

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended March 31, 2003

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Commission File Number: 1-7784

CenturyTel, Inc.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(I.R.S. Employer
Identification No.)

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) ☒ Yes ☐ No

As of April 30, 2003, there were 143,121,157 shares of common stock outstanding.

CenturyTel, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CenturyTel, Inc. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three months ended March 31,	
	2003	2002
	(Dollars, except per share amounts, and shares in thousands)	
OPERATING REVENUES		
Telephone	\$ 511,378	372,731
Other	69,152	50,187
Total operating revenues	580,530	422,918
OPERATING EXPENSES		
Cost of sales and operating expenses (exclusive of depreciation and amortization)	277,759	206,844
Corporate overhead costs allocable to discontinued operations (See Note 4)	-	4,798
Depreciation and amortization	117,998	92,227
Total operating expenses	395,757	303,869
OPERATING INCOME	184,773	119,049
OTHER INCOME (EXPENSE)		
Interest expense	(55,592)	(50,648)
Income from unconsolidated cellular entity	1,569	400
Other income and expense	(932)	(2,268)
Total other income (expense)	(54,955)	(52,516)
INCOME FROM CONTINUING OPERATIONS		
BEFORE INCOME TAX EXPENSE	129,818	66,533
Income tax expense	45,899	23,416
INCOME FROM CONTINUING OPERATIONS	83,919	43,117
DISCONTINUED OPERATIONS (See Note 4)		
Income from discontinued operations, net of \$15,530 tax	-	27,650
NET INCOME	\$ 83,919	70,767
BASIC EARNINGS PER SHARE		
From continuing operations	\$.59	.30
From discontinued operations	\$ -	.20
Basic earnings per share	\$.59	.50
DILUTED EARNINGS PER SHARE		
From continuing operations	\$.58	.30
From discontinued operations	\$ -	.19
Diluted earnings per share	\$.58	.50
DIVIDENDS PER COMMON SHARE	\$.055	.0525
AVERAGE BASIC SHARES OUTSTANDING	142,901	141,051
AVERAGE DILUTED SHARES OUTSTANDING	143,797	142,654

See accompanying notes to consolidated financial statements.

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

	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
NET INCOME	\$ 83,919	70,767
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Minimum pension liability adjustment:		
Minimum pension liability adjustment, net of (\$5,484) tax	(10,186)	-
Derivative instruments:		
Net losses on derivatives hedging the variability of cash flows, net of (\$173) tax	(322)	-
Less: reclassification adjustment for losses included in net income, net of \$173 tax	322	-
COMPREHENSIVE INCOME	\$ 73,733	70,767

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2003	December 31, 2002
(Dollars in thousands)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,738	3,661
Accounts receivable, less allowance of \$26,874 and \$33,962	235,950	272,992
Materials and supplies, at average cost	9,491	10,150
Other	12,223	9,099
Total current assets	276,402	295,902
NET PROPERTY, PLANT AND EQUIPMENT		
	3,464,754	3,531,645
INVESTMENTS AND OTHER ASSETS		
Goodwill	3,429,663	3,427,281
Other	529,006	515,580
Total investments and other assets	3,958,669	3,942,861
TOTAL ASSETS	\$ 7,699,825	7,770,408
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 119,894	70,737
Accounts payable	89,052	64,825
Accrued expenses and other liabilities		
Salaries and benefits	72,258	63,937
Income taxes	81,743	40,897
Other taxes	40,536	28,183
Interest	43,367	59,045
Other	16,739	18,596
Advance billings and customer deposits	44,797	41,884
Total current liabilities	508,386	388,104
LONG-TERM DEBT		
	3,291,591	3,578,132
DEFERRED CREDITS AND OTHER LIABILITIES		
	741,288	716,168
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized 350,000,000 shares, issued and outstanding 143,105,384 and 142,955,839 shares	143,105	142,956
Paid-in capital	542,189	537,804
Accumulated other comprehensive loss, net of tax	(46,889)	(36,703)
Retained earnings	2,513,430	2,437,472
Unearned ESOP shares	(1,250)	(1,500)
Preferred stock - non-redeemable	7,975	7,975
Total stockholders' equity	3,158,560	3,088,004
TOTAL LIABILITIES AND EQUITY	\$ 7,699,825	7,770,408

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended March 31,
	2003
	2002

(Dollars in thousands)		
OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income	\$ 83,919	70,767
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:		
Income from discontinued operations, net of tax	-	(27,650)
Depreciation and amortization	117,998	92,227
Income from unconsolidated cellular entity	(1,569)	(400)
Deferred income taxes	9,502	14,606
Changes in current assets and current liabilities:		
Accounts receivable	36,266	6,526
Accounts payable	24,227	20,482
Accrued income and other taxes	53,199	36,244
Other current assets and other current liabilities, net	(8,766)	3,647
Increase in other noncurrent assets	(6,751)	(5,103)
Increase in other noncurrent liabilities	3,739	2,305
Other, net	7,537	4,253
Net cash provided by operating activities from continuing operations	319,301	217,904
INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Payments for property, plant and equipment	(59,669)	(73,532)
Acquisitions, net of cash acquired	-	(43,768)
Distribution from unconsolidated cellular entity	1,103	2,104
Other, net	(422)	(2,509)
Net cash used in investing activities from continuing operations	(58,988)	(117,705)
FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Payments of debt	(242,474)	(92,722)
Proceeds from issuance of common stock	4,031	2,477
Cash dividends	(7,961)	(7,508)
Other, net	1,168	556
Net cash used in financing activities from continuing operations	(245,236)	(97,197)
Net cash provided by discontinued operations (See Note 4)	-	45,640
Net increase in cash and cash equivalents	15,077	48,642
Cash and cash equivalents at beginning of period	3,661	3,496
Cash and cash equivalents at end of period	\$ 18,738	52,138
Supplemental cash flow information:		
Income taxes paid	\$ 147	2,708
Interest paid (net of capitalized interest of \$35 and \$390)	\$ 71,235	44,131

