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CENTURYTEL INC  
Form 8-K  
July 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) July 31, 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

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ITEM 12. Results of Operations and Financial Condition

The following information, except for our forecasts for the upcoming quarter and for 2003 and except for our references to non-GAAP financial measures (as defined in Regulation G promulgated by the Securities and Exchange Commission), shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed by us under the Securities Act of 1933, as amended, except to the extent that such incorporated information is superceded by information as of a subsequent date that is included in or incorporated by reference into any such registration statement. None of the following information shall be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

On July 31, 2003, we issued a press release announcing our second quarter 2003 consolidated operating results. More complete information on our operating results will be included in our Quarterly Report on Form 10-Q for the period ended June 30, 2003, which we expect to file shortly with the Securities and Exchange Commission. The entire text of our July 31, 2003 press release is reproduced below:

FOR IMMEDIATE RELEASE  
July 31, 2003

FOR MORE INFORMATION CONTACT:  
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Investors: Tony Davis 318.388.9525

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tony.davis@centurytel.com

CenturyTel Reports Second Quarter Earnings; Increases 2003 EPS Guidance

Monroe, LA. . . CenturyTel, Inc. (NYSE Symbol: CTL) announces operating results for second quarter 2003.

- o Revenues from continuing operations increased 34.5% from second quarter 2002 to \$590.1 million.
- o Operating Cash Flow (OCF), defined as operating income plus depreciation and amortization, excluding nonrecurring items, rose to \$305.2 million, an increase of 39.7%.
- o Net income, excluding nonrecurring items, grew 1.5% to \$87.4 million. Reported under GAAP, net income grew 10.9% to \$87.4 million from \$78.8 million.
- o Diluted earnings per share, excluding nonrecurring items, were \$.60 in both periods, while GAAP diluted earnings per share increased 9.1% to \$.60 from \$.55.
- o Free cash flow, excluding nonrecurring items, climbed to \$109.6 million from \$60.5 million.

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## Second Quarter Highlights (1)

| (In thousands, except per share<br>and customer amounts) | Quarter Ended<br>06/30/03 (2) | Quarter Ended<br>06/30/02 | % Change |
|--|-------------------------------|---------------------------|----------|
| Revenues from continuing operations                      | \$ 590,148                    | \$ 438,702                | 34.5%    |
| OCF from continuing operations                           | \$ 305,186                    | \$ 218,535 (3)            | 39.7%    |
| Income from continuing operations                        | \$ 87,367                     | \$ 48,821 (3)             | 79.0%    |
| Net Income   | \$ 87,367                     | \$ 86,102                 | 1.5%     |
| Diluted Earnings Per Share from<br>continuing operations | \$ .60                        | \$ .34                    | 76.5%    |
| Diluted Earnings Per Share                               | \$ .60                        | \$ .60                    | -%       |
| Average Diluted Shares Outstanding                       | 144,475                       | 142,705                   | 1.2%     |
| Telephone Revenues                                       | \$ 514,972                    | \$ 380,499                | 35.3%    |
| Other Operations Revenues                                | \$ 75,176                     | \$ 58,203                 | 29.2%    |
| Telephone Access Lines                                   | 2,403,347                     | 1,795,180                 | 33.9%    |
| Long Distance Customers                                  | 720,358                       | 536,394                   | 34.3%    |

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- (1) These results include adjustments for nonrecurring items and other non-GAAP financial measures. A reconciliation of these items to comparable GAAP measures is included in the attached financial schedules.
  - (2) Reflects the acquisition of access lines in third quarter 2002 that generated approximately \$127.7 million of telephone revenues during second quarter 2003.
  - (3) Includes corporate overheads previously allocated to discontinued operations.

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"CenturyTel's results for the second quarter reflect continuing demand

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for communications services in rural markets and smaller cities where CenturyTel offers bundled services including local, local distance and broadband," Glen F. Post, III, chairman and chief executive officer, said. "Our 29.2% increase in revenues from Other Operations primarily reflects the continued strong growth in our long distance and Internet operations."

Consolidated revenues from continuing operations for the second quarter rose 34.5% to \$590.1 million from \$438.7 million. Operating cash flow from continuing operations, excluding nonrecurring items, grew to \$305.2 million from \$218.5 million, a 39.7% increase. The Company achieved a consolidated cash flow margin of 51.7% for the quarter. Income from continuing operations for the quarter, excluding nonrecurring items, increased 79.0% to \$87.4 million from \$48.8 million in second quarter 2002, primarily due to contributions from the properties acquired from Verizon in third quarter 2002. Diluted earnings per share from continuing operations, excluding nonrecurring items, increased 76.5% to \$.60 from \$.34. Diluted earnings per share, excluding nonrecurring items, were \$.60 in both second quarter 2003 and 2002. The wireless business sold by the Company in August 2002 contributed \$.26 to second quarter 2002 earnings per share, including \$.05 related to discontinuation of depreciation on the assets held for sale.

