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

FORM 8-K

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

Date of Report (Date of earliest event reported):

June 24, 2008

CenturyTel, Inc.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of incorporation or
organization)

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)

Registrant's telephone number, including area code: (318) 388-9000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02	Results of Operations and Financial Condition
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See Items 8.01 and 9.01 below for information concerning our previously announced second quarter 2008 earnings guidance.

Item 8.01	Other Events
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On June 24, 2008, we announced that our Board of Directors determined to (i) increase our annual cash dividend to \$2.80 from \$.27 per share, (ii) declare a one-time dividend of \$.6325 per share, payable on July 21, 2008, to shareholders of record on July 7, 2008, effectively adjusting the total second quarter dividend to the new \$.70 quarterly dividend rate, (iii) utilize future share buybacks to target net debt at 2.75 times operating cash flow, (iv) accelerate purchases under our current \$750 million share repurchase program to complete the remaining balance of approximately \$385 million by year end 2008 or early 2009, which is expected to increase our ratio of net debt to operating cash flow, and (v) continue to distribute substantially all of CenturyTel's free cash flow to shareholders.

In addition, we also announced that we expect to meet or exceed our previously announced second quarter 2008 operating revenues and diluted earnings per share guidance, excluding nonrecurring items, of \$647 to \$657 million and \$.78 to \$.82, respectively.

Our press release and presentation made to analysts and investors regarding the above-mentioned items are included as Exhibits 99.1 and 99.2. Exhibits 99.1 and 99.2 are both incorporated by reference herein in their entirety, including various cautionary statements that modify our forward-looking statements made or incorporated herein.

Item 9.01	Financial Statements and Exhibits
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(d) Exhibits

[99.1](#) Press release announcing items mentioned in Item 8.01 above.

[99.2](#) Presentation to investors and analysts regarding above.

SIGNATURES

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

CENTURYTEL, INC.

Dated: June 24, 2008

By: /s/ Neil A. Sweasy
Neil A. Sweasy
Vice President and Controller

NEWS RELEASE



FOR IMMEDIATE RELEASE:

June 24, 2008

FOR MORE INFORMATION CONTACT:

Tony Davis 318.388.9525
tony.davis@centurytel.com

CenturyTel Announces Increased Dividend and Acceleration of Share Repurchase Program; Raises Annual Dividend to \$2.80 Per Share

MONROE, La.... CenturyTel, Inc. (NYSE: CTL) today announced that its Board of Directors determined to:

- Increase CenturyTel's annual cash dividend to \$2.80 from \$.27 per share.
- Declare a one-time dividend of \$.6325 per share, payable on July 21, 2008, to shareholders of record on July 7, 2008, effectively adjusting the total second quarter dividend to the new \$.70 quarterly dividend rate;
- Utilize future share buybacks to target net debt at 2.75 times operating cash flow;
- Accelerate purchases under the current \$750 million share repurchase program to complete the remaining balance of approximately \$385 million by year end 2008 or early 2009, which is expected to increase the Company's ratio of net debt to operating cash flow; and
- Continue to distribute substantially all of CenturyTel's free cash flow to shareholders.

The Company also expects to meet or exceed its previously announced second quarter 2008 operating revenues and diluted earnings per share guidance, excluding nonrecurring items, of \$647 to \$657 million and \$.78 to \$.82, respectively.

"CenturyTel ranks at or near the top of our peer group in revenue performance, adjusted operating cash flow margin, access line retention and broadband penetration," said Glen F. Post, III, chairman and chief executive officer. "This performance has allowed us to generate free cash flow per share growth rates that have been among the best in the industry over the last several years. Since 2004, we have returned more than 90% of our cumulative free cash flow—or more than \$2 billion—to shareholders, primarily in the form of repurchase programs that have reduced our outstanding shares by 26%. We remain committed to returning substantially all of our free cash flow to shareholders and believe our new dividend and leverage policies will allow CenturyTel's share price to better reflect the strength of our operational performance."

“Our strong cash flows and solid balance sheet provide us the financial flexibility to return significant cash to our shareholders while continuing to invest in our broadband networks, including deployment of our 700 megahertz (MHz) spectrum,” Post said. “We believe combining our up-to-10 megabit and gig-E data capabilities with the wireless broadband services enabled by our 700 MHz spectrum will provide us a unique opportunity to grow broadband revenues and retain and grow our broadband customer base. While we are still in the planning stages, we are comfortable that the amount of capital and start up operating costs necessary to deploy our 700 MHz and other broadband initiatives can be accomplished within the context of the higher dividends, leverage targets and accelerated and future share repurchases being announced today.”

