

CENTURYTEL INC
Form S-4/A
December 22, 2008

Table of Contents

As filed with the Securities and Exchange Commission on December 22, 2008

Registration No. 333-155521

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Amendment No. 1
to**

Form S-4

**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)*

4813

*(Primary Standard Industrial
Classification Code Number)*

72-0651161

*(I.R.S. Employer
Identification No.)*

**100 CenturyTel Drive
Monroe, LA 71203
(318) 388-9000**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Stacey W. Goff, Esq.
CenturyTel, Inc.
100 CenturyTel Drive
Monroe, LA 71203
(318) 388-9000**

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

Copies to:

**Claudia S. Toussaint, Esq.
Embarq Corporation
5454 West 110th Street
Overland Park, KS 66211
(913) 323-4637**

**Eric S. Robinson, Esq.
David E. Shapiro, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
(212) 403-1000**

**Robert I. Townsend, III, Esq.
George F. Schoen, Esq.
Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
(212) 474-1000**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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 of 1933, as amended, 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 post-effective amendment filed pursuant to Rule 462(d) 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.

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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED DECEMBER 22, 2008

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The board of directors of CenturyTel, Inc. and the board of directors of Embarq Corporation have agreed to a strategic combination of the two companies under the terms of the Agreement and Plan of Merger, dated as of October 26, 2008, which is referred to as the merger agreement. Upon completion of the merger of a direct, wholly owned subsidiary of CenturyTel with and into Embarq, CenturyTel will acquire Embarq, and Embarq will become a direct, wholly owned subsidiary of CenturyTel.

If the merger is completed, Embarq stockholders will have the right to receive 1.37 shares of CenturyTel common stock for each share of Embarq common stock, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the merger. Based on the closing price of CenturyTel common stock on the New York Stock Exchange, or the NYSE, on October 24, 2008, the last trading day before public announcement of the merger, the 1.37 exchange ratio represented approximately \$40.42 in value for each share of Embarq common stock. Based on such price on December 17, 2008, the latest practicable date before the date of this document, the 1.37 exchange ratio represented approximately \$34.88 in value for each share of Embarq common stock. CenturyTel shareholders will continue to own their existing CenturyTel shares.

Based on the estimated number of Embarq common shares outstanding on the record date for the shareholder meetings, CenturyTel expects to issue approximately 195,200,000 CenturyTel common shares to Embarq stockholders in the merger, and approximately 34,000,000 additional CenturyTel common shares will be reserved for issuance in connection with options and other equity-based awards and arrangements following the merger. Upon completion of the merger, we estimate that current CenturyTel shareholders will own approximately 34% of the combined company and former Embarq stockholders will own approximately 66% of the combined company. CenturyTel common stock and Embarq common stock are both traded on the NYSE under the symbols CTL and EQ, respectively.

At the special meeting of CenturyTel shareholders, CenturyTel shareholders will be asked to vote on the issuance of CenturyTel common stock to Embarq stockholders, which is necessary to effect the merger, and two amendments to the Amended and Restated Articles of Incorporation of CenturyTel to eliminate certain special ten-vote voting rights of long-term CenturyTel shareholders and to increase the number of shares of authorized CenturyTel common stock, neither of which are conditions to completion of the merger. At the special meeting of Embarq stockholders, Embarq stockholders will be asked to vote on the approval and adoption of the merger agreement.

We cannot complete the merger unless the shareholders of both of our companies approve the respective proposals related to the merger. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend your shareholder meeting in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on**

your proxy card, or (3) signing and returning all proxy cards that you receive in the postage-paid envelope provided, so that your shares may be represented and voted at the CenturyTel or Embarq special meeting, as applicable. If you are an Embarq stockholder, please note that a failure to vote your shares is the equivalent of a vote against the merger. If you are a CenturyTel shareholder, please note that a failure to vote your shares may result in a failure to establish a quorum for the CenturyTel special meeting.

The CenturyTel board of directors unanimously recommends that the CenturyTel shareholders vote FOR the proposal to issue shares of CenturyTel common stock in the merger, and FOR both proposals to amend the CenturyTel charter. The Embarq board of directors, by a unanimous vote of the directors present, recommends that the Embarq stockholders vote FOR the proposal to adopt the merger agreement.

The obligations of CenturyTel and Embarq to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about CenturyTel, Embarq and the merger is contained in this joint proxy statement-prospectus. **CenturyTel and Embarq encourage you to read this entire joint proxy statement-prospectus carefully, including the section entitled Risk Factors beginning on page 14.**

We look forward to the successful combination of CenturyTel and Embarq.

Sincerely,

Glen F. Post, III
Chairman of the Board and Chief Executive Officer
CenturyTel, Inc.

Sincerely,

Thomas A. Gerke
President and Chief Executive Officer
Embarq Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement-prospectus or determined that this joint proxy statement-prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement-prospectus is dated December 22, 2008 and is first being mailed to the shareholders of CenturyTel and stockholders of Embarq on or about December 22, 2008.

Table of Contents

**CenturyTel, Inc.
100 CenturyTel Drive
Monroe, LA 71203
(318) 388-9000**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On January 27, 2009**

Dear Shareholders of CenturyTel, Inc.:

We are pleased to invite you to attend the special meeting of shareholders of CenturyTel, Inc., a Louisiana corporation, which will be held at 100 CenturyTel Drive, Monroe, Louisiana, on January 27, 2009, at 10:00 a.m., local time, for the following purposes:

to vote on a proposal to approve the issuance of CenturyTel common stock, par value \$1.00 per share, in connection with the merger contemplated by the Agreement and Plan of Merger, dated as of October 26, 2008, by and among Embarq, CenturyTel, and Cajun Acquisition Company, a direct, wholly owned subsidiary of CenturyTel, a copy of which is attached as Annex A to the joint proxy statement-prospectus accompanying this notice;

to vote on a proposal to amend the Amended and Restated Articles of Incorporation of CenturyTel to eliminate the rights of persons who have continuously owned shares of CenturyTel common stock since May 30, 1987 to ten votes per share of such stock and to provide instead that all holders of common stock will be entitled to one vote per share;

to vote on a proposal to amend the Amended and Restated Articles of Incorporation of CenturyTel to increase the authorized number of shares of CenturyTel common stock from 350,000,000 to 800,000,000; and

to vote upon an adjournment of the CenturyTel special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the proposal to issue CenturyTel common stock in connection with the merger.

Please refer to the attached joint proxy statement-prospectus for further information with respect to the business to be transacted at the CenturyTel special meeting.

Holders of record of shares of CenturyTel common stock or voting preferred stock at the close of business on December 17, 2008, are entitled to vote at the special meeting and any adjournment or postponement of the special meeting. A list of these shareholders will be available at the special meeting for inspection by any CenturyTel shareholder, for any purpose germane to such meeting.

The issuance of CenturyTel common stock to Embarq stockholders requires the affirmative vote of holders of a majority of the votes cast on the proposal by holders of CenturyTel common stock and voting preferred stock, voting as a single class. Approval of each charter amendment requires the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock and voting preferred stock, voting together as a single class. In addition, the charter amendment proposal to eliminate special ten-vote voting rights of long-term shareholders requires the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock, voting as a separate class.

Your vote is important. Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card; (2) calling the toll-free number specified on your proxy card; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the CenturyTel special meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder. In lieu of receiving a proxy card, participants in CenturyTel's benefit plans have been furnished with voting instruction cards. The reverse side of this notice describes CenturyTel's voting provisions in greater detail.

By Order of the Board of Directors,
Stacey W. Goff
Senior Vice President, General Counsel and Secretary

Monroe, Louisiana
December 22, 2008

Table of Contents

CenturyTel Shareholders

Record Shareholders. In general, shares registered in the name of any natural person or estate that are represented by certificates dated as of or prior to May 30, 1987 are presumed to have ten votes per share and all other shares are presumed to have one vote per share. However, CenturyTel's charter (the relevant provisions of which are reproduced below) sets forth a list of circumstances in which the foregoing presumptions may be refuted. If you believe that the voting information set forth on your CenturyTel proxy card is incorrect or a presumption made with respect to your shares should not apply, please send a letter to CenturyTel briefly describing the reasons for your belief. Marking the proxy card or contacting CenturyTel in any other manner will not be sufficient notification that you believe the voting information thereon is incorrect.

Beneficial Shareholders. All shares held through a broker, bank or other nominee are presumed to have one vote per share. CenturyTel's charter sets forth a list of circumstances in which this presumption may be refuted by the person who has held since May 30, 1987 all of the attributes of beneficial ownership referred to in Article III(C)(2) reproduced below. If you believe that some or all of your shares are entitled to ten votes, you may follow one of two procedures. First, you may write a letter to CenturyTel describing the reasons for your belief. The letter should contain your name (unless you prefer to remain anonymous), the name of the brokerage firm, bank or other nominee holding your shares, your account number with such nominee and the number of shares you have beneficially owned continuously since May 30, 1987. Alternatively, you may ask your broker, bank or other nominee to write a letter CenturyTel on your behalf stating your account number and indicating the number of shares that you have beneficially owned continuously since May 30, 1987. In either case, your letter should indicate how you wish to have your shares voted.

Other. CenturyTel will consider all letters received prior to the date of the CenturyTel special meeting and, when a return address is provided in the letter, will advise the party furnishing such letter of its decision, although in many cases CenturyTel will not have time to inform an owner or nominee of its decision prior to the time the shares are voted. In limited circumstances, CenturyTel may require additional information before making a determination. If you have any questions about CenturyTel's voting procedures, please call CenturyTel at (318) 388-9000.

Participants in CenturyTel's Benefit Plans

Participants in CenturyTel's Dollars & Sense Plan or Union 401(k) Plan have received voting instruction cards in lieu of a proxy card. Only the trustees of these plans, in their capacity as directed trustees, can vote the plan shares at the CenturyTel special meeting. However, if you are a participating current or former CenturyTel employee, you are designated as a Named Fiduciary for voting purposes, which entitles you, on a confidential basis, to instruct the trustees how to cast the votes attributable to the shares allocated to your plan account, as well as a proportionate number of plan shares for which properly executed instructions are not timely received. By signing and returning your voting instruction card, you are accepting your designation under the plans as a Named Fiduciary, and you therefore are required to exercise your voting rights prudently and in the interest of all plan participants. If you elect not to vote the shares allocated to your accounts, your shares will be voted in accordance with voting instructions received by the trustees from those plan participants who do vote.

* * * *

Excerpts from CenturyTel's Charter

Paragraph C of Article III of CenturyTel's charter provides as follows:

(1) Each share of Common Stock ... which has been beneficially owned continuously by the same person since May 30, 1987 will entitle such person to ten votes with respect to such share on each matter properly submitted to the shareholders of the Corporation for their vote, consent, waiver, release or other action ...