Telephone revenues for second quarter reached \$515.0 million, a 35.3% increase over \$380.5 million in second quarter 2002. Increases in telephone revenues and telephone operating expenses were primarily due to the Verizon acquisitions in third quarter 2002. In our legacy markets, growth in vertical services and increased revenue from rate increases more than offset declines in access and toll revenues. Telephone operating income, excluding nonrecurring items, increased 46.2% to \$173.6 million from \$118.7 million, and telephone operating cash flow, excluding nonrecurring items, rose 36.9% to \$285.9 million from \$208.9 million a year ago. CenturyTel's second quarter 2003 telephone cash flow margin was 55.5% while the operating income margin was 33.7%.

Other operations revenues grew 29.2% to \$75.2 million during second quarter 2003, compared with \$58.2 million in second quarter 2002. CenturyTel's long distance revenues increased 25.4% to \$43.2 million. CenturyTel now serves more than 720,000 long distance customers and nearly 68,000 DSL customers, adding more than 30,800 and 7,300 customers, respectively, during the quarter. Internet revenues increased 35.0% to \$19.9 million in second quarter 2003 from \$14.7 million in second quarter 2002. CenturyTel CLEC revenues were \$5.1 million for second quarter 2003.

"Through the first half of 2003, we generated free cash flow of nearly \$250 million. Our strong cash flow and solid balance sheet provide us the flexibility to respond to opportunities and challenges as they arise," Post said.

Under generally accepted accounting principles (GAAP), the Company reported a 10.9% increase in net income to \$87.4 million and a 9.1% increase in diluted earnings per share reaching \$.60 for second quarter 2003, compared to \$78.8 million and \$.55 per diluted share, respectively, in second quarter 2002. Net income in second quarter 2002 included a nonrecurring \$15 million pre-tax (\$9.8 million after-tax) charge related to a reserve for uncollectible revenues primarily from WorldCom and a nonrecurring \$2.4 million after-tax gain on the sale of a PCS license.

For the first six months of 2003, revenues from continuing operations increased to \$1.171 billion from \$861.6 million for the same period in 2002, a 35.9% increase. Operating cash flow from continuing operations, excluding nonrecurring items, was \$603.0 million for the first half of 2003 compared to \$429.8 million a year ago, a 40.3% increase. Income from continuing operations, excluding nonrecurring items, increased 79.0% to \$168.1 million from \$93.9 million in 2002.

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For the third quarter 2003, CenturyTel expects total revenues of \$590 to \$605 million and diluted earnings per share of \$.55 to \$.60. For the full year 2003, diluted earnings per share is expected to be in the range of \$2.28 to \$2.34, increased from our previous guidance of \$2.14 to \$2.22. The increase in 2003 earnings per share guidance is driven by the financial results for second quarter exceeding our expectations, the anticipated impact of stronger telephone revenues and lower total expenses than originally forecast for second half 2003, and the contribution from LightCore, which operates the fiber assets acquired from Digital Teleport, Inc. in June 2003.

These outlook figures are presented on a GAAP basis, excluding nonrecurring items and the potential impact of any future mergers, acquisitions, divestitures or other similar business transactions.

Reconciliation to GAAP. This release includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow and adjustments to GAAP measures to exclude the effect of nonrecurring items. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist readers in their understanding of period-to-period operating performance. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial statements. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available on the Company's Web site at [www.centurytel.com](http://www.centurytel.com).

In addition to historical information, this release includes certain 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 the Company. 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 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 Company's business are described in greater detail in 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 of this release. The information contained in this release is as of July 31, 2003. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

CenturyTel's management will host a conference call at 10:30 A.M. Central time today. Interested parties can access the call by dialing 800.346.2923 and the call will be accessible for replay by calling 800.332.6854 and entering the conference-id number: 3383. Investors can also listen to 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, 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

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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 at [www.centurytel.com](http://www.centurytel.com).