Dividend and Cash Return Policy

The new annual dividend rate of \$2.80 represents a payout of approximately 52% of free cash flow. In addition to the dividend increase and payment of the special dividend, the Company expects to complete the remaining approximately \$385 million of its current \$750 million repurchase program by year-end 2008 or early 2009, depending on market conditions and other factors. Once the current buyback program is completed, the Company expects to utilize additional buyback programs, together with the possibility of additional dividend increases, to continue to return substantially all of its free cash flow to shareholders.

Increased Leverage Levels

The Company is targeting leverage at 2.75 times operating cash flow. As of March 31, 2008, CenturyTel’s net debt to operating cash flow ratio was approximately 2.3 times. With the increased dividend and the utilization of its current and future repurchase programs, the Company expects to increase its ratio of net debt to operating cash flow to the target level.

Although the increased dividend payout and accelerated completion of the current repurchase program will result in additional leverage, the Company believes it will remain one of only two rural local exchange carriers with investment grade credit ratings.

“We are very pleased to announce these changes to our dividend and leverage policies, together with acceleration of our current buyback program. We believe these changes strike the right balance between providing substantial dividends and continuing meaningful share repurchases, while also allowing us to consider future dividend increases. This structure also provides us the financial strength to continue to invest in our broadband networks, as well as the ability to actively pursue the type of disciplined, accretive acquisitions that have historically been a key driver of our growth,” said Post.

Investor Call

CenturyTel's management will host a conference call at 9:00 a.m. Central Time (10:00 a.m. Eastern Time) today. Interested parties can access the call by dialing 888.797.2980 and entering the conference ID number 5440919. To access the slide presentation accompanying this call, go to www.vcall.com, click the orange participant LOGIN button, complete requested information including room #101104 and click OK. The call will be accessible for replay through June 30, 2008, by calling 888.203.1112 and entering the conference ID number. Investors can also listen to this conference call and replay by accessing the Investor Relations portion of the Company's Web site at <http://www.centurytel.com> through July 14, 2008.

This release refers to certain non-GAAP financial measures, including but not limited to operating cash flow and free cash flow. Reconciliation of these and additional non-GAAP financial measures that may be discussed during the investor call described above will be available on the Company's Web site at <http://www.centurytel.com>. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

This press release includes certain forward-looking statements, estimates and projections that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond the control of the Company. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to the possibility of changes in the Company's cash requirements, capital spending plans, cash flow or financial position, changes in the trading price of CenturyTel's securities, corporate developments that could preclude CenturyTel from repurchasing stock due to restrictions under the federal securities laws, changes in the terms of our credit facilities or ratings, changes in general market, economic, tax, regulatory or industry conditions that impact the ability or willingness of the Company to return cash to its shareholders or operate with heightened leverage, the Company's continued access to credit markets on favorable terms, the Company's ability to successfully develop new products or service offerings, and other risks referenced from time to time in the Company's filings with the Securities and Exchange Commission. You should be aware that new factors may emerge from time to time and it is not possible for the Company to identify all such factors, nor can the Company predict the impact of each such factor on its plans or business, or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

CenturyTel (NYSE:CTL) is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through our broadband and fiber transport networks. Included in the S&P 500 Index, CenturyTel delivers advanced communications with a personal touch to customers in 25 states. Visit us at www.centurytel.com.

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The CenturyTel logo is located in the top right corner of the blue header. It features the word "CENTURYTEL" in a white, sans-serif, all-caps font. A white swoosh underline starts under the "Y" and curves around the "TEL" portion of the name.

CENTURYTEL



Safe Harbor Language

Included in our presentation materials are certain estimates and other forward-looking statements. They are subject to uncertainties that could cause the actual results to differ materially. These and other important uncertainties related to our business are described in the Company's filings with the Securities and Exchange Commission. All information contained herein is current as of June 24, 2008, and is to be considered valid only as of June 24, 2008, regardless of the date reviewed.