(2) (a) For purposes of this paragraph C, a change in beneficial ownership of a share of the Corporation's stock will be deemed to have occurred whenever a change occurs in any person or group of persons who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) voting power, which includes the power to vote, or to direct the voting of such share; (ii) investment power, which includes the power to direct the sale or other disposition of such share; (iii) the right to receive or retain the proceeds of any sale or other disposition of such share; or (iv) the right to receive distributions, including cash dividends, in respect to such share.

(b) In the absence of proof to the contrary provided in accordance with the procedures referred to in subparagraph (4) of this paragraph C, a change in beneficial ownership will be deemed to have occurred whenever a share of stock is transferred of record into the name of any other person.

(c) In the case of a share of Common Stock ... held of record in the name of a corporation, general partnership, limited partnership, voting trustee, bank, trust company, broker, nominee or clearing agency, or in any other name except a natural person, if it has not been established pursuant to the procedures referred to in subparagraph (4) that such share was beneficially owned continuously since May 30, 1987 by the person who possesses all of the attributes of beneficial ownership referred to in clauses (i) through (iv) of subparagraph (2)(a) of this paragraph C with respect to such share of Common Stock ... then such share of Common Stock ... will carry with it only one vote regardless of when record ownership of such share was acquired.

(d) In the case of a share of stock held of record in the name of any person as trustee, agent, guardian or custodian under the Uniform Gifts to Minors Act, the Uniform Transfers to Minors Act or any comparable statute as in effect in any state, a change in beneficial ownership will be deemed to have occurred whenever there is a change in the beneficiary of such trust, the principal of such agent, the ward of such guardian or the minor for whom such custodian is acting.

(3) Notwithstanding anything in this paragraph C to the contrary, no change in beneficial ownership will be deemed to have occurred solely as a result of:

(a) any event that occurred prior to May 30, 1987, including contracts providing for options, rights of first refusal and similar arrangements, in existence on such date to which any holder of shares of stock is a party;

(b) any transfer of any interest in shares of stock pursuant to a bequest or inheritance, by operation of law upon the death of any individual, or by any other transfer without valuable consideration, including a gift that is made in good faith and not for the purpose of circumventing this paragraph C;

(c) any change in the beneficiary of any trust, or any distribution of a share of stock from trust, by reason of the birth, death, marriage or divorce of any natural person, the adoption of any natural person prior to age 18 or the passage of a given period of time or the attainment by any natural person of a specified age, or the creation or termination of any guardianship or custodian arrangement; or

(d) any appointment of a successor trustee, agent, guardian or custodian with respect to a share of stock.

(4) For purposes of this paragraph C, all determinations concerning changes in beneficial ownership, or the absence of any such change, will be made by the Corporation. Written procedures designed to facilitate such determinations will be established by the Corporation and refined from time to time. Such procedures will provide, among other things, the manner of proof of facts that will be accepted and the frequency with which such proof may be required to be renewed. The Corporation and any transfer agent will be entitled to rely on all information concerning beneficial

ownership of a share of stock coming to their attention from any source and in any manner reasonably deemed by them to be reliable, but neither the Corporation nor any transfer agent will be charged with any other knowledge concerning the beneficial ownership of a share of stock.

* * * *

(8) Shares of Common Stock held by the Corporation's employee benefit plans will be deemed to be beneficially owned by such plans regardless of how such shares are allocated to or voted by participants, until the shares are actually distributed to participants.

* * * *

Table of Contents

Embarq Corporation
5454 West 110th Street
Overland Park, KS 66211
(913) 323-4637

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On January 27, 2009

Dear Stockholders of Embarq Corporation:

A special meeting of stockholders of Embarq Corporation will be held at 10:00 a.m., local time, on January 27, 2009, at the Overland Park Convention Center, 6000 College Boulevard, Overland Park, Kansas in order:

to adopt the Agreement and Plan of Merger, dated as of October 26, 2008, among CenturyTel, Inc., Cajun Acquisition Company, a wholly owned subsidiary of CenturyTel, and Embarq, pursuant to which Cajun Acquisition Company will be merged with and into Embarq and each outstanding share of common stock of Embarq will be converted into the right to receive 1.37 shares of common stock of CenturyTel, with cash paid in lieu of fractional shares; and

to transact any other business that may properly be brought before the Embarq special meeting or any adjournments or postponements thereof.

Only stockholders of record at the close of business on December 17, 2008 are entitled to notice of, and may vote at, the special meeting and at any adjournment of the meeting. A complete list of stockholders of record of Embarq entitled to vote at the special meeting will be available for the 10 days before the special meeting at our executive offices and principal place of business at 5454 West 110th Street, Overland Park, Kansas for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting. The list will also be available at the special meeting for examination by any stockholder of record present at the special meeting.

In connection with our solicitation of proxies for the special meeting, we are making available this joint proxy statement-prospectus and proxy card on or about December 22, 2008. Please vote in one of the following ways: (1) Use the toll-free number shown on your proxy card; (2) Visit the Internet website specified on your proxy card and follow the instructions there to vote via the Internet; (3) Complete, sign, date and return your proxy card in the enclosed postage-paid envelope; or (4) Vote in person at the meeting.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote on the proposal.

Your vote is very important. Please vote using one of the methods above to ensure that your vote will be counted. Your proxy may be revoked at any time before the vote at the special meeting by following the procedures outlined in the accompanying joint proxy statement-prospectus.

By order of the Board of Directors,

Claudia S. Toussaint
General Counsel and Corporate Secretary

Overland Park, Kansas

December 22, 2008

Table of Contents

ADDITIONAL INFORMATION

This document incorporates important business and financial information about CenturyTel and Embarq from other documents that are not included in or delivered with this document. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this document by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

CenturyTel, Inc.
100 CenturyTel Drive
Monroe, Louisiana 71203
(318) 388-9000
Attn: Investor Relations
or
Innisfree M&A Incorporated
501 Madison Avenue
New York, New York 10022
(888) 750-5835

Embarq Corporation
5454 West 110th Street
Overland Park, Kansas 66211
(913) 323-4637
Attn: Shareholder Relations
or
D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
Banks and brokers call collect:
(212) 269-5550
Others call toll-free: (800) 859-8508

Investors may also consult CenturyTel's or Embarq's website for more information concerning the merger described in this document. CenturyTel's website is www.CenturyTel.com. Embarq's website is www.EMBARQ.com. Additional information is available at www.CenturyTelEmbarqMerger.com. Information included on these websites is not incorporated by reference into this document.

If you would like to request any documents, please do so by January 20, 2009 in order to receive them before the shareholder meetings.

For more information, see Where You Can Find More Information beginning on page 111.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by CenturyTel (File No. 333-155521), constitutes a prospectus of CenturyTel under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the CenturyTel common shares to be issued to Embarq stockholders as required by the merger agreement. This document also constitutes a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. It also constitutes a notice of meeting with respect to the special meeting of CenturyTel shareholders, at which CenturyTel shareholders will be asked to vote upon a proposal to authorize the issuance of CenturyTel common shares required to be issued to Embarq stockholders pursuant to the merger agreement and two proposals to amend the CenturyTel charter to eliminate certain special ten-vote voting rights of long-term CenturyTel shareholders and to increase the number of shares of authorized CenturyTel common stock, and a notice of meeting with respect to the special meeting of Embarq stockholders, at which Embarq stockholders will be asked to vote upon a proposal to adopt the merger agreement.

You should rely only on the information contained or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into,

this document. This document is dated December 22, 2008. You should not assume that the information contained in this document is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this document is accurate as of any date other than the date of such incorporated document. Neither our mailing of this document to CenturyTel shareholders or Embarq stockholders nor the issuance by CenturyTel of common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding CenturyTel has been provided by CenturyTel and information contained in this document regarding Embarq has been provided by Embarq.

Table of Contents**TABLE OF CONTENTS**

	<u>Page</u>
<u>QUESTIONS AND ANSWERS</u>	iv
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>The Merger and the Merger Agreement</u>	2
<u>The Special Meetings</u>	7
<u>Recent Developments</u>	8
<u>Selected Historical Financial Data of CenturyTel</u>	9
<u>Selected Historical Financial Data of Embarq</u>	10
<u>Summary Unaudited Pro Forma Combined Condensed Financial Information</u>	12
<u>Equivalent and Comparative Per Share Information</u>	13
<u>RISK FACTORS</u>	14
<u>Risk Factors Relating to the Merger</u>	14
<u>Risk Factors Relating to CenturyTel Following the Merger</u>	16
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	23
<u>THE COMPANIES</u>	24
<u>CenturyTel</u>	24
<u>Embarq</u>	24
<u>Cajun Acquisition Company</u>	24
<u>THE CENTURYTEL SPECIAL MEETING</u>	25
<u>Date, Time and Place</u>	25
<u>Purpose of the CenturyTel Special Meeting</u>	25
<u>Recommendation of the Board of Directors of CenturyTel</u>	25
<u>CenturyTel Record Date; Stock Entitled to Vote</u>	25
<u>Quorum</u>	26
<u>Required Vote</u>	26
<u>Abstentions and Broker Non-Votes</u>	26
<u>Voting of Proxies</u>	26
<u>Participants in Benefit Plans</u>	27
<u>Shares Held in Street Name</u>	27
<u>Revocability of Proxies</u>	27
<u>Solicitation of Proxies</u>	27
<u>THE EMBARQ SPECIAL MEETING</u>	28
<u>Date, Time and Place</u>	28
<u>Purpose of the Embarq Special Meeting</u>	28
<u>Recommendation of the Board of Directors of Embarq</u>	28
<u>Embarq Record Date; Stock Entitled to Vote</u>	28
<u>Quorum</u>	28
<u>Required Vote</u>	28
<u>Abstentions and Broker Non-Votes</u>	29
<u>Voting at the Special Meeting</u>	29
<u>Voting in Person</u>	29
<u>Voting by Proxy</u>	29

