

**General Information**

Year: 2002

1.	Legal Name of Respondent:	CenturyTel of Montana, Inc.
2.	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc.
3.	Date of Incorporation:	October 23, 1946
4.	Address to send Correspondence Concerning Report:	P.O. Box 4065 Monroe, Louisiana 71211
5.	Person Responsible for This Report:	Ted M. Hankins Director of Government Relations
5a.	Telephone Number:	(318) 388-9416
<b>Control Over Respondent</b>		
1.	If direct control over the respondent was held by another entity at the end of year provide the following:	
1a.	Name and address of the controlling organization or person: PacifiCorp Holdings, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until December 1, 1997 when these securities were sold to CenturyTel, Inc.	
1b.	Means by which control was held: Ownership of voting securities	
1c.	Percent Ownership: 99%	

<b>Board of Directors</b>				
Line No.	Name of Director and Address (City, State) (a)			Fees Paid During Year (b)
1	Glen F. Post, III	Chairman and CEO	P.O. Box 4065 Monroe, La. 71211	None
2	Harvey P. Perry	Executive V.P.	P.O. Box 4065 Monroe, La. 71211	None
3	R. Stewart Ewing, Jr.	Executive V.P./CFO	P.O. Box 4065 Monroe, La. 71211	None
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**Officers**

Year: 2002

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Chairman & Chief Executive Officer	Company Wide	Glen F. Post, III
2	President & Chief Oper. Officer	"	Karen A. Puckett
3	Executive Vice President	"	Harvey P. Perry
4	Executive Vice President	"	R. Stewart Ewing, Jr.
5	Senior Vice President	"	David D. Cole
6	Senior Vice President	"	Michael A. Maslowski
7	Vice President & Controller	"	Neil A. Sweasy
8	V.P. & Treasurer	"	Clay Bailey
9	Vice President , Asst. General Counsel & Asst. Secretary	"	Stacey W. Goff
10		"	R. Wayne Davis
11	Vice President	"	Ivan Hughes
12	Vice President	"	Doug Alden
13	Vice President	"	Jeff Glover
14	Vice President	"	Nick Bowman **
15	General Manager	"	Tim Grigar
16	Secretary	"	Kay C. Buchar
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\*All officers are based in Monroe, LA except Doug Alden, who is based in Vancouver, WA and Michael Towne, who is based in Eagle, CO.

\*\*Nick Bowman retired 7-3-02.

## Total Company Balance Sheet

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>CURRENT ASSETS:</b>		
2	1120	Cash and Equivalents	19,690,044	12,519,955
3	1180	Telecommunications Accounts Receivable - Net	3,831,921	3,942,945
4	1190	Other Accounts Receivable - Net	490,129	1,954,856
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	29,699	43,447
8	* 1280	Prepayments	11,604	12,650
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	11,604	12,650
14	1350	Other Current Assets		
15		<b>Total Current Assets</b>	<b>24,053,397</b>	<b>18,473,853</b>
16		<b>NONCURRENT ASSETS:</b>		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	472,380	285,154
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	13,111	6,679
25	1500	Other Jurisdictional Assets - Net		
26		<b>Total Noncurrent Assets</b>	<b>485,491</b>	<b>291,833</b>
27		<b>PROPERTY, PLANT, &amp; EQUIPMENT:</b>		
28	2001	Telecommunications Plant in Service	141,994,752	133,908,067
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	583,871	1,365,472
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	2,582	2,582
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(83,220,741)	(74,906,116)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		<b>Net Property, Plant, &amp; Equipment</b>	<b>59,360,464</b>	<b>60,370,005</b>
40		<b>TOTAL ASSETS</b>	<b>83,899,352</b>	<b>79,135,691</b>

^ Subaccount of account marked with a \*.

## Total Company Balance Sheet

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		<b>CURRENT LIABILITIES:</b>		
42	4010	Accounts Payable	6,978,763	3,159,985
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	684,446	681,287
45	4040	Customer Deposits	2,736	784
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	2,301,321	2,432,983
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	529,756	576,812
53	4130	Other Current Liabilities		
54		<b>Total Current Liabilities</b>	10,497,022	6,851,851
55		<b>LONG-TERM DEBT:</b>		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		<b>Total Long-Term Debt</b>		
64		<b>OTHER LIABILITIES AND DEFERRED CREDITS:</b>		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	8,067,046	7,492,714
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	1,677,149	1,242,562
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		<b>Total Other Liabilities and Deferred Credits</b>	9,744,195	8,735,276
73		<b>STOCKHOLDERS' EQUITY:</b>		
74	4510	Capital Stock	6,680,000	6,680,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(130,500)	(130,500)
77	4540	Other Capital		
78	4550	Retained Earnings	56,967,619	56,858,048
79		<b>Total Stockholders' Equity</b>	63,658,135	63,548,564
80		<b>TOTAL LIAB. AND STOCKHOLDERS' EQUITY</b>	83,899,352	79,135,691

## Total Company Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	20,340,541	19,952,728
3	5080	Network Access Revenues (1)	16,233,497	17,344,004
4	* 5100	Long Distance Message Revenue	309,251	839,965
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	268,707	820,821
7	^ 5160	Other Long Distance Revenue	40,544	19,144
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	3,802,681	4,152,148
10	^ 5230	Directory Revenue	3,001,155	3,384,210
11	^ 5240	Rent Revenue	54,400	48,363
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	84,115	43,605
14	^ 5270	Carrier Billing and Collection Revenue	663,011	675,970
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	(463,350)	624,090
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>41,149,320</b>	<b>41,664,755</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	78,230	82,792
20	6120	General Support Expense	1,164,914	1,216,857
21	6210	Central Office Switching Expense	916,542	1,082,900
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	477,484	626,503
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,678,884	2,962,907
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	31,081	183,970
29	6530	Network Operations Expense	1,492,813	1,407,331
30	6540	Access Expense	329,107	256,290
31	6560	Depreciation and Amortization Expense	9,600,971	8,852,983
32	6610	Marketing	1,063,302	1,024,572
33	6620	Services	3,273,277	3,024,705
34	6710	Executive and Planning	414,292	413,065
35	6720	General and Administrative	2,808,325	3,052,681
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>25,329,222</b>	<b>24,187,556</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	7,749,764	8,448,613
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>8,070,334</b>	<b>9,028,586</b>
41	7300	Nonoperating Income and Expense	241,939	653,977
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	(119,526)	(4)
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	521,324	776,226
47		<b>NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)</b>	<b>8,714,071</b>	<b>10,458,785</b>

^ Subaccount of the account marked with a \*.