Non-GAAP Financial Measures

Also, included in our presentation materials are certain non-GAAP financial measures. These measures are provided and valid as of June 24, 2008, only and should not be relied upon beyond such date. Reconciliation of such non-GAAP measures to the most directly comparable GAAP measure or measures are available on our company Web site at www.centurytel.com.

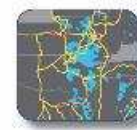


**CenturyTel, Inc.
Increases Cash Dividend
&
Accelerates Current Share
Repurchase Program**

**Glen Post
Chairman & CEO**

June 24, 2008

CenturyTel Increases Dividend...



- ö **Increased Annual Cash Dividend to \$2.80 from \$.27 Per Share**
 - ö **Quarterly Dividend of \$.70 Per Share**
 - ö **Payout of Approximately 52% of Free Cash Flow**
- ö **Declared a One-Time Cash Dividend of \$.6325 Per Share, Payable July 21, 2008, to Shareholders of Record on July 7, 2008**
 - ö **Effectively Adjusts the Total Second Quarter Dividend to the New Quarterly Dividend Rate**

New Dividend and Leverage Targets Should Allow CenturyTel Share Price to Better Reflect the Strength of our Operational Performance

CenturyTel Accelerates Share Repurchase Program...



- ö **\$385 Million Remaining Under Current \$750 Million Share Repurchase Program**
- ö **Accelerate Purchases to Complete By Year End 2008 or Early 2009**
- ö **Continue to Distribute Substantially All of CenturyTel's Free Cash Flow to Shareholders Consistent with New Leverage Policy**
- ö **Expect Future Share Repurchases With a Target Leverage of 2.75 Times**

We Remain Committed to Returning Substantially All of Our Free Cash Flow to Shareholders

CenturyTel's Leverage Targets...



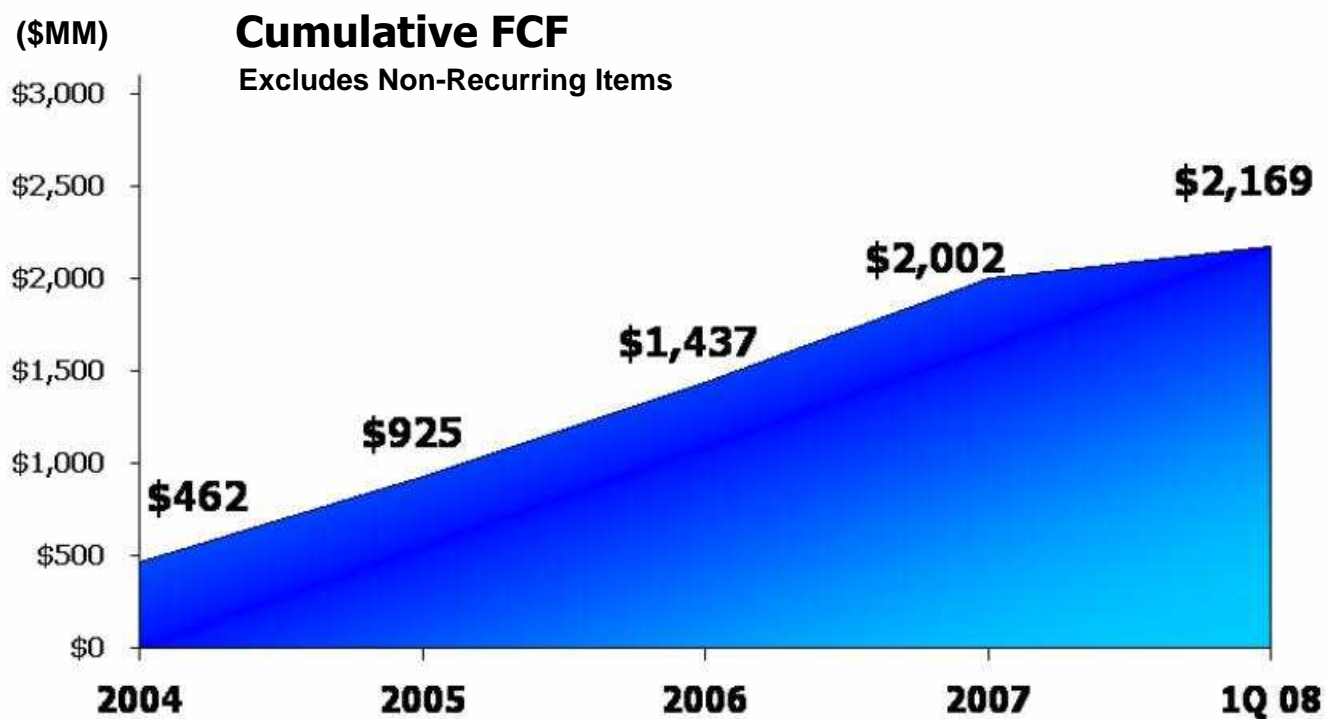
- ö **Target Leverage at 2.75 Times From Current Leverage of 2.3 Times Net Debt to Operating Cash Flow**
- ö **Expect to Retain Financial Flexibility and Investment Grade Credit Rating**