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 142,956	141,233
Issuance of common stock through dividend reinvestment, incentive and benefit plans	149	94
Balance at end of period	143,105	141,327
PAID-IN CAPITAL		
Balance at beginning of period	537,804	524,668
Issuance of common stock through dividend reinvestment, incentive and benefit plans	3,882	2,383
Amortization of unearned compensation and other	503	1,039
Balance at end of period	542,189	528,090
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX		
Balance at beginning of period	(36,703)	-
Change in other comprehensive loss, net of tax	(10,186)	-
Balance at end of period	(46,889)	-
RETAINED EARNINGS		
Balance at beginning of period	2,437,472	1,666,004
Net income	83,919	70,767
Cash dividends declared		
Common stock - \$.055 and \$.0525 per share, respectively	(7,861)	(7,408)
Preferred stock	(100)	(100)
Balance at end of period	2,513,430	1,729,263
UNEARNED ESOP SHARES		
Balance at beginning of period	(1,500)	(2,500)
Release of ESOP shares	250	250
Balance at end of period	(1,250)	(2,250)
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning and end of period	7,975	7,975
TOTAL STOCKHOLDERS' EQUITY	\$ 3,158,560	2,404,405

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003
(UNAUDITED)

(1) Basis of Financial Reporting

The consolidated financial statements of CenturyTel, Inc. and its subsidiaries (the "Company") include the accounts of CenturyTel, Inc. ("CenturyTel") and its majority-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in the opinion of management, the disclosures which are made are adequate to make the information presented not misleading. The consolidated financial statements and footnotes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2002. Certain 2002 amounts have been reclassified to be consistent with the Company's 2003 presentation.

The unaudited financial information for the three months ended March 31, 2003 and 2002 has not been audited by independent certified public accountants; however, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the three-month periods have been included therein. The results of operations for the first three months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

As a result of the Company's August 1, 2002 sale of substantially all of its wireless operations (see Note 4), such operations have been reflected as discontinued operations for the three months ended March 31, 2002. In its December 31, 2002 consolidated balance sheet, the Company reflected as "assets held for sale" a minority interest in a cellular partnership that it had previously agreed to sell to ALLTEL Corporation upon the satisfaction of various closing conditions. In light of the failure of the parties to agree upon whether the closing conditions were met, the Company determined during the first quarter of 2003 to retain such investment; therefore, for reporting purposes, this investment (and its related earnings) has been reclassified from discontinued operations to continuing operations on the accompanying financial statements as of and for the three months ended March 31, 2003. Prior periods have been restated to reflect this investment (and its related earnings) as part of continuing operations.

(2) Net Property, Plant and Equipment

Net property, plant and equipment is composed of the following:

	March 31, 2003	Dec. 31, 2002
----- (Dollars in thousands) -----		
Telephone, at original cost	\$ 6,413,936	6,347,900
Accumulated depreciation	(3,244,925)	(3,136,107)
	-----	-----
	3,169,011	3,211,793
	-----	-----
Other, at cost	500,860	521,292
Accumulated depreciation	(205,117)	(201,440)
	-----	-----
	295,743	319,852
	-----	-----
	\$ 3,464,754	3,531,645
	=====	=====

Approximately \$16.5 million of net property, plant and equipment was transferred from other operations to telephone operations during the first quarter of 2003.

(3) Acquisitions

On July 1, 2002, the Company completed the acquisition of approximately 300,000 telephone access lines in the state of Alabama from Verizon Communications, Inc. ("Verizon") for approximately \$1.022 billion cash. On August 31, 2002, the Company completed the acquisition of approximately 350,000 telephone access lines in the state of Missouri from Verizon for approximately \$1.179 billion cash. The assets purchased included (i) telephone access lines and related property and equipment comprising Verizon's local exchange operations in predominantly rural markets throughout Alabama and Missouri, (ii) Verizon's assets used to provide digital subscriber line ("DSL") and other high speed data services within the purchased exchanges and (iii) approximately 2,800 route miles of fiber optic cable within the purchased exchanges. The acquired assets did not include Verizon's cellular, personal communications services ("PCS"), long distance, dial-up Internet, or directory publishing operations, or rights under various Verizon contracts, including those relating to customer premise equipment. The Company did not assume any liabilities of Verizon other than (i) those associated with contracts, facilities and certain other assets transferred in connection with the purchase and (ii) certain employee-related liabilities, including liabilities for postretirement health benefits.

The following pro forma information represents the consolidated results of continuing operations of the Company for the three months ended March 31, 2002 as if the Verizon acquisitions had been consummated as of January 1, 2002.

	Three months ended March 31, 2002

	(Dollars in thousands)
	(unaudited)
Operating revenues from continuing operations	\$ 555,603
Income from continuing operations	\$ 55,552
Basic earnings per share from continuing operations	\$.39
Diluted earnings per share from continuing operations	\$.39

The pro forma information is based on various assumptions and estimates. The pro forma information makes no pro forma adjustments to reflect any assumed consummation of the Company's August 1, 2002 sale of its wireless operations described in Note 4 (or any use of the sale proceeds therefrom). 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, 2002, 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 consolidated financial statements only from the respective dates of acquisition.

(4) Discontinued Operations

On August 1, 2002, the Company sold substantially all of its wireless operations to an affiliate of ALLTEL Corporation and certain other partners in the Company's markets that exercised "first refusal" purchase rights for an aggregate of approximately \$1.59 billion in cash. As a result, such operations for the three months ended March 31, 2002 have been reflected as discontinued operations in the Company's consolidated financial statements. Proceeds from the sale of the wireless operations were used to partially fund the Company's acquisitions of telephone properties in Alabama and Missouri during the third quarter of 2002.

The following table represents certain summary income statement information related to the Company's wireless operations reflected as discontinued operations for 2002.

	Three months ended March 31, 2002

	(Dollars in thousands)
Operating revenues	\$ 102,421
Operating income (1)	\$ 35,016
Income from unconsolidated cellular entities	11,114
Minority interest expense	(2,871)
Other income and (expense)	(79)
Pre-tax income from discontinued operations	43,180
Income tax expense	(15,530)
Income from discontinued operations	\$ 27,650
=====	=====

(1) Excludes corporate overhead costs of \$4.8 million allocated to the wireless operations.

The following table represents certain summary cash flow statement information related to the Company's wireless operations reflected as

discontinued operations for 2002.