Table of Contents

	<u>Page</u>
<u>Revocation of Proxies</u>	29
<u>Solicitation of Proxies</u>	30
<u>CENTURYTEL PROPOSAL 1 AND EMBARQ PROPOSAL 1: THE ISSUANCE OF CENTURYTEL SHARES AND THE MERGER</u>	30
<u>Effects of the Merger</u>	30
<u>Background of the Merger</u>	30
<u>CenturyTel's Reasons for the Merger; Recommendation of the Stock Issuance by the CenturyTel Board of Directors</u>	38
<u>Embarq's Reasons for the Merger; Recommendation of the Merger by the Embarq Board of Directors</u>	40
<u>Opinions of CenturyTel's Financial Advisors</u>	42
<u>Opinion of J.P. Morgan as Embarq's Financial Advisor</u>	53
<u>Financial Interests of Embarq Directors and Officers in the Merger</u>	59
<u>Financial Interests of CenturyTel Directors and Officers in the Merger</u>	65
<u>Board of Directors and Management After the Merger</u>	69
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	69
<u>Accounting Treatment</u>	71
<u>Regulatory Approvals Required for the Merger</u>	71
<u>Exchange of Shares in the Merger</u>	72
<u>Treatment of Stock Options and Other Equity-Based Awards</u>	72
<u>Dividends and Share Repurchases</u>	72
<u>Listing of CenturyTel Common Stock</u>	73
<u>De-Listing and Deregistration of Embarq Stock</u>	73
<u>No Appraisal Rights</u>	73
<u>Certain CenturyTel Forecasts</u>	73
<u>Certain Embarq Forecasts</u>	74
<u>The Merger Agreement</u>	75
<u>CENTURYTEL PROPOSAL 2: AMENDMENT OF THE CENTURYTEL CHARTER TO ELIMINATE SPECIAL TEN-VOTE VOTING RIGHTS OF LONG-TERM CENTURYTEL SHAREHOLDERS</u>	85
<u>Background</u>	85
<u>Current Voting Provisions</u>	85
<u>Description of the Proposed Amendment</u>	86
<u>Reasons for the Proposed Amendment</u>	86
<u>Effects of the Amendment</u>	87
<u>Required Vote for Approval</u>	88
<u>New York Stock Exchange Listing</u>	88
<u>U.S. Federal Income Tax Consequences</u>	88
<u>CENTURYTEL PROPOSAL 3: AMENDMENT OF THE CENTURYTEL CHARTER TO INCREASE AUTHORIZED SHARES</u>	90
<u>Reasons for the Proposed Amendment</u>	90
<u>Required Vote for Approval</u>	90
<u>UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION</u>	91
<u>COMPARATIVE STOCK PRICES AND DIVIDENDS</u>	99
<u>COMPARISON OF RIGHTS OF CENTURYTEL SHAREHOLDERS AND EMBARQ STOCKHOLDERS</u>	101
<u>Authorized Capital Stock</u>	101

	<u>Page</u>
<u>Dividends, Redemptions, Stock Repurchases and Reversions</u>	102
<u>Charter Amendments and Approval of Other Extraordinary Transactions</u>	103
<u>Shareholder Proposals and Nominations</u>	103
<u>Limitation of Personal Liability of Directors and Officers</u>	104
<u>Appraisal and Dissent Rights</u>	104
<u>Access to Corporate Records and Accounts</u>	105
<u>Laws and Organizational Document Provisions with Possible Antitakeover Effects</u>	105
<u>Amendment to the Bylaws</u>	109
<u>Filling Vacancies on the Board of Directors</u>	109
<u>NO APPRAISAL RIGHTS</u>	109
<u>LEGAL MATTERS</u>	110
<u>EXPERTS</u>	110
<u>CenturyTel</u>	110
<u>Embarq</u>	110
<u>SHAREHOLDER PROPOSALS</u>	110
<u>CenturyTel</u>	110
<u>Embarq</u>	111
<u>OTHER MATTERS</u>	111
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	111
<u>EX-5.1: OPINION OF JONES, WALKER, WAECHTER, POITEVENT, CARRERE & DENEGRE, LLP</u>	
<u>EX-8.1: OPINION OF WEIL, GOTSHAL & MANGES LLP</u>	
<u>EX-8.2: OPINION OF CRAVATH, SWAINE & MOORE LLP</u>	
<u>EX-99.4: FORM OF PROXY OF CENTURYTEL, INC.</u>	
<u>EX-99.5: FORM OF PROXY OF EMBARO CORPORATION</u>	
Annex A Agreement and Plan of Merger	A-1
Annex B Opinion of Barclays Capital Inc.	B-1
Annex C Opinion of Morgan Stanley & Co. Incorporated.	C-1
Annex D Opinion of J.P. Morgan Securities Inc.	D-1
<u>Annex E</u> Amendments to CenturyTel Amended and Restated Articles of Incorporation	E-1

Table of Contents

QUESTIONS AND ANSWERS

The following are some questions that you, as a shareholder of CenturyTel or stockholder of Embarq, may have regarding the merger and the other matters being considered at the shareholder meetings and the answers to those questions. CenturyTel and Embarq urge you to read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the shareholder meetings. Additional important information is also contained in the annexes to and the documents incorporated by reference into this document.

Q: Why am I receiving this document?

A: CenturyTel and Embarq have agreed to combine under the terms of a merger agreement that is described in this document. A copy of the merger agreement is attached to this document as Annex A.

In order to complete the merger, CenturyTel shareholders must vote to approve the issuance of shares of CenturyTel common stock in connection with the merger, and Embarq stockholders must vote to adopt the merger agreement.

In addition, CenturyTel shareholders are being asked to vote on two proposals to amend the CenturyTel Amended and Restated Articles of Incorporation, which we refer to as the CenturyTel charter. The first charter amendment proposal is to eliminate the rights of persons who have continuously owned shares of CenturyTel common stock since May 30, 1987 to ten votes per share of such stock and to provide instead that all holders of CenturyTel common stock will be entitled to one vote per share. The second charter amendment proposal is to increase the authorized number of shares of CenturyTel common stock from 350,000,000 to 800,000,000. Neither charter amendment is required to complete the merger.

CenturyTel and Embarq will hold separate shareholder meetings to obtain these approvals. This document contains important information about the merger and the meetings of the shareholders of CenturyTel and stockholders of Embarq, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your respective shareholder meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: When and where will the shareholder meetings be held?

A: The CenturyTel special meeting will be held at 100 CenturyTel Drive, Monroe, Louisiana on January 27, 2009, at 10:00 a.m., local time. The Embarq special meeting will be held at the Overland Park Convention Center, 6000 College Boulevard, Overland Park, Kansas, on January 27, 2009, at 10:00 a.m., local time.

Q: How do I vote?

A: If you are a shareholder of record of CenturyTel as of the record date for the CenturyTel special meeting or a stockholder of record of Embarq as of the record date for the Embarq special meeting, you may vote in person by attending your shareholder meeting or, to ensure your shares are represented at the meeting, you may vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning the enclosed proxy card in the postage-paid envelope provided.

If you hold CenturyTel shares or Embarq shares in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at your shareholder meeting. If you are a participant in CenturyTel's stock-based benefit plans, you have been furnished with voting instruction cards in lieu of a proxy card.

Q: What vote is required to approve each proposal?

A: *CenturyTel*. The proposal at the CenturyTel special meeting to approve the issuance of shares of CenturyTel common stock in the merger requires the affirmative vote of holders of a majority of the votes

Table of Contents

cast on the proposal by holders of CenturyTel common stock and voting preferred stock, voting as a single class. Each CenturyTel charter amendment proposal requires the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock and voting preferred stock, voting together as a single class. In addition, the CenturyTel charter amendment to eliminate special ten-vote voting rights of long-term shareholders requires the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock, voting as a separate class.

Embarq. The proposal at the Embarq special meeting to adopt the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Embarq common stock entitled to vote on the proposal.

Q: How many votes do I have?

A: *CenturyTel.* You are entitled to ten votes for each CenturyTel common share, if any, that you have held continuously since May 30, 1987 and owned as of the record date, and you are entitled to one vote for each other share of CenturyTel common stock and each share of CenturyTel voting preferred stock that you owned as of the record date.

As of the close of business on December 17, 2008, there were approximately 100,210,048 outstanding shares of CenturyTel common stock and approximately 9,434 outstanding shares of CenturyTel voting preferred stock. Applying the presumptions described in Article III of the CenturyTel charter and information known to CenturyTel, CenturyTel's records indicate that 138,790,666 votes are entitled to be cast at the CenturyTel special meeting, of which 138,781,232 (99.993%) are attributable to common stock. As of that date, approximately 2.9% of the outstanding CenturyTel common shares, none of the outstanding shares of CenturyTel voting preferred stock, and approximately 1.7% of the total CenturyTel voting power were beneficially owned by directors and executive officers of CenturyTel.

Embarq. You are entitled to one vote for each Embarq common share that you owned as of the record date.

As of the close of business on December 17, 2008, there were approximately 142,417,310 outstanding Embarq common shares. As of that date, less than 0.09% of the outstanding common stock of Embarq entitled to vote was owned by its directors and executive officers and their affiliates.

Q: What will happen if I fail to vote or I abstain from voting?

A: *CenturyTel.* If you are a CenturyTel shareholder and fail to vote, fail to instruct your broker or nominee to vote, or vote to abstain, it will have no effect on the proposal to approve the issuance of shares of CenturyTel common stock in the merger or the charter amendment proposals, assuming a quorum is present.

Embarq. If you are an Embarq stockholder and fail to vote, fail to instruct your broker or nominee to vote, or vote to abstain, it will have the same effect as a vote against the proposal to adopt the merger agreement.

Q: What constitutes a quorum?

A: *CenturyTel.* Shareholders who hold at least two-thirds of the total voting power of outstanding CenturyTel common stock and voting preferred stock as of the close of business on the record date and who are entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct the CenturyTel special meeting.

Embarq. Stockholders who hold at least a majority of the outstanding Embarq common stock as of the close of business on the record date and who are entitled to vote must be present or represented by proxy in order to constitute a quorum to conduct the Embarq special meeting.

Table of Contents

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to CenturyTel or Embarq or by voting in person at your shareholder meeting unless you provide a legal proxy, which you must obtain from your bank or broker. Further, brokers who hold shares of CenturyTel common stock or voting preferred stock or Embarq common stock on behalf of their customers may not give a proxy to CenturyTel or Embarq to vote those shares without specific instructions from their customers.

If you are a CenturyTel shareholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares on the proposal to approve the issuance of shares of CenturyTel common stock in the merger or the CenturyTel charter amendment proposals, which will have no effect on the vote on these proposals, assuming a quorum is present.

If you are an Embarq stockholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares, which will have the same effect as a vote against the proposal to adopt the merger agreement.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you sign and return your proxy card without indicating how to vote on any particular proposal, the CenturyTel common stock or voting preferred stock or Embarq common stock represented by your proxy will be voted in favor of that proposal.

Q: Can I change my vote after I have returned a proxy or voting instruction card?

A: Yes. You can change your vote at any time before your proxy is voted at your shareholder meeting. You can do this in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date; or

if you are a holder of record, you can attend your shareholder meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Secretary of CenturyTel or Corporate Secretary of Embarq, as appropriate, no later than the beginning of the applicable shareholder meeting. If you have voted your shares by telephone or through the Internet, you may revoke your prior telephone or Internet vote by recording a different vote using the telephone or Internet, or by signing and returning a proxy card dated as of a date that is later than your last telephone or Internet vote. If your shares are held in street name by your bank or broker, you should contact your broker to change your vote.

Q: What are the material United States federal income tax consequences of the merger to U.S. holders of Embarq common shares?

A: The merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. Assuming the merger qualifies as such a reorganization, a U.S. holder of Embarq common shares generally will not recognize any gain or loss upon receipt of CenturyTel common shares solely in exchange for Embarq common shares in the merger, except with respect to cash received in lieu of a fractional CenturyTel common share. See *The Issuance of CenturyTel Shares and the Merger* Material U.S. Federal Income Tax Consequences of the Merger beginning on page 69.

Q: When do you expect the merger to be completed?