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CenturyTel, Inc.  
CONSOLIDATED STATEMENTS OF INCOME  
THREE MONTHS ENDED JUNE 30, 2003 AND 2002  
(UNAUDITED)

| In thousands, except<br>per share amounts | Three months ended June 30, 2003 |                                    |  | Three months ended June 30, |                                    |                                   |
|---|----------------------------------|------------------------------------|--|-----------------------------|------------------------------------|-----------------------------------|
|   | As<br>reported                   | Less<br>non-<br>recurring<br>items | As adjusted<br>excluding<br>non-<br>recurring<br>items | As<br>reported              | Less<br>non-<br>recurring<br>items | As ad<br>excl<br>no<br>recu<br>it |
| TELEPHONE OPERATIONS                      |                                  |                                    |  |                             |                                    |                                   |
| Operating revenues                        |                                  |                                    |  |                             |                                    |                                   |
| Local service                             | \$ 189,264                       | -                                  | 189,264  | 125,357                     | -                                  | 1                                 |
| Network access                            | 280,827                          | -                                  | 280,827  | 220,702                     | -                                  | 2                                 |
| Other                                     | 44,881                           | -                                  | 44,881   | 34,440                      | -                                  |                                   |
|   | 514,972                          | -                                  | 514,972  | 380,499                     | -                                  | 3                                 |
| Operating expenses                        |                                  |                                    |  |                             |                                    |                                   |
| Plant operations                          | 125,951                          | -                                  | 125,951  | 96,147                      | -                                  |                                   |
| Customer operations                       | 42,243                           | -                                  | 42,243   | 32,385                      | -                                  |                                   |
| Corporate and other                       | 60,899                           | -                                  | 60,899   | 58,099                      | 15,000                             | (1)                               |
| Depreciation and<br>amortization          | 112,297                          | -                                  | 112,297  | 90,159                      | -                                  |                                   |
|   | 341,390                          | -                                  | 341,390  | 276,790                     | 15,000                             | 2                                 |
| Telephone operating income                | 173,582                          | -                                  | 173,582  | 103,709                     | (15,000)                           | 1                                 |
| OTHER OPERATIONS                          |                                  |                                    |  |                             |                                    |                                   |
| Operating revenues                        |                                  |                                    |  |                             |                                    |                                   |
| Long distance                             | 43,201                           | -                                  | 43,201   | 34,462                      | -                                  |                                   |
| Internet                                  | 19,850                           | -                                  | 19,850   | 14,706                      | -                                  |                                   |
| Other                                     | 12,125                           | -                                  | 12,125   | 9,035                       | -                                  |                                   |
|   | 75,176                           | -                                  | 75,176   | 58,203                      | -                                  |                                   |
| Operating expenses                        |                                  |                                    |  |                             |                                    |                                   |
| Cost of sales<br>and other                | 55,869                           | -                                  | 55,869   | 43,402                      | -                                  |                                   |
| Depreciation and<br>amortization          | 4,508                            | -                                  | 4,508  | 3,845                       | -                                  |                                   |
|   | 60,377                           | -                                  | 60,377   | 47,247                      | -                                  |                                   |

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|   |                  |          |                |                |                 |
|---|------------------|----------|----------------|----------------|-----------------|
| Other operating income  | 14,799           | -        | 14,799         | 10,956         | -               |
| Corporate overhead costs allocable to discontinued operations | -                | -        | -              | (5,134)        | -               |
| <b>TOTAL OPERATING INCOME</b>                                 | <b>188,381</b>   | <b>-</b> | <b>188,381</b> | <b>109,531</b> | <b>(15,000)</b> |
| <b>OTHER INCOME (EXPENSE)</b>                                 |                  |          |                |                |                 |
| Interest expense  | (55,957)         | -        | (55,957)       | (54,157)       | -               |
| Income from unconsolidated cellular entity                    | 1,590            | -        | 1,590          | 1,960          | -               |
| Nonrecurring gains and losses                                 | -                | -        | -              | 3,709          | 3,709 (2)       |
| Other income and expense                                      | 974              | -        | 974            | 2,485          | -               |
| Income tax expense  | (47,621)         | -        | (47,621)       | (22,046)       | 3,952 (3)       |
| <b>INCOME FROM CONTINUING OPERATIONS</b>                      | <b>87,367</b>    | <b>-</b> | <b>87,367</b>  | <b>41,482</b>  | <b>(7,339)</b>  |
| <b>DISCONTINUED OPERATIONS, NET OF TAX</b>                    | <b>-</b>         | <b>-</b> | <b>-</b>       | <b>37,281</b>  | <b>-</b>        |
| <b>NET INCOME</b>   | <b>\$ 87,367</b> | <b>-</b> | <b>87,367</b>  | <b>78,763</b>  | <b>(7,339)</b>  |
| <b>BASIC EARNINGS PER SHARE</b>                               |                  |          |                |                |                 |
| From continuing operations                                    | \$ 0.61          | -        | 0.61           | 0.29           | (0.05)          |
| From discontinued operations                                  | \$ -             | -        | -              | 0.26           | -               |
| Basic earnings per share                                      | \$ 0.61          | -        | 0.61           | 0.56           | (0.05)          |
| <b>DILUTED EARNINGS PER SHARE</b>                             |                  |          |                |                |                 |
| From continuing operations                                    | \$ 0.60          | -        | 0.60           | 0.29           | (0.05)          |
| From discontinued operations                                  | \$ -             | -        | -              | 0.26           | -               |
| Diluted earnings per share                                    | \$ 0.60          | -        | 0.60           | 0.55           | (0.05)          |
| <b>SHARES OUTSTANDING</b>                                     |                  |          |                |                |                 |
| Basic   | 143,329          |          | 143,329        | 141,243        |                 |
| Diluted   | 144,475          |          | 144,475        | 142,705        |                 |
| <b>DIVIDENDS PER COMMON SHARE</b>                             | <b>\$ 0.0550</b> |          | <b>0.0550</b>  | <b>0.0525</b>  |                 |

