

Edgar Filing: CHEVIOT FINANCIAL CORP - Form 8-K

CHEVIOT FINANCIAL CORP
Form 8-K
May 25, 2005

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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 24, 2005

CHEVIOT FINANCIAL CORP.

(Exact Name of Registrant as Specified in Charter)

----- Federal ----- (State or Other Jurisdiction of Incorporation)	0-50529 ----- (Commission File No.)	56-2423750 ----- (I.R.S. Employer Identification No.)
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3723 Glenmore Avenue, Cheviot, Ohio ----- (Address of Principal Executive Offices)	45211 ----- (Zip Code)
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Registrant's telephone number, including area code: (513) 661-0457

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 8.01. Other Events.

On May 24, 2005, Gerhard Hillman, a director of Cheviot Financial Corp. advised the Board of his intention to retire from the Board of Directors effective June 30, 2005. Mr. Hillman's retirement is not due to a disagreement with Cheviot Financial Corp. Mr. Hillman is a member of the Audit and Lending Committees of the Board of Directors. Mr. Hillman has indicated that his retirement is due to personal reasons.

Item 9.01 Financial Statements and Exhibits

- (a) Financial Statements of businesses acquired. Not Applicable.
- (b) Pro forma financial information. Not Applicable.
- (c) Exhibits.

None.

SIGNATURES

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

CHEVIOT FINANCIAL CORP.

DATE: May 24, 2005

By: /s/ Thomas J. Linneman

Thomas J. Linneman
Chief Executive Officer

registered security in an amount equal to and in exchange for that person's beneficial interest in the exchanged global security. The depositary will receive a new global security in an amount equal to the difference, if any, between the amount of the surrendered global security and the amount of debt securities delivered to the beneficial owners. Debt securities issued in exchange for global securities will be registered in the same names and in the same denominations as indicated by the depositary's records and in accordance with the instructions from its direct and indirect participants.

The laws of certain jurisdictions require some investors who purchase securities to actually take physical possession of those securities in definitive form. The limitations imposed by these laws may impair your ability to transfer your beneficial interests in a global security.

Payment and Paying Agents

Unless we state otherwise in the applicable prospectus supplement, payment of principal of (and premium, if any) and interest on debt securities of any series will be made in U.S. dollars at the principal office of our Paying Agent or, at our option, by check in U.S. dollars mailed or delivered to the person in whose name such debt security is registered. Unless we state otherwise in the applicable prospectus supplement and subject to certain exceptions provided for in the applicable Indenture, payment of any installment of interest on any series will be made to the person in whose name such debt security is registered at the close of business on the record date established under the applicable Indenture for the payment of interest (*Section 2.03*).

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Unless we state otherwise in the applicable prospectus supplement, the applicable Trustee will act as our sole Paying Agent and 1500 North 18th Street, Monroe, Louisiana, will be designated as the agent's office for purposes of payments with respect to any series of debt securities. Any other Paying Agents initially designated by us with respect to any series will be named in the related prospectus supplement. We may at any time designate additional Paying Agents or rescind the designation of any Paying Agents or approve a change in the office through which any Paying Agent acts, except that we will be required to

maintain a Paying Agent in the Borough of Manhattan, City and State of New York, or Monroe, Louisiana. (*Sections 4.02 and 4.03*).

Any money set aside by us for the payment of principal of (and premium, if any) or interest on any debt securities that remains unclaimed two years after such payment has become due and payable will be repaid to us on May 31 following the expiration of the two-year period and the holder of the debt security may thereafter look only to us for payment thereof (*Section 11.05*).

Conversion or Exchange Rights

The debt securities may be convertible into or exchangeable for shares of common stock, preferred stock or other securities of CenturyTel or any other issuer. The terms and conditions of exchange or conversion will be stated in the applicable prospectus supplement. The terms will include, among other things, the following:

the type of security into which the debt securities are convertible or exchangeable

the conversion or exchange price or ratio (or manner of calculation thereof)

the conversion or exchange period

provisions as to whether the conversion or exchange rights will be at the option of the debt holders, CenturyTel, or both

the events requiring an adjustment of the conversion or exchange price or ratio

any restrictions on conversion or exchange.

Redemption and Sinking Fund Provisions

A series may be redeemed, in whole or in part, upon not less than 30 days and not more than 60 days notice at the redemption prices and subject to the terms and conditions (including those relating to any sinking fund established with respect to such series) that may be set forth in a board resolution or supplemental indenture and in the prospectus supplement relating to such series (*Sections 3.01 and 3.02*). If less than all of the debt securities of the series are to be redeemed, the applicable Trustee shall select the debt securities of such series, or portions thereof, to be redeemed by lot or by any other method such Trustee shall deem appropriate and fair (*Section 3.02*).

Replacement of Securities

We will replace any debt security that becomes mutilated, destroyed, lost or stolen at the expense of the holder. The holder should deliver the debt security or satisfactory evidence of the destruction, loss or theft thereof to us and the applicable Trustee. An indemnity satisfactory to us and such Trustee may be required before a replacement security will be issued (*Section 2.07*).

Events of Default

Unless we state otherwise in the applicable prospectus supplement, the terms and conditions set forth under this heading will govern defaults under the applicable Indenture. The Indentures provide that an Event of Default means that one or more of the following events has occurred and is continuing with respect to debt securities of a particular series:

failure for 30 business days to pay interest on the debt securities of that series when due

failure to pay principal of (or premium, if any, on) the debt securities of that series when due (whether at maturity, upon redemption, by declaration or otherwise) or to make any sinking or analogous fund payment with respect to that series unless caused solely by a wire transfer malfunction or similar problem outside our control

failure to observe or perform any other covenant of that series for 60 days after written notice with respect thereto

certain events relating to bankruptcy, insolvency or reorganization (*Section 6.01*).

No Event of Default with respect to the debt securities of a particular series necessarily constitutes an Event of Default with respect to the debt securities of any other series issued under the applicable Indenture.