1) Includes Interstate prior period revenues of \$854,662 in 2002 and \$594,480 in 2001.

## Montana Total State Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	N/A	N/A
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>		
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>		

^ Subaccount of the account marked with a \*.

## Montana Intrastate Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	20,340,541	19,952,728
3	5080	Network Access Revenues	4,785,059	5,007,821
4	* 5100	Long Distance Message Revenue	309,251	839,965
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	268,707	820,821
7	^ 5160	Other Long Distance Revenue	40,544	19,144
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	3,403,163	3,415,213
10	^ 5230	Directory Revenue	3,001,155	3,128,653
11	^ 5240	Rent Revenue	54,400	34,521
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	84,115	1,542
14	^ 5270	Carrier Billing and Collection Revenue	263,493	250,497
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	(463,350)	624,090
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>29,301,364</b>	<b>28,591,637</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	55,747	59,096
20	6120	General Support Expense	830,130	868,584
21	6210	Central Office Switching Expense	622,421	755,118
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	324,256	436,869
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	2,722,539	2,153,052
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	22,149	131,317
29	6530	Network Operations Expense	1,063,793	1,004,542
30	6540	Access Expense	46,494	35,280
31	6560	Depreciation and Amortization Expense	6,808,804	6,307,882
32	6610	Marketing	810,767	781,235
33	6620	Services	2,866,373	2,468,864
34	6710	Executive and Planning	318,844	308,890
35	6720	General and Administrative	2,081,095	2,230,341
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>18,573,412</b>	<b>17,541,070</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,479,129	6,001,707
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>5,248,823</b>	<b>5,048,860</b>

^ Subaccount of the account marked with a \*.

## Montana Intrastate Regulated Income Statement

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		<b>REVENUES:</b>		
2	5000	Basic Local Service Revenues	19,725,556	19,345,012
3	5080	Network Access Revenues	3,978,049	4,774,498
4	* 5100	Long Distance Message Revenue	309,251	19,144
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue	309,251	19,144
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	170,338	3,162,969
10	^ 5230	Directory Revenue	105,318	3,128,653
11	^ 5240	Rent Revenue		33,470
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	65,020	846
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	(108,367)	624,090
17		<b>Total Revenues (L.2+L.3+L.4+L.9-L.16)</b>	<b>24,291,561</b>	<b>26,677,533</b>
18		<b>OPERATING EXPENSES:</b>		
19	6110	Network Support Expense	53,703	57,075
20	6120	General Support Expense	799,692	838,885
21	6210	Central Office Switching Expense	599,720	734,124
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	312,431	424,722
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	2,622,312	2,078,741
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	21,337	126,827
29	6530	Network Operations Expense	1,024,788	970,195
30	6540	Access Expense	46,494	35,280
31	6560	Depreciation and Amortization Expense	6,575,876	6,069,497
32	6610	Marketing	782,044	750,930
33	6620	Services	2,636,394	2,217,750
34	6710	Executive and Planning	308,346	299,652
35	6720	General and Administrative	1,955,470	2,099,866
36	6790	Provision for Uncollectible Notes Receivable		
37		<b>Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)</b>	<b>17,738,607</b>	<b>16,703,544</b>
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,244,183	5,797,268
40		<b>Net Operating Income (L.17-L.37+L.38-L.39)</b>	<b>1,308,771</b>	<b>4,176,721</b>

^ Subaccount of the account marked with a \*.



## Average Rate Base - Total State

Year: 2002

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	137,951,410	130,357,218
2	3100	Accumulated Depreciation	(79,064,814)	(70,816,801)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	36,573	43,605
6	4340	Noncurrent Deferred Operating Income Taxes	(8,002,111)	(7,539,440)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	645,932	630,188
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	<b>51,566,990</b>	<b>52,674,770</b>

## Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	98,305,554	93,047,940
2	3100	Accumulated Depreciation	(56,309,321)	(50,295,992)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	27,065	31,686
6	4340	Noncurrent Deferred Operating Income Taxes	(5,702,381)	(5,385,323)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	483,477	461,638
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	<b>36,804,394</b>	<b>37,859,949</b>

## Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	94,751,678	89,637,517
2	3100	Accumulated Depreciation	(54,365,291)	(48,410,840)
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	25,898	30,410
6	4340	Noncurrent Deferred Operating Income Taxes	(5,503,804)	(5,189,727)
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	458,742	437,016
9		<b>Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)</b>	<b>35,367,223</b>	<b>36,504,376</b>

**Notes to Schedule 8**

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on the 2001 NECA cost study, which are the most current factors available.

(B) Authorized by Montana Public Commission, Docket 6522, Order Number 4409.

Note: Rate Base Components are calculated using an average of beginning and end of year balances.