	Three months ended March 31, 2002
(Dollars in thousands)	
Cash provided by operating activities	\$ 45,981
Cash used in investing activities	(341)
Net cash provided by discontinued operations	\$ 45,640

(5) Goodwill and Other Intangible Assets

The following information relates to the Company's goodwill as of March 31, 2003 and December 31, 2002:

	March 31, 2003	Dec. 31, 2002
(Dollars in thousands)		
Carrying amount of goodwill		
Telephone segment	\$ 3,384,495	3,382,113
Other operations	45,168	45,168
Total goodwill	\$ 3,429,663	3,427,281

The Company also has certain intangible assets that are subject to amortization in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). These intangible assets relate to certain customer base assets acquired in connection with the acquisitions of properties from Verizon in 2002. The gross carrying amount (and accumulated amortization) of these assets was \$22.7 million (\$1.1 million) as of March 31, 2003 and \$22.7 million (\$729,000) as of December 31, 2002. Total amortization expense for the first quarter of 2003 was \$378,000 and is expected to be \$1.5 million annually for each of the next five years.

In connection with its acquisitions of properties from Verizon in 2002, the Company allocated \$35.3 million of the purchase price as an intangible asset associated with franchise costs. Such asset has an indefinite life and is not subject to amortization currently.

(6) Stock-based Compensation

The Company accounts for employee stock compensation plans using the intrinsic value method 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" ("SFAS 123"). Options have been granted to employees at a price either equal to or exceeding the then-current market price. 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 the three months ended March 31, 2003 and 2002 would have been as follows:

	Three months ended March 31,	
	2003	2002
(Dollars in thousands, except per share amounts)		
Net income, as reported	\$ 83,919	70,767
Less: Total stock-based employee compensation expense determined under fair value based method, net of tax	\$ (3,534)	(3,485)
Pro forma net income	\$ 80,385	67,282
Basic earnings per share		
As reported	\$.59	.50
Pro forma	\$.56	.48
Diluted earnings per share		
As reported	\$.58	.50
Pro forma	\$.56	.47

(7) Business Segments

The Company's only separately reportable business segment is its telephone operations. The operating income of this segment is reviewed by the Company's chief operating decision maker to assess performance and make business decisions. Due to the August 1, 2002 sale of the Company's wireless operations, such operations (which were previously reported as a separate segment) are classified as discontinued operations (see Note 4). Other operations include, but are not limited to, the Company's non-regulated long distance operations, Internet operations and competitive local exchange carrier operations.

	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
Operating revenues		
Telephone	\$ 511,378	372,731
Other operations	69,152	50,187
Total operating revenues	\$ 580,530	422,918
Operating income		
Telephone	\$ 172,375	117,968
Other operations	12,398	5,879
Corporate overhead costs allocable to discontinued operations (See Note 4)	-	(4,798)
Total operating income	\$ 184,773	119,049
	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
Operating income	\$ 184,773	119,049
Interest expense	(55,592)	(50,648)
Income from unconsolidated cellular entity	1,569	400
Other income and expense	(932)	(2,268)
Income from continuing operations before income tax expense	\$ 129,818	66,533
	March 31, Dec. 31,	
	2003	2002
	(Dollars in thousands)	
Assets		
Telephone	\$ 6,868,757	6,962,713
Other operations	831,068	807,695
Total assets	\$ 7,699,825	7,770,408

(8) Accounting Pronouncement

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and be capitalized as part of the book value of the long-lived asset.

Although the Company generally has had no legal obligation to remove obsolete assets, depreciation rates of certain assets established by regulatory authorities for the Company's telephone operations subject to Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"), have historically included a component for removal costs in excess of the related estimated salvage value. Notwithstanding the adoption of SFAS 143, SFAS 71 requires the Company to not remove this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets. For the Company's telephone operations acquired from Verizon in 2002 and its other operations (neither of which are subject to SFAS 71), the Company has not accrued a liability for anticipated removal costs in the past. For these reasons, the adoption of SFAS 143 did not have a material effect on the Company's financial statements.

(9) Commitments and Contingencies

In *Barbrasue Beattie and James Sovis, on behalf of themselves and all others similarly situated, v. CenturyTel, Inc.*, filed on October 29, 2002 in the United States District Court for the Eastern District of Michigan, the plaintiffs allege that the Company unjustly and unreasonably billed customers for inside wire maintenance services, and seek unspecified money damages and injunctive relief under various legal theories on behalf of a purported class of over two million customers in the Company's telephone markets. The Company anticipates that the court will rule on whether to certify the plaintiffs' purported class of customers by the third quarter of 2003.

On March 13, 2002, the Arkansas Court of Appeals vacated two orders issued by the Arkansas Public Service Commission ("APSC") in connection with the Company's acquisition of its Arkansas LECs from Verizon in July 2000, and remanded the case back to the APSC for further hearings. The Court took these actions in response to challenges to the rates the Company has charged other carriers for intrastate switched access service. On December 20, 2002, the APSC approved the access rates established by the Company at the time of acquisition. The periods for appealing this ruling have lapsed, and the Company believes the ruling is now final and nonappealable.

From time to time, the Company is involved in various other claims and legal actions relating to the conduct of its 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.

(10) Subsequent Event

Effective May 8, 2003, the Company terminated its fair value interest rate hedge associated with \$500 million aggregate principal amount of its Series H senior notes, due 2010. In connection with such termination, the Company received approximately \$22.3 million in cash upon settlement, which represented the fair value of the hedge at the termination date. Such amount will be amortized as a reduction of interest expense through 2010, the maturity date of the Series H notes.

Effective May 8, 2003, the Company entered into a fair value interest rate hedge associated with \$250 million of its \$500 million aggregate principal amount of Series L senior notes, due 2012, that pay interest at a fixed rate of 7.875%. This hedge is a "fixed to variable" interest rate swap that effectively converts the Company's fixed rate interest payment obligations under these notes into obligations to pay variable rates equal to the six-month London InterBank Offered Rate ("LIBOR") plus 3.50% with settlement and rate reset dates occurring each six months through the expiration of the hedge in August 2012.

Item 2. CenturyTel, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in the Company's annual report on Form 10-K for the year ended December 31, 2002. The results of operations for the three months ended March 31, 2003 are not necessarily indicative of the results of operations which might be expected for the entire year.

CenturyTel, Inc. and its subsidiaries (the "Company") is a regional integrated communications company engaged primarily in providing local exchange, long distance, Internet access and data services to customers in 22 states.