A: CenturyTel and Embarq are working to complete the merger in the second quarter of 2009. However, the merger is subject to various federal and state regulatory approvals and other conditions, and it is possible that factors outside the control of both companies could result in the merger being completed at a later

Table of Contents

time, or not at all. There may be a substantial amount of time between the respective CenturyTel and Embarq special meetings and the completion of the merger. CenturyTel and Embarq hope to complete the merger as soon as reasonably practicable.

Q: What do I need to do now?

A: Carefully read and consider the information contained in and incorporated by reference into this document, including its annexes.

In order for your shares to be represented at your shareholder meeting:

you can attend your shareholder meeting in person;

you can vote through the Internet or by telephone by following the instructions included on your proxy card; or

you can indicate on the enclosed proxy card how you would like to vote and return the proxy card in the accompanying pre-addressed postage paid envelope.

Q: Do I need to do anything with my shares of Embarq common stock now?

A: No. After the merger is completed, your shares of Embarq common stock will be automatically converted into CenturyTel shares, and you do not need to take any action.

If you are a CenturyTel shareholder, you are not required to take any action with respect to your CenturyTel stock certificates.

Q: Who can help answer my questions?

A: CenturyTel shareholders or Embarq stockholders who have questions about the merger or the other matters to be voted on at the shareholder meetings or desire additional copies of this document or additional proxy cards should contact:

if you are a CenturyTel shareholder:

Innisfree M&A Incorporated
501 Madison Avenue
New York, New York 10022
(888) 750-5835

if you are an Embarq stockholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005
Banks and brokers call collect (212) 269-5550
Others call toll-free (800) 859-8508

Table of Contents

SUMMARY

*This summary highlights information contained elsewhere in this document and may not contain all the information that is important to you. CenturyTel and Embarq urge you to read carefully the remainder of this document, including the attached annexes, and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at each shareholder meeting. See also the section entitled *Where You Can Find More Information* on page 111. We have included page references to direct you to a more complete description of the topics presented in this summary.*

The Companies

CenturyTel (See page 24)

CenturyTel, Inc.
100 CenturyTel Drive
Monroe, Louisiana 71203
Telephone: (318) 388-9000

CenturyTel, a Louisiana corporation, is 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. CenturyTel also provides fiber transport, competitive local exchange carrier, security monitoring, and other communications and business information services in certain local and regional markets. CenturyTel's 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. According to published sources, CenturyTel is the seventh largest local exchange telephone company in the United States based on the number of access lines served.

Additional information about CenturyTel and its subsidiaries is included in documents incorporated by reference in this document. See *Where You Can Find More Information* on page 111.

Embarq (See page 24)

Embarq Corporation
5454 West 110th Street
Overland Park, Kansas 66211
Telephone: (913) 323-4637

Embarq, a Delaware corporation, offers a complete suite of communications services. Embarq has operations in 18 states and is in the Fortune 500® list of America's largest corporations. For consumers, Embarq offers an innovative portfolio of services that includes reliable local and long distance home phone service, high-speed Internet, wireless and satellite video from DISH Network® all on one monthly bill. For businesses, Embarq has a comprehensive range of flexible and integrated services designed to help businesses of all sizes be more productive and communicate with their customers. This service portfolio includes local voice and data services, long distance, EMBARQ® Business-Class High Speed Internet, wireless, satellite TV from DIRECTV®, enhanced data network services, voice and data communication equipment and managed network services.

Additional information about Embarq and its subsidiaries is included in documents incorporated by reference in this document. See [Where You Can Find More Information](#) on page 111.

Cajun Acquisition Company (See page 24)

Cajun Acquisition Company, a wholly owned subsidiary of CenturyTel, is a Delaware corporation formed on October 24, 2008 for the purpose of effecting the merger. Upon completion of the merger, Cajun Acquisition Company will be merged with and into Embarq and the name of the resulting company will be Embarq Corporation.

Table of Contents

Cajun Acquisition Company has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

The Merger and the Merger Agreement

A copy of the merger agreement is attached as Annex A to this document. CenturyTel and Embarq encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

Form of Merger (See page 75)

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Cajun Acquisition Company, a direct, wholly owned subsidiary of CenturyTel formed for the purposes of the merger, will be merged with and into Embarq. Embarq will survive the merger as a direct, wholly owned subsidiary of CenturyTel.

Consideration to be Received in the Merger; Treatment of Stock Options and Other Equity-Based Awards (See pages 75 and 72)

Upon completion of the merger, Embarq stockholders will receive 1.37 shares of CenturyTel common stock for each share of Embarq common stock they hold, with cash paid in lieu of fractional shares. The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of Embarq or CenturyTel. Because of this, the implied value of the consideration to Embarq stockholders will fluctuate between now and the completion of the merger. Based on the closing price of CenturyTel common stock on the New York Stock Exchange, or NYSE, of \$29.50 on October 24, 2008, the last trading day before public announcement of the merger, the 1.37 exchange ratio represented approximately \$40.42 in value for each share of Embarq common stock. Based on the closing price of CenturyTel common stock on the NYSE on December 17, 2008, the latest practicable date before the date of this document, the 1.37 exchange ratio represented approximately \$34.88 in value for each share of Embarq common stock.

Upon completion of the merger, outstanding stock options to purchase Embarq common stock granted pursuant to Embarq's equity plans will be converted into stock options to acquire shares of CenturyTel common stock so as to maintain the aggregate spread value of such stock options. Each award of restricted stock units granted pursuant to Embarq's equity plans will be converted into the right to receive a number of shares of CenturyTel common stock. The number of shares of CenturyTel common stock subject to such restricted stock unit will be based on (a) the actual achievement of performance goals applicable to such award during the applicable performance period commencing on the date of grant and ending on the closing of the merger and (b) the target number of shares subject to such award for the period following the closing date that ends on the last day of the applicable performance period. Upon the completion of the merger, each outstanding purchase right under Embarq's Employee Stock Purchase Plan will be automatically suspended, any contributions made for the current offering period will be returned to the participants, and the plan will terminate.

Material U.S. Federal Income Tax Consequences of the Merger (See page 69)

The merger is intended to be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Assuming the merger qualifies as such a reorganization, a U.S. holder of Embarq common shares generally will not recognize any gain or loss upon receipt of CenturyTel common shares solely in exchange for Embarq common shares in the merger, except with respect to cash received in lieu of a fractional CenturyTel common share. It is a condition to the completion of the merger that CenturyTel and Embarq receive written opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of

Section 368(a) of the Code.

Tax matters are very complicated and the tax consequences of the merger to each Embarq stockholder will depend on such stockholder's particular facts and circumstances. Embarq stockholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger.

Table of Contents

Recommendations of the CenturyTel Board of Directors (See pages 25 and 38)

After careful consideration, the CenturyTel board of directors, on October 26, 2008, unanimously approved the merger agreement. For the factors considered by the CenturyTel board of directors in reaching its decision to approve the merger agreement, see the section entitled "The Issuance of CenturyTel Shares and the Merger - CenturyTel's Reasons for the Merger; Recommendation of the Stock Issuance by the CenturyTel Board of Directors" beginning on page 38. **The CenturyTel board of directors unanimously recommends that the CenturyTel shareholders vote FOR the proposal to issue shares of CenturyTel common stock in the merger, FOR the proposal to amend the CenturyTel charter to eliminate certain special ten-vote voting rights of long-term CenturyTel shareholders and FOR the proposal to amend the CenturyTel charter to increase the number of shares of authorized CenturyTel common stock.**

Recommendation of the Embarq Board of Directors (See pages 28 and 40)

After careful consideration, the Embarq board of directors, on October 26, 2008, approved and adopted the merger agreement by unanimous vote of the directors present at the meeting. For the factors considered by the Embarq board of directors in reaching its decision to adopt the merger agreement, see the section entitled "The Issuance of CenturyTel Shares and the Merger - Embarq's Reasons for the Merger; Recommendation of the Merger by the Embarq Board of Directors" beginning on page 40. **The Embarq board of directors, by a unanimous vote of the directors present, recommends that the Embarq stockholders vote FOR the proposal to adopt the merger agreement at the Embarq special meeting.**

Opinions of CenturyTel's Financial Advisors (See page 42)

Barclays Capital Inc. In connection with the merger, the CenturyTel board of directors received the written opinion, dated October 26, 2008, of CenturyTel's financial advisor, Barclays Capital Inc., referred to as Barclays Capital, as to the fairness, from a financial point of view and as of the date of such opinion, to CenturyTel of the 1.37 exchange ratio provided for in the merger. The full text of Barclays Capital's written opinion is attached as Annex B to this joint proxy statement-prospectus and is incorporated herein by reference. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. Barclays Capital's opinion is addressed to the CenturyTel board of directors, relates only to the fairness, from a financial point of view, to CenturyTel of the exchange ratio provided for in the merger and does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the proposed merger or any other matter.

Morgan Stanley & Co. Incorporated. In connection with the merger, the CenturyTel board of directors received a written opinion from CenturyTel's financial advisor, Morgan Stanley & Co. Incorporated, which we refer to as Morgan Stanley, as to the fairness, from a financial point of view, of the consideration to be paid by CenturyTel pursuant to the merger agreement. The full text of the written opinion of Morgan Stanley, dated October 26, 2008, is included as Annex C to this joint proxy statement-prospectus and is incorporated herein by reference. You should read the opinion carefully in its entirety for a description of the assumptions made, the matters considered and limitations on the review undertaken. Morgan Stanley addressed its opinion to the CenturyTel board of directors, and the opinion does not constitute a recommendation to any shareholder as to how to vote or as to any other action that a shareholder should take relating to the merger.

Opinion of J.P. Morgan as Embarq's Financial Advisor (See page 53)

J.P. Morgan Securities Inc., which is referred to as J.P. Morgan, delivered its opinion to the Embarq board of directors that, as of the date of the fairness opinion and based upon and subject to the various factors, assumptions and limitations set forth therein, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of Embarq common stock.

The full text of the written opinion of J.P. Morgan, dated October 26, 2008, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken in rendering its opinion, is attached as Annex D to this joint proxy statement-prospectus and is incorporated herein by reference. J.P. Morgan provided its opinion for the information and assistance of the Embarq board

Table of Contents

of directors in connection with its consideration of the merger. The J.P. Morgan opinion is addressed to the Embarq board of directors and does not constitute a recommendation as to how any stockholder of Embarq should vote with respect to the proposed merger.

CenturyTel's Officers and Directors Have Financial Interests in the Merger That Differ from Your Interests (Page 65)

CenturyTel's executive officers and directors have financial interests in the merger that are different from, or in addition to, their interests as CenturyTel shareholders. The CenturyTel board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, in approving the merger agreement, and in recommending to the shareholders that the issuance of common stock in connection with the merger be approved.