## Statement of Cash Flows

Year: 2002

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	<b>Increase/(decrease) in Cash &amp; Cash Equivalents</b>		
2	<b>Cash Flows from Operating Activities:</b>		
3	Net Income		8,714,071
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	9,600,971	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	599,424	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	1,575,751	
11	Change in Materials, Supplies & Inventories - Net	13,748	
12	Change in Operating Payables & Accrued Liabilities - Net	3,818,778	
13	Change in Other Assets & Deferred Credits - Net	1,046	
14	Change in Other Liabilities & Deferred Credits - Net	(173,607)	
15	Other (explained on back of this page)	409,495	
16	Total Adjustments		15,845,606
17	<b>Net Cash Provided by/(Used in) Operating Activities</b>		24,559,677
18	<b>Cash Inflows/Outflows From Investing Activities:</b>		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(8,591,430)	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)	(193,658)	
25	<b>Net Cash Provided by/(Used in) Investing Activities</b>		(8,785,088)
26	<b>Cash Flows from Financing Activities:</b>		
27	Net Incr./(Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid		
36	Other Financing Activities (explained on back of this page)	(8,604,500)	
37	<b>Net Cash Provided by Financing Activities</b>		(8,604,500)
38	<b>Effect of Exchange Rate Changes on Cash</b>		
39	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		7,170,089
40	<b>Cash &amp; Cash Equivalents at Beginning of Period</b>		12,519,955
41	<b>Cash &amp; Cash Equivalents at End of Period</b>		19,690,044

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2002

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Telecom. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	AT&T				318,053						
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
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16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29	Aggregate of all balances		4,059,120	(227,199)	172,076						
30	Totals		4,059,120	(227,199)	490,129						

Net Plant in Service - Detail

Year: 2002

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	8,005,094	665,667	582,630	(9,158)	8,078,973	4,657,956	3,421,017
2	^ 2111	Land	467,745	25,353			493,098		493,098
3	^ 2112	Motor Vehicles	1,674,233	332,698	445,823	18,256	1,579,364	801,231	778,133
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles							
6	^ 2115	Garage Work Equipment							
7	^ 2116	Other Work Equipment	782,310	37,007	34,698		784,619	749,940	34,679
8	^ 2121	Buildings	3,314,446	105,977			3,420,423	1,904,736	1,515,687
9	^ 2122	Furniture	217,375	7,002	7,808		216,569	153,479	63,090
10	^ 2123	Office Equipment	319,392		5,288	(29,165)	284,939	720,542	(435,603)
11	^ 2124	General Purpose Computers	1,229,593	157,630	89,013	1,751	1,299,961	328,028	971,933
12	^ 2211	Analog Electronic Switching							
13	^ 2212	Digital Electronic Switching	29,297,641	849,992	108,694	(1,478,754)	28,560,185	22,843,077	5,717,108
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	191,982				191,982	213,025	(21,043)
17	^ 2232	Circuit Equipment	27,943,711	3,534,401	279,529	1,482,691	32,681,274	21,612,738	11,068,536
18	* 2310	Information Orig & Term Equip							
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24	^ 2411	Poles	1,395,829	21,633	14,418		1,403,044	1,602,825	(199,781)
25	* 2420	Cable and Wire Facilities	65,555,937	4,173,743	278,438		69,451,242	31,400,419	38,050,823
26	^ 2421	Aerial Cable	10,092,589	389,818	55,460		10,426,947	9,262,323	1,164,624
27	^ 2422	Underground Cable	1,392,024	84,731	1,069		1,475,686	565,578	910,108
28	^ 2423	Buried Cable	54,032,291	3,699,194	221,909		57,509,576	21,530,782	35,978,794
29	^ 2424	Submarine Cable	5,831				5,831	2,692	3,139
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	33,202				33,202	39,044	(5,842)
32	^ 2431	Aerial Wire	451,228	152	169		451,211	496,067	(44,856)
33	^ 2441	Conduit Systems	1,061,163	110,196			1,171,359	389,152	782,207
34		<b>Totals</b>	133,902,585	9,355,784	1,263,878	(5,221)	141,989,270	83,215,259	58,774,011
	2682	Leasehold Improvements	5,482				5,482		
		<b>Totals with Leasehold Improve</b>	133,908,067	9,355,784	1,263,878	(5,221)	141,994,752	83,220,741	58,774,011

^ Subaccount of the account marked with a \*

Line No.	Location and Description of Property (a)	Analysis of Plant Held for Future Use					Year: 2002
		Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	N/A						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
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27							
28							
29							
30	<b>Totals</b>	<b>(Sum L.1 to L.29)</b>					

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Average Cost of Long Term Debt							Year: 2002		
				Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)	
1	N/A												
2													
3													
4													
5													
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7													
8													
9													
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24													
25													
26													
27													
28													
29													
30	<b>Total</b>												

Year: 2002

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Preferred stock 5% cumulative	12/50	Private	None	\$100	(A)	(A)	(A)	(A)	50,000	1,125	0
2	authorized and outstanding, 500											
3	shares of \$100 par value											
4	(includes 275 held in treasury)											
5												
6	Serial preferred, 10% cumulative	12/71	Private	None	100	(A)	(A)	(A)	(A)	180,000	6,000	0
7	authorized 100,000 shares of											
8	\$100 par value; 1,800 shares issued											
9	(includes 1,200 shares held in treasury)											
10												
11												
12												
13												
14												
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25												
26												
27												
28												
29												
30	<b>Totals (Sum L.1 to L.29)</b>									230,000	7,125	

(A) No preferred stock transactions took place during 2002.



Year:2002

Analysis of Common Stock

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	96,000		90.77		(A)	(A)		(A)
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		670.22						
10	February		669.68						
11	March		670.75	24.78					
12	April		669.07						
13	May		668.06						
14	June		671.90	23.20					
15	July		669.44						
16	August		667.31						
17	September		671.32	22.28					
18	October		667.67						
19	November		669.00						
20	December		580.00	20.51					
21									
22									
23									

(A) Not Applicable, common stock not publicly traded.