NONRECURRING ITEMS

- (1) - Reserve for uncollectible receivables, primarily WorldCom
- (2) - Gain on sale of PCS license
- (3) - Tax effect of items (1) and (2)

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CenturyTel, Inc.  
CONSOLIDATED STATEMENTS OF INCOME  
SIX MONTHS ENDED JUNE 30, 2003 AND 2002  
(UNAUDITED)

| In thousands, except<br>per share amounts | Six months ended June 30, 2003 |                                    |  | Six months ended June 30, 2002 |                                    |                                   |
|---|--------------------------------|------------------------------------|--|--------------------------------|------------------------------------|-----------------------------------|
|   | As<br>reported                 | Less<br>non-<br>recurring<br>items | As adjusted<br>excluding<br>non-<br>recurring<br>items | As<br>reported                 | Less<br>non-<br>recurring<br>items | As ad<br>excl<br>n<br>recu<br>ite |
| <b>TELEPHONE OPERATIONS</b>               |                                |                                    |  |                                |                                    |                                   |
| Operating revenues                        |                                |                                    |  |                                |                                    |                                   |
| Local service                             | \$ 376,648                     | -                                  | 376,648  | 249,234                        | -                                  | 249,234                           |
| Network access                            | 558,808                        | -                                  | 558,808  | 437,278                        | -                                  | 437,278                           |
| Other                                     | 90,894                         | -                                  | 90,894   | 66,718                         | -                                  | 66,718                            |
|   | 1,026,350                      | -                                  | 1,026,350  | 753,230                        | -                                  | 753,230                           |
| Operating expenses                        |                                |                                    |  |                                |                                    |                                   |
| Plant operations                          | 248,489                        | -                                  | 248,489  | 187,233                        | -                                  | 187,233                           |
| Customer operations                       | 82,967                         | -                                  | 82,967   | 62,323                         | -                                  | 62,323                            |
| Corporate and other                       | 123,353                        | (4,959) (1)                        | 128,312  | 102,495                        | 15,000 (3)                         | 117,495                           |
| Depreciation and<br>amortization          | 225,584                        | -                                  | 225,584  | 179,502                        | -                                  | 179,502                           |
|   | 680,393                        | (4,959)                            | 685,352  | 531,553                        | 15,000                             | 546,553                           |
| Telephone operating<br>income             | 345,957                        | 4,959                              | 340,998  | 221,677                        | (15,000)                           | 206,677                           |
| <b>OTHER OPERATIONS</b>                   |                                |                                    |  |                                |                                    |                                   |
| Operating revenues                        |                                |                                    |  |                                |                                    |                                   |
| Long distance                             | 85,761                         | -                                  | 85,761   | 66,279                         | -                                  | 66,279                            |
| Internet                                  | 37,876                         | -                                  | 37,876   | 27,267                         | -                                  | 27,267                            |
| Other                                     | 20,691                         | -                                  | 20,691   | 14,844                         | -                                  | 14,844                            |
|   | 144,328                        | -                                  | 144,328  | 108,390                        | -                                  | 108,390                           |
| Operating expenses                        |                                |                                    |  |                                |                                    |                                   |
| Cost of sales<br>and other                | 107,912                        | -                                  | 107,912  | 84,826                         | -                                  | 84,826                            |
| Depreciation and<br>amortization          | 9,219                          | -                                  | 9,219  | 6,729                          | -                                  | 6,729                             |
|   | 117,131                        | -                                  | 117,131  | 91,555                         | -                                  | 91,555                            |
| Other operating income                    | 27,197                         | -                                  | 27,197   | 16,835                         | -                                  | 16,835                            |
| Corporate overhead costs                  |                                |                                    |  |                                |                                    |                                   |

