

CENTURYTEL INC

FORM 8-K

(Unscheduled Material Events)

Filed 8/22/2002 For Period Ending 8/19/2002

Address	P O BOX 4065 100 CENTURYTEL DR MONROE, Louisiana 71203
Telephone	318-388-9000
CIK	0000018926
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 19, 2002

CENTURYTEL, INC.

(Exact name of registrant as specified in its charter)

LOUISIANA

*(State or other jurisdiction
of incorporation)*

1-7784

*(Commission
File Number)*

72-0651161

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

**100 CenturyTel Drive
Monroe, Louisiana 71203**

(Address of principal executive offices) (Zip Code)

(318) 388-9000

(Registrant's telephone number, including area code)

Not Applicable

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

Item 5. Other Events and Regulation FD Disclosure.

Over the next several months, we have several material commitments, including commitments to (i) pay Verizon Communications, Inc. approximately \$1.159 billion (subject to adjustments) in exchange for telephone assets in Missouri and (ii) pay taxes estimated at \$325 million owed in December 2002 in connection with the sale of our

wireless operations on August 1, 2002. We also have \$400 million principal amount in remarketable debt securities, which, depending on market conditions, will either be remarketed by our remarketing dealer or redeemed by us in October 2002. If we redeem the remarketable debt securities, we will be obligated to pay, in addition to \$400 million in principal, an associated premium of approximately \$50 million, assuming a yield on 10-year Treasury Notes of 4.18% at the time of payment. (For every basis point that the 10-year Treasury yield increases or decreases from this assumed amount, the premium payment will decrease or increase, respectively, by approximately \$325,000.) For additional information on these commitments, see our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

As of the close of business on August 1, 2002, we had (i) \$800 million of undrawn committed bank lines of credit and (ii) \$710 million of cash, constituting the proceeds from the sale of our wireless operations (\$1.58 billion) after using a portion to repay indebtedness (\$870 million). We anticipate that our internally generated funds will increase our available cash by approximately \$25 million per month, although we cannot assure you of this.

We believe that our \$800 million of existing credit facilities, together with available cash and internally generated funds, will be sufficient to fund our pending Missouri Verizon acquisition and our December 2002 tax payment, barring unforeseen circumstances. However, if we are required to redeem our remarketable debt securities in October 2002, we will need additional funds. To enhance our financial resources, we have commenced private placements to qualified institutional buyers of \$500 million of unsecured senior notes and \$150 million of unsecured convertible senior debentures. See Exhibits 99.1 and 99.2 for a copy of our press releases announcing the commencement and pricing of these private placements. We anticipate consummating these placements on August 26, 2002.

In addition to historical information, this current report includes certain forward-looking statements. Such forward-looking statements are subject to uncertainties that could cause our actual results to differ materially from such statements. Such uncertainties include but are not limited to: our ability to effectively manage our growth, including successfully financing and timely consummating our pending Missouri Verizon acquisition, integrating newly-acquired businesses into our operations, hiring adequate numbers of qualified staff and successfully upgrading our billing and other information systems; the risks inherent in rapid technological change; the possibility of unforeseen near-term cash requirements; the effects of ongoing changes in the regulation of the communications industry; the effects of greater than anticipated competition in our markets; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; the direct and indirect effects on our business resulting from the financial difficulties of other communications companies, including the effect on our ability to collect receivables from financially troubled carriers and our ability to access the capital markets on favorable terms; and the effects of more general factors such as changes in interest rates, in the capital markets, in general market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1 to our Annual Report on Form 10-K for the year ended December 31, 2001. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update any of our forward-looking statements for any reason.

Item 7. Financial Statements and Exhibits

- 99.1 - Press Release dated August 19, 2002, announcing the commencement of the private placements.
- 99.2 - Press Release dated August 20, 2002, announcing the pricing of the private placements.

SIGNATURE

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

CENTURYTEL, INC.

