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CENTURYTEL INC
Form 11-K
June 27, 2003

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number 1-7784

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office:

CENTURYTEL, INC.
100 CENTURYTEL DRIVE
MONROE, LA 71203

Independent Auditors' Report

The Board of Directors
CenturyTel, Inc.:

We have audited the accompanying statements of net assets available for benefits
of CenturyTel, Inc. Dollars and Sense Plan as of December 31, 2002 and 2001, and
the related statement of changes in net assets available for benefits for the
year ended December 31, 2002. These financial statements are the responsibility
of the Plan's management. Our responsibility is to express an opinion on these

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financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of CenturyTel, Inc. Dollars and Sense Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

/s/ KPMG LLP

Shreveport, Louisiana
June 6, 2003

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN
Statements of Net Assets Available for Benefits
December 31, 2002 and 2001

	2002	2001
<hr/>		
PLAN ASSETS		
Investments, at fair value	\$ 174,839,395	191,542,936
Cash	4,512	52,976
Contributions receivable - employer	890	202,776
Contributions receivable - participants	2,139	488,885
<hr/>		
NET ASSETS AVAILABLE FOR BENEFITS	\$ 174,846,936	192,287,573
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See accompanying notes to financial statements.

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN
Statement of Changes in Net Assets Available for Benefits
For the year ended December 31, 2002

Additions to net assets:	
Investment income (loss):	
Net depreciation in fair value of investments:	
Mutual funds	\$ (16,530,714)
Common stocks	(9,040,894)
Dividend income	2,254,920
Interest income	713,217

Net investment income (loss)	(22,603,471)

Contributions:	
Participants	14,451,121
Employer	5,136,524
Transfer from CenturyTel, Inc. Employee Stock Ownership Plan	1,948,255

Total contributions	21,535,900

Total investment income (loss) and contributions	(1,067,571)

Deductions from net assets:	
Participant withdrawals	16,373,066

Net decrease	(17,440,637)

Net assets available for benefits:	
Beginning of year	192,287,573

End of year	\$ 174,846,936
=====	

See accompanying notes to financial statements.

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN
Notes to Financial Statements
December 31, 2002 and 2001

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROVISIONS OF THE PLAN

Basis of Presentation

The CenturyTel, Inc. Dollars and Sense Plan (the Plan) was established on May 1, 1986. The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in net assets available for benefits. The Plan has made estimates in preparing the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

The assets of the Plan are invested by the Trustee in various investment programs (funds) which are described in Note 2.

The following description of the Plan provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

Participation

Participation in the Plan is available to each employee of CenturyTel, Inc. and its participating subsidiaries (the Company), other than those who are classified as temporary employees or employees covered under a collective bargaining agreement.

In order to participate in the Plan, an employee must execute a Salary Deferral Agreement with the Company. In the Salary Deferral Agreement, which is executed either on-line or by telephone, an employee agrees to a deferral of between one percent and twenty-five percent of compensation; however, the total amount contributed to the plan cannot exceed \$11,000 for 2002 (as adjusted from year to year in accordance with Federal Law). The percentage of compensation a participant elects to defer applies to the participant's W-2 earnings not in excess of \$200,000 for 2002 (as adjusted in accordance with Federal Law) excluding overtime, Christmas bonuses, severance pay, disability pay, reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, and welfare benefits. The amount of compensation deferred by each participant is credited to an account (Elective Deferral Account) maintained for each participant by the Trustee. The Elective Deferral Account is self-directed.

As of the end of each payroll period, the Company contributes to an account (Employer Match Account) for each participant a contribution equal to 60% of each such participant's contribution during such payroll period; however, this matching contribution applies only to the first 6% of such participant's compensation contributed to the Plan. The Board of Directors of the Company may, at its discretion, elect at the end of each year to contribute an additional amount to participants' accounts (Additional Match Account). Company contributions may be made in cash or CenturyTel, Inc. Common Stock (CenturyTel Common Stock). If made in cash, such cash is applied by the Trustee to the purchase of CenturyTel Common Stock. During 2002, the Company contributed CenturyTel common stock with a fair value of \$5,136,524 to the Plan, all of which related to contributions made to the Employer Match Account.

Effective June 3, 2002, participants age 50 years or older are allowed to make an additional contribution to the Plan each year in excess of the otherwise prescribed limits. The amount of the allowable additional contribution for a participant in 2002 was \$1,000; this amount will increase by \$1,000 each year to a maximum of \$5,000 in 2006 (which will

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thereafter be adjusted annually).

An employee is permitted to transfer to the Plan as a contribution his interest in another plan qualified under Section 401(k) of the Internal Revenue Code, as amended (the Code). Such contribution must qualify as a "rollover" contribution described in Section 402(c) or 408 (d)(3) of the Code. Such a rollover will be credited to a rollover account on behalf of the participant (the Rollover/Transfer Account).