Each of CenturyTel's executive officers, including each of its named executive officers, is party to an agreement with CenturyTel that provides severance and other benefits in the case of qualifying terminations of employment following a change of control, including completion of the merger. In addition, stock-based awards held by CenturyTel's executive officers will vest upon certain terminations of employment following completion of the merger. Stock-based awards held by CenturyTel directors who do not continue to serve on the board will vest upon completion of the merger. Pursuant to the terms of CenturyTel's nonqualified deferred compensation arrangements, certain benefits payable to executive officers thereunder will vest, and become immediately payable in cash, upon a qualifying termination of employment within two years following the date of completion of the merger, and certain executive officers will accrue additional benefits under such arrangements upon a qualifying termination of employment within three years following the date of completion of the merger.

Please see "Financial Interests of CenturyTel Directors and Officers in the Merger" beginning on page 65 for additional information about these financial interests.

Embarq's Officers and Directors Have Financial Interests in the Merger That Differ from Your Interests (Page 59)

Embarq's directors and executive officers have financial interests in the merger that are different from, or in addition to, their interests as Embarq stockholders. The Embarq board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to Embarq stockholders that the merger agreement be approved and adopted.

Each of Embarq's executive officers, including its named executive officers, is either a party to an agreement with Embarq or a participant in the Embarq Executive Severance Plan. Each agreement, and the Executive Severance Plan, provides severance and other benefits in the case of qualifying terminations of employment following a change in control, including completion of the merger. In addition, stock-based awards held by Embarq's executive officers will vest following certain terminations of employment following the completion of the merger. Stock-based awards held by Embarq non-employee directors will vest in full upon completion of the merger.

Please see "Financial Interests of Embarq Directors and Officers in the Merger" beginning on page 59 for additional information about these financial interests.

Directors and Management Following the Merger (See page 69)

Following the merger, the board of directors of the combined company will consist of fifteen directors, which CenturyTel and Embarq expect to include, as of the effective time of the merger, Virginia Boulet, W. Bruce Hanks,

Edgar Filing: CENTURYTEL INC - Form S-4/A

Gregory J. McCray, C.G. Melville, Jr., Fred R. Nichols, Harvey P. Perry, Glen F. Post, III, and Joseph R. Zimmer, who are currently directors of CenturyTel, and Peter C. Brown, Steven A. Davis, Richard A. Gephardt, Thomas A. Gerke, William A. Owens, Stephanie M. Shern and Laurie A. Siegel, who are currently directors of Embarq. As of the effective time of the merger, CenturyTel-designated directors will constitute a majority of the members of each of the committees of the board of directors, with Embarq-designated directors constituting one less than the number of CenturyTel-designated directors on each board committee. Embarq may designate the initial chairperson of either the audit committee or the

Table of Contents

compensation committee, and CenturyTel will designate the initial chairpersons of the remaining committees, including the nominating and corporate governance committee.

Following the merger, Glen F. Post, III, currently Chairman of the Board and Chief Executive Officer of CenturyTel, will continue to serve as Chief Executive Officer and will also serve as President. Admiral William A. Owens, currently the non-executive Chairman of the board of Embarq, will serve as non-executive Chairman of the board of the combined company. Thomas A. Gerke, currently the President and Chief Executive Officer of Embarq, will serve as executive Vice Chairman of the board of directors. Harvey P. Perry, currently non-executive Vice Chairman of the board of CenturyTel, will continue to serve as non-executive Vice Chairman of the board of directors. R. Stewart Ewing, Jr., currently Chief Financial Officer of CenturyTel, Karen A. Puckett, currently Chief Operating Officer of CenturyTel, and Stacey W. Goff, currently General Counsel of CenturyTel, will continue to serve in those positions. Dennis G. Huber, currently Chief Technology Officer of Embarq, will serve as the executive responsible for Network and Information Technology.

Regulatory Approvals Required for the Merger (See page 71)

HSR Act and Antitrust. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to in this document as the HSR Act, neither CenturyTel nor Embarq may complete the merger until required information and materials are furnished to the Antitrust Division of the Department of Justice, which is referred to in this document as the DOJ, and the Federal Trade Commission, which is referred to in this document as the FTC, and the applicable waiting period under the HSR Act terminates or expires. On November 12, 2008, CenturyTel and Embarq filed the requisite notification and report forms under the HSR Act with the DOJ and the FTC. On November 21, 2008, the FTC granted early termination of the waiting period. However, at any time before or after the completion of the merger, any of the DOJ, the FTC or others could take action under the antitrust laws as it deems necessary or desirable in the public interest, including without limitation seeking to enjoin the completion of the merger or permitting completion subject to regulatory concessions or conditions. We cannot assure you that a challenge to the merger will not be made or that, if a challenge is made, it will not succeed.

FCC Approval. The Federal Communications Act of 1934, as amended, requires the approval of the Federal Communications Commission, which we refer to as the FCC, prior to any transfer of control of certain types of licenses and other authorizations issued by the FCC. CenturyTel and Embarq filed the relevant applications for FCC consent to the transfer to CenturyTel of control of Embarq and the Embarq subsidiaries that hold such licenses and authorizations on November 26, 2008 and December 4, 2008, which were posted on Public Notice on December 9, 2008. Applications for FCC approvals are subject to public comment and possible oppositions of third parties. We cannot assure you that the requisite FCC approval will be obtained on a timely basis or at all. In addition, we cannot assure you that such approval will not include conditions that could result in the abandonment of the merger.

State Regulatory Approvals. Embarq, CenturyTel and various of their subsidiaries hold certificates, licenses and service authorizations issued by state public utility or public service commissions. Certain of the state commissions require formal applications for the transfer of control of these certificates, licenses and authorizations. Applications for state approvals are subject to public comment and possible oppositions of third parties. In addition to these applications, CenturyTel and Embarq have filed notifications of the merger in certain states where formal applications are not required. In some of these states, the state commissions could, nonetheless, still initiate proceedings. CenturyTel and Embarq have filed most of these state transfer applications and notifications with the relevant state commissions and expect to file the remainder in due course. CenturyTel and Embarq believe that the merger complies with applicable state standards for approval, but there can be no assurance that the state commissions will grant the transfer applications on a timely basis or at all. In addition, we cannot assure you that such approvals will not include conditions that could result in the abandonment of the merger.

Table of Contents

Completion of the Merger (See page 76)

We currently expect to complete the merger in the second quarter of 2009, subject to receipt of required shareholder and regulatory approvals and the satisfaction or waiver of the other closing conditions.

Conditions to Completion of the Merger (See page 76)

As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, receipt of the requisite approvals of CenturyTel shareholders and Embarq stockholders, the expiration or early termination of the waiting period under the HSR Act (which occurred on November 21, 2008), the receipt of all required regulatory approvals by the FCC and state regulators and, subject to certain materiality standards, all other regulators, the correctness of all representations and warranties made by the parties in the merger agreement and performance by the parties of their obligations under the merger agreement (subject in each case to certain materiality standards) and the receipt of legal opinions by each company regarding the qualification of the merger as a reorganization for U.S. federal income tax purposes.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (See page 78)

CenturyTel and Embarq may mutually agree to terminate the merger agreement before completing the merger, even after shareholder approval.

In addition, either CenturyTel or Embarq may decide to terminate the merger agreement, even after shareholder approval, if:

the merger is not consummated by July 26, 2009, subject to a three-month extension under certain circumstances;

a court or other governmental entity issues a final and nonappealable order prohibiting the merger;

CenturyTel shareholders fail to approve the issuance of CenturyTel common stock in connection with the merger;

Embarq stockholders fail to adopt the merger agreement; or

the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach.

Either party may also terminate the merger agreement prior to the shareholder approval of the other party being obtained, if the board of directors of the other party withdraws, modifies or proposes publicly to withdraw or modify its approval or recommendation with respect to the merger agreement or approves, recommends or proposes to approve or recommend any alternative takeover proposal with a third party.

Expenses and Termination Fees (See page 79)

Generally, all fees and expenses incurred in connection with the merger and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses. The merger agreement further provides that, upon termination of the merger agreement under certain circumstances, CenturyTel may be obligated to pay Embarq a termination fee of \$140 million and Embarq may be obligated to pay CenturyTel a termination fee of \$200 million. See the section entitled "The Issuance of CenturyTel Shares and the Merger Expenses and Termination Fees" beginning on page 79 for a complete discussion of the circumstances under which termination fees will be required to be paid.

Accounting Treatment (See page 71)

CenturyTel prepares its financial statements in accordance with accounting principles generally accepted in the United States, which is referred to as GAAP. The merger will be accounted for as discussed under "Accounting Treatment" on page 71. Based upon the terms of the merger (including the premium) and other factors, such as the composition of the combined company's board and senior management, CenturyTel is

Table of Contents

considered to be the accounting acquirer of Embarq. This means that CenturyTel will allocate the purchase price in the merger to the fair value of Embarq's assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill, which is not amortized but is tested for impairment at least annually.

No Appraisal Rights (See page 109)

Under Delaware law, the holders of Embarq common stock are not entitled to appraisal rights in connection with the merger.

Under Louisiana law, the holders of CenturyTel common stock and preferred stock are not entitled to appraisal rights in connection with the share issuance proposal or the charter amendment proposals.

The Special Meetings

The CenturyTel Special Meeting (See page 25)

The CenturyTel special meeting will be held at 100 CenturyTel Drive, Monroe, Louisiana, at 10:00 a.m., local time, on January 27, 2009. At the CenturyTel special meeting, CenturyTel shareholders will be asked:

to vote on a proposal to approve the issuance of CenturyTel common stock in connection with the merger;

to vote on a proposal to amend the CenturyTel charter to eliminate the rights of persons who have continuously owned shares of CenturyTel common stock since May 30, 1987 to ten votes per share of such stock and to provide instead that all holders of common stock will be entitled to one vote per share;

to vote on a proposal to amend the CenturyTel charter to increase the authorized number of shares of CenturyTel common stock from 350,000,000 to 800,000,000; and

to vote upon an adjournment of the CenturyTel special meeting, if necessary, to solicit additional proxies if there are not sufficient votes for the proposal to issue CenturyTel common stock in connection with the merger.

You may vote at the CenturyTel special meeting if you owned shares of CenturyTel common stock or voting preferred stock at the close of business on December 17, 2008.

The CenturyTel charter generally provides that you can cast ten votes for each CenturyTel common share, if any, that you have held continuously since May 30, 1987 and owned as of the record date and one vote for each other CenturyTel voting share that you owned as of the record date. Applying the presumptions described in Article III of the CenturyTel charter and information known to CenturyTel, CenturyTel's records indicate that 138,790,666 votes are entitled to be cast at the CenturyTel special meeting, of which 138,781,232 (99.993%) are attributable to the common stock. The following votes are required to approve each of the above-listed proposals:

The issuance of CenturyTel common stock to Embarq stockholders requires approval by the affirmative vote of holders of a majority of the votes cast on the proposal by holders of CenturyTel common stock and voting preferred stock, voting as a single class.

Each of the two CenturyTel charter amendment proposals requires approval by the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock and voting preferred stock, voting together as a single class, and, with respect to the proposal to eliminate the special ten-vote voting rights of CenturyTel's long-term

shareholders, by the affirmative vote of holders of two-thirds of the total voting power present or represented at the CenturyTel special meeting attributable to the outstanding CenturyTel common stock, voting as a separate class.