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|   |            |             |           |           |          |     |
|---|------------|-------------|-----------|-----------|----------|-----|
| allocable to discontinued operations  | -          | -           | -         | (9,932)   | -        |     |
| <hr/>   |            |             |           |           |          |     |
| TOTAL OPERATING INCOME  | 373,154    | 4,959       | 368,195   | 228,580   | (15,000) | 2   |
| OTHER INCOME (EXPENSE)  |            |             |           |           |          |     |
| Interest expense  | (111,549)  | -           | (111,549) | (104,805) | -        | (1  |
| Income from unconsolidated cellular entity  | 3,159      | -           | 3,159     | 2,360     | -        |     |
| Nonrecurring gains and losses   | -          | -           | -         | 3,709     | 3,709    | (4) |
| Other income and expense  | 42         | -           | 42        | 217       | (3,000)  | (5) |
| Income tax expense  | (93,520)   | (1,736) (2) | (91,784)  | (45,462)  | 5,002    | (6) |
| <hr/>   |            |             |           |           |          |     |
| INCOME FROM CONTINUING OPERATIONS   | 171,286    | 3,223       | 168,063   | 84,599    | (9,289)  |     |
| DISCONTINUED OPERATIONS, NET OF TAX   | -          | -           | -         | 64,931    | -        |     |
| <hr/>   |            |             |           |           |          |     |
| NET INCOME  | \$ 171,286 | 3,223       | 168,063   | 149,530   | (9,289)  | 1   |
| <hr/>   |            |             |           |           |          |     |
| BASIC EARNINGS PER SHARE  |            |             |           |           |          |     |
| From continuing operations  | \$ 1.20    | 0.02        | 1.17      | 0.60      | (0.07)   |     |
| From discontinued operations  | \$ -       | -           | -         | 0.46      | -        |     |
| Basic earnings per share  | \$ 1.20    | 0.02        | 1.17      | 1.06      | (0.07)   |     |
| DILUTED EARNINGS PER SHARE  |            |             |           |           |          |     |
| From continuing operations  | \$ 1.19    | 0.02        | 1.17      | 0.59      | (0.07)   |     |
| From discontinued operations  | \$ -       | -           | -         | 0.46      | -        |     |
| Diluted earnings per share  | \$ 1.19    | 0.02        | 1.17      | 1.05      | (0.07)   |     |
| SHARES OUTSTANDING  |            |             |           |           |          |     |
| Basic   | 143,109    |             | 143,109   | 141,136   |          | 1   |
| Diluted   | 144,136    |             | 144,136   | 142,679   |          | 1   |
| DIVIDENDS PER COMMON SHARE  | \$ 0.1100  |             | 0.1100    | 0.1050    |          |     |
| NONRECURRING ITEMS  |            |             |           |           |          |     |
| (1) - Partial recovery of amounts previously written off in connection with WorldCom bankruptcy |            |             |           |           |          |     |
| (2) - Tax effect of item (1)  |            |             |           |           |          |     |
| (3) - Reserve for uncollectible receivables, primarily WorldCom                                 |            |             |           |           |          |     |
| (4) - Gain on sale of PCS license   |            |             |           |           |          |     |
| (5) - Costs to defend unsolicited takeover proposal   |            |             |           |           |          |     |
| (6) - Tax effect of items (3) through (5)   |            |             |           |           |          |     |



