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CENTURYTEL INC
Form 8-K
January 31, 2003

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) January 30, 2003

CenturyTel, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------------|--|
| Louisiana (State or other jurisdiction of incorporation) | 1-7784 (Commission File Number) | 72-0651161 (IRS Employer Identification No.) |
|---|---------------------------------------|--|

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

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

Item 5. Other Events.

On January 30, 2003, CenturyTel, Inc. issued a press release announcing its fourth quarter 2002 consolidated operating results and financial guidance for 2003. The entire text of the release is reproduced below:

FOR IMMEDIATE RELEASE
January 30, 2003

FOR MORE INFORMATION CONTACT:
Media: Patricia Cameron 318.388.9674
patricia.cameron@centurytel.com
Investors: Tony Davis 318.388.9525
tony.davis@centurytel.com

CenturyTel Achieves Strong Fourth Quarter Results

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for fourth quarter 2002.

- o Revenues from continuing operations increased 34.8% to \$585.9 million.
- o Earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA), excluding nonrecurring items, rose 39.5% to \$306.2 million.
- o Income from continuing operations, excluding nonrecurring items, climbed 67.2% to \$84.0 million.

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- o Diluted earnings per share, excluding nonrecurring items, increased 13.5% to \$.59.
- o Free cash flow, excluding nonrecurring items, was \$79.9 million.

Fourth Quarter Highlights

| (Excluding nonrecurring items) (In thousands, except per share and customer amounts) | Quarter Ended 12/31/02 | Quarter Ended 12/31/01 | % Change |
|--|---------------------------|---------------------------|----------|
| Revenues from continuing operations (1) | \$ 585,879 | \$ 434,679 | 34.8% |
| EBITDA from continuing operations (2) | \$ 306,192 | \$ 219,485 | 39.5% |
| Income from continuing operations (2) | \$ 83,964 | \$ 50,221 (3) | 67.2% |
| Net Income | \$ 85,074 | \$ 74,386 (3) | 14.4% |
| Diluted Earnings Per Share from continuing operations (2) | \$.59 | \$.35 (3) | 68.6% |
| Diluted Earnings Per Share | \$.59 | \$.52 (3) | 13.5% |
| Average Diluted Shares Outstanding | 143,380 | \$ 142,427 | .7% |
| Telephone Revenues (1) | \$ 519,427 | \$ 388,853 | 33.6% |
| Other Operations Revenues | \$ 66,452 | \$ 45,826 | 45.0% |
| Telephone Access Lines (1) | 2,414,564 | 1,797,643 | 34.3% |
| Long Distance Customers | 648,797 | 465,872 | 39.3% |

- (1) Reflects the acquisition of access lines in 2002 that generated \$130.0 million of telephone revenues during the fourth quarter.
- (2) Includes corporate overheads previously allocated to discontinued operations.
- (3) As adjusted to reflect the after-tax effect of eliminating goodwill amortization in accordance with SFAS 142.

"The fourth quarter results include a full quarter's impact of the Alabama and Missouri properties acquired from Verizon during the third quarter," Glen F. Post, III, chairman and chief executive officer, said. "These markets are making strong contributions to revenue and operating cash flow and we are pleased with our early success in offering CenturyTel's bundled services in these markets."

Consolidated revenues from continuing operations for the fourth quarter rose 34.8% to \$585.9 million from \$434.7 million. EBITDA from continuing operations, excluding nonrecurring items, grew to \$306.2 million from \$219.5 million, representing a consolidated EBITDA margin of 52.3% during the quarter. Income from continuing operations for the quarter, excluding nonrecurring items, increased 67.2% to \$84.0 million from \$50.2 million (as adjusted) in fourth quarter 2001. Diluted earnings per share from continuing operations, excluding nonrecurring items, increased 68.6% to \$.59 from \$.35 (as adjusted). Diluted earnings per share, excluding nonrecurring items, increased 13.5% to \$.59 from \$.52 (as adjusted).

Telephone revenues grew 33.6% to \$519.4 million during the quarter, compared with \$388.9 million in fourth quarter 2001. Increases in telephone revenues and telephone operating expenses were primarily due to the Verizon acquisitions. In our legacy markets, growth in vertical services and interstate

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revenues were offset by declines in intrastate access and toll revenues. Telephone operating income increased 35.8% to \$176.8 million from \$130.2 million (as adjusted), and telephone EBITDA rose 33.3% to \$289.8 million from \$217.4 million a year ago. CenturyTel's fourth quarter telephone EBITDA margin was 55.8% while the operating income margin was 34.0%.