Approval of any proposal to adjourn the CenturyTel special meeting, if necessary, for the purpose of soliciting additional proxies requires the affirmative vote of holders of a majority of the total voting power present or represented at the CenturyTel special meeting.

Table of Contents

On the record date, approximately 2.9% of the outstanding CenturyTel common shares, none of the outstanding shares of CenturyTel voting preferred stock, and, based on the presumptions set forth in Article III of the CenturyTel charter and information known to CenturyTel, approximately 1.7% of the total voting power of CenturyTel voting shares were held by CenturyTel directors and executive officers and their affiliates. We currently expect that CenturyTel's directors and executive officers will vote their shares in favor of the above-listed proposals, although none of them has entered into any agreements obligating him or her to do so.

The Embarq Special Meeting (See page 28)

The special meeting of Embarq stockholders will take place on January 27, 2009, 10:00 a.m. (local time), at the Overland Park Convention Center, 6000 College Boulevard, Overland Park, Kansas. At the special meeting, stockholders of Embarq will be asked:

to adopt the Agreement and Plan of Merger, dated as of October 26, 2008, among CenturyTel, Cajun Acquisition Company, a wholly owned subsidiary of CenturyTel, and Embarq pursuant to which Cajun Acquisition Company will be merged with and into Embarq and each outstanding share of common stock of Embarq will be converted into the right to receive 1.37 shares of common stock of CenturyTel, with cash paid in lieu of fractional shares; and

to transact any other business that may properly be brought before the Embarq special meeting or any adjournments or postponements thereof.

You may vote at the Embarq special meeting if you owned common stock of Embarq at the close of business on the record date, December 17, 2008. On that date there were 142,417,310 shares of common stock of Embarq outstanding and entitled to vote. You may cast one vote for each share of common stock of Embarq that you owned on the record date.

As of the record date, less than 0.09% of the outstanding common stock of Embarq entitled to vote was owned by its directors and executive officers and their affiliates. We currently expect that Embarq's directors and executive officers will vote their shares in favor of the merger, although none of them has entered into any agreements obligating them to do so.

The affirmative vote of the holders of at least a majority of the shares of outstanding common stock of Embarq on the record date is required to adopt the merger agreement.

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 original 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. Comments on the draft proposals were filed November 26, 2008, and reply comments are due December 22, 2008, which will effectively preclude the FCC from acting upon them until 2009. It is currently unclear what action the FCC may take with respect to the draft proposals. As previously disclosed by CenturyTel and Embarq, adoption of the chairman's original draft proposal, which is published in the November 5, 2008 document, could result in a material adverse impact on the results of operations of both companies.

On December 1, 2008, a complaint was filed on behalf of a putative class of Embarq stockholders in the District Court of Johnson County, Kansas, styled *Tyner v. Embarq Corp, et al.*, 08CV10121, which we refer to as the Complaint. The Complaint names Embarq, its directors and CenturyTel as defendants. The Complaint alleges, among other things, that Embarq's directors breached their fiduciary duties by entering into the merger agreement, including by failing to obtain the highest price available for Embarq's stockholders, and by failing to disclose material information in the preliminary proxy materials in connection with the merger, and that Embarq and CenturyTel aided and abetted the directors' breaches of their fiduciary duties. The Complaint seeks, among other things, class action status, court orders declaring the merger agreement unenforceable and

Table of Contents

enjoining the defendants from consummating the merger, and the payment of attorneys' fees and expenses. Embarq and CenturyTel believe that the lawsuit is without merit and intend to defend it vigorously.

Selected Historical Financial Data of CenturyTel

The following table sets forth selected consolidated financial information for CenturyTel. The selected statement of operations data for the nine months ended September 30, 2008 and 2007 and the selected balance sheet data as of September 30, 2008 and 2007 have been derived from CenturyTel's unaudited consolidated financial statements. In the opinion of CenturyTel's management, all adjustments considered necessary for a fair presentation of the interim September 30 financial information have been included. The selected statement of operations data for each of the five years ended December 31, 2007 and the selected balance sheet data as of December 31 for each of the years in the five year period ended December 31, 2007 have been derived from CenturyTel's consolidated financial statements that were audited by KPMG LLP. The following information should be read together with CenturyTel's consolidated financial statements and the notes related to those financial statements incorporated herein by reference. See "Where You Can Find More Information" beginning on page 111. The operating results for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for any future periods.

Nine Months Ended
September 30,
2008 2007 2007 Year Ended December 31,
2006 2005 2004 2003
(Unaudited)

(In millions, except per share amounts)

Selected Statement of Operations Data

Operating revenues	\$ 1,957	\$ 2,000	\$ 2,656	\$ 2,448	\$ 2,479	\$ 2,407	\$ 2,368
Operating income	\$ 545	\$ 624	\$ 793	\$ 666	\$ 736	\$ 754	\$ 750
Net income	\$ 266	\$ 303	\$ 418	\$ 370	\$ 334	\$ 337	\$ 345
Earnings per common share							
Basic	\$ 2.57	\$ 2.77	\$ 3.82	\$ 3.17	\$ 2.55	\$ 2.45	\$ 2.40
Diluted	\$ 2.55	\$ 2.68	\$ 3.72	\$ 3.07	\$ 2.49	\$ 2.41	\$ 2.35
Dividends per common share	\$ 1.4675	\$ 0.195	\$ 0.26	\$ 0.25	\$ 0.24	\$ 0.23	\$ 0.22
Average basic shares outstanding	103.4	109.5	109.4	116.7	130.8	137.2	143.6
Average diluted shares outstanding	104.1	114.1	113.1	122.2	136.1	142.1	148.8

September 30,
2008 2007 2007 December 31,
2006 2005 2004 2003
(Unaudited)

(Dollars in millions)

Selected Balance Sheet Data

Net property, plant and equipment	\$2,915	\$3,145	\$3,108	\$3,109	\$3,304	\$3,341	\$3,455
Goodwill	\$4,010	\$3,997	\$4,011	\$3,431	\$3,433	\$3,434	\$3,425
Total assets	\$8,273	\$8,233	\$8,185	\$7,441	\$7,763	\$7,797	\$7,896

Edgar Filing: CENTURYTEL INC - Form S-4/A

Long-term debt	\$3,299	\$2,748	\$2,734	\$2,413	\$2,376	\$2,762	\$3,109
Shareholders equity	\$3,196	\$3,364	\$3,409	\$3,191	\$3,617	\$3,410	\$3,479
Selected Operating Data (unaudited):							
Telephone access lines	2,040,000	2,170,000	2,140,000	2,090,000	2,210,000	2,310,000	2,380,000
High-speed Internet customers	630,000	530,000	560,000	370,000	250,000	140,000	80,000

Table of Contents**Selected Historical Financial Data of Embarq**

The following table sets forth selected consolidated financial information for Embarq. The selected statement of operations data for the nine months ended September 30, 2008 and 2007 and the selected balance sheet data as of September 30, 2008 and 2007 have been derived from Embarq's consolidated financial statements (unaudited). The selected statement of operations data for each of the five years ended December 31, 2007 and the selected balance sheet data as of December 31, 2007, 2006, 2005 and 2004 have been derived from Embarq's consolidated financial statements that were audited by KPMG LLP. The selected balance sheet data as of December 31, 2003 have been derived from Embarq's unaudited consolidated financial statements. In the opinion of Embarq's management, all adjustments considered necessary for a fair presentation of the unaudited financial information have been included. The following information should be read together with Embarq's consolidated financial statements and the notes related to those financial statements incorporated herein by reference. See "Where You Can Find More Information" beginning on page 111.

Embarq's consolidated financial information may not be indicative of future performance and does not necessarily reflect what its financial position and results of operations would have been had it operated as a separate, stand-alone entity during all periods presented, particularly since many changes occurred in its operations and capitalization as a result of its spin-off from Sprint Nextel Corporation in May 2006.

	Nine Months Ended September 30,		Year Ended December 31,				
	2008	2007	2007	2006	2005(2)	2004	2003(2)
	(Unaudited)						

(In millions, except per share amounts)

**Selected Statement of
Operations Data**

Net operating revenues	\$ 4,645	\$ 4,788	\$ 6,365	\$ 6,363	\$ 6,254	\$ 6,139	\$ 6,159
Operating income	\$ 1,215	\$ 1,134	\$ 1,504	\$ 1,544	\$ 1,552	\$ 1,590	\$ 1,616
Net income	\$ 578	\$ 493	\$ 683	\$ 784	\$ 878	\$ 917	\$ 1,554
Earnings per common share(1)							
Basic	\$ 3.92	\$ 3.25	\$ 4.50	\$ 5.26			
Diluted	\$ 3.88	\$ 3.21	\$ 4.44	\$ 5.21			
Dividends per common share(1)	\$ 2.06	\$ 1.75	\$ 2.38	\$ 1.00			
Average basic shares outstanding(1)	147.4	151.6	151.9	149.2			
Average diluted shares outstanding(1)	149.0	153.5	153.9	150.4			

	September 30,		December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Unaudited)						

(Unaudited)

(Dollars in millions)

Selected Balance Sheet Data

Net property, plant and equipment	\$7,508	\$7,761	\$7,748	\$7,988	\$7,804	\$7,977	\$7,979
Goodwill	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27
Total assets	\$8,694	\$8,871	\$8,901	\$9,119	\$9,221	\$9,329	\$9,268
Long-term debt	\$5,838	\$5,774	\$5,779	\$6,421	\$1,123	\$1,125	\$1,239
Stockholders equity	\$ 68	\$ 122	\$ 264	\$ (468)	\$4,852	\$4,960	\$4,889

Selected Operating Data (unaudited):

Telephone access lines(3)	5,850,000	6,400,000	6,310,000	6,750,000	7,210,000	7,530,000	7,760,000
High-speed Internet customers	1,390,000	1,220,000	1,280,000	1,020,000	690,000	490,000	300,000

- (1) Before the spin-off on May 17, 2006, Embarq was a wholly owned subsidiary of Sprint Nextel. As such, Embarq did not have any common shares publicly outstanding prior to that date. Average basic and diluted shares outstanding for the year ended December 31, 2006 reflect the shares issued at spin-off and the

Table of Contents

potentially dilutive shares at spin-off as if they were outstanding and dilutive from January 1, 2006 through May 17, 2006.

- (2) In 2005, Embarq adopted FASB Interpretation No. 47, an interpretation of Statement of Financial Accounting Standard No. 143, Accounting for Asset Retirement Obligations, which required the recognition of a liability for legal obligations to perform an asset retirement activity that are conditioned on a future event. Upon adoption, Embarq recognized a cumulative effect of change in accounting principle, which increased net income by \$16 million. In 2003, Embarq adopted Statement of Financial Accounting Standard No. 143, Accounting for Asset Retirement Obligations. In connection with this adoption, Embarq recognized a cumulative effect of change in accounting principle, which increased net income by \$258 million. Additionally, in 2003, Embarq recognized an after tax gain of \$375 million related to the sale of the directory publishing business.
- (3) Beginning in 2008, Embarq no longer includes in its access line counts those lines that support internal administrative and operational activities. Accordingly, the access line counts for periods prior to 2008 were adjusted to reflect this change.