On July 1, 2002, the Company acquired the local exchange telephone operations of Verizon Communications, Inc. ("Verizon") in the state of Alabama for approximately \$1.022 billion cash. On August 31, 2002, the Company acquired the local exchange telephone operations of Verizon in the state of Missouri for approximately \$1.179 billion cash. The results of operations for the Verizon assets acquired are reflected in the Company's consolidated results of operations subsequent to each respective acquisition.

On August 1, 2002, the Company sold substantially all of its wireless operations to an affiliate of ALLTEL Corporation ("Alltel") and certain other purchasers in exchange for an aggregate of approximately \$1.59 billion in cash. As a result, the Company's wireless operations for the three months ended March 31, 2002 have been reflected as discontinued operations on the Company's consolidated statements of income and cash flows. For further information, see "Discontinued Operations" below.

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 communications 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; the Company's ability to collect its receivables from financially troubled communications companies; and the effects of more general factors such as changes in interest

rates, 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, 2002. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Net income (and diluted earnings per share) was \$83.9 million (\$.58) and \$70.8 million (\$.50) for the first quarter of 2003 and 2002, respectively. Income from continuing operations was \$83.9 million for the first quarter of 2003 and \$43.1 million for the first quarter of 2002. Diluted earnings per share from continuing operations was \$.58 during the first quarter of 2003 compared to \$.30 during the first quarter of 2002.

	Three months ended March 31,	
	2003	2002
	(Dollars, except per share amounts, and shares in thousands)	
Operating income		
Telephone	\$ 172,375	117,968
Other	12,398	5,879
Corporate overhead costs allocable to discontinued operations	-	(4,798)
	184,773	119,049
Interest expense	(55,592)	(50,648)
Income from unconsolidated cellular entity	1,569	400
Other income and expense	(932)	(2,268)
Income tax expense	(45,899)	(23,416)
	83,919	43,117
Discontinued operations, net of tax	-	27,650
Net income	\$ 83,919	70,767
=====		
Basic earnings per share		
From continuing operations	\$.59	.30
From discontinued operations	\$ -	.20
Basic earnings per share	\$.59	.50
Diluted earnings per share		
From continuing operations	\$.58	.30
From discontinued operations	\$ -	.19
Diluted earnings per share	\$.58	.50
Average basic shares outstanding	142,901	141,051
=====		
Average diluted shares outstanding	143,797	142,654
=====		

Contributions to operating revenues and operating income by the Company's telephone and other operations for the three months ended March 31, 2003 and 2002 were as follows:

	Three months ended March 31,	
	2003	2002
Operating revenues		
Telephone operations	88.1%	88.1
Other operations	11.9%	11.9
Operating income		
Telephone operations	93.3%	99.1
Other operations	6.7%	4.9
Corporate overhead costs allocable to discontinued operations	-%	(4.0)

Telephone Operations

The Company conducts its telephone operations in rural, suburban and small urban communities in 22 states. As of March 31, 2003, approximately 91% of the Company's 2.4 million access lines were in Wisconsin, Missouri, Alabama, Arkansas, Washington, Michigan, Louisiana, Colorado, Ohio and Oregon. The operating revenues, expenses and income of the Company's telephone operations for the three months ended March 31, 2003 and 2002 are summarized below.

	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
Operating revenues		
Local service	\$ 187,384	123,877
Network access	277,981	216,576
Other	46,013	32,278
	511,378	372,731
Operating expenses		
Plant operations	122,538	91,086
Customer operations	40,724	29,938
Corporate and other	62,454	44,396
Depreciation and amortization	113,287	89,343
	339,003	254,763
Operating income	\$ 172,375	117,968

Telephone operating income increased \$54.4 million (46.1%) due to an increase in operating revenues of \$138.6 million (37.2%) which was partially offset by an increase in operating expenses of \$84.2 million (33.1%).

Of the \$63.5 million increase in local service revenues, \$58.4 million was due to the properties acquired from Verizon in the third quarter of 2002. Of the remaining \$5.1 million increase, \$2.0 million was due to increased provision of custom calling features and \$2.0 million was due to increased rates in certain jurisdictions.

Network access revenues increased \$61.4 million in the first quarter of 2003, of which \$59.5 million was due to the properties acquired from Verizon in the third quarter of 2002. The remaining \$1.9 million increase is primarily due to a \$5.5 million increase in revenues from the federal Universal Service Fund and a \$1.5 million increase in the partial recovery of higher operating expenses through revenue sharing arrangements in which the Company participates with other telephone companies. Such increases were substantially offset by a \$5.4 million decrease in intrastate revenues due to (i) a reduction in intrastate minutes (partially due to the displacement of minutes by wireless and instant messaging services) and (ii) decreased access rates in certain states.

Other revenues increased \$13.7 million during the first quarter of 2003 primarily due to \$11.8 million of revenues from the properties acquired from Verizon in the third quarter of 2002.

Access lines declined 0.3% during the three months ended March 31, 2003 compared to a decline of 0.1% during the three months ended March 31, 2002. The Company believes the decline in the number of access lines during 2003 and 2002 is primarily due to declines in second

lines, soft general economic conditions in the Company's markets and the displacement of traditional wireline telephone services by other competitive services. Based on current conditions, the Company expects to incur a decline in access lines of 1 to 2% on an annualized basis for 2003.

Plant operations expenses increased \$31.5 million (34.5%), of which \$32.4 million was due to the properties acquired from Verizon in the third quarter of 2002 and \$2.2 million was due to increased salaries and benefits. Such increases were partially offset by a \$2.3 million decrease in information technology expenses and a \$1.4 million decrease in access expenses primarily as a result of changes in certain optional calling plans in Arkansas.

During the first quarter of 2003 customer operations expenses increased \$10.8 million (36.0%), of which \$10.0 million was due to the properties acquired from Verizon in the third quarter of 2002.

Corporate and other expenses increased \$18.1 million (40.7%) primarily due to a \$20.0 million increase associated with the properties acquired from Verizon in the third quarter of 2002, a \$2.0 million increase in information technology expenses and a \$1.0 million increase in operating taxes. Such increases were partially offset by a \$5.4 million decrease in the provision for uncollectible receivables primarily due to the partial recovery of amounts previously written off related to the bankruptcy of MCI (formerly WorldCom, Inc).

Depreciation and amortization increased \$23.9 million (26.8%), of which \$21.7 million was due to the properties acquired from Verizon in the third quarter of 2002. The remaining increase is primarily due to an increase in depreciation expense due to higher levels of plant in service.