Additionally, an employee is permitted to transfer to the Plan as a contribution a portion of his interest in the CenturyTel, Inc. Employee Stock Ownership Plan (ESOP) pursuant to diversification rights under such plan. To qualify for this transfer an employee must be 55 years of age or older and have been a participant in the ESOP for ten years. Such contributions will be credited to an account on behalf of the participant (the ESOP Diversification Account). During 2002, transfers to the Plan from the ESOP aggregated \$1,948,255.

The interest of a participant in his Elective Deferral Account, Rollover/Transfer Account, Employer Match Account, Additional Match Account and ESOP Diversification Account is fully vested and non-forfeitable at all times.

Reports to Participants

All participants are furnished with quarterly statements which set forth the status of their accounts in the Plan.

Distributions

If the employment of a participant with the employer ceases because of death, retirement, disability, termination of employment or for any other reason, the participant's entire interest in the Plan may be distributed to him or to his beneficiary in a lump sum or in periodic installments. If the participant dies without designating a beneficiary, his beneficiary shall be, in the order listed, (i) his spouse, (ii) his children, or (iii) his estate.

Withdrawals

A participant who is an employee and over age 59 1/2 may make withdrawals from his vested accounts prior to meeting normal distribution requirements. A participant may make withdrawals from his Rollover/Transfer Account at any time. In addition, a hardship withdrawal may be made from an Elective Deferral Account or a Rollover/Transfer Account only as a result of financial hardship related to unreimbursable educational expenses, medical expenses which are not reimbursable by insurance, the need to pay for the funeral expenses of a family member, purchase of a principal residence, or the prevention of eviction or foreclosure from the participant's principal residence. The determination of the existence of a financial hardship and the amount required to be distributed to meet the need created by the hardship shall be made uniformly and without discrimination at the sole discretion of the Plan Administrator.

Plan Termination

Although it has not expressed any intent to do so, the Company has the

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right under the Plan to discontinue its contributions at any time and to change, suspend or terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974.

Loans to Participants

The Plan has a provision whereby a participant can borrow from his Elective Deferral Account or Rollover/Transfer Account. The maximum loan is \$50,000 reduced by the excess, if any, of the highest outstanding loan balance during the previous year over the outstanding balance on the date of the new loan or 50% of the account balance. The loans are repaid through payroll deductions and the interest rate is the prime rate published in the Wall Street Journal on the last day of the previous quarter plus 1%. The loan repayment period may not exceed five years except for loans for the purchase of the participant's principal residence which may be for any period not to exceed fifteen years.

Trustee

The Trustee of the Plan, as of December 31, 2002, was T. Rowe Price Trust Company (T. Rowe Price). The Board of Directors of the Company may remove the Trustee and appoint a successor trustee. The Company and the Trustee have entered into a Trust Agreement which provides for the establishment of a Trust for the purpose of holding and investing the contributions to the Trust pursuant to the provisions of the Plan.

Administration

The Company has appointed a committee to administer the Plan. The individuals who administer the Plan serve at the discretion of the Board of Directors of the Company and may be removed by the Board of Directors at any time. The administrative costs of the Plan are paid by the Company.

Investment Valuation and Income Recognition

Investments in CenturyTel Common Stock are valued at the closing market price on December 31, 2002 and 2001, respectively. Other investments in the funds, which consist of shares of mutual funds, are valued by the Trustee based on the market value at year-end of the underlying assets of each fund. Purchases and sales of securities are recorded on a trade date basis. Loans to participants are valued at principal amount outstanding which approximates market value. Interest income is recorded on the accrual basis.

(2) DESCRIPTION OF THE FUNDS

The following is a description of each of the funds which had outstanding balances and were available to Plan participants as of December 31, 2002:

- (a) CenturyTel Common Stock Fund - consists of shares of CenturyTel Common Stock (\$78,919,299 and \$88,937,673 at December 31, 2002 and 2001, respectively).
- (b) T. Rowe Price Equity Index 500 Fund - consists primarily of investments in the same stocks and in substantially the same percentages as the S & P 500 Index (\$23,631,045 and \$29,973,518 at December 31, 2002 and 2001, respectively).
- (c) BGI Asset Allocation Fund - consists primarily of investments in common stocks, U. S. Treasury bonds and money market instruments (\$14,905,732 and \$17,935,461 at December 31, 2002 and 2001, respectively).