Table of Contents**Summary Unaudited Pro Forma Combined Condensed Financial Information**

The following table shows summary unaudited pro forma combined condensed financial information about the financial condition and results of operations after giving effect to the merger. The unaudited pro forma financial information assumes that the merger is accounted for by applying the acquisition method with CenturyTel treated as the accounting acquirer. Under the acquisition method, the assets and liabilities of Embarq will be recorded by CenturyTel at their respective fair values as of the date the merger is completed. The unaudited pro forma condensed combined balance sheet data gives effect to the merger as if it had occurred on September 30, 2008. The unaudited pro forma condensed combined income statement data for the nine months ended September 30, 2008 and the year ended December 31, 2007, give effect to the merger as if the merger had become effective at January 1, 2007. The summary unaudited pro forma combined condensed financial information has been derived from and should be read in conjunction with the consolidated financial statements and the related notes of both CenturyTel and Embarq, incorporated herein by reference, and the more detailed unaudited pro forma combined condensed financial information, including the notes thereto, appearing elsewhere in this document. See **Where You Can Find More Information** on page 111 and **Unaudited Pro Forma Combined Condensed Financial Information** on page 91.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only and does not indicate the combined financial results of the companies had the companies actually been combined at the beginning of each period presented. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma condensed combined financial information, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma combined condensed financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded as of completion of the merger. Furthermore, the determination of the final purchase price will be based on the number of Embarq common shares outstanding and CenturyTel's stock price at closing.

	Year Ended December 31, 2007	Nine Months Ended September 30, 2008
	(Unaudited)	
	(In millions, except per share amounts)	
<u>Statement of Operations Data</u>		
Net operating revenues	\$ 9,021	\$ 6,602
Operating income	2,134	1,638
Net income	953	733
Basic earnings per common share	3.00	2.40
Diluted earnings per common share	2.95	2.38

**September 30, 2008
(Unaudited)
(In millions)**

Summary Balance Sheet

Net property, plant and equipment	\$	10,423
Goodwill		7,874
Total assets		22,018
Long-term debt		8,225
Shareholders' equity		8,184

Table of Contents**Equivalent and Comparative Per Share Information**

The following table sets forth, for the nine months ended September 30, 2008 and the year ended December 31, 2007, selected per share information for CenturyTel common stock on a historical and pro forma combined basis and for Embarq common stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2007, the information in the table is unaudited. You should read the data with the historical consolidated financial statements and related notes of CenturyTel and Embarq contained in their respective Annual Reports on Form 10-K for the year ended December 31, 2007 and Quarterly Reports on Form 10-Q for the quarter ended September 30, 2008, all of which are incorporated by reference into this document. See [Where You Can Find More Information](#) on page 111.

The CenturyTel pro forma combined earnings per share were calculated using the methodology as described below under the heading [Unaudited Pro Forma Combined Condensed Financial Information](#). The CenturyTel pro forma combined cash dividends per common share represent CenturyTel's historical cash dividends per common share. The CenturyTel pro forma combined book value per share was calculated by dividing pro forma total combined CenturyTel and Embarq common shareholders' equity by pro forma equivalent common shares. The Embarq pro forma equivalent per common share amounts were calculated by multiplying the CenturyTel pro forma combined per share amounts by the exchange ratio of 1.37.

	CenturyTel		Embarq	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
Basic earnings per common share				
Nine months ended September 30, 2008	\$ 2.57	\$ 2.40	\$ 3.92	\$ 3.29
Year ended December 31, 2007	3.82	3.00	4.50	4.11
Diluted earnings per common share				
Nine months ended September 30, 2008	2.55	2.38	3.88	3.26
Year ended December 31, 2007	3.72	2.95	4.44	4.04
Cash dividends declared per common share				
Nine months ended September 30, 2008	1.47	1.47	2.06	2.01
Year ended December 31, 2007	0.26	0.26	2.38	0.36
Book value per common share				
As of September 30, 2008	31.96	27.74	0.48	38.00

Table of Contents

RISK FACTORS

*In addition to the other information included and incorporated by reference into this document, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for adoption and approval of the merger agreement, in the case of Embarq stockholders, or for the issuance of shares of CenturyTel common stock in the merger and the CenturyTel charter amendments, in the case of CenturyTel shareholders. In addition, you should read and consider the risks associated with each of the businesses of CenturyTel and Embarq because these risks will also affect the combined company. These risks can be found in CenturyTel's and Embarq's respective Annual Reports on Form 10-K for fiscal year 2007, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this document. You should also read and consider the other information in this document and the other documents incorporated by reference into this document. See the section entitled **Where You Can Find More Information** beginning on page 111.*

Risk Factors Relating to the Merger

The exchange ratio is fixed and will not be adjusted in the event of any change in either CenturyTel's or Embarq's stock price.

Upon closing of the merger, each share of Embarq common stock will be converted into the right to receive 1.37 shares of CenturyTel common stock with cash paid in lieu of fractional shares. This exchange ratio was fixed in the merger agreement and will not be adjusted for changes in the market price of either CenturyTel common stock or Embarq common stock. Changes in the price of CenturyTel common stock prior to the merger will affect the market value that Embarq stockholders will receive on the date of the merger. Stock price changes may result from a variety of factors (many of which are beyond our control), including the following factors:

changes in our respective businesses, operations and prospects;

changes in market assessments of the business, operations and prospects of either company;

market assessments of the likelihood that the merger will be completed, including related considerations regarding regulatory approvals of the merger;

interest rates, general market and economic conditions and other factors generally affecting the price of CenturyTel's and Embarq's common stock; and

federal, state and local legislation, governmental regulation and legal developments in the businesses in which Embarq and CenturyTel operate.

The price of CenturyTel common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this document and on the date of the shareholder meetings of CenturyTel and Embarq. As a result, the market value represented by the exchange ratio will also vary. For example, based on the range of closing prices of CenturyTel common stock during the period from October 24, 2008, the last trading day before public announcement of the merger, through December 17, 2008, the latest practicable date before the date of this document, the exchange ratio represented a market value ranging from a low of \$29.88 to a high of \$40.42 for each share of Embarq common stock.

Because the date that the merger is completed will be later than the date of the shareholder meetings, at the time of your shareholder meeting, you will not know the exact market value of the CenturyTel common stock that Embarq stockholders will receive upon completion of the merger. You should consider the following two risks:

If the price of CenturyTel common stock increases between the date the merger agreement was signed or the date of the CenturyTel special meeting and the effective time of the merger, Embarq stockholders will receive shares of CenturyTel common stock that have a market value that is greater than the market value of such shares when the merger agreement was signed or the date of the CenturyTel

Table of Contents

special meeting, respectively, and CenturyTel will issue shares of its common stock with a market value greater than the market value calculated pursuant to the exchange ratio on those earlier dates. Therefore, while the exchange ratio is fixed, CenturyTel shareholders cannot be sure of the market value of the consideration that will be paid to Embarq stockholders upon completion of the merger.

If the price of CenturyTel common stock declines between the date the merger agreement was signed or the date of the Embarq special meeting and the effective time of the merger, including for any of the reasons described above, Embarq stockholders will receive shares of CenturyTel common stock that have a market value upon completion of the merger that is less than the market value calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the Embarq special meeting, respectively. Therefore, while the number of CenturyTel shares to be issued in the merger is fixed, Embarq stockholders cannot be sure of the market value of the CenturyTel common stock they will receive upon completion of the merger or the market value of CenturyTel common stock at any time after the completion of the merger.

Our ability to complete the merger is subject to the receipt of consents and approvals from government entities, which may impose conditions that could have an adverse effect on CenturyTel or Embarq or could cause us to abandon the merger.

We are unable to complete the merger until after we receive approvals from the FCC and various state governmental entities. In deciding whether to grant some of these approvals, the relevant governmental entity will make a determination of whether, among other things, the merger is in the public interest. Regulatory entities may impose certain requirements or obligations as conditions for their approval.

The merger agreement may require us to accept conditions from these regulators that could adversely impact the combined company without either of us having the right to refuse to close the merger on the basis of those regulatory conditions. We can provide no assurance that we will obtain the necessary approvals or that any required conditions will not have a material adverse effect on CenturyTel following the merger. In addition, we can provide no assurance that these conditions will not result in the abandonment of the merger. See *The Issuance of CenturyTel Shares and the Merger – Regulatory Approvals Required for the Merger* beginning on page 71 and *The Issuance of CenturyTel Shares and the Merger – Conditions to Completion of the Merger* beginning on page 76.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Embarq and CenturyTel.

If the merger is not completed, the ongoing businesses of Embarq or CenturyTel may be adversely affected and Embarq and CenturyTel will be subject to several risks, including the following:

being required, under certain circumstances, to pay a termination fee of \$200 million, in the case of a payment by Embarq to CenturyTel, or \$140 million, in the case of a payment by CenturyTel to Embarq;

having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

diverting the focus of management of each of the companies from pursuing other opportunities that could be beneficial to the companies,

in each case, without realizing any of the benefits of having the merger completed. If the merger is not completed, Embarq and CenturyTel cannot assure their shareholders that these risks will not materialize and will not materially affect the business, financial results and stock prices of Embarq or CenturyTel.

Table of Contents

The merger agreement contains provisions that could discourage a potential competing acquiror of either Embarq or CenturyTel or could result in any competing proposal being at a lower price than it might otherwise be.

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict Embarq's and CenturyTel's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of Embarq or CenturyTel. Further, even if the Embarq board of directors or CenturyTel board of directors withdraws or qualifies its recommendation of the merger or the issuance of CenturyTel stock in the merger, respectively, they will still be required to submit the matter to a vote of their respective shareholders at the special meetings. In addition, the other party generally has an opportunity to offer to modify the terms of our proposed merger in response to any competing acquisition proposals that may be made before such board of directors may withdraw or qualify its recommendation. In some circumstances on termination of the merger agreement, one of the parties may be required to pay a termination fee to the other party. See "The Issuance of CenturyTel Shares and the Merger - No Solicitation of Alternative Proposals" beginning on page 77, "Termination of the Merger Agreement" beginning on page 78 and "Expenses and Termination Fees" beginning on page 79.

These provisions could discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Embarq or CenturyTel from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the merger, or might result in a potential competing acquiror proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

If the merger is terminated and either Embarq or CenturyTel determines to seek another business combination, it may not be able to negotiate a transaction with another company on terms comparable to, or better than, the terms of the merger.

The pendency of the merger could adversely affect the business and operations of CenturyTel and Embarq.

In connection with the pending merger, some customers of each of CenturyTel and Embarq may delay or defer decisions, which could negatively impact revenues, earnings and cash flows of CenturyTel and Embarq, regardless of whether the merger is completed. Similarly, current and prospective employees of CenturyTel and Embarq may experience uncertainty about their future roles with CenturyTel following the merger, which may materially adversely affect the ability of each of CenturyTel and Embarq to attract and retain key personnel during the pendency of the merger.

