

# CENTURYTEL INC

## FORM 8-K

(Unscheduled Material Events)

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CIK	0000018926
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) April 26, 2001**

**CenturyTel, Inc.**

(Exact name of registrant as specified in its charter)

Louisiana  
(State or other  
jurisdiction of  
incorporation)

1-7784  
(Commission File  
Number)

72-0651161  
(IRS Employer  
Identification No.)

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

71203  
(Zip Code)

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

FOR IMMEDIATE RELEASE  
April 26, 2001

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**CenturyTel Achieves Solid First Quarter Revenue and Cash Flow Growth**

MONROE, La....CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results  
for first quarter 2001.

- o Revenues climbed 25.0% to \$516.0 million.
- o Excluding one-time items, earnings before interest, taxes, depreciation and amortization increased 27.0% to \$257.2 million.
- o Net income, excluding one-time items, was \$47.9 million.
- o Excluding one-time items, cash earnings per share was \$.44.
- o Diluted earnings per share, excluding one-time items, was \$.34.

First Quarter Highlights (Dollars in thousands, except per share amounts)	Qtr Ended 3/31/01	Qtr Ended 3/31/00	% Change
Revenues	\$ 516,008	\$ 412,956	25.0%
EBITDA*	\$ 257,235	\$ 202,545	27.0%
Net Income*	\$ 47,922	\$ 47,897	0.1%
Cash Earnings Per Share*	\$ .44	\$ .42	4.8%
Diluted Earnings Per Share*	\$ .34	\$ .34	-
Average Diluted Shares Outstanding	\$ 142,482	\$ 141,728	0.5%
Telephone Revenues	\$ 371,249	\$ 276,926	34.1%
Wireless Revenues	\$ 104,406	\$ 100,404	4.0%

Other Operations Revenues	\$ 40,353	\$ 35,626	13.3%
Telephone Access Lines	1,803,062	1,282,237	40.6%
Wireless Units in Majority-Owned Markets	768,815	727,507	5.7%

\* Excludes one-time expenses in first quarter 2001 of \$1.2 million after tax, or \$.01 per share, related to ice storm damages; also excludes an after-tax gain on asset sales of \$5.2 million, or \$.04 per share, and nonrecurring after-tax charges of \$3.8 million, or \$.03 per share, in first quarter 2000

"CenturyTel achieved solid revenue and cash flow growth this quarter despite a weaker than anticipated economy, a major ice-storm in our Southern markets, and additional expenses related to our CLEC and DSL growth initiatives," Glen F. Post, III, President and Chief Executive Officer, said. "Data revenues, excluding acquisitions, rose 37% during the quarter. We also achieved strong long distance and DSL customer growth as CenturyTel added 29,600 long distance customers and 5,400 DSL customers representing 90% growth in DSL subscribers since fourth quarter 2000. While we remain confident regarding CenturyTel's growth initiatives and long-term outlook, we are concerned about weaker consumer demand over the remainder of 2001."

Consolidated revenues rose 25.0% to \$516.0 million from \$413.0 million. Excluding non-recurring items, EBITDA grew to \$257.2 million from \$202.5 million, a 27.0% increase. CenturyTel achieved a consolidated EBITDA margin of 49.9% during the quarter. Excluding non-recurring items, net income was \$47.9 million in both the first quarter of 2001 and 2000. The lack of growth in net income is due to higher interest expense, amortization of goodwill stemming from acquisitions, certain regulatory issues that are being addressed, and higher expenses related to CLEC and DSL growth initiatives. Excluding non-recurring items, cash earnings per share was \$.44 in first quarter 2001 compared to \$.42 in first quarter 2000. Excluding non-recurring items, diluted earnings per share was \$.34 in both periods.

"In the near term, we remain focused on resolving the regulatory issues that are adversely affecting the revenues and expenses of several of our acquired properties," Post said. "Although the process is not going as fast as we would like, we believe CenturyTel is making solid progress in enhancing the financial performance of these acquired properties, and we look forward to seeing these issues resolved over the remainder of the year."

Telephone revenues grew 34.1% to \$371.2 million during the quarter compared with \$276.9 million in first quarter 2000. The 493,000 access lines acquired from Verizon during 2000 contributed \$88.4 million in telephone revenues during the first quarter. Telephone operating income increased 23.1%, reaching \$104.0 million from \$84.5 million in first quarter 2000, and EBITDA rose 32.6% to \$201.3 million from \$151.9 million a year ago. CenturyTel's first quarter telephone EBITDA margin was 54.2% while the operating income margin was 28.0%.