If an Event of Default shall occur and be continuing with respect to any series and if it is known to the applicable Trustee, such Trustee is required to mail to each holder of that series a notice of the Event of Default within 90 days of such default (*Section 6.07*).

Upon an Event of Default with respect to any series, the applicable Trustee or the holders of not less than 25% in aggregate outstanding principal amount of that series, by notice in writing to us (and to such Trustee if given by such holders), may declare the principal of all debt securities of that series due and payable immediately, but the holders of a majority in aggregate outstanding principal amount of such series may rescind such declaration and waive the default if the default has been cured and a sum sufficient to pay all matured installments of interest and principal (and premium, if any) has been deposited with such Trustee before any judgment or decree for such payment has been obtained or entered (*Section 6.01*).

Holders of debt securities may not enforce the applicable Indenture except as provided therein. Subject to the provisions of the applicable Indenture relating to the duties of the applicable Trustee, if an Event of Default occurs and is continuing such Trustee will be under no obligation to exercise any of the rights or powers under the applicable Indenture at the request or direction of any holders of the affected series, unless, among other things, the holders shall have offered such Trustee indemnity reasonably satisfactory to it. Subject to the indemnification provisions and certain limitations contained in the applicable Indenture, the holders of a majority in aggregate principal amount of the debt securities of such series then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee or exercising any trust or power conferred on such Trustee with respect to such series. The holders of a majority in aggregate principal amount of the then outstanding debt securities of any series affected by a default may, in certain cases, waive such default except a default in payment of principal of, or any premium, if any, or interest on, the debt securities of that series or a call for redemption of the debt securities of that series (*Sections 6.04 and 6.06*).

We will be required to furnish to the Trustees annually a statement regarding our performance of certain of our obligations under the Indentures (*Section 5.03*).

Discharge and Defeasance

Unless the prospectus supplement states otherwise, we may discharge our obligations with respect to any series of our debt securities, subject to certain exceptions, if at any time:

(1) we deliver to the applicable Trustee for cancellation all outstanding debt securities of that series and for which payment in monies or U.S. Government Obligations has been deposited in trust by us, or

(2) all outstanding debt securities of that series not previously delivered to the applicable Trustee for cancellation by us shall have become due and payable or are to become due and payable or called for redemption within one year and we have deposited with such Trustee the entire amount in moneys or U.S. Government Obligations sufficient, without reinvestment, to pay at maturity or upon redemption the outstanding debt securities, including principal (and premium, if any) and interest due or to become due to the date of maturity or redemption, and if we shall also pay or cause to be paid all other sums payable thereunder with respect to that series (*Section 11.01*).

Additionally, each Indenture provides that we may discharge all of our obligations under the Indenture with respect to any series, subject to certain exceptions, if at any time all outstanding debt securities of that series not previously delivered to the applicable Trustee for cancellation by us or that have not become due and payable as described above shall have been paid by us by depositing irrevocably with such Trustee moneys or U.S. Government Obligations sufficient to pay at maturity or upon redemption the outstanding debt securities, including principal (and premium, if any) and interest due or to become due to the date of maturity or redemption, and if we shall also pay all other sums payable thereunder with respect to that series (*Section 11.02*).

Merger and Consolidation

Nothing in the Indentures or any of the debt securities prevents us from consolidating or merging with or into, or selling or otherwise disposing of all or substantially all of our assets to, another corporation, provided that (1) we agree to obtain a supplemental indenture pursuant to which the surviving entity or transferee agrees to assume our obligations under all outstanding debt securities issued under the applicable Indenture and (2) the surviving entity or transferee is organized under the laws of the United States, any state thereof or the District of Columbia (*Section 10.01*).

Subordinated Debt Securities

In general, our subordinated debt securities will be subordinate in right of payment to the prior payment in full of all of our senior debt (*Section 14.01 of the Subordinated Indenture*). In general, this means that in the event we become subject to any insolvency, bankruptcy, receivership, liquidation, reorganization or similar proceeding or we liquidate, dissolve or otherwise wind up our affairs, then the holders of any debt senior to our subordinated debt securities will be entitled to be paid in full, before the holders of any subordinated debt securities are paid. In addition, (a) if we default in the payment of any debt that is senior to our subordinated debt securities or if any event of default shall have occurred and be continuing permitting the holders of such senior indebtedness to accelerate payment of such senior indebtedness, then, so long as any such default continues, we cannot make any payment on our subordinated debt securities, and (b) if any series of subordinated debt securities is declared due and payable before its stated maturity date, then no payment on our subordinated debt securities can be made unless the holders of all debt senior to the subordinated debt securities are paid in full.

A prospectus supplement relating to a particular series of subordinated debt securities will summarize the subordination provisions applicable to that series, including:

the applicability and effect of such provisions upon any payment or distribution of our assets to creditors upon any liquidation, bankruptcy, insolvency or similar proceedings

the applicability and effect of such provisions in the event of specified defaults with respect to senior debt, including the circumstances under which and the period in which we will be prohibited from making payments on subordinated debt securities

the definition of senior debt applicable to that series of subordinated debt securities

the aggregate amount of outstanding indebtedness as of the most recent practicable date that would rank senior to, and on parity with, that series of subordinated debt securities.

The particular terms of subordination of a series of subordinated debt securities may supercede the general subordination provisions of the Subordinated Indenture. There are no restrictions in the Subordinated Indenture on the creation of additional senior debt securities or any other indebtedness.

The failure to make any required payment on any of the subordinated debt securities due to the subordination provisions of such securities and the Subordinated Indenture will not prevent the occurrence of an Event of Default under the subordinated debt securities.