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- (d) Loan Fund - represents loans to participants from the participants' investment accounts (\$8,026,490 and \$8,175,514 at December 31, 2002 and 2001, respectively).
- (e) BGI LifePath Income Fund - consists primarily of investments in U.S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) in the near future (\$865,533 and \$488,586 at December 31, 2002 and 2001, respectively).
- (f) BGI LifePath 2010 Fund - consists primarily of investments in U.S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2010 (\$2,095,792 and \$2,594,757 at December 31, 2002 and 2001, respectively).
- (g) BGI LifePath 2020 Fund - consists primarily of investments in U.S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2020 (\$1,951,048 and \$2,050,807 at December 31, 2002 and 2001, respectively).
- (h) BGI LifePath 2030 Fund - consists primarily of investments in U. S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2030 (\$1,406,820 and \$1,522,522 at December 31, 2002 and 2001, respectively).
- (i) BGI LifePath 2040 Fund - consists primarily of investments in U. S. and foreign equity and debt securities and money market instruments and is managed for investors planning to retire (or begin to withdraw substantial portions of their investment) around the year 2040 (\$2,724,447 and \$3,367,154 at December 31, 2002 and 2001, respectively).
- (j) Janus Fund - consists primarily of investments in U. S. and foreign equity securities (\$9,781,267 and \$12,663,827 at December 31, 2002 and 2001, respectively).
- (k) T. Rowe Price Summit Cash Reserves Fund - consists primarily of investments in various money market instruments (\$15,059,796 and \$14,937,155 at December 31, 2002 and 2001, respectively).
- (l) T. Rowe Price Equity Income Fund - consists primarily of investments in U. S. and foreign common stocks (\$3,012,599 and \$1,552,455 at December 31, 2002 and 2001, respectively).
- (m) Janus Overseas Fund - consists primarily of investments in foreign equity securities (\$689,877 and \$456,115 at December 31, 2002 and 2001, respectively).
- (n) T. Rowe Price Mid-Cap Growth Fund - consists primarily of investments in common stocks of companies whose market capitalization falls within the range of companies in the S&P MidCap 400 Index (\$2,816,912 and \$1,753,555 at December 31, 2002 and 2001, respectively).
- (o) Morgan Stanley Dean Witter Small Company Growth Portfolio Fund - consists primarily of investments in equity securities of small

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companies (\$1,291,038 and \$845,719 at December 31, 2002 and 2001, respectively).

- (p) PIMCO Total Return Fund - consists primarily of investments in debt securities (\$7,661,700 and \$4,288,118 at December 31, 2002 and 2001, respectively).

Investments in CenturyTel Common Stock Fund, BGI Asset Allocation Fund, Janus Fund, T. Rowe Price Summit Cash Reserves Fund, and T. Rowe Price Equity Index 500 Fund were each greater than 5% of net assets available for benefits at December 31, 2002.

A participant may instruct that his contribution be allocated among the various funds. A participant may change his investment allocation instructions and his contribution percentage at any time.

All amounts allocated to a participant's Employer Match Account are invested in the CenturyTel Common Stock Fund. Participants who have not attained age 45 or three years of service have no power to transfer amounts in the Employer Match Account to an investment fund other than the CenturyTel Common Stock Fund. Participants who have attained age 45 or three years of service may redirect the investment of the balance in their Employer Match Account.

(3) INCOME TAXES

The Plan and related trust were designed to meet the necessary requirements of Internal Revenue Code Section 401(a) and, accordingly, the trust underlying the Plan is exempt from income taxation pursuant to Internal Revenue Code Section 501(a). A favorable determination letter was received in July 1996 related to the Plan. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

(4) RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Barclays Global Investors Funds, Inc. (Barclays), Janus Capital Corporation (Janus) Morgan Stanley Dean Witter Investment Management, Inc. (Morgan Stanley), Pacific Investment Management Company (PIMCO) or T. Rowe Price. T. Rowe Price is the Trustee as defined by the Plan. Therefore, Barclays, Morgan Stanley, PIMCO, Janus and T. Rowe Price qualify as parties-in-interest. Fees paid by the Company to T. Rowe Price for trustee, record keeping and other services amounted to \$267,875 for the year ended December 31, 2002.

(5) CONCENTRATION OF INVESTMENTS

As of December 31, 2002 and 2001, 45.1% and 46.3%, respectively, of the net assets available for benefits were invested in CenturyTel Common Stock. Substantially all of the remaining net assets available for benefits were invested in mutual funds managed by T. Rowe Price, Barclays, Morgan Stanley, PIMCO, or Janus.

(6) COMPANY/PARTICIPANT DIRECTED FUNDS

The CenturyTel Common Stock Fund includes contributions from the Company and participants. Participant contributions are directed solely by the participants. Contributions from the Company are directed by the Company, except for contributions made on behalf of participants who are age 45 or

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older or have three years of service. Such contributions can be redirected by these participants to the funds of their choice. All other funds are participant directed.

The following tables set forth information related to the CenturyTel Common Stock Fund's assets available for benefits as of December 31, 2002 and 2001 and the changes in such assets for the year ended December 31, 2002.