**Capital Stock and Funded Debt Reacquired or Retired During the Year** Year: 2002

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	N/A						
2							
3							
4							
5							
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29							
30	<b>Totals (Sum L.1 to L.29)</b>						

Total Company Expense Matrix

Line No.	Acct. No.	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	15,142	5,340	1,448	56,300		78,230
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense	15,142	5,340	1,448	56,300		78,230
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	154,979	57,025	158,308	794,602		1,164,914
8	^	Land and Building Expense			74,125	293,285		367,410
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense	154,979	57,025	84,183	501,317		797,504
12	*	Central Office Switching Expense	479,569	168,852	4,663	263,458		916,542
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16	^	Operator Systems Expense	479,569	168,852	4,663	263,458		916,542
17	*	Central Office Transmission Expense	256,095	89,396		131,993		477,484
18	^	Radio Systems Expense	2,232	773		1,413		4,418
19	^	Circuit Equipment Expense	253,863	88,623		130,580		473,066
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense	1,677,876	582,696	221,692	1,196,620		3,678,884
26	^	Poles Expense	1,890	675	216,713	17,729		237,007
27	^	Aerial Cable Expense	369,615	128,664	10	240,070		738,359
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense	1,306,371	453,357	4,969	938,821		2,703,518
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>	2,583,661	903,309	386,111	2,442,973		6,316,054

^ Subaccount of the account marked with a \*

**Total Company Expense Matrix**

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense				31,081		31,081
36	6510	Other Property Expenses				525,233		1,492,813
37	*	Network Operations Expense	713,052	254,077	451	232,111		232,111
38	^	Power Expense		7,446		17,826		47,731
39	^	Network Administration Expense	22,322		137			159,917
40	^	Testing Expense	83,466	32,899	172	43,380		720,693
41	^	Plant Operations Expense	476,768	165,023	203	78,699		332,361
42	^	Engineering Expense	130,496	48,709	(61)	153,217		329,107
43	6540	Access Expense				329,107		9,525,889
44	6561	Depreciation - Telecomm. Plant in Service				9,525,889		
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	*	Marketing	492,453	176,433	1,583	75,082		75,082
50	^	Product Management	60,780	21,344	81	392,833		1,063,302
51	^	Sales	424,966	152,415	1,485	48,823		131,028
52	^	Product Advertising	6,707	2,674	17	194,368		773,234
53	6621	Call Completion Services				149,642		159,040
54	6622	Number Services				25,656		25,656
55	6623	Customer Services	1,395,243	576,350	10,565	195,814		195,814
56	6711	Executive	153,283	102,016	148	1,069,649		3,051,807
57	6712	Planning				158,845		414,292
58	6721	Accounting and Finance	248,431	105,498	489	379,116		733,534
59	6722	External Relations	73,900	25,969	56	92,268		192,193
60	6723	Human Relations	129,104	51,954	36	87,302		268,396
61	6724	Information Management	259,275	88,770	2,169	410,724		760,938
62	6725	Legal	64,128	29,412	36	117,404		210,980
63	6726	Procurement	15,017	6,580	26	7,424		29,047
64	6727	Research and Development						
65	6728	Other General and Administrative	30,321	27,626	200,694	354,596		613,237
66	6790	Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>	6,157,868	2,347,994	602,364	16,220,996		25,329,222

^ Subaccount of the account marked with a \*

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	NOT APPLICABLE					
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		<b>Subtotals</b>						

^ Subaccount of the account marked with a \*

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Conduit Systems Expense						
36		Other Property Expenses						
37	*	Network Operations Expense						
38	^	Power Expense						
39	^	Network Administration Expense						
40	^	Testing Expense						
41	^	Plant Operations Expense						
42	^	Engineering Expense						
43		Access Expense						
44		Depreciation - Telecomm. Plant in Service						
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing						
50	^	Product Management						
51	^	Sales						
52	^	Product Advertising						
53		Call Completion Services						
54		Number Services						
55		Customer Services						
56		Executive						
57		Planning						
58		Accounting and Finance						
59		External Relations						
60		Human Relations						
61		Information Management						
62		Legal						
63		Procurement						
64		Research and Development						
65		Other General and Administrative						
66		Provision for Uncollectible Notes Receivable						
67		<b>Totals</b>						

^ Subaccount of the account marked with a \*

**Pension Costs**

Year: 2002

1	Plan Name			
2	Defined Benefit Plan? <input checked="" type="checkbox"/> _____	Defined Contribution Plan? _____		
3	Actuarial Cost Method? _____	IRS Code: _____		
4	Annual Contribution by Employer: _____	Is the Plan Over Funded? _____		
5				
	<b>Item</b>	<b>Current Year</b>	<b>Last Year</b>	<b>% Change</b>
6	<b>Change in Benefit Obligation</b>	See Note (A) Below		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	<b>Change in Plan Assets</b>			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	<b>Funded Status</b>			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	<b>Weighted-average Assumptions as of Year End</b>			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	<b>Components of Net Periodic Benefit Costs</b>			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	<b>Montana Intrastate Costs:</b>			
43	Pension Costs	(617,988)	(615,454)	0.41%
44	Pension Costs Capitalized	(18,292)	(24,618)	-34.58%
45	Accumulated Pension Asset (Liability) at Year End			
46	<b>Number of Company Employees:</b>			
47	Covered by the Plan	139	149	7.19%
48	Not Covered by the Plan			
49	Active	139	149	7.19%
50	Retired	75	72	-4.00%
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 10 of CenturyTel, Inc's 2002 Proxy Statement.