Modification of Indentures

Each Indenture contains provisions permitting us, when authorized by a board resolution, and the applicable Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the debt securities of any series at the time outstanding and affected by such modification, to modify the Indenture or any supplemental indenture affecting that series. However, no such modification may:

(1) extend the fixed maturity of any debt securities of any series, reduce the principal amount thereof, reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the holder of each debt security so affected, or

(2) reduce the aforesaid percentage of debt securities, the holders of which are required to consent to any such supplemental indenture, without the consent of the holder of each debt security then outstanding and affected thereby (*Section 9.02*).

CenturyTel and the applicable Trustee may execute, without the consent of any holder of debt securities, a supplemental indenture for certain other usual purposes, including the following:

creating a new series

evidencing the assumption by any successor to CenturyTel of our obligations under an Indenture 25 adding covenants to an Indenture for the protection of the holders of debt securities

adding covenants to an Indenture for the protection of the holders of debt securities

curing any ambiguity or inconsistency in an Indenture, or making other provisions as shall not adversely affect the interests of the holders of the debt securities of any series

changing or eliminating any provisions of an Indenture provided that there is no outstanding debt security of any series created prior to such change that benefits therefrom (*Sections 2.01, 9.01 and 10.01*).

In addition, we may not modify or amend the subordination provisions of the Subordinated Indenture if doing so would adversely affect the rights under Article XIV of the Subordinated Indenture of the holders of senior indebtedness without the consent of the requisite holders of senior indebtedness required under the terms of such senior indebtedness. (*Section 9.02 of the Subordinated Indenture.*)

Limitations on Liens

The Indentures provide that CenturyTel will not, while any of the debt securities remain outstanding, create or suffer to exist any mortgage, lien, pledge, security interest or other encumbrance (which we collectively refer to below as liens) upon our property, whether now owned or hereafter acquired, unless we shall secure the debt securities then outstanding by such lien equally and ratably with all obligations and indebtedness thereby secured so long as such obligations and indebtedness remain so secured. Notwithstanding the foregoing, neither Indenture will restrict us from creating or suffering to exist various types of liens permitted in the Indentures, including the following:

liens upon property hereafter acquired by us or liens on such property at the time of the acquisition thereof, or conditional sales agreements or title retention agreements with respect to any such property

liens on the stock of a corporation that, when such liens arise, concurrently becomes our subsidiary, or liens on all or substantially all of the assets of a corporation arising in connection with our purchase thereof

liens for taxes and similar levies, deposits to secure performance or obligations under certain specified circumstances and laws, mechanics liens and similar liens arising in the ordinary course of business, liens created by or resulting from legal proceedings being contested in good faith, certain

specified zoning restrictions and other restrictions on the use of real property, interests of lessors in property subject to any capitalized lease, and certain other similar liens generally arising in the ordinary course of business

liens existing on the date of an Indenture

liens that replace, extend or renew any lien otherwise permitted under an Indenture (*Sections 4.05 and 4.06*).

The restrictions in the Indentures described above would not protect the debt holders in the event of a highly leveraged transaction in which unsecured indebtedness was incurred or in which the liens arising in connection therewith were freely permitted under an Indenture, nor would it afford protection in the event of one or more highly leveraged transactions in which secured indebtedness was incurred by our subsidiaries. In the event of one or more highly leveraged transactions in which we incurred secured indebtedness, however, these provisions would require the debt securities to be secured equally and ratably with such indebtedness, subject to the exceptions described above.

Concerning the Trustees

The Trustees, prior to the occurrence of an Event of Default, undertake to perform only such duties as are specifically set forth in the applicable Indenture and, after the occurrence of an Event of Default, shall exercise the same degree of care as a prudent person would exercise in the conduct of such person's own affairs (*Section 7.01*). Subject to such provision, the Trustees are not required to exercise any of the rights or powers vested in them by the applicable Indenture at the request, order or direction of any debt holders, unless offered reasonable security or indemnity by such holders against the costs, expenses and liabilities which might be incurred thereby (*Section 7.02*). A Trustee is not required to expend or risk its own funds or incur personal financial liability in the performance of its duties if such Trustee reasonably believes that repayment of such funds or liability or adequate indemnity is not reasonably assured to it (*Section 7.01*). We will pay the Trustees reasonable compensation and reimburse them for reasonable expenses incurred in accordance with the applicable Indenture (*Section 7.06*).

A Trustee may resign with respect to one or more series and a successor Trustee may be appointed to act with respect to such series (*Section 7.10*).

Regions Bank is trustee under the Senior Indenture relating to our Series A, B, C, D, E, F, G, H and I senior debt securities. Regions Bank also serves as trustee for one of our employee benefit plans and provides revolving credit and other traditional banking services to CenturyTel.

DESCRIPTION OF PREFERRED STOCK

We may issue preferred stock in one or more series. This general description and 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 Securities and Exchange Commission.

General

Our articles of incorporation authorize the board of directors to issue from time to time, without shareholder approval, up to 2,000,000 shares of preferred stock, par value \$25.00 per share, in one or more series. As of March 20, 2002, we had outstanding 319,000 shares of Series L preferred stock. 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 and all shares of preferred stock will be of equal rank, regardless of series. 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 March 20, 2002, we had outstanding 319,000 shares of 5% Cumulative Convertible Series L Preferred 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 (as of the date of this prospectus,

approximately \$18.33, as adjusted).

DESCRIPTION OF DEPOSITARY SHARES

We may elect to offer fractional shares of preferred stock rather than full shares of preferred stock. If so, we will issue to the public receipts for depositary shares, each of which will represent a fraction of a share of a particular series of our preferred stock, and the shares of our preferred stock underlying the depositary shares will be deposited under a deposit agreement between us and a bank or trust company selected by us.

The following description of the material terms of depositary shares, and all related deposit agreements and depositary receipts, is only a summary and is not intended to be complete. You should refer to the forms of the deposit agreement and depositary receipts that we will file with the Securities and Exchange Commission in connection with any offering of specific depositary shares. The specific terms of any series of depositary shares will be described in a prospectus supplement.