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CenturyTel, Inc.  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2003 AND DECEMBER 31, 2002  
(UNAUDITED)

|  | June 30,<br>2003 | Dec. 31,<br>2002 |
|--|------------------|------------------|
|  | -----            | -----            |
|  | (in thousands)   |                  |
| ASSETS                                 |                  |                  |
| CURRENT ASSETS                         |                  |                  |
| Cash and cash equivalents              | \$ 24,322        | 3,661            |
| Other current assets                   | 258,416          | 292,241          |
|  | -----            | -----            |
| Total current assets                   | 282,738          | 295,902          |
|  | -----            | -----            |
| PROPERTY, PLANT AND EQUIPMENT          |                  |                  |
| Telephone                              | 6,467,310        | 6,347,900        |
| Other                                  | 550,938          | 521,292          |
| Accumulated depreciation               | (3,544,565)      | (3,337,547)      |
|  | -----            | -----            |
| Net property, plant and equipment      | 3,473,683        | 3,531,645        |
|  | -----            | -----            |
| INVESTMENTS AND OTHER ASSETS           |                  |                  |
| Goodwill                               | 3,428,699        | 3,427,281        |
| Other                                  | 507,928          | 515,580          |
|  | -----            | -----            |
| Total investments and other assets     | 3,936,627        | 3,942,861        |
|  | -----            | -----            |
| TOTAL ASSETS                           | \$ 7,693,048     | 7,770,408        |
|  | =====            | =====            |
| LIABILITIES AND EQUITY                 |                  |                  |
| CURRENT LIABILITIES                    |                  |                  |
| Current maturities of long-term debt   | \$ 118,941       | 70,737           |
| Other current liabilities              | 400,591          | 317,367          |
|  | -----            | -----            |
| Total current liabilities              | 519,532          | 388,104          |
|  | -----            | -----            |
| LONG-TERM DEBT                         | 3,137,772        | 3,578,132        |
| DEFERRED CREDITS AND OTHER LIABILITIES | 765,220          | 716,168          |
| STOCKHOLDERS' EQUITY                   | 3,270,524        | 3,088,004        |
|  | -----            | -----            |
| TOTAL LIABILITIES AND EQUITY           | \$ 7,693,048     | 7,770,408        |
|  | =====            | =====            |

CAPITAL EXPENDITURES  
SIX MONTHS ENDED JUNE 30, 2003 AND 2002

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|                                    | Six months ended June 30,<br>2003 | 2002    | Increase<br>(decrease) |
|------------------------------------|-----------------------------------|---------|------------------------|
| (in thousands)                     |                                   |         |                        |
| CAPITAL EXPENDITURES               |                                   |         |                        |
| Telephone                          | \$ 131,398                        | 145,822 | (9.9%)                 |
| Wireless (discontinued operations) | -                                 | 20,264  | (100.0%)               |
| Other                              | 22,860                            | 33,212  | (31.2%)                |
|                                    | -----                             | -----   |                        |
| Total capital expenditures         | \$ 154,258                        | 199,298 | (22.6%)                |
|                                    | =====                             | =====   |                        |

CAPITAL EXPENDITURES  
THREE MONTHS ENDED JUNE 30, 2003 AND 2002

|                                    | Three months ended June 30,<br>2003 | 2002    | Increase<br>(decrease) |
|------------------------------------|-------------------------------------|---------|------------------------|
| in thousands)                      |                                     |         |                        |
| CAPITAL EXPENDITURES               |                                     |         |                        |
| Telephone                          | \$ 77,888                           | 78,284  | (0.5%)                 |
| Wireless (discontinued operations) | -                                   | 14,127  | (100.0%)               |
| Other                              | 16,701                              | 27,218  | (38.6%)                |
|                                    | -----                               | -----   |                        |
| Total capital expenditures         | \$ 94,589                           | 119,629 | (20.9%)                |
|                                    | =====                               | =====   |                        |

CenturyTel, Inc.  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
(UNAUDITED)

|   | Three months ended June 30, 2003 |                                    |  | Thre  |
|---|----------------------------------|------------------------------------|--|-------|
|   | As<br>reported                   | Less<br>non-<br>recurring<br>items | As adjusted<br>excluding<br>non-<br>recurring<br>items | A     |
|   | -----                            | -----                              | -----  | ----- |
| Consolidated operating cash flow from<br>continuing operations and cash flow margin |                                  |                                    |  |       |
| Operating income  | 188,381                          | -                                  | 188,381  | 10    |
| Add: Depreciation and amortization  | 116,805                          | -                                  | 116,805  | 9     |
|   | -----                            | -----                              | -----  | ----- |
| Consolidated operating cash flow<br>from continuing operations                      | \$ 305,186                       | -                                  | 305,186  | 20    |
|   | =====                            | =====                              | =====  | ===== |
| Revenues from continuing operations   | \$ 590,148                       | -                                  | 590,148  | 43    |