Other Operations revenues grew 45.0% to \$66.5 million during fourth quarter 2002, compared with \$45.8 million in fourth quarter 2001. CenturyTel's long distance revenues increased \$10.5 million, or 34.7%, to \$40.7 million. CenturyTel now serves 648,800 long distance customers. Internet revenues increased 44.1% to \$16.4 million in fourth quarter 2002 from \$11.4 million in fourth quarter 2001. The Internet business generated operating cash flow of \$800,000 for the quarter compared to negative operating cash flow of \$1.4 million for the fourth quarter 2001. CenturyTel CLEC revenues increased \$4.2 million, principally as a result of the acquisition of CLEC operations in February 2002.

"The deployment of long distance service to our newly acquired customers in Alabama and Missouri has been very successful as reflected in our 15.9% long distance penetration rate for those properties in less than six months," Post said. "Across all our markets, we added almost 64,000 long distance customers during the quarter, a record number for CenturyTel."

For fourth quarter 2002, in accordance with generally accepted accounting principles (GAAP), the Company reported net income of \$44.3 million, or \$.31 per diluted share, compared to net income of \$63.8 million (as adjusted), or \$.45 per diluted share in fourth quarter 2001. Fourth quarter 2002 reflects a \$39.0 million after-tax charge associated with the redemption on October 15, 2002, of the Company's \$400 million Series I remarketable senior notes. See the accompanying financial information for additional nonrecurring items that affected the periods ending December 31, 2002 and 2001.

For the full year 2002, income from continuing operations, excluding nonrecurring items, increased 40.7% to \$244.9 million from \$174.1 million in 2001 (as adjusted) and diluted earnings per share from continuing operations, excluding nonrecurring items, increased 40.2% to \$1.71 from \$1.22 (as adjusted). Consolidated revenues from continuing operations, excluding nonrecurring items, increased 17.9% to \$1.980 billion from \$1.680 billion while EBITDA, excluding non-recurring items, was \$1.012 billion compared to \$840.4 million a year ago, a 20.4% increase. Diluted earnings per share, excluding non-recurring items, was \$2.27 for 2002 compared to \$1.98 for 2001 (as adjusted). Included in the \$2.27 for 2002 is a contribution of approximately \$.08 related to the discontinuation of wireless depreciation due to the accounting treatment of the Company's wireless business as discontinued operations effective March 19, 2002.

For the year 2002, prepared in accordance with GAAP, the Company reported net income of \$801.6 million, or \$5.61 per diluted share, compared to net income of \$399.3 million, or \$2.81 per diluted share for the year 2001 (as adjusted).

Guidance for 2003. Giving effect to a full year's operations of the Verizon properties, anticipated increases in pension expense and pre- and post-retirement medical costs, and anticipated amortization expense and operating costs as we convert to our new billing and customer care system, CenturyTel expects diluted earnings per share to be in the range of \$2.05 to \$2.15 for the full year 2003. This compares to diluted earnings per share from continuing operations (which excludes our discontinued wireless operations) for the full year 2002 of \$1.71 per share.

For first quarter 2003, CenturyTel expects total revenues of \$568 million to \$583 million, operating cash flow of \$285 million to \$295 million, and diluted earnings per share of \$.49 to \$.53. All these figures exclude nonrecurring items.

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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 successfully integrating newly acquired businesses into its operations, hiring adequate numbers of qualified staff and successfully upgrading its 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; the Company's ability to collect its receivables from financially troubled communications companies; 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, 2001. The information contained in this release is as of January 30, 2003. The Company undertakes no obligation to update or revise any of this information whether as a result of new information, future events or developments, or otherwise.

CenturyTel's management will host a conference call at 10:30 A.M. Central time today. Interested parties can access the call by dialing 800.729.6845 and the call will be accessible for replay by calling 800.642.1687 and entering the conference-id number: 7493017. Investors can also listen to CenturyTel's earnings conference call and replay by accessing the Company's Web site at (www.centurytel.com)

CenturyTel, Inc. provides communications services including local, long distance, Internet access and data services to more than 3 million customers in 22 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL, and is included in the S&P 500 Index. CenturyTel is the 8th largest local exchange telephone company, based on access lines, in the United States. Visit CenturyTel's corporate Web site at www.centurytel.com.