General

The depositary selected by us will have its principal office in the United States and a combined capital and surplus of at least \$50,000,000. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fraction of a share of preferred stock underlying the depositary share, to all the rights and preferences of the preferred stock underlying that depositary share. Those rights may include dividend, voting, redemption, conversion, exchange and liquidation rights.

The depositary shares will be evidenced by depositary receipts issued under the relevant deposit agreement to those persons purchasing the fractional shares of our preferred stock. Pending the preparation of definitive depositary receipts, the depositary may, upon our order, issue temporary depositary receipts substantially identical to the definitive depositary receipts but not in definitive form. These temporary depositary receipts will entitle their holders to all the rights of definitive depositary receipts. Temporary depositary receipts will then be exchangeable for definitive depositary receipts at our expense.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received with respect to the underlying preferred stock to the record holders of depositary shares in proportion to the number of depositary shares owned by those holders.

If there is a distribution other than in cash, the depositary will distribute property to the record holders of depositary shares that are entitled to receive the distribution, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with our approval, adopt an equitable and practicable method for making that distribution, including any sale of the property and distribution of the net sales proceeds to the applicable holders.

Each deposit agreement may also contain provisions relating to the manner in which any subscription or similar rights we offer to preferred stockholders of the relevant series will be made available to holders of depositary shares.

Withdrawal of Underlying Preferred Stock

Unless we state otherwise in a prospectus supplement, holders may surrender depositary receipts at the principal office of the depositary and, upon payment of any unpaid amount due to the depositary, be entitled to receive the number of whole shares of underlying preferred stock and all cash payments or other rights accrued under or represented by the related depositary shares (but such holders will not afterward be entitled to receive depositary shares in exchange for their whole shares). We will not issue any partial shares of preferred stock. If the holder delivers depositary receipts evidencing a number of depositary shares that represent more than a whole number of shares of preferred stock, the depositary will issue a new depositary receipt evidencing the excess number of depositary shares to that holder.

Redemption of Depositary Shares

If a series of preferred stock represented by depositary shares is subject to redemption, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption, in whole or in part, of that series of underlying stock held by the depositary. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to that series of underlying stock. Whenever we redeem shares of underlying stock that are held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the shares of underlying stock so redeemed. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot or proportionately or other equitable method, as may be determined by the depositary.

Voting

Upon receipt of notice of any meeting at which the holders of the underlying preferred stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares underlying the preferred stock. Each record holder of the depositary shares on the record date (which will be the same date as the record date for the underlying stock) will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of the underlying stock represented by that holder's depositary shares. The depositary will then attempt, as far as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with those instructions, and we will endeavor to take all actions which we deem necessary to enable the depositary to do so. Unless otherwise provided in a prospectus supplement, the depositary will not vote the underlying shares to the extent it does not receive specific instructions with respect to the depositary shares representing the preferred stock.

Conversion or Exchange of Preferred Stock

If the deposited preferred stock is convertible into or exchangeable for other securities, the depositary shares, as such, will not be convertible into or exchangeable for such other securities. Rather, any holder of the depositary shares may surrender the related depositary receipts, together with any amounts payable by the holder in connection with the conversion or the exchange, to the depositary with written instructions to cause conversion or exchange of the preferred stock represented by the depositary shares into or for such other securities. If only some of the depositary shares are to be converted or exchanged, a new depositary receipt or receipts will be issued for any depositary shares not converted or exchanged.

Amendment and Termination of the Deposit Agreement

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between us and the depositary. However, any amendment that materially and adversely changes the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. The deposit agreement may be terminated by us upon not less than 60 days' notice, whereupon the depositary shall deliver or make available to each holder of depositary shares, upon surrender of the depositary receipts held by such holder, the number of whole or fractional shares of preferred stock represented by such receipts. The deposit agreement will automatically terminate if, among other circumstances, all outstanding depositary shares have been redeemed or converted into or exchanged for any other securities into or for which the underlying preferred stock is convertible or exchangeable.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with its duties under the deposit agreement. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and those other charges, including a fee for any permitted withdrawal of shares of

underlying stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts.

Reports

The depositary will be obligated to forward to holders of depositary receipts all reports and communications from us that we deliver to the depositary and that we are required to furnish to the holders of the underlying preferred stock.

Limitation on Liability

Neither the depositary nor we will be liable if either of us is prevented or delayed by law or any circumstance beyond our control in performing our respective obligations under the deposit agreement. Our obligations and those of the depositary will be limited to performance in good faith of our respective duties under the deposit agreement. Neither the depositary nor we will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or underlying stock unless satisfactory indemnity is furnished. We and the depositary may rely upon written advice of counsel or accountants, or upon information provided by persons presenting underlying stock for deposit, holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

In the event the depositary receives conflicting claims, requests or instructions from any holders of depositary shares, on the one hand, and us, on the other, the depositary will be permitted to act on our claims, requests or instructions.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering notice to us of its election to resign. We may remove the depositary at any time. Any resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

Registered Owners

We, each depositary and any of their agents may treat the registered owner of any depositary share as the absolute owner of that share, whether or not any payment for that depositary share is overdue and despite any notice to the contrary, for any purpose.

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. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, our articles of incorporation and our bylaws, both of which are filed as exhibits to the Registration Statement.

Our articles of incorporation authorize us to issue 350,000,000 shares of common stock, \$1.00 par value per share. As of March 20, 2002, 141,314,785 shares of common stock were outstanding. The common stock is listed for trading on the New York Stock Exchange.

General

Voting Rights. Under our articles of incorporation, each share of common stock that has been beneficially owned by the same person or entity continuously since May 30, 1987 generally entitles the holder to ten votes on all matters duly submitted to a vote of shareholders. Otherwise, each share entitles the holder thereof to one vote per share. Accordingly, each share issued in connection with this prospectus

will entitle the holder to one vote, and, subject to limited exceptions, each other share of common stock issued by us in the future 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 March 20, 2002, Regions Bank, the trustee for one of our employee benefit plans, was the record holder of common stock having approximately 28.1% of the total voting power of all classes of our capital stock. The trustee votes these shares in accordance with the instructions of our current and former employees. As of March 20, 2002, the holders of our ten-vote shares held approximately 43.5% of our total voting power.