**CENTURYTEL, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2002**

**(10) Postretirement Benefits**

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

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

<u>December 31,</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 215,872	165,266	156,724
Service cost	6,669	6,373	4,727
Interest cost	15,962	14,512	10,907
Participant contributions	617	548	677
Acquisitions	56,539	-	15,730
Actuarial (gain) loss	(29,534)	40,005	(14,773)
Benefits paid	(12,363)	(10,832)	(8,726)
<u>Benefit obligation at end of year</u>	<u>\$ 253,762</u>	<u>215,872</u>	<u>165,266</u>
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 36,555	39,873	41,781
Return on assets	(2,896)	(1,379)	(270)
Employer contributions	6,784	8,345	6,411
Participant contributions	617	548	677
Benefits paid	(12,363)	(10,832)	(8,726)
<u>Fair value of plan assets at end of year</u>	<u>\$ 28,697</u>	<u>36,555</u>	<u>39,873</u>

Net periodic postretirement benefit cost for 2002, 2001 and 2000 included the following components:

<u>Year ended December 31,</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	(Dollars in thousands)		
Service cost	\$ 6,669	6,373	4,727
Interest cost	15,962	14,512	10,907
Expected return on plan assets	(3,656)	(3,987)	(4,178)
Amortization of unrecognized actuarial loss	1,470	1,337	26
Amortization of unrecognized prior service cost	(129)	(129)	(129)
<u>Net periodic postretirement benefit cost</u>	<u>\$ 20,316</u>	<u>18,106</u>	<u>11,353</u>



**CENTURYTEL, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2002**

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2002, 2001 and 2000.

December 31,	2002	2001	2000
	(Dollars in thousands)		
Benefit obligation	\$ (253,762)	(215,872)	(165,266)
Fair value of plan assets	28,697	36,555	39,873
Unamortized prior service cost	(918)	(1,046)	(1,175)
Unrecognized net actuarial (gain) loss	14,573	33,925	(9,621)
<u>Accrued benefit cost</u>	<u>\$ (211,410)</u>	<u>(146,438)</u>	<u>(136,189)</u>

Assumptions used in accounting for postretirement benefits as of December 31, 2002 and 2001 were:

Weighted average assumptions	2002	2001
Discount rate	6.75%	7.0
Expected return on plan assets	10.0%	10.0

For 2003, the Company lowered its expected return on plan assets from 10.0% to 8.25%.

For measurement purposes, the annual rate in the per capita cost of covered health care benefits was assumed to range between 4.9%-5.7% for 2003, reaching an ultimate trend of 4.5% in 2015. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on total of service and interest cost components	\$ 1,474	(1,405)
<u>Effect on postretirement benefit obligation</u>	<u>\$ 16,604</u>	<u>(15,584)</u>

**Other Post Employment Benefits (OPEBS)**

Item	Current Year	Last Year	% Change
<b>1 Regulatory Treatment:</b>			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
<b>6 Weighted-average Assumptions as of Year End</b>	See Note (A) Below		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
<b>12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:</b>			
13 <b>VEBA - Tax Advantaged</b>			
14 <b>401 (h) - Tax Advantaged</b>			
<b>15 Describe any Changes to the Benefit Plan:</b>			
16			
<b>17 TOTAL COMPANY</b>			
<b>18 Change in Benefit Obligation</b>			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
<b>28 Change in Plan Assets</b>			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
<b>36 Funded Status</b>			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
<b>40 Components of Net Periodic Benefit Costs</b>			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost	617,988	843,088	36.42%
<b>47 Accumulated Post Retirement Benefit Obligation</b>			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 9 of the CenturyTel, Inc. 2002 Proxy Statement

## Other Post Employment Benefits (OPEBS) Continued

Year: 2002

	Item	Current Year	Last Year	% Change
1	<b>Number of Company Employees:</b>			
2	Covered by the Plan	139	149	7.19%
3	Not Covered by the Plan			
4	Active	139	149	7.19%
5	Retired	75	72	-4.00%
6	Spouses/Dependants covered by the Plan	12	12	
7	<b>Montana</b>			
8	<b>Change in Benefit Obligation</b>			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	<b>Change in Plan Assets</b>			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	<b>Funded Status</b>			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	<b>Components of Net Periodic Benefit Costs</b>			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	<b>Accumulated Post Retirement Benefit Obligation</b>			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	<b>Montana Intrastate Costs:</b>			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	<b>Number of Montana Employees:</b>			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

**CENTURYTEL, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2002**

**(11) Retirement and Savings Plans**

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

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

December 31,	2002	2001	2000
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 271,490	249,835	205,455
Service cost	10,353	7,760	5,928
Interest cost	20,053	17,829	15,381
Plan amendments	-	1,205	3,387
Acquisitions	51,428	-	35,824
Actuarial (gain) loss	9,231	9,065	(3,726)
Benefits paid	(16,299)	(14,204)	(12,414)
<b>Benefit obligation at end of year</b>	<b>\$ 346,256</b>	<b>271,490</b>	<b>249,835</b>
Change in plan assets (primarily listed stocks and bonds)			
Fair value of plan assets at beginning of year	\$ 283,448	329,459	319,901
Return on plan assets	(43,564)	(33,184)	(14,991)
Employer contributions	14,887	1,377	572
Acquisitions	51,428	-	36,391
Benefits paid	(16,299)	(14,204)	(12,414)
<b>Fair value of plan assets at end of year</b>	<b>\$ 289,900</b>	<b>283,448</b>	<b>329,459</b>

Net periodic pension expense (benefit) for 2002, 2001 and 2000 included the following components:

Year ended December 31,	2002	2001	2000
	(Dollars in thousands)		
Service cost	\$ 10,353	7,760	5,928
Interest cost	20,053	17,829	15,381
Expected return on plan assets	(29,578)	(31,901)	(31,586)
Recognized net (gains) losses	1,328	(2,325)	(7,107)
Net amortization and deferral	395	301	(602)
<b>Net periodic pension expense (benefit)</b>	<b>\$ 2,551</b>	<b>(8,336)</b>	<b>(17,986)</b>

The following table sets forth the combined plans' funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 2002, 2001 and 2000.