CenturyTel, Inc.
 CONSOLIDATED STATEMENTS OF INCOME
 THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001
 (UNAUDITED)

| | Three months ended December 31, 2002 | | | Three months ended December 31, 2001 | | |
|---|--------------------------------------|------------------------------------|--|--------------------------------------|------------------------------------|--|
| | | Less non- recurring items | As adjusted excluding non- recurring items | | Less non- recurring items | As adjusted excluding non- recurring items |
| In thousands, except per share amounts | As reported | | | As reported | | |
| | | | | | | |

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TELEPHONE OPERATIONS

| | | | | | | |
|-------------------------------|------------|---|---------|---------|---|---------|
| Operating revenues | | | | | | |
| Local service | \$ 186,248 | - | 186,248 | 124,246 | - | 124,246 |
| Network access | 285,978 | - | 285,978 | 228,589 | - | 228,589 |
| Other | 47,201 | - | 47,201 | 36,018 | - | 36,018 |
| | 519,427 | - | 519,427 | 388,853 | - | 388,853 |
| Operating expenses | | | | | | |
| Plant operations | 127,957 | - | 127,957 | 94,486 | - | 94,486 |
| Customer operations | 45,018 | - | 45,018 | 30,861 | - | 30,861 |
| Corporate and other | 56,655 | - | 56,655 | 46,154 | - | 46,154 |
| Depreciation and amortization | 112,980 | - | 112,980 | 101,660 | - | 101,660 |
| | 342,610 | - | 342,610 | 273,161 | - | 273,161 |
| Telephone operating income | 176,817 | - | 176,817 | 115,692 | - | 115,692 |

OTHER OPERATIONS

| | | | | | | |
|---|----------|--------------|----------|----------|-------------|----------|
| Operating revenues | | | | | | |
| Long distance | 40,665 | - | 40,665 | 30,199 | - | 30,199 |
| Internet | 16,402 | - | 16,402 | 11,379 | - | 11,379 |
| Other | 9,385 | - | 9,385 | 4,248 | - | 4,248 |
| | 66,452 | - | 66,452 | 45,826 | - | 45,826 |
| Operating expenses | | | | | | |
| Cost of sales and other | 49,258 | 1,929 (1) | 47,329 | 37,870 | - | 37,870 |
| Depreciation and amortization | 4,901 | - | 4,901 | 2,515 | - | 2,515 |
| | 54,159 | 1,929 | 52,230 | 40,385 | - | 40,385 |
| Other operating income | 12,293 | (1,929) | 14,222 | 5,441 | - | 5,441 |
| Corporate overhead costs allocable to discontinued operations | - | - | - | (5,337) | - | (5,337) |
| TOTAL OPERATING INCOME | 189,110 | (1,929) | 191,039 | 115,796 | - | 115,796 |
| OTHER INCOME (EXPENSE) | | | | | | |
| Interest expense | (57,019) | - | (57,019) | (52,024) | - | (52,024) |
| Other income and expense | (63,458) | (60,730) (2) | (2,728) | (3,486) | (3,000) (4) | (486) |
| Income tax expense | (25,398) | 21,930 (3) | (47,328) | (23,629) | 1,050 (5) | (24,679) |
| INCOME FROM CONTINUING OPERATIONS | 43,235 | (40,729) | 83,964 | 36,657 | (1,950) | 38,607 |
| DISCONTINUED OPERATIONS, NET OF TAX | 1,110 | - | 1,110 | 13,106 | (8,615) (6) | 21,721 |

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| | | | | | | | |
|--|----|--------|----------|--------|--------|----------|--------|
| NET INCOME | \$ | 44,345 | (40,729) | 85,074 | 49,763 | (10,565) | 60,328 |
| Add: After tax effect of goodwill amorti- zation | | - | - | - | 14,058 | - | 14,058 |
| NET INCOME, as adjusted | \$ | 44,345 | (40,729) | 85,074 | 63,821 | (10,565) | 74,386 |