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|  |            |       |          |       |
|--|------------|-------|----------|-------|
| Consolidated cash flow margin<br>(operating cash flow divided<br>by revenues)            | =====      | ===== | =====    | ===== |
|  | 51.7%      |       | 51.7%    |       |
|  | =====      |       | =====    | ===== |
| Telephone operating cash flow, operating<br>income margin and cash flow margin           |            |       |          |       |
| Telephone operating income   | \$ 173,582 | -     | 173,582  | 10    |
| Add: Depreciation and amortization   | 112,297    | -     | 112,297  | 9     |
|  | -----      | ----- | -----    | ----- |
| Telephone operating cash flow  | \$ 285,879 | -     | 285,879  | 19    |
|  | =====      | ===== | =====    | ===== |
| Telephone revenues   | \$ 514,972 | -     | 514,972  | 38    |
|  | =====      | ===== | =====    | ===== |
| Telephone operating income margin<br>(operating income divided by revenues)              | 33.7%      |       | 33.7%    |       |
|  | =====      |       | =====    | ===== |
| Telephone cash flow margin (operating<br>cash flow divided by revenues)                  | 55.5%      |       | 55.5%    |       |
|  | =====      |       | =====    | ===== |
| Other Operations operating cash flow,<br>operating income margin and cash<br>flow margin |            |       |          |       |
| Other Operations operating income  | \$ 14,799  | -     | 14,799   | 1     |
| Add: Depreciation and amortization   | 4,508      | -     | 4,508    |       |
|  | -----      | ----- | -----    | ----- |
| Other Operations operating cash flow   | \$ 19,307  | -     | 19,307   | 1     |
|  | =====      | ===== | =====    | ===== |
| Other Operations revenues  | \$ 75,176  | -     | 75,176   | 5     |
|  | =====      | ===== | =====    | ===== |
| Other Operations operating income<br>margin (operating income divided<br>by revenues)    | 19.7%      |       | 19.7%    |       |
|  | =====      |       | =====    | ===== |
| Other Operations cash flow margin<br>(operating cash flow divided<br>by revenues)        | 25.7%      |       | 25.7%    |       |
|  | =====      |       | =====    | ===== |
| Free cash flow (prior to debt service<br>requirements)                                   |            |       |          |       |
| Net income   | \$ 87,367  | -     | 87,367   | 7     |
| Add: Depreciation and amortization   | 116,805    | -     | 116,805  | 9     |
| Less: Capital expenditures (3)   | (94,589)   | -     | (94,589) | (11)  |
|  | -----      | ----- | -----    | ----- |
| Free cash flow   | \$ 109,583 | -     | 109,583  | 5     |
|  | =====      | ===== | =====    | ===== |
| Free cash flow   | \$ 109,583 |       |          | 5     |
| Income from discontinued operations,<br>net of tax                                       | -          |       |          | (3)   |
| Nonrecurring gains and losses  | -          |       |          | (     |
| Income from unconsolidated<br>cellular entity  | (1,590)    |       |          | (     |
| Deferred income taxes  | 34,339     |       |          | 1     |

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|  |            |       |
|--|------------|-------|
| Changes in current assets and current liabilities                    | 11,017     |       |
| Increase in other noncurrent assets                                  | (4,750)    |       |
| Increase in other noncurrent liabilities                             | 4,585      |       |
| Other, net   | 11,999     |       |
| Add: capital expenditures  | 94,589     |       |
| -----  |            |       |
| Net cash provided by operating activities from continuing operations | \$ 259,772 | 16    |
|  | =====      | ===== |

- (1) Reserve for uncollectible receivables, primarily WorldCom  
(2) Reserve for uncollectible receivables, primarily WorldCom (\$9.8 million after tax), net of gain on sale of PCS license (\$2.4 million after tax)  
(3) Includes discontinued operations for 2002

CenturyTel, Inc.  
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES  
(UNAUDITED)

|  | Six months ended June 30, 2003 |                          |   | Si    |
|--|--------------------------------|--------------------------|---|-------|
|  | As reported                    | Less non-recurring items | As adjusted excluding non-recurring items | repo  |
|  | -----                          | -----                    | -----                                     | ----- |
| Consolidated operating cash flow from continuing operations and cash flow margin |                                |                          |   |       |
| Operating income   | 373,154                        | 4,959 (1)                | 368,195                                   | 22    |
| Add: Depreciation and amortization   | 234,803                        | -                        | 234,803                                   | 18    |
|  | -----                          | -----                    | -----                                     | ----- |
| Consolidated operating cash flow from continuing operations                      | \$ 607,957                     | 4,959                    | 602,998                                   | 41    |
|  | =====                          | =====                    | =====                                     | ===== |
| Revenues from continuing operations  | \$ 1,170,678                   | -                        | 1,170,678                                 | 86    |
|  | =====                          | =====                    | =====                                     | ===== |
| Consolidated cash flow margin (operating cash flow divided by revenues)          | 51.9%                          |                          | 51.5%                                     |       |
|  | =====                          |                          | =====                                     | ===== |
| Telephone operating cash flow, operating income margin and cash flow margin      |                                |                          |   |       |
| Telephone operating income   | \$ 345,957                     | 4,959 (1)                | 340,998                                   | 22    |
| Add: Depreciation and amortization   | 225,584                        | -                        | 225,584                                   | 17    |
|  | -----                          | -----                    | -----                                     | ----- |
| Telephone operating cash flow  | \$ 571,541                     | 4,959                    | 566,582                                   | 40    |
|  | =====                          | =====                    | =====                                     | ===== |