December 31,	2002	2001

PLAN ASSETS		
Investments	\$ 78,919,299	88,937,673
Contributions receivable - employer	890	201,403
Contributions receivable - participant	427	154,114

ASSETS AVAILABLE FOR BENEFITS	\$ 78,920,616	89,293,190
=====		

For the year ended
December 31, 2002

Additions to assets:		
Investment income (loss):		
Net depreciation in fair value of investments	\$ (9,040,894)	
Dividend and other income	560,165	
Interest income	267,256	

Net investment income (loss)	(8,213,473)	

Contributions:		
Participants	3,736,638	
Employer	5,136,524	
Transfer from CenturyTel Inc. Employee Stock Ownership Plan and Trust	526,433	

Total contributions	9,399,595	

Total investment income (loss) and contributions	1,186,122	

Deductions from assets:		
Participant withdrawals	5,839,729	

Net decrease prior to interfund transfers	(4,653,607)	

Interfund transfers	(5,718,967)	

Net decrease	(10,372,574)	

Net assets available for benefits:		

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Beginning of year	89,293,190

End of year	\$ 78,920,616
=====	

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2002

Identity of issuer, borrower, lessor or similar party	Description of Investment	Current Value

Investment in CenturyTel Common Stock	2,686,157 shares at \$29.38 per share	\$ 78,919,299
Loan Fund (interest rates ranged from 4.75% to 12.50%)	-	8,026,490
Investment in Mutual Funds for Qualified Employee Benefit Plans:		
Managed by Barclays:		
Asset Allocation Fund	1,817,772 shares at \$ 8.20 per share	14,905,732
LifePath Income Fund	86,294 shares at \$10.03 per share	865,533
LifePath 2010 Fund	193,696 shares at \$10.82 per share	2,095,792
LifePath 2020 Fund	164,091 shares at \$11.89 per share	1,951,048
LifePath 2030 Fund	121,697 shares at \$11.56 per share	1,406,820
LifePath 2040 Fund	222,041 shares at \$12.27 per share	2,724,447
Managed by Janus:		
Janus Overseas Fund	45,120 shares at \$15.29 per share	689,877
Janus Fund	548,893 shares at \$17.82 per share	9,781,267
Managed by Morgan Stanley:		
Small Co. Growth Portfolio Fund	177,829 shares at \$7.26 per share	1,291,038
Managed by PIMCO:		
PIMCO Total Return Fund	718,060 shares at \$10.67 per share	7,661,700
Managed by T. Rowe Price:		
Equity Income Fund	152,228 shares at \$19.79 per share	3,012,599
Equity Index 500 Fund	998,354 shares at \$23.67 per share	23,631,045
Mid-Cap Growth Fund	90,751 shares at \$31.04 per share	2,816,912
Summit Cash Reserves Fund	15,059,796 shares at \$1.00 per share	15,059,796
		\$ 174,839,395
=====		

Barclays, Janus, Morgan Stanley, PIMCO and T. Rowe Price are considered parties-in-interest. Additionally, CenturyTel, Inc., as sponsor of the Plan, is considered a party-in-interest.

Notes: (1) These investments are greater than 5% of assets available for benefits.

(2) Information on cost of investments is excluded as all investments except CenturyTel Common Stock Fund are participant directed. The

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CenturyTel Common Stock Fund is considered to be nonparticipant directed. The cost of investment in CenturyTel Common Stock is \$67,173,676.

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN

Schedule H, Line 4j - Schedule of Reportable Transactions

For the Year Ended December 31, 2002

Description of Transaction	Purchase Price	Redemption or Selling Price	Lease Rental	Expense Incurred	Cost Asse
(Note 1)					
Category (3) - A series of transactions					

in excess of 5% of beginning of year					

Plan assets available for benefits					

Transactions in CenturyTel Common Stock	10,670,652	11,648,367	-	-	10,144

T. Rowe Price is considered a party-in-interest. Additionally, CenturyTel, Inc., as sponsor of the Plan, is considered a party-in-interest.

Notes: (1) The purchase price denotes cost and current value of the security on the transaction date.

(2) Current value is substantially the same as purchase price or selling price of the security on the transaction date.

SIGNATURE

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

CenturyTel, Inc.

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Dollars and Sense Plan

June 27, 2003

/s/ R. Stewart Ewing, Jr.

R. Stewart Ewing, Jr.
Retirement Committee Member
and Executive Officer of
Issuer of Plan Securities

CENTURYTEL, INC.
DOLLARS AND SENSE PLAN

Index to Exhibits

Exhibit
Number

23.1 Independent Auditors' Consent

99 Certification pursuant to Section 906 of the
 Sarbanes-Oxley Act of 2002.