BASIC EARNINGS PER SHARE

| | | | | | | | |
|---|----|------|--------|------|------|--------|------|
| From continuing operations | \$ | 0.30 | (0.29) | 0.59 | 0.26 | (0.01) | 0.27 |
| From continuing operations, as adjusted | \$ | 0.30 | (0.29) | 0.59 | 0.34 | (0.01) | 0.36 |
| From discontinued operations | \$ | 0.01 | - | 0.01 | 0.09 | (0.06) | 0.15 |
| From discontinued operations, as adjusted | \$ | 0.01 | - | 0.01 | 0.11 | (0.06) | 0.17 |
| Basic earnings per share | \$ | 0.31 | (0.29) | 0.60 | 0.35 | (0.07) | 0.43 |
| Basic earnings per share, as adjusted | \$ | 0.31 | (0.29) | 0.60 | 0.45 | (0.07) | 0.53 |

DILUTED EARNINGS PER SHARE

| | | | | | | | |
|---|----|------|--------|------|------|--------|------|
| From continuing operations | \$ | 0.30 | (0.28) | 0.59 | 0.26 | (0.01) | 0.27 |
| From continuing operations, as adjusted | \$ | 0.30 | (0.28) | 0.59 | 0.34 | (0.01) | 0.35 |
| From discontinued operations | \$ | 0.01 | - | 0.01 | 0.09 | (0.06) | 0.15 |
| From discontinued operations, as adjusted | \$ | 0.01 | - | 0.01 | 0.11 | (0.06) | 0.17 |
| Diluted earnings per share | \$ | 0.31 | (0.28) | 0.59 | 0.35 | (0.07) | 0.42 |
| Diluted earnings per share, as adjusted | \$ | 0.31 | (0.28) | 0.59 | 0.45 | (0.07) | 0.52 |

SHARES OUTSTANDING

| | | | | |
|---------|---------|---------|---------|---------|
| Basic | 142,465 | 142,465 | 140,909 | 140,909 |
| Diluted | 143,380 | 143,380 | 142,427 | 142,427 |

DIVIDENDS PER
COMMON SHARE

| | | | | |
|----|--------|--------|--------|--------|
| \$ | 0.0525 | 0.0525 | 0.0500 | 0.0500 |
|----|--------|--------|--------|--------|

NONRECURRING ITEMS

- (1) - Write off costs associated with abandoned project
- (2) - Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million), and write-off of nonoperating investment (\$781,000)
- (3) - Tax effect of items (1) and (2)
- (4) - Costs to defend unsolicited takeover proposal
- (5) - Tax effect of item (4)
- (6) - Unfavorable nonrecurring charge in cellular partnership in which the Company owned a minority interest, net of tax

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CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2002 AND 2001
(UNAUDITED)

| In thousands, except per share amounts | Year ended December 31, 2002 | | | Year ended December 31, 2001 | | |
|---|------------------------------|------------------------------------|--|------------------------------|------------------------------------|--|
| | As reported | Less non- recurring items | As adjusted excluding non- recurring items | As reported | Less non- recurring items | As adjusted excluding non- recurring items |
| TELEPHONE OPERATIONS | | | | | | |
| Operating revenues | | | | | | |
| Local service | \$ 604,580 | - | 604,580 | 491,529 | - | 491,529 |
| Network access | 972,303 | (7,645) (1) | 979,948 | 874,458 | - | 874,458 |
| Other | 156,709 | - | 156,709 | 139,746 | - | 139,746 |
| | 1,733,592 | (7,645) | 1,741,237 | 1,505,733 | - | 1,505,733 |
| Operating expenses | | | | | | |
| Plant operations | 433,187 | - | 433,187 | 380,466 | 2,000 (8) | 378,466 |
| Customer operations | 148,502 | - | 148,502 | 117,080 | - | 117,080 |
| Corporate and other | 211,924 | 15,000 (2) | 196,924 | 186,483 | - | 186,483 |
| Depreciation and amortization | 396,866 | - | 396,866 | 398,284 | - | 398,284 |
| | 1,190,479 | 15,000 | 1,175,479 | 1,082,313 | 2,000 | 1,080,313 |
| Telephone operating income | 543,113 | (22,645) | 565,758 | 423,420 | (2,000) | 425,420 |
| OTHER OPERATIONS | | | | | | |
| Operating revenues | | | | | | |
| Long distance | 146,536 | - | 146,536 | 117,363 | - | 117,363 |
| Internet | 58,665 | - | 58,665 | 39,057 | - | 39,057 |
| Other | 33,203 | - | 33,203 | 17,351 | - | 17,351 |
| | 238,404 | - | 238,404 | 173,771 | - | 173,771 |
| Operating expenses | | | | | | |
| Cost of sales and other | 180,076 | 1,929 (3) | 178,147 | 142,919 | - | 142,919 |
| Depreciation and amortization | 14,760 | - | 14,760 | 8,754 | - | 8,754 |
| | 194,836 | 1,929 | 192,907 | 151,673 | - | 151,673 |
| Other operating income | 43,568 | (1,929) | 45,497 | 22,098 | - | 22,098 |