**CENTURYTEL, INC.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2002**

<u>December 31,</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	(Dollars in thousands)		
Benefit obligation	\$ (346,256)	(271,490)	(249,835)
Fair value of plan assets	289,900	283,448	329,459
Unrecognized transition asset	(1,152)	(1,404)	(1,648)
Unamortized prior service cost	4,370	5,017	4,126
Unrecognized net actuarial (gain) loss	107,833	26,782	(49,336)
<u>Prepaid pension cost</u>	<u>\$ 54,695</u>	<u>42,353</u>	<u>32,766</u>

As of December 31, 2002, substantially all of the pension plans had benefit obligations in excess of plan assets.

Amounts recognized on the balance sheet consist of:

<u>December 31,</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	(Dollars in thousands)		
Prepaid pension cost	\$ 54,695	42,353	32,766
Additional minimum pension liability (reflected in Deferred Credits and Other Liabilities)	(56,388)	-	-
Intangible asset (reflected in Other Assets)	1,212	-	-
<u>Accumulated Other Comprehensive Loss</u>	<u>55,176</u>	<u>-</u>	<u>-</u>
	<u>\$ 54,695</u>	<u>42,353</u>	<u>32,766</u>

Assumptions used in accounting for the pension plans as of December 2002 and 2001 were:

	<u>2002</u>	<u>2001</u>
Discount rate	6.75%	7.0
Expected long-term rate of return on assets	8.0-10.0%	8.0-10.0
<u>Weighted average rate of compensation increase</u>	<u>4.50%</u>	<u>4.50</u>

For 2003, the Company lowered its expected long-term rate of return on assets from 8-10% to 8-8.25%.

CenturyTel sponsors an Employee Stock Ownership Plan ("ESOP") which covers most employees with one year of service with the Company and is funded by Company contributions determined annually by the Board of Directors. The Company's expense related to the ESOP during 2002, 2001 and 2000 was \$9.3 million, \$7.5 million, and \$9.5 million, respectively. At December 31, 2002, the ESOP owned an aggregate of 7.6 million shares of CenturyTel common stock.

CenturyTel and certain subsidiaries also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are

**CENTURYTEL, INC.**

**Notes to Consolidated Financial Statements**

**December 31, 2002**

available to substantially all employees of the Company. The Company's matching contributions to the 401(k) Plans were \$6.7 million in 2002, \$6.6 million in 2001 and \$6.1 million in 2000.

**Payments for Services to Persons Other Than Employees**

Year: 2002

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Flathead Janitorial	Janitorial services	92,212	92,212	65,711
2	Johnson Controls	Maintenance	47,041	47,041	33,522
3	One Call Locators	Contract labor	45,983	45,983	34,030
4	Automotive Rentals	Vehicle maintenance	137,906	137,906	98,273
5	Sunburst Construction	Contract labor	111,240	111,240	75,542
6	Express Personnel	Contract labor	105,315	105,315	75,049
7	3D Communications	Contract labor	94,566	94,566	64,220
8	Mid-State Consultants	Engineering Services	334,505	334,505	238,372
9	Montana Telecom Assoc.	Membership fees	33,795	33,795	25,044
10	The Berry Company	Advertising	73,529	73,529	56,066
11	Orius Telecom Service	Contract labor	263,165	263,165	194,755
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27	Notes:				
28					
29	Revenues and expenses were allocated using FCC Part 36 separation rules.				
30	Allocation factors are based on prior years traffic measurements (ie allocations for				
31	2002 are based on the 2001 traffic measurements) which are the most current				
32	factors available.				
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49	<b>Total</b>		1,339,257	1,339,257	960,584

**Subscriber Line Usage Data**

Year: 2002

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	256,531,620	80.37%	246,245,694	77.69%
3	Interstate, IntraLATA	552	0.00%	499	0.00%
4	<b>Total Interstate Usage</b>	256,532,172	80.37%	246,246,193	77.69%
5	Intrastate, InterLATA	31,790,647	9.96%	37,796,092	11.92%
6	Intrastate, IntraLATA	30,876,980	9.67%	32,909,458	10.38%
7	<b>Total Intrastate Usage</b>	62,667,627	19.63%	70,705,550	22.31%
8	<b>Total Toll Usage</b>	319,199,799	100.00%	316,951,743	100.00%
9	Centrex				
10	Local				
11	<b>Total Minutes</b>	319,199,799	100.00%	316,951,743	100.00%



**Central Office and Access Line Statistics**

Year: 2002

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	Bigfork	Digital	3,660	2	163	44	1	611			5	440	100.0%	4,718
2	Columbia Falls	Digital	4,337	4	112	98	1	654			12	1,011	100.0%	6,018
3	Ehno	Digital	857		5	15		51			1	10	100.0%	919
4	Finley Point	Digital	580		6	4		26			1		100.0%	607
5	Hungry Horse	Digital	1,035		22	40		146			7	41	100.0%	1,229
6	Kalispell	Digital	19,036	73	687	603	3	4,627			63	8,544	100.0%	32,343
7	Lakeside	Digital	1,315		42	11	2	147			2	226	100.0%	1,690
8	Marion	Digital	332		6	4		36				8	100.0%	376
9	McGregor Lake	Digital	132		1	1		17				10	100.0%	159
10	Olney	Digital	131		2	2		26				7	100.0%	164
11	Polson	Digital	4,145	6	78	144		723			10	1,112	100.0%	5,996
12	Somers	Digital	856		45	10	1	82			1	48	100.0%	987
13	Swan Lake	Digital	220		1	2		17			1		100.0%	238
14	Whitefish	Digital	6,510	14	204	100		1,233			18	1,914	100.0%	9,689
15	Yellow Bay	Digital	356	1	10	2		12			1	13	100.0%	383
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31														
32														
33	<b>Total</b>		43,502	100	1,384	1,080	8	8,408			122	13,384		65,516

NOTE: Additional blank schedules are being provided for your convenience.