"After a review of the profitability of our rate plans on a market-by-market basis, we discovered a major expense issue with some of the unlimited calling plans in the properties acquired from Verizon in Arkansas," Post said. "These plans cost CenturyTel \$.02 per share during the quarter, and we are seeking to cap them in order to lower our expenses."

On April 19, the Wisconsin Public Service Commission approved an interim rate increase of \$8.8 million annually on the former Ameritech properties pending the determination of final rates in a rate case CenturyTel has filed with the commission. Separately, the commission ordered CenturyTel to make a refund of \$14.7 million related to access charges collected on the former Ameritech properties from December 1998 through 2000. The company is challenging the refund order in Wisconsin State Court. Should CenturyTel lose the appeal, the company will have to take a one-time charge of \$.03 per share.

Wireless revenues grew 4.0% to \$104.4 million in first quarter 2001 compared with \$100.4 million in first quarter 2000. Wireless operating income was \$24.9 million compared to \$19.9 million, a 25.3% increase, and EBITDA increased 14.6% to \$41.5 million compared to \$36.2 million a year ago. CenturyTel's first quarter wireless EBITDA margin was 41.1% based on service revenues, and operating income margin was 24.6% based on service revenues. Net wireless subscriber additions were 17,600 for the quarter. Average monthly cellular service revenue per user was \$44 during first quarter 2001, reflecting a 2.2% decline from first quarter 2000. The average monthly churn rate was 2.36% for contract customers.

Other operations revenues grew 13.3% to \$40.4 million during first quarter 2001 compared with \$35.6 million in first quarter 2000. CenturyTel's long distance revenues increased 11.2% to \$27.6 million from \$24.8 million. CenturyTel now serves more than 392,900 long distance customers, adding more than 29,600 during the quarter. Internet revenues rose 67.6% to \$8.4 million from \$5.0 million. The company experienced a \$2.8 million operating loss this quarter in its Internet operations due to startup expenses pertaining to the rapid growth of DSL. CenturyTel now serves more than 11,400 DSL customers, adding more than 5,400 during the quarter. CLEC operating losses were \$2.1 million during the quarter.

"CenturyTel's aggressive broadband deployment has enabled us to implement high-speed data services ahead of the cable providers in most of our markets," Post said. "We increased the number of DSL-enabled access lines more than 80% from year end 2000 to nearly 1.2 million DSL-enabled lines at the end of the first quarter."

CenturyTel provides updated financial guidance for 2001. For the year, the company anticipates achieving total revenues and EBITDA at the

low end of its previous guidance pending the outcome of state regulatory issues. Cash earnings per share before one-time items is estimated to be \$1.94 to \$2.04. For 2001, earnings per share, before one-time items, is anticipated to be in the range of \$1.52 to \$1.62.

For the second quarter, total revenues are expected to range from \$520 million to \$535 million. CenturyTel believes second quarter operating cash flow will be in the range of \$250 million to \$260 million. Operating income is anticipated to be approximately \$130 million to \$145 million. Cash earnings per share is anticipated to be \$.46 to \$.51, while earnings per share is expected to be in the range of \$.35 to \$.40.

There are a number of factors which have led to the revised guidance: (1) a weaker economy which has led CenturyTel to reduce its revenue growth expectations; (2) lower expectations for earnings from unconsolidated cellular partnerships; (3) higher than anticipated wireline expenses related to unprofitable local calling plans in several of the Verizon markets in Arkansas--an issue the company believes it can resolve during third quarter 2001; and (4) greater expenses related to the rapid growth of CenturyTel's DSL subscriber base.

All amounts disclosed above exclude one-time items.

In addition to historical information, this release includes forward-looking statements, estimates and projections that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond the control of CenturyTel. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the Company's ability to effectively manage its growth, including integrating newly acquired businesses into our operations, hiring adequate numbers of qualified staff and successfully upgrading our billing and other information systems; the inherent risk of rapid technological change; the effects of on-going changes in the regulation of the Company or the communications industry generally; 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 offerings on a timely and cost-effective basis; higher than anticipated interest rates; and the effects of more general factors such as changes in overall market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. The information contained in this release is as of April 26, 2001. The Company undertakes no obligation to update or revise any of this information whether a result of new information, future events or developments, or otherwise.

CenturyTel's management will be hosting a conference call April 26 at 9:30

A.M. Central time to discuss first quarter earnings and the outlook for 2001. Investors can access CenturyTel's earnings conference call and replay by accessing the company's Web site at ([www.centurytel.com](http://www.centurytel.com))

CenturyTel, Inc. provides communications services including local exchange, wireless, long distance, Internet access and data services to nearly three million customers in 21 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL. CenturyTel is the 8th largest local exchange telephone company, based on access lines, and the 8th largest cellular company, based on population equivalents owned, in the United States.