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| | | | | | | |
|---|------------|--------------|-----------|-----------|--------------|-----------|
| Corporate overhead costs allocable to discontinued operations | (11,275) | - | (11,275) | (20,213) | - | (20,213) |
| <hr/> | | | | | | |
| TOTAL OPERATING INCOME | 575,406 | (24,574) | 599,980 | 425,305 | (2,000) | 427,305 |
| | | | | | | |
| OTHER INCOME (EXPENSE) | | | | | | |
| Nonrecurring gains and losses | 3,709 | 3,709 (4) | - | 33,043 | 33,043 (9) | - |
| Interest expense | (221,845) | - | (221,845) | (225,523) | - | (225,523) |
| Other income and expense | (63,814) | (63,730) (5) | (84) | 31 | (6,000) (10) | 6,031 |
| Income tax expense | (103,537) | 29,608 (6) | (133,145) | (88,710) | (8,666) (11) | (80,044) |
| <hr/> | | | | | | |
| INCOME FROM CONTINUING OPERATIONS | 189,919 | (54,987) | 244,906 | 144,146 | 16,377 | 127,769 |
| DISCONTINUED OPERATIONS, NET OF TAX | 611,705 | 531,625 (7) | 80,080 | 198,885 | 100,993 (12) | 97,892 |
| <hr/> | | | | | | |
| NET INCOME | \$ 801,624 | 476,638 | 324,986 | 343,031 | 117,370 | 225,661 |
| Add: After tax effect of goodwill amortization | - | - | - | 56,266 | - | 56,266 |
| <hr/> | | | | | | |
| NET INCOME, as adjusted | \$ 801,624 | 476,638 | 324,986 | 399,297 | 117,370 | 281,927 |
| <hr/> | | | | | | |
| BASIC EARNINGS PER SHARE | | | | | | |
| From continuing operations | \$ 1.34 | (0.39) | 1.73 | 1.02 | 0.12 | 0.90 |
| From continuing operations, as adjusted | \$ 1.34 | (0.39) | 1.73 | 1.35 | 0.12 | 1.23 |
| From discontinued operations | \$ 4.32 | 3.75 | 0.57 | 1.41 | 0.72 | 0.70 |
| From discontinued operations, as adjusted | \$ 4.32 | 3.75 | 0.57 | 1.48 | 0.72 | 0.77 |
| Basic earnings per share | \$ 5.66 | 3.37 | 2.29 | 2.43 | 0.83 | 1.60 |
| Basic earnings per share, as adjusted | \$ 5.66 | 3.37 | 2.29 | 2.83 | 0.83 | 2.00 |
| | | | | | | |
| DILUTED EARNINGS PER SHARE | | | | | | |
| From continuing operations | \$ 1.33 | (0.38) | 1.71 | 1.01 | 0.12 | 0.90 |
| From continuing operations, as adjusted | \$ 1.33 | (0.38) | 1.71 | 1.34 | 0.12 | 1.22 |
| From discontinued operations | \$ 4.28 | 3.72 | 0.56 | 1.40 | 0.71 | 0.69 |
| From discontinued operations, as | | | | | | |

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| | | | | | | | |
|--------------------|----|---------|------|---------|---------|------|---------|
| adjusted | \$ | 4.28 | 3.72 | 0.56 | 1.47 | 0.71 | 0.76 |
| Diluted earnings | | | | | | | |
| per share | \$ | 5.61 | 3.34 | 2.27 | 2.41 | 0.82 | 1.59 |
| Diluted earnings | | | | | | | |
| per share, as | | | | | | | |
| adjusted | \$ | 5.61 | 3.34 | 2.27 | 2.81 | 0.82 | 1.98 |
| SHARES OUTSTANDING | | | | | | | |
| Basic | | 141,613 | | 141,613 | 140,743 | | 140,743 |
| Diluted | | 142,879 | | 142,879 | 142,307 | | 142,307 |
| DIVIDENDS PER | | | | | | | |
| COMMON SHARE | \$ | 0.2100 | | 0.2100 | 0.2000 | | 0.2000 |