Risk Factors Relating to CenturyTel Following the Merger

Operational Risks

CenturyTel is expected to incur substantial expenses related to the integration of Embarq.

CenturyTel is expected to incur substantial expenses in connection with the integration of the business, policies, procedures, operations, technologies and systems of Embarq with those of CenturyTel. There are a large number of systems that must be integrated, including management information, purchasing, accounting and finance, sales, billing, payroll and benefits, fixed asset and lease administration systems and regulatory compliance. While CenturyTel has assumed that a certain level of expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. These expenses could, particularly in the near term, exceed the savings that CenturyTel expects to achieve from the

elimination of duplicative expenses and the realization of economies of scale and cost savings and revenue synergies related to the integration of the businesses following the completion of the merger. These integration expenses likely will result in CenturyTel taking

Table of Contents

significant charges against earnings following the completion of the merger, but the amount and timing of such charges are uncertain at present.

Following the merger, the combined company may be unable to integrate successfully the businesses of CenturyTel and Embarq and realize the anticipated benefits of the merger.

The merger involves the combination of two companies which currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating its business practices and operations. Potential difficulties the combined company may encounter in the integration process include the following:

the inability to successfully combine the businesses of CenturyTel and Embarq in a manner that permits the combined company to achieve the cost savings and revenue synergies anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;

lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the combined company;

complexities associated with managing the combined businesses;

integrating personnel from the two companies while maintaining focus on providing consistent, high quality products and customer service;

potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and

performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

In addition, CenturyTel and Embarq have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the diversion of each company's management attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in products, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the combined company to maintain relationships with customers and employees or its ability to achieve the anticipated benefits of the merger, or could reduce the earnings or otherwise adversely affect the business and financial results of the combined company.

CenturyTel and Embarq may be unable to retain key employees.

The success of CenturyTel after the merger will depend in part upon the ability of CenturyTel to retain key Embarq and CenturyTel employees. Key employees may depart either before or after the merger because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with CenturyTel following the merger. Accordingly, no assurance can be given that CenturyTel will be able to retain key employees to the same extent that it or Embarq has been able to do so in the past.

If CenturyTel continues to experience access line losses similar to the past several years, CenturyTel's revenues, earnings and cash flows may be adversely impacted.

CenturyTel's and Embarq's businesses generate a substantial portion of their revenues by delivering voice and data services over access lines. CenturyTel and Embarq have experienced access line losses over the past several years, due to a number of factors, including increased competition and wireless and broadband substitution. CenturyTel expects to continue to experience access line losses following the merger. CenturyTel's inability to retain access lines could adversely impact its revenues, earnings and cash flow from operations.

Table of Contents

CenturyTel faces competition, which CenturyTel expects to intensify and which may reduce market share and lower profits.

As a result of various technological, regulatory and other changes, the telecommunications industry has become increasingly competitive. CenturyTel faces competition from (i) wireless telephone services, which CenturyTel expects to increase if wireless providers continue to expand and improve their network coverage, offer fixed-rate calling plans, lower their prices and offer enhanced services and (ii) cable television operators, competitive local exchange carriers and voice-over-Internet protocol, or VoIP, providers. Over time, CenturyTel expects to face additional local exchange competition from electric utility and satellite communications providers and alternative networks or non-carrier systems designed to reduce demand for CenturyTel's switching or access services. The recent proliferation of companies offering integrated service offerings has intensified competition in Internet, long distance and data services markets, and CenturyTel expects that competition will further intensify in these markets.

While CenturyTel expects to achieve benefits from the merger, CenturyTel's competitive position could be weakened in the future by strategic alliances or consolidation within the communications industry or the development of new technologies. CenturyTel's ability to compete successfully will depend on how well CenturyTel markets its products and services and on CenturyTel's ability to anticipate and respond to various competitive and technological factors affecting the industry, including changes in regulation (which may affect CenturyTel differently from its competitors), changes in consumer preferences or demographics, and changes in the product offerings or pricing strategies of CenturyTel's competitors.

Many of CenturyTel's current and potential competitors (i) have market presence, engineering, technical and marketing capabilities and financial, personnel and other resources substantially greater than CenturyTel, (ii) own larger and more diverse networks, (iii) conduct operations or raise capital at a lower cost than CenturyTel, (iv) are subject to less regulation, (v) offer greater online content services or (vi) have substantially stronger brand names. Consequently, these competitors may be better equipped to charge lower prices for their products and services, to provide more attractive offerings, to develop and expand their communications and network infrastructures more quickly, to adapt more swiftly to new or emerging technologies and changes in customer requirements, and to devote greater resources to the marketing and sale of their products and services.

Competition could adversely impact CenturyTel in several ways, including (i) the loss of customers and market share, (ii) the possibility of customers reducing their usage of CenturyTel's services or shifting to less profitable services, (iii) reduced traffic on CenturyTel's networks, (iv) CenturyTel's need to expend substantial time or money on new capital improvement projects, (v) CenturyTel's need to lower prices or increase marketing expenses to remain competitive and (vi) CenturyTel's inability to diversify by successfully offering new products or services.

CenturyTel could be harmed by rapid changes in technology.

The communications industry is experiencing significant technological changes, particularly in the areas of VoIP, data transmission and wireless communications. Several large electric utilities have announced plans to offer communications services that will compete with local exchange carriers such as CenturyTel and Embarq. Some of CenturyTel's competitors may enjoy network advantages that will enable them to provide services more efficiently or at lower cost. Rapid changes in technology could result in the development of additional products or services that compete with or displace those offered by traditional local exchange carriers or that enable current customers to reduce or bypass use of CenturyTel's networks. CenturyTel cannot predict with certainty which technological changes will provide the greatest threat to CenturyTel's competitive position. CenturyTel may not be able to obtain timely access to new technology on satisfactory terms or incorporate new technology into CenturyTel's systems in a cost effective manner, or at all. If CenturyTel cannot develop new products to keep pace with technological advances, or if such products are not widely embraced by CenturyTel's customers, CenturyTel could be adversely impacted.

Table of Contents

CenturyTel cannot assure you that its diversification efforts will be successful.

The telephone industry has recently experienced a decline in access lines and minutes of use, which, coupled with the other changes resulting from competitive, technological and regulatory developments, could materially adversely affect CenturyTel's core business (including the business of the combined company following the merger) and future prospects. CenturyTel believes that its minutes of use will continue to decline, although the magnitude of such decrease is uncertain.

CenturyTel has traditionally sought growth largely through acquisitions of properties similar to those currently operated by it. However, following the merger CenturyTel cannot assure you that properties will be available for purchase on terms attractive to it, particularly if they are burdened by regulations, pricing plans or competitive pressures that are new or different from those historically applicable to the incumbent properties of CenturyTel and Embarq. Moreover, CenturyTel cannot assure you that it will be able to arrange additional financing on terms acceptable to it or to obtain timely federal and state governmental approvals on terms acceptable to it, or at all.

Recently, CenturyTel has broadened its services and products by offering satellite television services and reselling wireless services as part of CenturyTel's bundled product and service offerings. CenturyTel's reliance on other companies and their networks to provide these services could constrain its flexibility and limit the profitability of these new offerings. CenturyTel provides facilities-based digital video services to select markets and may initiate other new service or product offerings in the future, including new offerings exploiting the 700 MHz spectrum that CenturyTel purchased in 2008. CenturyTel anticipates that these new offerings will generate lower profit margins than many of its traditional services. CenturyTel cannot assure you that its recent or future diversification efforts will be successful.

Future deterioration in CenturyTel's financial performance could adversely impact CenturyTel's credit ratings, CenturyTel's cost of capital and CenturyTel's access to the capital markets.

CenturyTel's future results will suffer if CenturyTel does not effectively adjust to changes in CenturyTel's industry.

The above-described changes in CenturyTel's industry have placed a higher premium on marketing, technological, engineering and provisioning skills. CenturyTel's future success depends, in part, on CenturyTel's ability to retrain its staff to acquire or strengthen these skills, and, where necessary, to attract and retain new personnel who possess these skills.

CenturyTel's future results will suffer if CenturyTel does not effectively manage its expanded operations following the merger.

Following the merger, CenturyTel may continue to expand its operations through additional acquisitions, other strategic transactions, and new product and service offerings, some of which involve complex technical, engineering, and operational challenges. CenturyTel's future success depends, in part, upon CenturyTel's ability to manage its expansion opportunities, which pose substantial challenges for CenturyTel to integrate new operations into its existing business in an efficient and timely manner, to successfully monitor CenturyTel's operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. CenturyTel cannot assure you that its expansion or acquisition opportunities will be successful, or that CenturyTel will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

Following the merger, CenturyTel may need to launch branding or rebranding initiatives that are likely to involve substantial costs and may not be favorably received by customers.

CenturyTel plans to consult with Embarq about whether to change its name and primary brand in connection with the merger. Prior to the merger, CenturyTel and Embarq will each continue to market their respective products and services using the CenturyTel and Embarq brand names and logos. Following the merger, CenturyTel plans to market its products and services under CenturyTel, Embarq or some other

Table of Contents

name. As a result, CenturyTel will discontinue use of either or both of the CenturyTel or Embarq brand names and logos in some or all of the markets of the combined company. If CenturyTel retains either its name or Embarq, it will nonetheless incur substantial capital and other costs in rebranding its products and services in those markets that previously used a different name. If CenturyTel chooses an entirely new brand, these costs will be even greater, and CenturyTel may not be able to achieve or maintain name recognition or status under its new brand that is comparable to the recognition and status previously enjoyed. The failure of any of these initiatives could adversely affect CenturyTel's ability to attract and retain customers after the merger, resulting in reduced revenues.

CenturyTel's relationships with other communications companies are material to its operations and their financial difficulties may adversely affect CenturyTel.

CenturyTel originates and terminates calls for long distance carriers and other interexchange carriers over CenturyTel's network in exchange for access charges that represent a significant portion of CenturyTel's revenues. Should these carriers go bankrupt or experience substantial financial difficulties, CenturyTel's inability to timely collect access charges from them could have a negative effect on CenturyTel's business and results of operations.

In addition, certain of CenturyTel's operations carry a significant amount of voice and data traffic for larger communications companies. As these larger communications companies consolidate or expand their networks, it is possible that they could transfer a significant portion of this traffic from CenturyTel's fiber network to their networks, which could have a negative effect on CenturyTel's business and results of operations.

Regulatory Risks

CenturyTel's revenues could be materially reduced or its expenses materially increased by changes in regulations, including those recently proposed by the chairman of the FCC.

The majority of CenturyTel's revenues are substantially dependent upon laws and regulations which, if changed, could result in material revenue reductions. Laws and regulations applicable to CenturyTel and its competitors have been and are likely to continue to be challenged in the courts, which could also affect CenturyTel's revenues.

Risk of loss