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. At December 31, 2001, the amount of retained earnings of our subsidiaries not subject to dividend restrictions was approximately \$1.8 billion.

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.

Preference Share Purchase Rights

We have adopted a Rights Agreement that provides for the issuance of one preference share purchase right for each outstanding share of common stock. If anyone acquires 15% or more of our outstanding common stock (which we refer to as an Acquiring Person), each holder of a right, other than the Acquiring Person, will be entitled to receive upon exercise of each right additional shares of our common stock having a current market value of two times the exercise price of \$135. In addition, if we are acquired in a merger or other business combination or 50% or more of our assets or earning power is sold after there is an Acquiring Person, each holder of a right will be entitled to buy, at the exercise price, common stock of the acquirer having a current market value of two times the exercise price.

At any time before there is an Acquiring Person, we can redeem the rights in whole, but not in part, for \$.01 per right, or may amend the Rights Agreement in any way without the consent of the holders of the rights. Prior to an Acquiring Person acquiring 50% or more of our outstanding common stock, we may exchange the rights, other than rights held by the Acquiring Person, for common stock at an exchange ratio specified in the Rights Agreement.

Until a right is exercised, the holder thereof, as such, will have no rights as a shareholder. The rights will expire on November 1, 2006, unless we extend this date or redeem or exchange the rights.

The complete terms of the rights are contained in our Rights Agreement, as amended, which is incorporated by reference as an exhibit to the Registration Statement. In addition, you should refer to our registration statement relating to our rights, as amended and restated on Form 8-A/A, which is also incorporated by reference herein.

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. Under our articles of incorporation, our board of directors is divided into three classes serving staggered three-year terms. Under our articles, directors can be removed from office only for cause and generally only by the affirmative vote of the holders of a majority of the voting power of all shareholders.

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 CenturyTel 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 (referred 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. In general, notice must be received by us not more than 180 days and not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of shareholders (or, in the event of a special meeting of shareholders or an annual meeting scheduled to be held either 30 days earlier or later than such anniversary date, such notice is received by us within 15 days of the earlier of the date on which we mail notice of such meeting to shareholders or publicly disclose the meeting date), and 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

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.

As indicated above, as of March 20, 2002, 43.5% of our total voting power is controlled by holders of our ten-vote shares.

Agreements. In connection with agreeing on March 19, 2002 to purchase our wireless business, Alltel Corporation agreed on such date to refrain for one year from taking various actions to acquire control of us. Our Rights Agreement, discussed above under Preference Share Purchase Rights, could also have the effect of delaying, deferring or preventing a future takeover or change of control of CenturyTel.

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.

DESCRIPTION OF WARRANTS

We may issue warrants for the purchase of debt securities, preferred stock, depository shares, common stock, or any combination thereof. Warrants may be issued independently or together with other securities and may be attached to or separate from any offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

This summary of certain provisions of the warrants is not complete. For the complete terms of the warrants and the warrant agreement, you should refer to the provisions of the warrant agreement that we will file with the Securities and Exchange Commission in connection with the offering of such warrants.

The prospectus supplement relating to any particular issue of warrants will describe the terms of the warrants, including the following:

the title and aggregate number of warrants

the offering price for the warrants, if any

the designation and terms of the securities that may be purchased upon exercise of the warrants

if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each other security

if applicable, the date on and after which the warrants and the related other securities issued therewith will be separately transferable

the number or amount of securities that may be purchased upon exercise of a warrant and the price at which the securities may be purchased upon exercise, which may be payable in cash, securities or other property

the dates on which the right to exercise the warrants begins and expires

if applicable, the minimum or maximum amount of warrants that may be exercised at any one time

whether the warrants and the securities that may be issued thereunder will be issued in registered or bearer form

information with respect to book-entry procedures, if any

a discussion of any material United States federal income tax considerations

the anti-dilution provisions of the warrants, if any

any applicable redemption or call provisions applicable to the warrants

any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Before their exercise, warrants will not entitle their holders to any rights of the holders of the securities purchasable thereunder.

We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect charges that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

DESCRIPTION OF PURCHASE CONTRACTS AND PURCHASE UNITS

We may issue purchase contracts or purchase units on the terms described below and in the applicable prospectus supplement.

Purchase Contracts

We may issue purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of common stock (or a range of number of shares pursuant to a predetermined formula), a specified principal amount of debt securities or any of the other securities that we may sell under this prospectus at a future date or dates. The consideration payable upon settlement of the purchase contracts may be fixed at the time such contracts are issued or may be determined by reference to a specific formula set forth in the purchase contracts. The purchase contracts may be issued separately or as a part of other purchase units that consist of a purchase contract and other securities or obligations issued by us or third parties, including United States treasury securities, securing the holders obligations to purchase the securities under the purchase contracts. The purchase contracts may require us to make periodic payments to the holders of the purchase units or vice-versa. These payments may be unsecured or prefunded on some basis. The purchase contracts may require holders to secure their obligations thereunder in a specified manner, and in certain circumstances we may deliver newly issued prepaid purchase contracts, often know as prepaid securities, upon release to a holder of any collateral securing such holders obligations under the original purchase contract. Any purchase contract or purchase unit may include anti-dilution provisions to adjust the number of securities issuable thereunder upon the occurrence of certain events.

Purchase Units

We may, from time to time, issue purchase units comprised of one or more of the other securities that may be offered under this prospectus, in any combination. Each purchase unit will be issued so that the holder of the purchase unit is also the holder of each security included in the purchase unit. Thus, the holder of a purchase unit will have the rights and obligations of a holder of each included security. The purchase unit agreement under which a purchase unit is issued may provide that the securities included in the purchase unit may not be held or transferred separately at any time, or at any time before a specified date.

