.	Louisiana
CenturyTel Personal Access Network, Inc.	Louisiana
CenturyTel Security Systems, Inc.	Louisiana
CenturyTel Service Group, LLC	Louisiana
CenturyTel Solutions, LLC	Louisiana
CenturyTel Supply Group, Inc.	Louisiana
CenturyTel Telecommunications, Inc.	Texas
CenturyTel Telelink, Inc.	Louisiana
CenturyTel Web Solutions, LLC	Louisiana
CenturyTel Wireless Louisiana, Inc.	Louisiana
CenturyTel Wireless of Appleton-Oshkosh-Neenah MSA, LLC	Delaware
CenturyTel Wireless of La Crosse, LLC	Delaware
CenturyTel Wireless of Mississippi RSA #5, Inc.	Mississippi
CenturyTel Wireless of North Louisiana, LLC	Louisiana
CenturyTel Wireless of Shreveport, LLC	Louisiana
CenturyTel Wireless of Wisconsin RSA #1, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #10, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #2, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #3, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #6, LLC	Delaware
CenturyTel Wireless of Wisconsin RSA #8, LLC	Delaware
CenturyTel Wireless, Inc.	Louisiana
CenturyTel/Area Long Lines, Inc.	Wisconsin
CenturyTel/Remote Access, Inc.	Louisiana
CenturyTel/Tele-Max, Inc.	Texas
CenturyTel/Televue of Wisconsin, Inc.	Wisconsin
CenturyTel/WORLDDVOX, Inc.	Oregon
Eau Claire Cellular, Inc.	Colorado
Jackson Cellular Telephone Co., Inc.	Delaware
MVI Corp.	Oregon
North-West Cellular of Eau Claire, Inc.	Wisconsin
Pacific Telecom Cellular of Michigan RSA #1, Inc.	Michigan
Pacific Telecom Cellular of Michigan RSA #2, Inc.	Michigan
Pacific Telecom Cellular of Michigan, Inc.	Michigan
Pacific Telecom Cellular of Oregon, Inc.	Oregon
Pacific Telecom Cellular of Washington, Inc.	Washington
Pacific Telecom Cellular, Inc.	Wisconsin
Pascagoula Cellular Services, Inc.	Mississippi
Spectra Communications Group, LLC	Delaware
Telephone USA of Wisconsin, LLC	Delaware

Certain of the Company's smaller subsidiaries have been intentionally omitted from this exhibit pursuant to rules and regulations of the Securities

and Exchange Commission.

EXHIBIT 23

Independent Auditors' Consent

The Board of Directors
CenturyTel, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 333-35432 and No. 333-91361) on Form S-3, the Registration Statements (No. 33-17113, No. 33-46562, No. 33-60061, No. 333-67815, No. 333-91351 and No. 333-37148) on Form S-8, the Registration Statements (No. 33-31314 and No. 33-46473) on combined Form S-8 and Form S-3, and the Registration Statements (No. 33-48956 and No. 333-17015) on Form S-4 of CenturyTel, Inc. of our report dated January 26, 2001, relating to the consolidated balance sheets of CenturyTel, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows and related financial statement schedules for each of the years in the three-year period ended December 31, 2000, which report appears in the December 31, 2000 annual report on Form 10-K of CenturyTel, Inc.

/s/ KPMG LLP

KPMG LLP

Shreveport, Louisiana
March 22, 2001

End of Filing

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