Returning Significant Cash to Shareholders While Maintaining Flexibility to Grow Long-Term Shareholder Value



Cash Flow Generation & Utilization

Cash Flow Generation



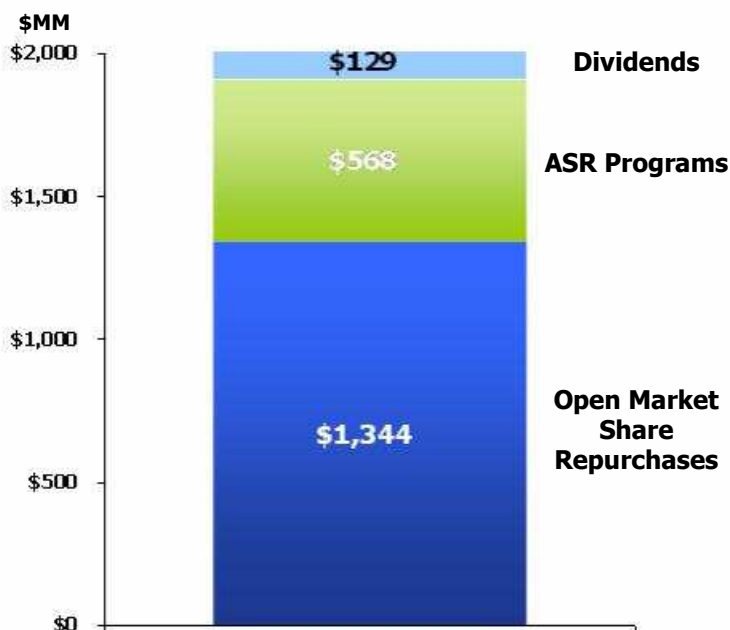
**Strong Performance Generates Free Cash Flow
Growth Among Best in the Industry**

CENTURYTEL

Return of Free Cash Flow

Cumulative 2004 - 1Q 2008

- ◆ **Total Cash Returned: \$2.0 Billion**
- ◆ **26% Net Reduction in Outstanding Shares**
- ◆ **Returned More Than 90% of Cumulative FCF**