Any applicable prospectus supplement may describe:

the material terms of the purchase units and of the securities comprising the purchase units, including whether and under what circumstances those securities may be held or transferred separately

any material provisions relating to the issuance, payment, settlement, transfer or exchange of the purchase units or of the securities comprising the purchase units

any material provisions of the governing purchase unit agreement.

Other Information

The applicable prospectus supplement will describe the specific terms of any purchase contracts, purchase units or prepaid securities offered by us. The description in the applicable prospectus supplement will not contain all of the information that you may find useful. For more information, you should review the purchase contracts, the collateral arrangements and depositary arrangements, if applicable, relating to such purchase contracts or purchase units and, if applicable, the prepaid securities and the document pursuant to which the prepaid securities will be issued. We will file these documents with the Securities and Exchange Commission in connection with any offering of such contracts or units.

DESCRIPTION OF TRUST PREFERRED SECURITIES

The Trust may issue trust preferred securities on the terms described below and in the applicable prospectus supplement.

We formed the Trust by executing a declaration of trust and filing a certificate of trust with the Delaware Secretary of State. We will amend and restate the declaration of trust prior to the Trust's issuance of any trust preferred securities to include the terms referenced in this prospectus and in the applicable prospectus supplement. The Trust's original declaration of trust and the form of amended and restated declaration of trust are filed as exhibits to the Registration Statement.

The declaration of trust for the Trust will be qualified as an indenture under the Trust Indenture Act of 1939. The trust preferred securities will have distribution, redemption, voting, liquidation and other rights or restrictions as shall be provided for in the declaration, and which will mirror the terms of our debt securities to be contemporaneously sold to the Trust and described in the applicable prospectus supplement. The following summary does not purport to be complete and is subject in all respects to the provisions of the declaration of trust and the Trust Indenture Act.

Reference is made to the prospectus supplement relating to the trust preferred securities for specific terms, including:

the designation of the trust preferred securities, and the names of each trustee of the Trust

the number of trust preferred securities issued by the Trust

the annual distribution rate, or method of determining the rate, for trust preferred securities issued by the Trust and the date or dates upon which distributions are payable

whether distributions on trust preferred securities issued by the Trust are cumulative, and, in the case of trust preferred securities having cumulative distribution rights, the date or dates from which distributions will be cumulative

the amount that shall be paid out of the assets of the Trust to the holders of trust preferred securities upon voluntary or involuntary dissolution, winding-up or termination of the Trust

the obligation or the option, if any, of the Trust to purchase or redeem trust preferred securities and the price or prices at which, the period or periods within which, and the terms upon which, trust preferred securities issued by the Trust may be purchased or redeemed

the voting rights, if any, of trust preferred securities in addition to those required by law, including any rights that the holders of trust preferred securities may have to approve specified actions under or amendments to the declaration of the Trust

whether the debt securities to be sold to the Trust will be senior debt securities or subordinated debt securities and the terms and conditions, if any, upon which our debt securities held by the Trust may be distributed to holders of trust preferred securities

whether the trust preferred securities will be convertible or exchangeable into other securities, and, if so, the terms and conditions upon which the conversion or exchange will be effected, including the initial conversion or exchange price or rate and the conversion or exchange period

if applicable, any securities exchange upon which the trust preferred securities may be listed

certain United States federal income tax considerations applicable to any offering of trust preferred securities

any other relevant rights, preferences, privileges, limitations or restrictions of trust preferred securities issued by the Trust not inconsistent with its declaration or applicable law.

We will guarantee all trust preferred securities offered hereby to the extent set forth below under Description of Trust Preferred Securities Guarantee.

In connection with the issuance of trust preferred securities, the Trust will issue one series of common securities having terms to be set forth in its declaration. The terms of the common securities will be substantially identical to the terms of the trust preferred securities issued by the Trust, and the common securities will rank equal with, and payments will be made thereon *pro rata*, with the trust preferred securities, except that, if an event of default occurs and is continuing under the declaration, the rights of the holders of the common securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the trust preferred securities. Except in certain limited circumstances, the holders of common securities will have the right to appoint, remove or replace the trustees of the Trust. Directly or indirectly, we will own all of the common securities of the Trust, and thus be able to control the appointment, removal and replacement of all of the trustees.

Distributions

Distributions on the trust preferred securities will be made on the dates payable to the extent that the Trust has funds available therefor in its property account. The Trust's funds available for distribution to the holders of the trust securities will be limited to payments received from us on the debt securities to be issued by us to the Trust in connection with the issuance of any trust preferred securities. We will guarantee the payment of distributions out of monies held by the Trust to the extent set forth below under Description of Trust Preferred Securities Guarantee.

Deferral of Distributions

With respect to any debt securities issued by us to the Trust, we anticipate that we will have the right to defer payments of interest on the debt securities by extending the interest payment period from time to time. As a consequence of our extension of the interest payment period on debt securities held by the Trust, distributions on the trust preferred securities would similarly be deferred during any such extended interest payment period. The Trust will give the holders of the trust preferred securities notice of an extension period upon their receipt of notice from us. If distributions are deferred, the deferred distributions and accrued interest will be paid to holders of record of the trust preferred securities as they appear on the books and records of the Trust on the record date next following the termination of the deferral period. The terms of any debt securities issued by us to the Trust, including the right to defer payments of interest, will be described in the applicable prospectus supplement.

Redemption

The trust preferred securities will have no stated maturity date, but will be redeemed upon the maturity of our debt securities to be sold to the Trust contemporaneously with the issuance of the trust

preferred securities and may, to the extent described in the applicable prospectus supplement, be redeemed if our debt securities are redeemed prior to maturity. The applicable prospectus supplement will specify the maturity date of our debt securities and the circumstances, if any, under which our debt securities may be redeemed. Before any redemption of the trust preferred securities, holders of such securities will be given not less than 30 nor more than 60 days' notice. In the event that fewer than all of the outstanding trust preferred securities are to be redeemed, the trust preferred securities will be redeemed proportionately.