August 21, 2002

/s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller

EXHIBIT 99.1

FOR IMMEDIATE RELEASE
August 19, 2002

FOR MORE INFORMATION CONTACT
Tony Davis
tony.davis@centurytel.com

CenturyTel to Place Debt Securities

MONROE, La. . . . CenturyTel, Inc. (NYSE symbol: CTL) announced today its intention to privately place with qualified institutional buyers \$250 million of unsecured senior notes and \$150 million of unsecured convertible senior debentures. The senior notes are expected to have a 10-year term. The convertible debentures are expected to have a 30-year term and to be convertible into the Company's common stock at a significant premium over the current trading price upon the occurrence of certain specified events. These securities are expected to be rated BBB+ by Standard & Poors and Baa2 by Moody's, both with a stable outlook. The relative and aggregate size of these Rule 144A private placements may differ depending upon market conditions.

The Company expects to use the net proceeds of these private placements to partially or fully satisfy certain fixed and contingent commitments arising in the fourth quarter of 2002, or for other general corporate purposes.

The notes and debentures to be offered have not been and, at the time of the placement, will not be registered under the Securities Act of 1933, or any state securities laws, and may not be offered or sold in the United States absent registration under, or an applicable exemption from, the registration requirements of the Securities Act of 1933 and applicable state securities laws. This notice is issued pursuant to Rule 135(c) of the Securities Act of 1933, and does not constitute an offer to sell or the solicitation of an offer to buy the notes or debentures.

CenturyTel, Inc. provides communications services including local exchange, long distance, Internet access and data services to customers in 22 states. The Company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL. CenturyTel is the 8th largest local exchange telephone company, based on access lines, in the United States.

This release includes forward-looking statements that are based upon current expectations only, and are subject to a number of uncertainties that are beyond the control of CenturyTel, including its ability to access the capital markets on attractive terms or at all. Additional uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The information in this release is as of August 19, 2002. The Company undertakes no obligation to update or revise any of this information as a result of new information, future events or developments, or otherwise.

EXHIBIT 99.2

FOR IMMEDIATE RELEASE
August 20, 2002

FOR MORE INFORMATION CONTACT
Tony Davis 318.388.9525
tony.davis@centurytel.com

CenturyTel Prices Debt Securities

MONROE, La. . . . CenturyTel, Inc. (NYSE symbol: CTL) announced today that it has priced \$500 million of 10-year, unsecured senior notes and \$150 million of 30-year, unsecured convertible senior debentures. The Company also granted the initial purchasers an option to acquire up to an additional \$15 million principal amount of convertible debentures to cover over-allotments. The securities will be privately placed with qualified institutional buyers under Rule 144A.

The senior notes were priced at \$99.379 with a coupon of 7.875%, or an effective yield to maturity of 7.967%. The debentures were priced with a coupon of 4.75% and are convertible into the Company's common stock at \$40.45, upon the occurrence of certain events. This conversion price represents a premium of 45% based on today's closing price of \$27.90 for CenturyTel common stock on the New York Stock Exchange. These debentures are noncallable for four years and may be put to the Company by the holders in years four, eight and fifteen. These securities

have been rated BBB+ by Standard & Poors and Baa2 by Moody's, both with a stable outlook.

The Company expects to use the net proceeds of these private placements to satisfy certain fixed and contingent commitments arising during the remainder of 2002, or for other general corporate purposes.

The notes and debentures have not been and, at the time of the placement, will not be registered under the Securities Act of 1933, or any state securities laws, and may not be offered or sold in the United States absent registration under, or an applicable exemption from, the registration requirements of the Securities Act of 1933 and applicable state securities laws. This release is issued pursuant to Rule 135(c) of the Securities Act of 1933, and does not constitute an offer to sell or the solicitation of an offer to buy the notes or debentures.

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This release includes forward-looking statements that are based upon current expectations only, and are subject to a number of uncertainties that are beyond the control of CenturyTel, including its ability to consummate its proposed transactions on the terms described above. Additional uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The information in this release is as of August 20, 2002. The Company undertakes no obligation to update or revise any of this information as a result of new information, future events or developments, or otherwise.

End of Filing

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