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|  |              |           |           |       |
|--|--------------|-----------|-----------|-------|
| Telephone revenues   | \$ 1,026,350 | -         | 1,026,350 | 75    |
|  | =====        | =====     | =====     | ===== |
| Telephone operating income margin<br>(operating income divided by revenues)              | 33.7%        |           | 33.2%     |       |
|  | =====        |           | =====     | ===== |
| Telephone cash flow margin (operating<br>cash flow divided by revenues)                  | 55.7%        |           | 55.2%     |       |
|  | =====        |           | =====     | ===== |
| Other Operations operating cash flow,<br>operating income margin and cash<br>flow margin |              |           |           |       |
| Other Operations operating income  | \$ 27,197    | -         | 27,197    | 1     |
| Add: Depreciation and amortization   | 9,219        | -         | 9,219     |       |
|  | -----        | -----     | -----     | ----- |
| Other Operations operating cash flow   | \$ 36,416    | -         | 36,416    | 2     |
|  | =====        | =====     | =====     | ===== |
| Other Operations revenues  | \$ 144,328   | -         | 144,328   | 10    |
|  | =====        | =====     | =====     | ===== |
| Other Operations operating income<br>margin (operating income divided<br>by revenues)    | 18.8%        |           | 18.8%     |       |
|  | =====        |           | =====     | ===== |
| Other Operations cash flow margin<br>(operating cash flow divided<br>by revenues)        | 25.2%        |           | 25.2%     |       |
|  | =====        |           | =====     | ===== |
| Free cash flow (prior to debt service<br>requirements)                                   |              |           |           |       |
| Net income   | \$ 171,286   | 3,223 (1) | 168,063   | 14    |
| Add: Depreciation and amortization (4)   | 234,803      | -         | 234,803   | 19    |
| Less: Capital expenditures (4)   | (154,258)    | -         | (154,258) | (19)  |
|  | -----        | -----     | -----     | ----- |
| Free cash flow   | \$ 251,831   | 3,223     | 248,608   | 14    |
|  | =====        | =====     | =====     | ===== |
| Free cash flow   | \$ 251,831   |           |           | 14    |
| Income from discontinued<br>operations, net of tax                                       | -            |           |           | (6)   |
| Less: depreciation and amortization<br>of discontinued operations                        | -            |           |           | (1)   |
| Nonrecurring gains and losses  | -            |           |           | (     |
| Income from unconsolidated<br>cellular entity  | (3,159)      |           |           | (     |
| Deferred income taxes  | 43,841       |           |           | 2     |
| Changes in current assets and<br>current liabilities                                     | 115,943      |           |           | 7     |
| Increase in other noncurrent assets  | (11,501)     |           |           | (1    |
| Increase in other noncurrent liabilities   | 8,324        |           |           | 1     |
| Other, net   | 19,536       |           |           | 1     |
| Add: capital expenditures  | 154,258      |           |           | 19    |
|  | -----        |           |           | ----- |
| Net cash provided by operating<br>activities from continuing operations                  | \$ 579,073   |           |           | 37    |
|  | =====        |           |           | ===== |

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- (1) Partial recovery of amounts previously written off in connection with WorldCom bankruptcy (presented on both a pre-tax and after-tax basis)
- (2) Reserve for uncollectible receivables, primarily WorldCom
- (3) Includes unfavorable charges for reserve for uncollectible receivables, primarily WorldCom (\$9.8 million after tax) and costs to defend unsolicited takeover proposal (\$2.0 million after tax), partially offset by gain on sale of PCS license (\$2.4 million after tax)
- (4) Includes discontinued operations for 2002

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.

July 31, 2003

By: /s/ Neil A. Sweasy

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Neil A. Sweasy  
Vice President and Controller