Distribution of Our Debt Securities

Subject to certain terms and conditions to be described in the prospectus supplement, we will have the right at any time to dissolve the Trust and, after satisfaction of the liabilities of creditors of the Trust as provided by applicable law, to cause our debt securities held by the Trust to be distributed to the holders of the trust securities in a total stated principal amount equal to the total stated liquidation amount of the trust securities then outstanding.

Enforcement of Certain Rights by Holders of Preferred Securities

If an event of default occurs and is continuing, then the holders of trust preferred securities of the Trust would rely on the enforcement by the property trustee of its rights as a holder of our debt securities against us. In addition, the holders of a majority in liquidation amount of the trust preferred securities of the Trust will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee or to direct the exercise of any trust or power conferred upon the property trustee, including the right to direct the property trustee to exercise the remedies available to it as the holder of our debt securities. If the property trustee fails to enforce its rights under our debt securities, a holder of trust preferred securities may institute a legal proceeding directly against us to enforce the property trustee's rights under our debt securities without first instituting any legal proceeding against the property trustee or any other person or entity. In connection with such direct action, we will be subrogated to the rights of such holder of trust preferred securities under the declaration to the extent of any payment made by us to such holder of trust preferred securities in such direct action.

DESCRIPTION OF TRUST PREFERRED SECURITIES GUARANTEE

Set forth below is a summary of information concerning the trust preferred securities guarantee that we will execute and deliver in connection with any issuance of trust preferred securities by the Trust. The guarantee will be qualified as an indenture under the Trust Indenture Act. In connection with furnishing such guarantee, we will name a trust preferred guarantee trustee, who will hold the guarantee for the benefit of the holders of the trust preferred securities to which the guarantee relates. The following summary does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by reference to, the form of trust preferred securities guarantee, which is filed as an exhibit to the Registration Statement, and the Trust Indenture Act.

General

Pursuant to the trust preferred securities guarantee, we will agree to pay in full the guarantee payments, except to the extent paid by the Trust, as and when due, regardless of any defense, right of set-off or counterclaim that the Trust may have or assert. The following payments with respect to trust preferred securities, to the extent not paid by the Trust, will be subject to the trust preferred securities guarantee:

any accrued and unpaid distributions that are required to be paid on the trust preferred securities, to the extent the Trust shall have funds legally available for those distributions

the redemption price set forth in the applicable prospectus supplement to the extent the Trust has funds legally available therefor with respect to any trust preferred securities called for redemption by the Trust, and

upon a voluntary or involuntary dissolution, winding-up or termination of the Trust, other than in connection with the distribution of our debt securities to the holders of trust preferred securities or the redemption of all of the trust preferred securities, the lesser of (1) the aggregate of the liquidation amount and all accumulated and unpaid distributions on the trust preferred securities to the date of payment, to the extent the Trust has funds legally available therefor, and (2) the amount of assets of the Trust remaining available for distribution to holders of the trust preferred securities in liquidation of the Trust after satisfaction of liabilities to creditors.

We may satisfy our obligation to make a guarantee payment by making a direct payment of the required amounts to the holders of trust preferred securities or by causing the Trust to pay the amounts to the holders.

The trust preferred securities guarantee will not apply to any payment of distributions on the trust preferred securities except to the extent the Trust shall have funds available therefor. If we do not make interest payments on our debt securities to be held by the Trust, the Trust will not have funds available to pay distributions on its trust preferred securities. Our trust preferred securities guarantee, when taken together with our obligations under the debt securities issued to the Trust, the applicable Indenture and the declaration (including our obligations to pay costs, expenses, debts and liabilities of the Trust other than with respect to the trust securities), will provide a full and unconditional guarantee by us of payments due on the trust preferred securities, subject to any applicable subordination provisions or other limitations described in this prospectus or the applicable prospectus supplement.

Status of the Guarantee

Unless otherwise indicated in an applicable prospectus supplement, the trust preferred securities guarantee will constitute an unsecured obligation of CenturyTel. The applicable prospectus supplement will describe the ranking of such guarantee and any covenants of CenturyTel that will apply upon events of default.

The trust preferred securities guarantee will constitute a guarantee of payment and not of collection; specifically, the guaranteed party may institute a legal proceeding directly against the guarantor to enforce its rights under the trust preferred securities guarantee without first instituting a legal proceeding against the Trust, the trust preferred guarantee trustee or any other person or entity.

Modification of Guarantee

The trust preferred securities guarantee may be amended only with the prior approval of the holders of not less than a majority in liquidation amount of the outstanding trust preferred securities issued by the Trust except with respect to any changes that do not materially adversely affect the rights of holders of trust preferred securities, in which case no vote will be required. All guarantees and agreements contained in the trust preferred securities guarantee shall bind our successors, assigns, receivers, trustees and representatives and shall inure to the benefit of the holders of the trust preferred securities of the Trust then outstanding.

Events of Default

An event of default under the trust preferred securities guarantee will occur upon our failure to perform any of our payment or other obligations under the guarantee, subject to certain rights of ours to cure non-payment defaults. The holders of a majority in liquidation amount of the trust preferred securities relating to the guarantee have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trust preferred guarantee trustee in respect of the guarantee or to direct the exercise of any trust or power conferred upon the trust preferred guarantee trustee. If the trust preferred guarantee trustee fails to enforce the trust preferred securities guarantee, any holder of trust preferred securities relating to such guarantee may institute a legal proceeding directly against us to enforce the trust preferred guarantee trustee's rights under such guarantee, without first instituting a legal proceeding against the Trust, the guarantee trustee or any other person or entity. Notwithstanding the

foregoing, if we fail to make a guarantee payment, a holder of trust preferred securities may directly institute a proceeding in such holder's name against us for enforcement of the trust preferred securities guarantee for such payment. We waive any right or remedy to require that any action be brought first against the Trust or any other person or entity before proceeding directly against us.