Other Operations

Other operations include the results of continuing operations of the Company which are not included in the telephone segment including, but not limited to, the Company's non-regulated long distance operations, Internet operations and competitive local exchange carrier ("CLEC") operations. The operating revenues, expenses and income of the Company's other operations for the three months ended March 31, 2003 and 2002 are summarized below.

	Three months ended March 31,	
	2003	2002
	(Dollars in thousands)	
Operating revenues		
Long distance	\$ 42,560	31,817
Internet	18,026	12,561
Other	8,566	5,809
	69,152	50,187
Operating expenses		
Cost of sales and operating expenses	52,043	41,424
Depreciation and amortization	4,711	2,884
	56,754	44,308
Operating income	\$ 12,398	5,879

The \$10.7 million increase in long distance revenues was primarily attributable to the growth in the number of customers and increased minutes of use, primarily due to penetration of the markets acquired from Verizon in 2002. The number of long distance customers as of March 31, 2003 and 2002 was 689,500 and 515,400, respectively. Internet revenues increased \$5.5 million due primarily to growth in the number of customers, principally due to the expansion of the Company's DSL product offering. Other revenues increased \$2.8 million primarily due to increased revenues in the Company's CLEC business primarily due to an increased number of customers, including an acquisition of certain CLEC operations on February 28, 2002.

Cost of sales and operating expenses increased \$10.6 million primarily due to (i) a \$6.8 million increase in expenses associated with the Company's long distance operations (of which \$4.9 million was due to increased minutes of use and \$1.0 million was due to an increase in marketing expenses); (ii) a \$3.3 million increase in expenses associated with the Company's Internet operations due to an increase in the number of customers, (iii) a \$1.6 million increase in expenses associated with the Company's CLEC operations primarily due to the expansion of the business and costs associated with an acquisition consummated in the first quarter of 2002. Such increases were partially offset by a \$1.0 million reduction in expenses due to the increased intercompany profit with regulated affiliates (the recognition of which in accordance with regulatory accounting principles acts to offset operating expenses).

Depreciation and amortization increased \$1.8 million (63.3%) primarily due to increased depreciation expense in the Company's Internet and CLEC businesses.

Interest Expense

Interest expense increased \$4.9 million (9.8%) in the first quarter of 2003 compared to the first quarter of 2002 due to increased average debt outstanding, primarily as a result of indebtedness incurred to acquire certain properties from Verizon in the third quarter of 2002.

Income From Unconsolidated Cellular Entity

Income from unconsolidated cellular entity increased \$1.2 million in the first quarter of 2003 due to improved profitability of the cellular partnership in which the Company owns a 49% minority interest.

Other Income and Expense

Other income and expense was a \$932,000 expense for the first quarter of 2003 compared to a \$2.3 million expense for the first quarter of 2002. Such decrease was primarily due to \$3.0 million of costs recorded in the first quarter of 2002 associated with responding to an unsolicited takeover proposal which was partially offset by a \$965,000 increase in minority interest expense.

Income Tax Expense

The effective income tax rate from continuing operations was 35.4% and 35.2% for the three months ended March 31, 2003 and 2002, respectively.

Discontinued Operations

On August 1, 2002, the Company sold substantially all of its wireless operations to an affiliate of Alltel in exchange for \$1.59 billion in cash. As a result, such operations for the three months ended March 31, 2002 have been reflected as discontinued operations in the Company's consolidated financial statements. The following table summarizes certain information concerning the Company's wireless operations for 2002.

	Three months ended March 31, 2002
	(Dollars in thousands)
Operating revenues	\$ 102,421
Operating expenses, exclusive of corporate overhead costs	\$ 67,405
Income from unconsolidated cellular entities	\$ 11,114
Minority interest expense	\$ (2,871)
Other income and (expense)	(79)
Income tax expense	\$ (15,530)
Income from discontinued operations, net of tax	\$ 27,650

Accounting Pronouncement

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and be capitalized as part of the book value of the long-lived asset.

Although the Company generally has had no legal obligation to remove obsolete assets, depreciation rates of certain assets established by regulatory authorities for the Company's telephone operations subject to Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"), have historically included a component for removal costs in excess of the related estimated salvage value. Notwithstanding the adoption of SFAS 143, SFAS 71 requires the Company to not remove this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets. For the Company's telephone operations acquired from Verizon in 2002 and its other operations (neither of which are subject to SFAS 71), the Company has not accrued a liability for anticipated removal costs in the past. For these reasons, the adoption of SFAS 143 did not have a material effect on the Company's financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to fund its operating and capital expenditures. 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.

Net cash provided by operating activities from continuing operations was \$319.3 million during the first three months of 2003 compared to \$217.9 million during the first three months of 2002. 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 these periods. For additional information relating to the continuing operations of the Company, see Results of Operations.

Net cash used in investing activities from continuing operations was \$59.0 million and \$117.7 million for the three months ended March 31, 2003 and 2002, respectively. Payments for property, plant and equipment were \$13.9 million less in the first quarter of 2003 than in the comparable period during 2002. Capital expenditures for the three months ended March 31, 2003 were \$53.5 million for telephone operations and \$6.2 million for other operations. During the first quarter of 2002, the Company acquired the assets of certain CLEC operations for \$43.8 million cash.

Net cash used in financing activities from continuing operations was \$245.2 million during the first three months of 2003 compared to \$97.2 million during the first three months of 2002. Net payments of debt were \$149.8 million more during the first quarter of 2003 compared to the first quarter of 2002 primarily due to \$43.8 million of cash used for acquisitions in the first quarter of 2002, increased cash flow from operating activities and lower capital expenditures.

Budgeted capital expenditures for 2003 total \$370 million for telephone operations and \$30 million for other operations.

The following table contains certain information concerning the Company's material contractual obligations as of March 31, 2003.

Total contractual obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
(Dollars in thousands)					
Long-term debt, including current maturities and capital lease obligations	\$3,411,485	119,894	415,954	874,387 (1)	2,001,250 (2)

(1) Includes \$500 million aggregate principal amount of the Company's senior notes, Series J, due 2007, which the Company is committed to remarket in 2005.

(2) Includes \$165 million aggregate principal amount of the Company's convertible debentures, Series K, due 2032, which can be put to the Company at various dates beginning in 2006.