**Central Office and Switch Information**

Year: 2002

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	Bigfork	Remote	Digital	Nortel	Dual-RSC	9,160	1985
2	Columbia Falls	Remote	Digital	Nortel	Dual-RSC	9,720	1988
3	Elmo	Remote	Digital	Nortel	RLCM	1,856	1990
4	Finley Point	Remote	Digital	Nortel	RLCM	1,216	1990
5	Hungry Horse	Remote	Digital	Nortel	RSC	2,560	1989
6	Kalispell	Host	Digital	Nortel	DMS100	48,852	1984
7	Lakeside	Remote	Digital	Nortel	RSC	3,392	1990
8	Marion(MT)	Remote	Digital	Alcatel	Litespan	500	1999
9	McGregor Lake	Remote	Digital	Nortel	RLCM	640	1995
10	Olney	Remote	Digital	Alcatel	Litespan	700	1999
11	Polson	Remote	Digital	Nortel	Dual RSCS	9,392	1985
12	Somers	Remote	Digital	Nortel	RSC	1,856	1995
13	Swan Lake	Remote	Digital	Alcatel	Litespan	700	1999
14	Whitefish	Remote	Digital	Nortel	Dual RSCS	17,640	1994
15	Yellow Bay	Remote	Digital	Nortel	RLCM	640	1989
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NOTE: Additional blank schedules are being provided for your convenience.

**Construction Budget - Montana**

Year: 2002

Line No.	Description (a)	2003 (b)
1	<b>Central Office Assets:</b>	
2	MTKLSL MONTANA ADSL UPGRADE	641,320
3		
4		
5		
6		
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24		
25		
26		
27	Total Switching and Central Office Projects over \$500,000	641,320
28	Miscellaneous Central Office Projects not over \$500,000	786,269
29	<b>Total Central Office Budget (Total of Line 27 &amp; Line 28)</b>	<b>1,427,589</b>
30	<b>Other Projects over \$500,000:</b>	
31	CONSTANTS	851,000
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	851,000
42	Miscellaneous projects not over \$500,000	4,454,818
43	<b>Total Construction Budget (Total of Lines 29, 41 &amp; 42)</b>	<b>6,733,407</b>

Montana Employee Counts

Year: 2002

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	10	4
2	Supervisors & Superintendants	8	8
3	Comm Technicians	12	12
4	Plant Technicians	21	20
5	Cable Technicians	5	5
6	Engineers/Drafting	12	11
7	Facility & Test Board Technicians	5	4
8	Special Apparatus Technicians	10	10
9	Line Assigners	4	4
10	Commercial & General	44	42
11	Secretaries	5	5
12	Supply Technicians	2	2
13	Pay Station Collectors	1	1
14	Communication Consultants	1	1
15	LAN Administrator	1	1
16	Plant Support Technicians	8	9
17			
18			
19			
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42			
43	<b>Totals (Sum of Lines 1 through 42)</b>	149	139

**Compensation of Top 10 Montana Based Employees**

Year: 2002

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. The company is submitting the information on Schedule 27 under separate cover subject to the protective order currently in place.						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	<b>Totals (Sum L.1 to L.10)</b>						

**Compensation of Top 5 Corporate Employees - SEC Information**

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
2	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensation of Top 10 Montana Based Employees.						
3							
4							
5							
6	<b>Totals (Sum L.1 to L.5)</b>						

## Montana Composite Statistics

Year: 2002

Line No.	Account No.	Description (a)	Amount (b)
1		<b>Plant (Intrastate Only) (000 Omitted)</b>	
2	2001	Plant in Service	98,306
3	2003 - 2004	Construction Work in Progress	696
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	27
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(56,309)
9	4360.2	Contributions in Aid of Construction	
10		<b>NET BOOK COSTS</b>	42,720
11		<b>Revenues &amp; Expenses (Intrastate Only) (000 Omitted)</b>	
12	5000 - 5300	Operating Revenues	29,301
13	6560	Depreciation & Amortization Expenses	6,809
14		Federal & State Income Taxes	3,760
15		Other Taxes	1,719
16		Other Operating Expenses	11,764
17		TOTAL Operating Expenses	24,052
18		Net Operating Income	5,249
19		Other Income	
20		Other Deductions	
21		<b>NET INCOME</b>	5,249
22		<b>Access Lines in Service (Intrastate Only)</b>	
23		Residential Access Lines	43,502
24		Business Access Lines	8,408
25		PBX Access Lines	3,961
26		Other Access Lines	9,645
27		<b>Total Number of Access Lines</b>	65,516
28		<b>Average Number of Calls Per Access Line</b>	
29		Local Calls	N/A
30		Toll Calls (Intra- or Interstate)	319,199,799
31		<b>Total Number of Calls Per Access Line (Total of Line 29 &amp; Line 30)</b>	N/A
32		<b>Other Statistics (Intrastate Only)</b>	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line	1.512