NONRECURRING ITEMS

- (1) - Refunds of access charges to interexchange carriers
- (2) - Reserve for uncollectible receivables, primarily WorldCom
- (3) - Write off costs associated with abandoned project
- (4) - Gain on sale of PCS license
- (5) - Redemption premium on remarketable notes, net of unamortized premium (\$59.9 million); costs to defend unsolicited takeover proposal (\$3.0 million); and write-off of nonoperating investment (\$781,000)
- (6) - Tax effect of items (1) through (5)
- (7) - Gain on sale of wireless operations (\$551.4 million after-tax), net of write down of wireless portion of billing system (\$19.8 million after-tax)
- (8) - Expenses related to ice storm
- (9) - Gain on sale of assets (\$58.5 million), net of write down of nonoperating investments (\$25.5 million)
- (10) - Costs to defend unsolicited takeover proposal
- (11) - Tax effect of items (8) through (10)
- (12) - Gain on sale of PCS licences (\$107.5 million after-tax), net of unfavorable nonrecurring charge in cellular partnership in which the Company owned a minority interest (\$6.5 million after-tax)

CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2002 AND DECEMBER 31, 2001
(UNAUDITED)

| | DEC. 31, 2002 | DEC. 31, 2001 |
|-------------------------------|------------------|------------------|
| | ----- | |
| | (in thousands) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 3,661 | 3,496 |
| Other current assets | 292,241 | 226,417 |
| | ----- | |
| Total current assets | 295,902 | 229,913 |
| | ----- | |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Telephone | 6,145,283 | 5,292,255 |

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| | | |
|--|--------------|-------------|
| Other | 521,292 | 446,920 |
| Accumulated depreciation | (3,337,547) | (3,003,033) |
| Net property, plant and equipment | 3,329,028 | 2,736,142 |
| INVESTMENTS AND OTHER ASSETS | | |
| Excess cost of net assets acquired | 3,629,898 | 2,087,158 |
| Other | 503,775 | 420,043 |
| Total investments and other assets | 4,133,673 | 2,507,201 |
| ASSETS HELD FOR SALE | | |
| | 11,805 | 845,428 |
| TOTAL ASSETS | \$ 7,770,408 | 6,318,684 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Short-term debt and current maturities of long-term debt | \$ 70,737 | 1,008,834 |
| Other current liabilities | 317,367 | 230,048 |
| Total current liabilities | 388,104 | 1,238,882 |
| LONG-TERM DEBT | 3,578,132 | 2,087,500 |
| DEFERRED CREDITS AND OTHER LIABILITIES | 716,168 | 506,052 |
| LIABILITIES RELATED TO ASSETS HELD FOR SALE | - | 148,870 |
| STOCKHOLDERS' EQUITY | 3,088,004 | 2,337,380 |
| TOTAL LIABILITIES AND EQUITY | \$ 7,770,408 | 6,318,684 |

CAPITAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2002 AND 2001

| | Year Ended December 31, 2002 | 2001 | Increase (Decrease) |
|------------------------------------|---------------------------------|---------|------------------------|
| (in thousands) | | | |
| CAPITAL EXPENDITURES | | | |
| Telephone | \$ 319,536 | 351,010 | (9.0%) |
| Wireless (discontinued operations) | 27,242 | 71,212 | (61.7%) |
| Other | 66,731 | 84,505 | (21.0%) |
| Total capital expenditures | \$ 413,509 | 506,727 | (18.4%) |

CAPITAL EXPENDITURES
THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

Three Months Ended December 31, Increase

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| | 2002 | 2001 | (Decrease) |
|------------------------------------|----------------|---------|------------|
| | ----- | | |
| | (in thousands) | | |
| CAPITAL EXPENDITURES | | | |
| Telephone | \$ 98,209 | 102,179 | (3.9%) |
| Wireless (discontinued operations) | - | 18,690 | (100.0%) |
| Other | 17,284 | 1,603 | 978.2% |
| | ----- | | |
| Total capital expenditures | \$ 115,493 | 122,472 | (5.7%) |
| | ===== | | |

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.

January 31, 2003

By: /s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller