

CENTURYTEL INC
Form S-3ASR
February 09, 2009

As filed with the Securities and Exchange Commission on February 9, 2009.

Registration No. 333-

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

Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CenturyTel, Inc.
(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(I.R.S. Employer
Identification Number)

100 CenturyTel Drive
Monroe, Louisiana 71203
(318) 388-9000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Stacey W. Goff
Senior Vice President, General Counsel and Secretary
CenturyTel, Inc.

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100 CenturyTel Drive
Monroe, Louisiana 71203
(318) 388-9500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Kenneth J. Najder
Jones, Walker, Waechter,
Poitevent, Carrère & Denègre, L.L.P.
201 St. Charles Avenue, 51st Floor
New Orleans, Louisiana 70170-5100
(504) 582-8000

Approximate date of commencement of proposed sale to the public:
From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
filer

Accelerated filer
Smaller reporting company

Non-accelerated

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities				
Preferred Stock				
Depository Shares				
Common Stock				
Warrants			(1)	
Units				

(1) An indeterminate aggregate principal amount or number of each identified class of securities is being registered as may from time to time be issued at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities. In accordance with Rules 456(b) and 457(r), the registrant is deferring payment of all of the registration fee.

PROSPECTUS

CENTURYTEL, INC.

DEBT SECURITIES
PREFERRED STOCK
DEPOSITARY SHARES
COMMON STOCK
WARRANTS
UNITS

We may offer and sell the following securities, from time to time, in one or more offerings and series, either separately, together or in combination with other such securities:

- Unsecured senior or subordinated debt securities
- Preferred stock
- Depositary shares representing fractional interests in our preferred stock
- Common stock
- Warrants to purchase debt securities, preferred stock, depositary shares or common stock
- Units consisting of certain specified securities.

When we offer securities we will provide you with a prospectus supplement describing the specific terms of the securities, including the offering price. You should carefully read this prospectus and the prospectus supplements relating to the specific issue of securities before you decide to invest in any of these securities. A supplement may also add, update or change information contained in this prospectus.

Our common stock trades on the New York Stock Exchange under the symbol "CTL." Our principal executive offices are located at 100 CenturyTel Drive, Monroe, Louisiana 71203, and our telephone number is (318) 388-9000.

Investing in these securities involves certain risks. See the information included and incorporated by reference in this prospectus and any accompanying prospectus supplement for a discussion of the factors you should carefully consider before deciding to purchase these securities, including the information under "Risk Factors" in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 9, 2009.

You should rely only on the information contained in or incorporated by reference in this prospectus, in any accompanying prospectus supplement or in any free writing prospectus filed by us with the Securities and Exchange Commission. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus, in any accompanying prospectus supplement or in any free writing prospectus is accurate as of any date other than the date on the front cover of those documents. The information contained in our website, www.centurytel.com, is not a part of this prospectus, any prospectus supplement or any free writing prospectus.

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The terms “CenturyTel,” “we,” “us” and “our” refer to CenturyTel, Inc., and not any of our subsidiaries (unless the context otherwise requires and except in connection with the description of our business under the heading “The Company,” where such terms refer to the consolidated operations of CenturyTel and its subsidiaries).

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that CenturyTel has filed with the Securities and Exchange Commission, or the SEC, utilizing a “shelf” registration process. Under this shelf registration process, we may, from time to time over the next three years, sell any combination of the securities described in this prospectus in one or more offerings. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading “Where You Can Find More Information.”

THE COMPANY

We are an integrated communications company primarily engaged in providing an array of communications services, including local and long distance voice, Internet access and broadband services in 25 states. We also provide fiber transport, competitive local exchange carrier, security monitoring, and other communications and business information services in certain local and regional markets. Our incumbent local exchange telephone subsidiaries operate approximately 2.0 million telephone access lines, primarily in rural areas and small to mid-size cities, with over 68% of these lines located in Missouri, Wisconsin, Alabama, Arkansas and Washington. Additional information about CenturyTel is included in documents incorporated by reference in this document. See “Where you Can Find More Information.”

On October 26, 2008, CenturyTel and Embarq Corporation, or Embarq, entered into a merger agreement pursuant to which CenturyTel has agreed to acquire Embarq in a tax-free, stock-for-stock transaction. We anticipate closing this transaction in the second quarter of 2009, subject to the receipt of regulatory approvals, as well as other customary closing conditions. Embarq provides, both directly and through wholesale and sales agency relationships, a suite of integrated communications services, including local and long distance voice, data, high-speed Internet, satellite video, professional and logistics services and communications equipment to consumers and business customers primarily in local service territories in 18 states. Additional information about Embarq is included in documents that it has filed with the SEC. See “Where you Can Find More Information.”

RECENT DEVELOPMENTS

On November 3, 2008, the chairman of the FCC withdrew his proposal to reform the FCC’s inter-carrier compensation and universal service rules, in part due to concerns of the other commissioners that the draft proposal had not been made available for prior public comments. On November 5, 2008, the FCC issued a document that, among other things, (i) requested public comment on the chairman’s draft proposal, an alternative proposal and certain universal service reforms and (ii) included an order that declined to implement the universal service reform proposal issued in November 2007 by a federal-state joint board established by Congress. It is currently unclear when the FCC may take action with respect to the draft proposals.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy that information at the Public Reference Room of the SEC, located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain copies of this information by mail from the SEC at the above address, at prescribed rates. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access the registration statement of which this prospectus forms a part, including the exhibits and schedules thereto, as well as reports, proxy and information statements and other information about us. In addition,

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our common stock is listed and traded on the New York Stock Exchange, or NYSE, and you may also obtain similar information about us at the offices of the NYSE at 20 Broad Street, New York, NY 10005.

Embarq, which may be acquired by us pursuant to our pending merger, also files annual, quarterly and current reports, proxy statements and other information with the SEC. Reports filed by Embarq can be inspected and copied at the locations referenced above and are otherwise available through the SEC's website. Certain of these reports are exhibits to the registration statement of which this prospectus forms a part.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring to documents on file with the SEC. The information incorporated by reference is considered a part of this prospectus (except for any information that is superseded by information included directly in this prospectus), and information that we file later with the SEC will automatically update and supersede this information. In the event of conflicting information in these documents, the information in the latest filed documents should be considered correct. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or Exchange Act, prior to the termination of the offering under this prospectus; provided, however, that we are not incorporating by reference, in each case, any documents or information deemed to have been furnished and not filed in accordance with SEC rules:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2007.
- Proxy Statement on Schedule 14A filed March 27, 2008.
- Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2008, June 30, 2008, and September 30, 2008.
- Current Reports on Form 8-K, filed April 7, 2008, June 24, 2008 (Item 8.01), October 27, 2008 (Item 8.01), October 30, 2008, November 18, 2008, January 16, 2009 and January 29, 2009 (Items 8.01) (other than the portions of those documents not deemed to be filed).
- The description of our common stock contained in our Form 8-A/A filed with the SEC on November 18, 1999.

At your request, we will provide you with a free copy of any of these filings (except for exhibits, unless the exhibits are specifically incorporated by reference into the filing). You may request copies by writing us at 100 CenturyTel Drive, Monroe, Louisiana 71203, Attention: Stacey W. Goff, or by telephoning us at (318) 388-9000.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain non-historical statements made in this prospectus and the documents incorporated herein by reference, and future oral or written statements or press releases by us or our management, in each case as they relate to CenturyTel or Embarq, the operations of either such company or our pending merger with Embarq, are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual results or performance by CenturyTel or Embarq, and issues relating to our pending merger with Embarq 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 impact actual results of CenturyTel or Embarq, the combined company or the pending merger include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry (including the FCC's proposed rules regarding inter-carrier compensation and the Universal Service Fund described in our recent SEC reports); our ability to effectively adjust to changes in the communications industry; our ability to successfully complete our pending merger with Embarq, including timely receiving all regulatory approvals and obtaining related financing; the possibility that the anticipated benefits from the merger cannot be fully realized in a timely manner or at all, or that integrating Embarq's operations into ours will be

more difficult, disruptive or costly than anticipated; our ability to effectively manage our expansion opportunities, including successfully integrating newly-acquired or newly-developed businesses into our operations and retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to pay a \$2.80 per common share dividend annually, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from time to time in this prospectus or other of our filings with the SEC; and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the business and our plans are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2007, as updated and supplemented by our subsequent SEC reports. For more information about these risks, see "Risk Factors" below. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Unless legally required, we undertake no obligation to update any of our forward-looking statements for any reason, whether as a result of new information, future events or otherwise.

RISK FACTORS

An investment in our securities involves risks. You should carefully consider the risks described in our filings with the SEC referred to under the heading "Where You Can Find More Information," as well as the risks included and incorporated by reference in this prospectus, including the risk factors incorporated by reference herein from our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2008, June 30, 2008 and September 30, 2008, as updated by annual, quarterly and other reports and documents we file with the SEC after the date of this prospectus and that are incorporated by reference herein. In addition, any prospectus supplement may include a discussion of any risk factors or other special considerations applicable to the securities being offered thereby.

USE OF PROCEEDS

Unless otherwise indicated in any prospectus supplement, the net proceeds from the sale of the securities described herein will be used for general corporate purposes, including working capital, acquisitions, retirement of debt and other business opportunities.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our unaudited ratio of earnings to fixed charges and preferred stock dividends on a consolidated basis for the periods indicated. For purposes of the ratios presented below, earnings consist of income before income taxes and fixed charges, and fixed charges include interest expense, including amortized debt issuance costs, and preferred stock dividend costs of CenturyTel and its subsidiaries. We have assumed that our preferred stock dividend requirements were equal to the pre-tax earnings that would be required to cover those dividend requirements. We computed those pre-tax earnings using actual tax rates for each year. The ratio of earnings to fixed charges and preferred stock dividends presented below does not differ materially from the ratio of earnings to fixed charges for any of the periods reflected below.

	Year Ended December 31,					Nine Months Ended September 30,
	2003	2004	2005	2006	2007	2008
Ratio of earnings to fixed charges and preferred stock dividends	3.31x	3.58x	3.59x	3.94x	3.85x	3.83x

DESCRIPTION OF SECURITIES

This prospectus contains a general summary of the debt securities, preferred stock, depositary shares, common stock, warrants and units that we may offer from time to time. These summaries are not meant to be a complete description of such securities. We will describe the particular terms of any such offered securities in a prospectus supplement, which may differ from or supercede some or all of the general terms summarized in this prospectus.

Any of the securities described herein and in a prospectus supplement may be issued separately, together or as part of a unit consisting of two or more securities, which may or may not be separate from one another. These securities may include new or hybrid securities developed in the future that combine features of any of the securities described in this prospectus.

DESCRIPTION OF CAPITAL STOCK

The following summary of the terms of our capital stock is not meant to be complete and is qualified by reference to the relevant provisions of the Louisiana Business Corporation Law and our articles of incorporation and bylaws. Copies of our articles of incorporation and bylaws are incorporated herein by reference and will be sent to you at no charge upon request, as provided under the heading "Where You Can Find More Information."

Authorized Capital Stock

We are currently authorized under our articles of incorporation to issue an aggregate of 352 million shares of capital stock, consisting of 350 million shares of common stock, \$1.00 par value per share, and two million shares of preferred stock, \$25 par value per share. Upon completion of our pending merger with Embarq, we plan to amend our articles to increase the authorized number of shares of our capital stock to 802 million, consisting of 800 million shares of common stock, \$1.00 par value per share, and two million shares of preferred stock, \$25 par value per share.

As of February 6, 2009, 100,307,707 shares of our common stock were outstanding. Our common stock is listed for trading on the New York Stock Exchange. As of February 6, 2009, 9,434 shares of preferred stock were outstanding.

Description of Common Stock

We may issue, separately or together with or upon conversion of or exchange for other securities, common stock, all as set forth in the applicable prospectus supplement.

Voting Rights. Under our articles of incorporation, each share of common stock that has been beneficially owned by the same person continuously since May 30, 1987 generally entitles the holder thereof to ten votes on all matters duly submitted to a vote of shareholders. Otherwise, each other share of common stock entitles the holder thereof to one vote per share. On January 27, 2009, our shareholders approved an amendment to our articles to provide that each share of our common stock will entitle the holder thereof to one vote per share, regardless of whether the stock has

been beneficially owned by the same person or entity continuously since May 30, 1987. This amendment is subject to, and is expected to become effective following, the completion of our pending merger with Embarq. Each share issued in connection with this prospectus will entitle the holder to one vote.

Holders of our common stock do not have cumulative voting rights. As a result, the holders of more than 50% of the voting power may elect all of our directors. Our board of directors is divided into three classes of directors, with each class serving three-year terms. Each class is required to be as nearly equal in number as possible.

As of December 31, 2007, the trustee for two of our employee benefit plans was the record holder of common stock having approximately 20.2% of the total voting power of all classes of our capital stock. Upon the completion of our pending merger with Embarq and the amendment to our articles described above, this percentage will be substantially reduced. The trustee generally votes these shares in accordance with the instructions of our employees.

Dividends. Holders of common stock are entitled to receive dividends when, as and if declared by our board of directors, out of funds legally available therefor, subject to the preferences applicable to any outstanding preferred stock. Our ability to pay dividends depends primarily upon the ability of our subsidiaries to pay dividends or otherwise transfer funds to us. Certain of our subsidiaries' loan agreements contain various restrictions on the transfer of funds to us, including certain provisions that restrict the amount of dividends that may be paid to us.

Other Rights and Provisions. In the event we liquidate, dissolve or wind up our affairs, holders of common stock are entitled to receive ratably all of our assets remaining after satisfying the preferences of our creditors and the holders of any outstanding preferred stock. Our common stock is not redeemable and has no subscription, conversion or preemptive rights. All of our outstanding shares of common stock have been fully paid and are non-assessable.

Certain Provisions Affecting Takeovers

Our articles of incorporation and bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of CenturyTel unless the takeover or change of control is approved by our board of directors. Such provisions may also render more difficult the removal of our directors or officers. Certain of our agreements and certain provisions of applicable law may have similar effects.

Staggered Board. Our articles of incorporation provide for three classes of directors serving staggered three-year terms, all of whom are elected pursuant to our bylaws by a plurality vote of shareholders. Under our articles, directors can be removed from office only for cause and generally only by the affirmative vote of both of the holders of a majority of the total voting power, voting together as a single class, and, at any time that there is a related person (as defined in the articles), the holders of a majority of the votes entitled to be cast by all shareholders other than the related person, voting as a separate group.

Limits on Shareholder Actions. Our articles provide that shareholder action may be taken only at an annual or special meeting of shareholders, and may not be taken by written consent of the shareholders. This provision prevents consent solicitations by persons desiring to acquire us or change the composition of our board of directors. In addition, our articles provide that shareholders may call a special meeting of shareholders only if they hold at least a majority of our total voting power.

Fair Price Provisions. Our articles contain provisions designed to provide safeguards for our shareholders when certain current or former beneficial holders of our stock, which we sometimes refer to as related persons, attempt to effect a business combination with us. In general, subject to various exceptions, a business combination between CenturyTel and a related person must be approved by:

- a majority of our directors

- a majority of our continuing directors (as defined in our articles)
- 80% of the total voting power of all shareholders, and
- two-thirds of the total voting power of shareholders, other than the related person, present or represented at the shareholders' meeting, voting as a separate group.

Evaluation of Tender Offers. Our board of directors is required by our articles, and expressly permitted by Louisiana law, to consider various factors when evaluating a business combination, tender or exchange offer, or a proposal by another person to make a tender or exchange offer, including the social and economic effects of the transaction on CenturyTel and our subsidiaries as well as on our respective employees, customers, creditors, and other elements of the communities in which we operate or are located.

Advance Notice. Our bylaws establish an advance notice procedure with regard to the nomination, other than by or at the direction of our board of directors, of candidates for election as directors and with regard to other matters to be brought before a meeting of our shareholders. Our bylaws provide that any shareholder of record entitled to vote thereon may nominate one or more persons for election as directors and properly bring other matters before a meeting of the shareholders only if written notice has been received by the secretary of CenturyTel, in the event of an annual meeting of shareholders, not more than 180 days and not less than 90 days in advance of the first anniversary of the preceding year's annual meeting of shareholders or, in the event of a special meeting of shareholders or annual meeting scheduled to be held either 30 days earlier or later than such anniversary date, within 15 days of the earlier of the date on which notice of such meeting is first mailed to shareholders or public disclosure of the meeting date is made. In addition, the notice must contain certain specified information concerning, among other things, the person to be nominated or the matter to be brought before the meeting and concerning the shareholder submitting the proposal.

Amendment of our Articles and Bylaws. Various provisions of our articles, including the classified board provisions, fair price provisions and those provisions limiting the ability of shareholders to act by written consent, may not be amended except upon the affirmative vote of both:

- 80% of the total voting power of all shareholders, and
- two-thirds of the total voting power of shareholders, other than a related person, present or represented at a shareholders' meeting, voting as a separate group.

Our bylaws may be adopted, amended, or repealed and new bylaws may be adopted by either:

- a majority of our directors and a majority of our continuing directors, voting as a separate group, or
- the holders of at least 80% of the total voting power of all shareholders and two-thirds of the total voting power of shareholders, other than the related person, present or duly represented at a shareholders' meeting, voting as a separate group.

Other. For additional information about these and other provisions of our organizational documents and applicable laws that could have an effect of delaying, deferring, discouraging or preventing a change in control of CenturyTel, you should refer to our registration statement relating to our common stock, as amended and restated on Form 8-A/A, which is incorporated by reference herein. See "Where You Can Find More Information."

Description of Preferred Stock

We may issue preferred stock in one or more series. The specific description of any particular series of preferred stock in the related prospectus supplement will not be complete. You should refer to the applicable provisions in our articles of incorporation and the articles of amendment relating to each series of preferred stock that we have filed or will file with the SEC.

General. Our articles of incorporation authorize the board of directors to issue from time to time, without shareholder approval, shares of preferred stock in one or more series. The rights, preferences, designation and size of each series will be described in an amendment to our articles of incorporation. A prospectus supplement relating to

each series will specify the terms of the preferred stock as determined by our board of directors, including the following:

- the specific designation, number of shares, rank and purchase price
- any per share liquidation preference
- any redemption, payment or sinking fund provisions
- any dividend rates (fixed or variable) and the dates on which any dividends will be payable (or the method by which the rates or dates will be determined)
- any voting rights
- the methods by which amounts payable in respect of the preferred stock may be calculated
- whether the preferred stock is convertible or exchangeable and, if so, a description of each of the following:
 1. the securities into which the preferred stock is convertible or exchangeable
 2. the terms and conditions upon which conversions or exchanges will be effected, including the initial conversion or exchange prices or ratios
 3. the conversion or exchange period
 4. any other related provision
- a description of any material United States federal income tax consequences relating to the series
- the place or places where dividends and other payments on the preferred stock will be payable
- any additional voting, dividend, liquidation, redemption, sinking fund or other rights, preferences, qualifications, limitations and restrictions.

Unless the applicable prospectus supplement states otherwise, the preferred stock will not have preemptive rights. Neither the par value nor the liquidation preference of the preferred stock is indicative of the price at which the preferred stock may actually trade on or after the date of issuance. Unless the applicable prospectus supplement states otherwise, there will be no restriction on our ability to repurchase or redeem preferred stock while there is any arrearage in payment of dividends or sinking fund installments.

Although it has no present intention to do so, our board of directors could authorize CenturyTel to issue preferred stock with voting, conversion and other rights that could adversely affect the voting power and other rights of holders of our common stock or other series of preferred stock. Also, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control.

Outstanding Preferred Stock. As of February 6, 2009, we had outstanding 9,434 shares of 5% Cumulative Convertible Series L Preferred Stock. At such time, such shares were convertible into a total of approximately 12,864 shares of CenturyTel common stock. Each share of Series L Preferred Stock entitles the holder thereof to one vote on all matters duly submitted to a vote of shareholders. The holder of each share of Series L Preferred Stock is entitled to receive an annual cash dividend of \$1.25, payable in quarterly installments. Dividends on Series L Preferred Stock are cumulative and dividends cannot be paid with respect to common stock unless all cumulative dividends on all shares of Series L Preferred Stock shall have been paid. In the event we liquidate, dissolve or wind up our affairs, the holders of Series L Preferred Stock are entitled to receive, equally and ratably with all other holders of preferred stock of equal rank, \$25.00 per share plus accrued and unpaid dividends, before any payment is made to holders of common stock. Each share of Series L Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock derived by dividing \$25.00 by the "conversion price" (which, as of the date of this prospectus, is approximately \$18.33, as adjusted).

DESCRIPTION OF DEBT SECURITIES

We may periodically issue senior debt securities in one or more series under an indenture, dated as of March 31, 1994, between us and Regions Bank (successor-in-interest to First American Bank & Trust of Louisiana and Regions Bank of Louisiana), as trustee, as supplemented through the date hereof. We refer to this indenture as the senior indenture. We may also periodically issue subordinated debt securities in one or more series under a subordinated indenture to be entered into between us and a bank or trust company selected by us to act as trustee. We refer to this indenture as the subordinated indenture. Together, the senior indenture and the subordinated indenture are referred to as the indentures. The trustees under the indentures are sometimes collectively referred to as the trustees.

The particular terms of each series of debt securities will be set forth in a resolution of a committee of our board of directors specifically authorizing that series, or in one or more supplemental indentures or other instruments under the applicable indenture. The following summary is not complete and is subject to the provisions of, and is qualified in its entirety by express reference to, the indentures and the applicable board resolutions. We have filed a copy of the senior indenture, a form of the subordinated indenture and a form of the board resolution as exhibits hereto, and suggest that you review these carefully.

There is no requirement under the senior indenture, nor will there be any such requirement under the subordinated indenture, that our future issuances of debt securities be issued exclusively under either indenture, and we will be free to employ other indentures or documentation containing provisions different from those included in either the subordinated indenture or the senior indenture or applicable to one or more issuances of senior debt securities or subordinated debt securities, as the case may be, in connection with future issuances of other debt securities. The senior indenture provides, and the subordinated indenture will provide, that the applicable debt securities will be issued in one or more series, may be issued at various times, may have differing maturity dates and may bear interest at differing rates. We need not issue all debt securities of one series at the same time and, unless otherwise provided, we may reopen a series of senior or subordinated debt securities without the consent of the holders of that series, for issuances of additional securities of that series.

Unless otherwise indicated, each reference italicized in parentheses below or in any prospectus supplement applies to section numbers in the applicable indenture and each capitalized term not otherwise defined herein has the meaning assigned to it in the applicable indenture.

General

The debt securities will be general unsecured obligations of CenturyTel. Senior debt securities will rank prior to all of our subordinated debt and will rank equally with all of our unsecured and unsubordinated debt. Subordinated debt securities will be subordinated in right of payment to the prior payment in full of all of our senior debt as described in the applicable prospectus supplement. See “- Subordinated Debt Securities.” The indentures do not limit the aggregate principal amount of debt securities that we may issue thereunder. As of the date hereof