As of March 31, 2003, the Company had \$650.0 million of undrawn committed bank lines of credit and the Company telephone subsidiaries had available for use \$123.0 million of commitments for long-term financing from the Rural Utilities Service and the Rural Telephone Bank. The Company has a commercial paper program that authorizes it to have outstanding up to \$1.5 billion in commercial paper at any one time. At March 31, 2003, the Company had no commercial paper outstanding under such program.

OTHER MATTERS

Accounting for the Effects of Regulation

The Company currently accounts for its regulated telephone operations (except for the properties acquired from Verizon in 2002) in accordance with the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). While 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, the Company believes that SFAS 71 still applies. However, it is possible that changes in regulation or legislation or anticipated changes in competition or in the demand for regulated services or products could result in the Company's telephone operations not being subject to SFAS 71 in the near future. In that event, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," would require the write-off of previously established regulatory assets and liabilities. 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 nonregulated enterprises.

When the Company's regulated operations no longer qualify for the application of SFAS 71, the Company does not expect to record an impairment charge related to the carrying value of the property, plant and equipment of its regulated telephone operations. Additionally, upon the discontinuance of SFAS 71, the Company would be required to revise the lives of its property, plant and equipment to reflect the estimated useful lives of the assets. The Company does not expect such revisions in asset lives, or the elimination of other regulatory assets and liabilities, to have a material impact on the Company's results of operations.

Development of Billing System

The Company is in the process of developing an integrated billing and customer care system. The costs to develop such system have been capitalized in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," and aggregated \$146.2 million (before accumulated amortization) at March 31, 2003. The Company's aggregate billing system costs are expected to approximate \$180 million upon completion (excluding previously disclosed write-offs) and are expected to be amortized over a twenty-year period. The Company began amortization of the billing system in 2003 based on the total amount of customers that have been migrated to the new system. The Company expects to incur duplicative system costs in 2003 until such time as all customers are migrated to the new system. Such amortization and duplicative system costs are expected to increase operating expenses by approximately \$8-12 million for 2003.

The system remains in the development stage and has required substantially more time and money to develop than originally anticipated. Although the Company expects to complete all phases of the system in early 2004, there is no assurance that this deadline (or the Company's budget) will be met or that the system will function as anticipated. If the system does not function as anticipated, the Company may have to write-off part or all of its remaining costs.

Pension and Medical Costs

The decline in equity markets in recent years, coupled with record low interest rates and rising medical costs, have increased the Company's employee benefits expenses, including defined benefit pension expenses and pre- and post-retirement medical expenses. The Company expects these conditions will result in higher pension and pre- and post-retirement medical expenses in 2003. Based on the Company's current

estimates, such costs are expected to increase between \$15 - 25 million annually in 2003 compared to 2002 amounts. As a result of continued increases in medical costs, the Company discontinued its practice of subsidizing post-retirement medical benefits for persons hired after January 1, 2003. The Company also lowered its expected long-term return on plan assets for its pension and post-retirement plans to range between 8 and 8.25% for 2003 compared to 8 to 10% for 2002.

Minority Interest in Cellular Partnership

In its balance sheet as of December 31, 2002 the Company reflected its minority interest in a cellular partnership as "assets held for sale" in light of a July 2002 agreement to sell such interest for \$68 million cash, subject to several closing conditions. In light of the failure of the parties to this agreement to agree upon whether the closing conditions had been met, the Company determined to retain this investment. See Note 1 to the Company's consolidated financial statements appearing elsewhere in this report.

Item 3. CenturyTel, Inc.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The Company is exposed to market risk from changes in interest rates on its long-term debt obligations. The Company has estimated its market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates. Fair value on long-term debt obligations is determined based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term financing markets. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At March 31, 2003, the fair value of the Company's long-term debt was estimated to be \$3.7 billion based on the overall weighted average rate of the Company's long-term debt of 6.2% and an overall weighted maturity of 11 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 62 basis points in interest rates (ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$149.9 million decrease in fair value of the Company's long-term debt. As of March 31, 2003, after giving effect to interest rate swaps currently in place, approximately 85% of the Company's long-term debt obligations were fixed rate.

The Company seeks to maintain a favorable mix of fixed and variable rate debt in an effort to limit interest costs and cash flow volatility resulting from changes in rates. From time to time, the Company uses derivative instruments to (i) lock-in or swap its exposure to changing or variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Management periodically reviews the Company's exposure to interest rate fluctuations and implements strategies to manage the exposure.

At March 31, 2003, the Company had outstanding a fair value interest rate hedge associated with \$500 million aggregate principal amount of its Series H senior notes, due 2010, that pay interest at a fixed rate of 8.375%. This hedge is a "fixed to variable" interest rate swap that effectively converts the Company's fixed rate interest payment obligations under these notes into obligations to pay variable rates equal to the six-month London InterBank Offered Rate ("LIBOR") plus 3.59% with settlement and rate reset dates occurring each six months through the expiration of the hedge in October 2010. At March 31, 2003, the Company realized a rate under this hedge of 4.79%. Interest expense was reduced by \$4.3 million in the first quarter of 2003 as a result of this hedge. The fair market value of this hedge was \$27.5 million at March 31, 2003 and is reflected as an asset and as an adjustment to the underlying debt on the March 31, 2003 balance sheet. Effective May 8, 2003, the Company terminated this hedge and received \$22.3 million cash upon settlement, which represented the fair value of the hedge at the termination date. Such amount will be amortized as a reduction of interest expense through 2010, the maturity date of the Series H notes. In addition, the Company entered into a fair value interest rate hedge associated with \$250 million of its \$500 million aggregate principal amount of Series L senior notes, due 2012, that pay interest at a fixed rate of 7.875%. This hedge is a "fixed to variable" interest rate swap that effectively converts the Company's fixed rate interest payment obligations under these notes into obligations to pay variable rates equal to the six-month LIBOR plus 3.50% with settlement and rate reset dates occurring each six months through the expiration of the hedge in August 2012.