Consolidation, Merger, Sale of Assets and Other Transactions

The trust preferred securities guarantee provides that we will not consolidate with or merge into any other corporation or sell or otherwise dispose of our properties, as or substantially as, an entirety to any person, unless the successor or transferee corporation or the person that receives such properties pursuant to such sale, transfer or other disposition is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and such successor or transferee corporation or the person that receives such properties pursuant to such sale, transfer or other disposition expressly assumes our obligations under the trust preferred securities guarantee.

Information Concerning the Trust Preferred Guarantee Trustee

The trust preferred guarantee trustee, before the occurrence of a default with respect to the trust preferred securities guarantee, undertakes to perform only such duties as are specifically set forth in the guarantee and, after default, shall exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The trust preferred guarantee trustee is under no obligation to exercise any of the powers vested in it by the trust preferred securities guarantee at the request of any holder of trust preferred securities, unless offered reasonable indemnity against the costs, expenses and liabilities that might be incurred.

Termination

The trust preferred securities guarantee will terminate as to the trust preferred securities to which the guarantee relates:

upon full payment of the redemption price of all such trust preferred securities

upon distribution of our debt securities held by the Trust to the holders of such trust preferred securities, or

upon full payment of the amounts payable in accordance with the declaration of the Trust upon liquidation of the Trust.

The trust preferred securities guarantee will continue to be effective or will be reinstated, as the case may be, if at any time any holder of trust preferred securities issued by the Trust must restore payment of any sums paid under the trust preferred securities or the trust preferred securities guarantee.

PLAN OF DISTRIBUTION

We may, and in the case of the trust preferred securities, the Trust may, sell securities directly to one or more purchasers or to or through underwriters, dealers or agents or through a combination of any such methods of sale. The applicable prospectus supplement will set forth the terms of the offering, including the name or names of any underwriters, the purchase price and proceeds from such sale, any underwriting discounts and other items constituting underwriters' compensation, the initial public offering price and any discounts or concessions allowed, reallocated or paid to dealers, and any securities exchanges on which the securities may be listed.

We or the Trust may distribute securities from time to time in one or more transactions at fixed or variable prices, at prices equal or related to prevailing market prices or at negotiated prices. We also may directly offer and sell securities in exchange for, among other things, our outstanding debt or equity securities.

If underwriters are used in the sale, the underwriters will acquire the securities for their own account. The underwriters may resell the securities periodically in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Securities may be offered to the public through underwriting syndicates represented by one or more managing underwriters or directly by one or more underwriters without a syndicate. Unless otherwise set forth in the prospectus supplement, the obligations of the underwriters to purchase securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all securities offered if any are purchased. Any initial public offering price and any discounts or concessions allowed, reallocated or paid to dealers may be changed from time to time. We or the Trust may grant underwriters who participate in the distribution of securities an option to purchase additional securities to cover any over-allotments in connection with the distribution.

If a dealer is used in an offering of securities, we or the Trust may sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of sale.

Commissions payable to any agent involved in the offer or sale of securities, or the method by which such commissions may be determined, will be set forth in a prospectus supplement. Unless otherwise indicated in the prospectus supplement, the agent will be acting on a best efforts basis.

In connection with the sale of any securities, underwriters or agents may be deemed to have received compensation from us or the Trust in the form of underwriting discounts or commissions and may also receive commissions from purchasers of such securities for whom they may act as agents. Underwriters may sell any securities to or through dealers. These dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agent, or both.

Dealers and agents named in a prospectus supplement may be deemed to be underwriters of the securities within the meaning of the Securities Act of 1933. Underwriters, dealers and agents may be entitled under agreements entered into with us or the Trust to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters, dealers or agents may be required to make. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

Under certain circumstances, we may repurchase offered securities and reoffer them to the public as set forth above. We may also arrange for repurchase and resale of such offered securities by dealers.

If so indicated in the prospectus supplement, we or the Trust may authorize underwriters, dealers or agents to solicit offers by certain specified institutions to purchase securities pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. There may be limitations on the minimum amount that may be purchased by an institution or on the portion of the aggregate principal amount of the particular securities that may be sold pursuant to these arrangements. The obligations of any purchaser under a delayed delivery contract will not be subject to any conditions except that any related sale of offered securities to underwriters shall have occurred and the purchase by an institution of the securities covered by its delayed delivery contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which that institution is subject.

Any underwriters utilized may engage in stabilizing transactions and syndicate covering transactions in accordance with Rule 104 of Regulation M under the Securities Exchange Act of 1934. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the particular offered securities in the open market after the distribution has been completed in order to cover syndicate short positions. These stabilizing transactions and syndicate covering transactions may cause the price of the offered securities to be higher than it would otherwise be in the absence of such transactions.

Except for our common stock, none of the securities when first issued will have an established trading market. Any underwriters, dealers or agents to or through whom the securities are sold for public offering

may make a market in the securities. However, generally they will not be obligated to make a market and may discontinue any market making at any time without notice. If the securities are traded after their initial issuance, they may trade at a discount from their initial public offering price, depending on general market conditions, the market for similar securities, our performance and other factors. Other than with respect to our common stock, which is currently traded on the New York Stock Exchange, there can be no assurance that an active public market for the securities will develop or be maintained.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon by Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P., New Orleans, Louisiana, as special counsel for CenturyTel, and Richards, Layton & Finger, P.A., Delaware, as special Delaware counsel for the Trust and CenturyTel.

EXPERTS

The consolidated financial statements and related financial statement schedules of CenturyTel, Inc. and subsidiaries as of December 31, 2001 and 2000, and for each of the years in the three-year period ended December 31, 2001, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, have been incorporated by reference herein and in the Registration Statement in reliance upon the report of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.