Visit CenturyTel's corporate Web site at ([www.centurytel.com](http://www.centurytel.com))

**CenturyTel, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THREE MONTHS ENDED MARCH 31, 2001 AND 2000**  
**(UNAUDITED)**

In thousands, except per share amount	2001	2000	INCREASE (DECREASE)
<b>TELEPHONE OPERATIONS</b>			
Operating revenues			
Local service	\$ 121,161	88,065	37.6%
Network access	213,867	162,253	31.8%
Other	36,221	26,608	36.1%
	371,249	276,926	34.1%
Plant operations	93,885	62,776	49.6%
Customer operations	29,257	22,761	28.5%
Corporate and other	46,765	39,532	18.3%
Depreciation and amortization	97,361	67,360	44.5%
	267,268	192,429	38.9%
Telephone operating income	103,981	84,497	23.1%
<b>WIRELESS OPERATIONS</b>			

Operating revenues			
Service revenues	101,100	96,623	4.6%
Equipment sales	3,306	3,781	(12.6%)
	104,406	100,404	4.0%
Operating expenses			
Cost of equipment sold	5,844	8,180	(28.6%)
System operations	17,466	15,653	11.6%
General, administrative and customer service	20,737	18,206	13.9%
Sales and marketing	18,825	22,125	(14.9%)
Depreciation and amortization	16,614	16,349	1.6%
	79,486	80,513	(1.3%)
Wireless operating income	24,920	19,891	25.3%
OTHER OPERATIONS			
Operating revenues	40,353	35,626	13.3%
Operating expenses			
Cost of sales and other	33,589	27,490	22.2%
Depreciation and amortization	1,457	1,102	32.2%
	35,046	28,592	22.6%
Other operating income	5,307	7,034	(24.6%)
TOTAL OPERATING INCOME	134,208	111,422	20.5%
OTHER INCOME (EXPENSE)			
Gain on sales of assets	-	9,910	(100.0%)
Interest expense	(61,703)	(36,042)	71.2%
Income (loss) from unconsolidated cellular entities	5,321	(1,459)	464.7%
Minority interest	(2,649)	(2,292)	15.6%
Other income and expense	2,923	4,229	(30.9%)
Income tax expense	(31,378)	(36,484)	(14.0%)
NET INCOME	\$ 46,722	49,284	(5.2%)
NET INCOME EXCLUDING NONRECURRING ITEMS*	\$ 47,922	47,897	0.1%
EARNINGS PER SHARE			
Basic	\$ 0.33	0.35	(5.7%)
Diluted	\$ 0.33	0.35	(5.7%)
EARNINGS PER SHARE EXCLUDING NONRECURRING ITEMS*			
Basic	\$ 0.34	0.34	-
Diluted	\$ 0.34	0.34	-
SHARES OUTSTANDING			
Basic	140,572	139,737	0.6%
Diluted	142,482	141,728	0.5%
DIVIDENDS PER COMMON SHARE	\$ 0.0500	0.0475	5.3%

**CenturyTel, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2001 AND DECEMBER 31, 2000**  
**(UNAUDITED)**

Other current assets	319,446	357,465
Total current assets	335,319	376,504
PROPERTY, PLANT AND EQUIPMENT		
Telephone	5,067,201	4,999,808
Wireless	518,901	522,684
Other	415,165	392,024
Accumulated depreciation	(3,046,600)	(2,955,223)
Net property, plant and equipment	2,954,667	2,959,293
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired	2,526,785	2,509,033
Other	571,954	548,460
Total investments and other assets	3,098,739	3,057,493
TOTAL ASSETS	\$ 6,388,725	6,393,290
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LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term debt and current maturities of	\$ 474,921	425,962
Other current liabilities	317,980	317,408
Total current liabilities	792,901	743,370
LONG-TERM DEBT	2,980,442	3,050,292
DEFERRED CREDITS AND OTHER LIABILITIES	540,376	567,549
STOCKHOLDERS' EQUITY	2,075,006	2,032,079
TOTAL LIABILITIES AND EQUITY	\$ 6,388,725	6,393,290
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**CAPITAL EXPENDITURES**  
**THREE MONTHS ENDED MARCH 31, 2001 AND 2000**

	2001	2000	INC (DEC)
(in thousands)			
Telephone	\$ 72,680	29,309	148.0%
Wireless	18,332	3,679	398.3%
Other	29,573	25,177	17.5%
Total capital expenditures	\$ 120,585	58,165	107.3%
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**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.**

By: /s/ Neil A. Sweasy  
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Neil A. Sweasy

Vice President and Controller