**Depreciation - Montana Intrastate Regulated**

Year: 2002

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	16.20%	285,521
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	9.38%	49,511
5	2121	Buildings	3.04%	102,845
6	2122	Furniture	8.19%	20,543
7	2123.1	Office Support Equipment	13.06%	18,887
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	17.26%	265,595
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	2,754,852
12	2215	Step By Step Switching Equipment		16,309
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems		8,383
16	2232	Circuit DDS		
17	2232	Circuit Digital	9.39%	2,611,191
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	11.29%	54,091
22	2421	Aerial Cable Metallic	9.32%	778,755
23	2421	Aerial Cable Nonmetallic	9.32%	92,583
24	2422	Underground Cable Metallic	3.41%	43,728
25	2422	Underground Cable Nonmetallic	3.41%	5,088
26	2423	Buried Cable Metallic	4.43%	2,166,923
27	2423	Buried Cable Nonmetallic	4.43%	237,265
28	2424	Submarine Cable Metallic	3.30%	192
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	41,009
33	2441	Conduit Systems	2.37%	27,192
34				
35		<b>COMPOSITE TOTAL</b>		<b>9,580,463</b>
36				
37	Have these rates been approved by the Commission? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
38				
39	If yes: 83.9.88 _____ Docket Number _5052_ Order Number			
40				



**Montana Regulatory Capital Structure & Costs**

Year: 2002

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
<b>Commission Accepted - Most Recent</b>				
1	Docket Number <u>92.7.32</u>			
2	Order Number <u>5638C</u>			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	<b>Total</b>			
9				
<b>Actual at Year End</b>				
10				
11				
12	Common Equity 72,073,827	99.87%	13.700%	13.68%
13	Preferred Stock 99,500	0.13%	8.910%	0.01%
14	Long Term Debt			
15	Other			
16	<b>Total</b> 72,173,327	100.00%		13.69%

**Network Access - Charges and Revenues**

Year: 2002

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	N/A	16,233,497
2			
3	Montana - Intrastate		4,785,059
4			
5	Montana - Intrastate Regulated		3,978,049
6			
7			
8			
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13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2002

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel, Inc.	Management, Accounting, Operating and Miscellaneous Services		270,399		270,399
2						
3	CenturyTel Service Group, Inc.	"		6,421,364		6,421,364
4	CenturyTel of Northwest, Inc.	"		78,475		78,475
5	CenturyTel of Washington, Inc.	"		28,117		28,117
6	CenturyTel of Eagle, Inc.	"		32,305		32,305
7	CenturyTel of Ohio, Inc.	"		24,625		24,625
8	Various other Telcos with transactions of less than 7K.	"		16,495		16,495
9	CenturyTel Supply, Inc.	Warehouse		873,165		873,165
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29						
30	<b>TOTAL</b>			\$7,744,945		\$7,744,945

**Affiliate Transactions - Products & Services Provided by Utility**

Year: 2002

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Supply Inc.	Warehouse		29,903	N/A	
2	CenturyTel Service Group Inc.	Management, Accounting, Operating and Misc Services		34,253		
3						
4	CenturyTel Internet Service, Inc.			112,080		
5	CenturyTel of Idaho, Inc.			377,123		
6	CenturyTel of Colorado, Inc.			98,847		
7	CenturyTel of the Swest, Inc.(NM)			64,326		
8	CenturyTel of Swest, Inc.(AZ)			18,649		
9	CenturyTel of Gem State(NV)			30,550		
10	CenturyTel of Gem State(ID)			165,060		
11	CenturyTel of Eagle, Inc.			984,366		
12	CenturyTel of Wyoming, Inc.			272,305		
13	CenturyTel of Southwest Mo			7,522		
14	Various other telcos with transactions of less than 7K.			69,449		
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>			\$2,264,433		

**Montana Intrastate Regulated Earned Rate of Return**

Year: 2002

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	94,751,678	89,637,517	5.71%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(54,365,291)	(48,410,840)	-12.30%
5	<b>Plant in Service</b>	<b>40,386,387</b>	<b>41,226,677</b>	<b>-2.04%</b>
6				
7	<b>Additions</b>			
8	1220 Materials & Supplies	25,898	30,410	-14.84%
9	1280 Prepayments			
10	Other Additions	458,742	437,016	4.97%
11	<b>TOTAL Additions</b>	<b>484,640</b>	<b>467,426</b>	<b>3.68%</b>
12				
13	<b>Deductions</b>			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	(5,503,804)	(5,189,727)	-6.05%
17	Customer Advances for Construction			
18	Other Deductions			
19	<b>TOTAL Deductions</b>	<b>(5,503,804)</b>	<b>(5,189,727)</b>	<b>-6.05%</b>
20	<b>TOTAL Rate Base</b>	<b>35,367,223</b>	<b>36,504,376</b>	<b>-3.12%</b>
21				
22	<b>Net Earnings</b>	<b>1,308,771</b>	<b>4,176,721</b>	<b>-68.67%</b>
23				
24	<b>Rate of Return on Average Rate Base</b>	<b>3.701%</b>	<b>11.442%</b>	<b>-67.66%</b>
25				
26	<b>Rate of Return on Average Equity</b>	<b>13.700%</b>	<b>13.700%</b>	
27				
28	Major Normalizing Adjustments & Commission			
29	<u>Ratemaking adjustments to Utility Operations</u>			
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43	<b>Adjusted Rate of Return on Average Rate Base</b>			
44				
45	<b>Adjusted Rate of Return on Average Equity</b>			

**Other Taxes Paid**

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	821,027	1,274,393
2	Montana Public Service Commission Tax	40,347	40,719
3	Montana Consumer Counsel Tax	11,528	14,983
4	911 Emergency Telephone Fee	335,542	401,780
5	Montana Telecommunications Access Service (TDD)	73,536	69,893
6	Montana Corporate License Tax	500,000	2,000,000
7	Personal Property Tax		
8	Real Property Tax	1,806,204	1,823,045
9			
10			
11			
12	<b>Total</b>	<b>3,588,184</b>	<b>5,624,813</b>

Company Name: CenturyTel of Montana, Inc.

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**Universal Service Funds Received**

Year: 2002

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	N/A	N/A
14	Funds received from Federal Sources	1,095,584	826,859
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	<b>Total</b>	<b>1,095,584</b>	<b>826,859</b>