At March 31, 2003, the Company also had outstanding a cash flow hedge associated with \$400 million of borrowings incurred in the fourth quarter of 2002 under its \$800 million credit facilities. Such hedge expires in October 2003. This hedge is designed to swap the Company's future obligation to pay variable rate interest based on LIBOR into obligations that lock-in a fixed rate of 2.49%. The fair value of this hedge was \$1.6 million at March 31, 2003 and is reflected as a liability on the March 31, 2003 balance sheet. A portion of this cash flow hedge was deemed ineffective in the first quarter of 2003 and resulted in a \$350,000 unfavorable pre-tax charge to the Company's consolidated results of operations. The remaining \$1.3 million of liability is reflected in Accumulated Other Comprehensive Loss (net of tax) on the March 31, 2003 balance sheet. A hypothetical 10% increase in the forward rates would reduce this \$1.6 million liability by \$590,000.

Item 4.**CONTROLS AND PROCEDURES**

The Company's Chief Executive Officer, Glen F. Post, III, and the Company's Chief Financial Officer, R. Stewart Ewing, Jr., have evaluated the Company's disclosure controls and procedures within 90 days of the filing of this quarterly report. Based on the evaluation, Messrs. Post and Ewing have concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that they are timely alerted of all material information required to be filed in this quarterly report. Since the date of Messrs. Post's and Ewing's most recent evaluation, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and contingencies, and there can be no assurance that any design will succeed in achieving its stated goals.

PART II. OTHER INFORMATION

CenturyTel, Inc.

Item 1. Legal Proceedings

In Barbrasue Beattie and James Sovis, on behalf of themselves and all others similarly situated, v. CenturyTel, Inc., filed on October 29, 2002 in the United States District Court for the Eastern District of Michigan, the plaintiffs allege that the Company unjustly and unreasonably billed customers for inside wire maintenance services, and seek unspecified money damages and injunctive relief under various legal theories on behalf of a purported class of over two million customers in the Company's telephone markets. The Company anticipates that the court will rule on whether to certify the plaintiffs' purported class of customers by the third quarter of 2003.

On March 13, 2002, the Arkansas Court of Appeals vacated two orders issued by the Arkansas Public Service Commission ("APSC") in connection with the Company's acquisition of its Arkansas LECs from Verizon in July 2000, and remanded the case back to the APSC for further hearings. The Court took these actions in response to challenges to the rates the Company has charged other carriers for intrastate switched access service. On December 20, 2002, the APSC approved the access rates established by the Company at the time of acquisition. The periods for appealing this ruling have lapsed, and the Company believes the ruling is now final and nonappealable.

From time to time, the Company is involved in other litigation incidental to its business, including administrative hearings of state public utility commissions relating primarily to rate making and competition related issues, 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 of this nature.

Item 6: Exhibits and Reports on Form 8-K

A. Exhibits

10.1 Form of Restricted Stock Agreement, dated as of February 24, 2003, between the Company and each of its executive officers, pursuant to the 2002 Management Incentive Compensation Plan.

11 Computations of Earnings Per Share.

99 Registrant's Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

B. Reports on Form 8-K

The following item was reported in the Form 8-K filed January 13, 2003:

Items 5 & 7. Other Events and Regulation FD Disclosure and Financial Statements and Exhibits - Updated Unaudited Pro Forma Consolidated Condensed Financial Information for the year ended December 31, 2001 and the nine months ended September 30, 2002 related to the Verizon properties acquired in the third quarter of 2002 and the wireless operations sold in August 2002.

The following item was reported in the Form 8-K filed January 31, 2003:

Item 5. Other Events - News release announcing fourth quarter 2002 operating results.

SIGNATURE

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

CenturyTel, Inc.

Date: May 14, 2003

/s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller
(Principal Accounting Officer)

CERTIFICATIONS

I, Glen F. Post, III, Chairman of the Board and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee or registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ Glen F. Post, III

Glen F. Post, III
Chairman of the Board and
Chief Executive Officer

I, R. Stewart Ewing, Jr., Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee or registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ R. Stewart Ewing, Jr.

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

Exhibit 10.1

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE
BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

**FORM OF RESTRICTED STOCK AGREEMENT
UNDER THE**

2002 MANAGEMENT INCENTIVE COMPENSATION PLAN

(February 24, 2003 Grants)

THIS AGREEMENT is made as of February 24, 2003, by and between CenturyTel, Inc. ("CenturyTel") and _____ ("Award Recipient").

WHEREAS, CenturyTel maintains the 2002 Management Incentive Compensation Plan (the "Plan"), under which the Compensation Committee of the Board of Directors of CenturyTel (the "Committee") may, among other things, grant restricted shares (the "Restricted Stock") of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to key employees of CenturyTel or its subsidiaries as the Committee may determine, subject to terms, conditions, or restrictions as it may deem appropriate;

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient shares of Restricted Stock.

NOW, THEREFORE, in consideration of the premises, it is agreed with respect to the Restricted Stock as follows:

1.

AWARD OF SHARES

1.1 Under the terms of the Plan, the Committee hereby awards to the Award Recipient _____ shares of Restricted Stock that vest, subject to Section 3 hereof, in installments as follows:

Scheduled Vesting Date	Number of Shares of Restricted Stock
-----	-----
March 15, 2004	
March 15, 2005	
March 15, 2006	

1.2 All awards hereunder are subject to the terms, conditions, and restrictions set forth in the Plan and in this Agreement. The date of grant of the Restricted Stock is February 24, 2003.

2.

**AWARD RESTRICTIONS ON
RESTRICTED STOCK**

In addition to the conditions and restrictions provided in the Plan, the shares of Restricted Stock and the right to vote the Restricted Stock and to receive dividends thereon may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive dividends and/or other distributions declared thereon.

3.

TERMINATION OF EMPLOYMENT

If an Award Recipient's employment terminates as the result of death or disability within the meaning of Section 22(e)(3) of the Internal Revenue Code ("Disability"), all unvested shares of Restricted Stock shall immediately vest and all restrictions thereon shall lapse. Unless the Committee determines otherwise in the case of retirement of the Award Recipient or termination by CenturyTel of the Award Recipient's employment, termination of employment for any other reason, except termination upon a Change of Control (as provided in Section 9.13 of the Plan), shall result in forfeiture of all unvested Restricted Stock.

4.

FORFEITURE OF AWARD

4.1 If, at any time during the Award Recipient's employment by CenturyTel or within 18 months after termination of employment, the Award Recipient engages in any activity in competition with any activity of CenturyTel, or inimical, contrary or harmful to the interests of CenturyTel, including but not limited to: (a) conduct relating to the Award Recipient's employment for which either criminal or civil penalties against Award Recipient may be sought, (b) conduct or activity that results in termination of Award Recipient's employment for cause, (c) violation of CenturyTel's policies, including, without limitation, CenturyTel's insider trading policy and corporate compliance program, (d) accepting employment with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any employee of CenturyTel who was employed at any time during Award Recipient's tenure with CenturyTel, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of CenturyTel or any of its lines of business (a "competitor"), except for (A) any isolated, sporadic accommodation or assistance provided to a competitor, at its request, by Award Recipient during Award Recipient's tenure with CenturyTel, but only if provided in the good faith and reasonable belief that such action would benefit CenturyTel by promoting good business relations with the competitor and would not harm CenturyTel's interests in any substantial manner or (B) any other service or assistance that is provided at the request or with the written permission of CenturyTel, (e) disclosing or misusing any confidential information or material concerning CenturyTel, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of CenturyTel or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom CenturyTel engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of CenturyTel, or taking any other action that could reasonably be expected to injure CenturyTel in its business relationships with any of the foregoing parties or result in any other detrimental effect on CenturyTel, then the award of Restricted Stock granted hereunder shall terminate and (i) all shares of Common Stock acquired by the Award Recipient pursuant to this Agreement shall be returned to CenturyTel or, if no longer held by the Award Recipient, the Award Recipient shall pay in cash to CenturyTel, without interest, all amounts received by the Award Recipient upon the sale of such Common Stock, and (ii) all unvested shares of Restricted Stock shall be forfeited.

4.2 If the Award Recipient owes any amount to CenturyTel under Section 4.1 above, the Award Recipient acknowledges that CenturyTel may, to the fullest extent permitted by applicable law, deduct such amount from any amounts CenturyTel owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages or other compensation, fringe benefits, or vacation pay). Whether or not CenturyTel elects to make any such set-off in whole or in part, if CenturyTel does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to CenturyTel.

4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the Committee determines in its sole discretion that such action is in the best interests of CenturyTel.

5.

STOCK CERTIFICATES

5.1 The stock certificates evidencing the Restricted Stock shall be retained by CenturyTel until the lapse of restrictions under the terms hereof. CenturyTel shall place a legend, in the form specified in the Plan, on the stock certificates restricting the transferability of the shares of Restricted Stock.

5.2 Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel shall cause a stock certificate without a restrictive legend to be issued with respect to the vested Restricted Stock in the name of the Award Recipient or his or her nominee within 30 days. Upon receipt of such stock certificate, the Award Recipient is free to hold or dispose of the shares represented by such certificate, subject to applicable securities laws.

6.

DIVIDENDS

Any dividends paid on shares of Restricted Stock shall be paid to the Award Recipient currently.

7.

WITHHOLDING TAXES

At the time that all or any portion of the Restricted Stock vests, the Award Recipient must deliver to CenturyTel the amount of income tax withholding required by law. In accordance with the terms of the Plan, the Award Recipient may satisfy the tax withholding obligation by delivering currently owned shares of Common Stock or by electing to have CenturyTel withhold from the shares the Award Recipient otherwise would receive shares of Common Stock having a value equal to the minimum amount required to be withheld.

8.

ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to CenturyTel. CenturyTel agrees to promptly take any and all actions necessary or desirable in order that all shares of Common Stock issuable hereunder shall be issued as provided herein.

9.

NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of CenturyTel, or to interfere in any way with the right of CenturyTel to terminate the Award Recipient's employment relationship with CenturyTel at any time.

10.

BINDING EFFECT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and successors. Without limiting the generality of the foregoing, whenever the word "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the word "Award Recipient" shall be deemed to include such person or persons.

11.

INCONSISTENT PROVISIONS

The shares of Restricted Stock granted hereby are subject to the provisions of the Plan. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges that a copy of the Plan was distributed or made available to the Award Recipient and that the Award Recipient was advised to review such Plan prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, representatives and administrators.

12.

ATTORNEYS' FEES AND EXPENSES

Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

13.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

14.

SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

15.

ENTIRE AGREEMENT; MODIFICATION

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Agreement shall be void and ineffective for all purposes.

[Signature blocks intentionally omitted]

CenturyTel, Inc.

COMPUTATIONS OF EARNINGS PER SHARE
(UNAUDITED)

	Three months ended March 31,	
	2003	2002
	(Dollars, except per share amounts, and shares in thousands)	
Income (Numerator):		
Income from continuing operations	\$ 83,919	43,117
Discontinued operations, net of tax	-	27,650
Net income	83,919	70,767
Dividends applicable to preferred stock	(100)	(100)
Net income applicable to common stock	83,819	70,667
Dividends applicable to preferred stock	100	100
Net income as adjusted for purposes of computing diluted earnings per share	\$ 83,919	70,767
Shares (Denominator):		
Weighted average number of shares:		
Outstanding during period	143,034	141,277
Employee Stock Ownership Plan shares not committed to be released	(133)	(226)
Number of shares for computing basic earnings per share	142,901	141,051
Incremental common shares attributable to dilutive securities:		
Shares issuable under convertible securities	435	435
Shares issuable under stock option plan	461	1,168
Number of shares as adjusted for purposes of computing diluted earnings per share	143,797	142,654
Basic earnings per share		
From continuing operations	\$.59	.30
Discontinued operations	\$ -	.20
Basic earnings per share	\$.59	.50
Diluted earnings per share		
From continuing operations	\$.58	.30
Discontinued operations	\$ -	.19
Diluted earnings per share	\$.58	.50

CenturyTel, Inc.

May 14, 2003

VIA EDGAR TRANSMISSION

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

Re: CenturyTel, Inc.

Certification of Contents of Form 10-Q for the period ending March 31, 2003, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

CenturyTel, Inc. (the "Company") filed today, via EDGAR, its quarterly report on Form 10-Q for the period ending March 31, 2003. The undersigned, acting in their capacities as the Chief Executive Officer and the Chief Financial Officer of the Company, certify that the Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by such report.

This certification is being furnished as an exhibit to the Form 10-Q solely to comply with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, and should not be deemed to be filed with the Securities and Exchange Commission, either as a part of the Form 10-Q or otherwise.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Very truly yours,

/s/ Glen F. Post, III

Glen F. Post, III
Chairman of the Board of Directors
and Chief Executive Officer

/s/ R. Stewart Ewing, Jr.

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