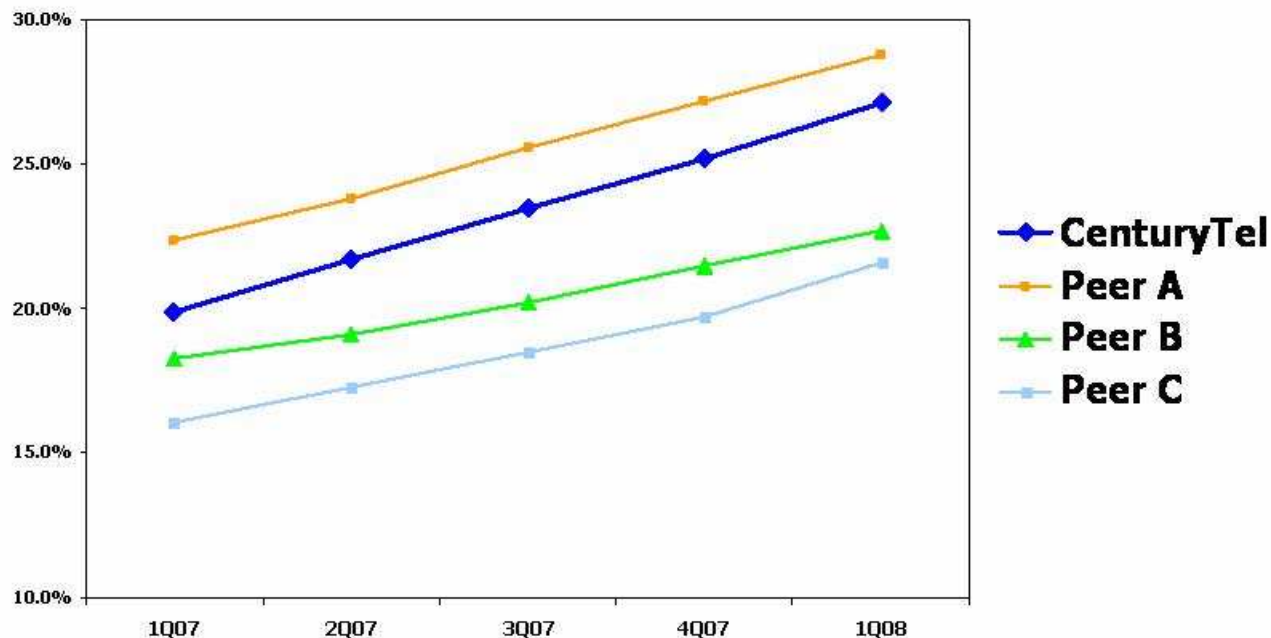


Continued Commitment to Returning Substantially All Free Cash Flow to Shareholders



CenturyTel's Comparative Performance

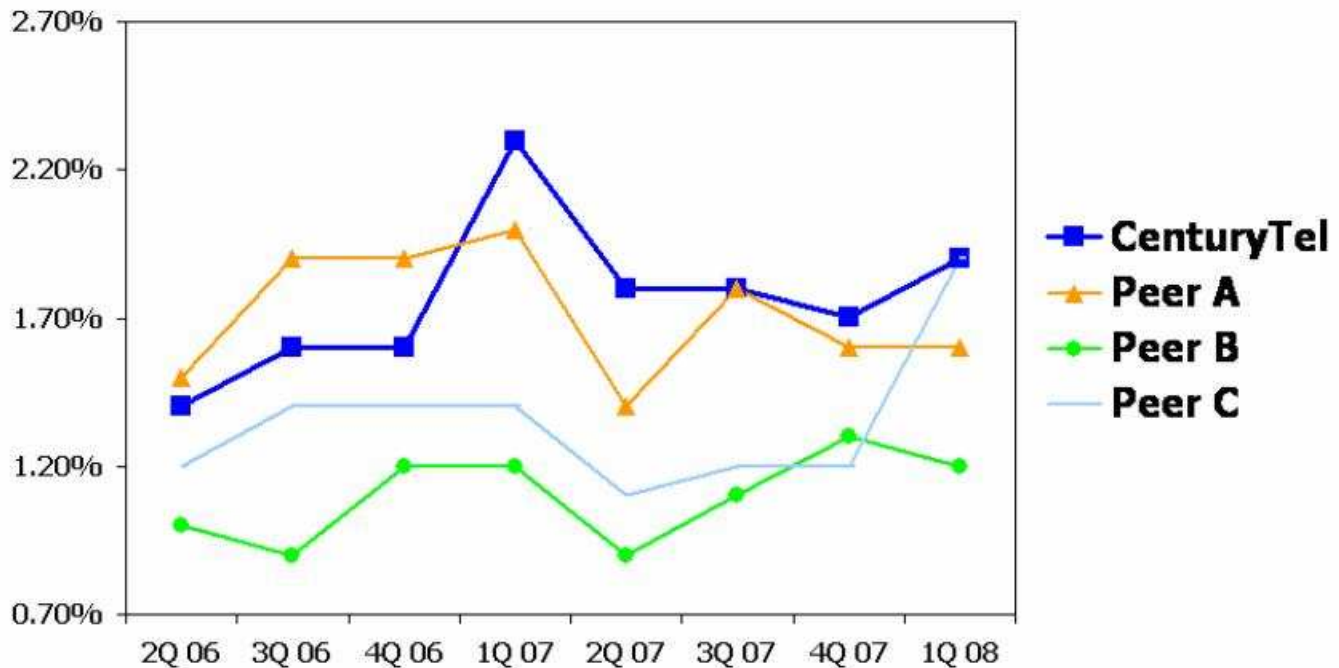
CenturyTel Ranks At or Near Top of Industry Peer Group- HSI Penetration Trends



Note: CTL Legacy numbers used for all periods

Source: Analysis of public reports and transcripts of the peer companies

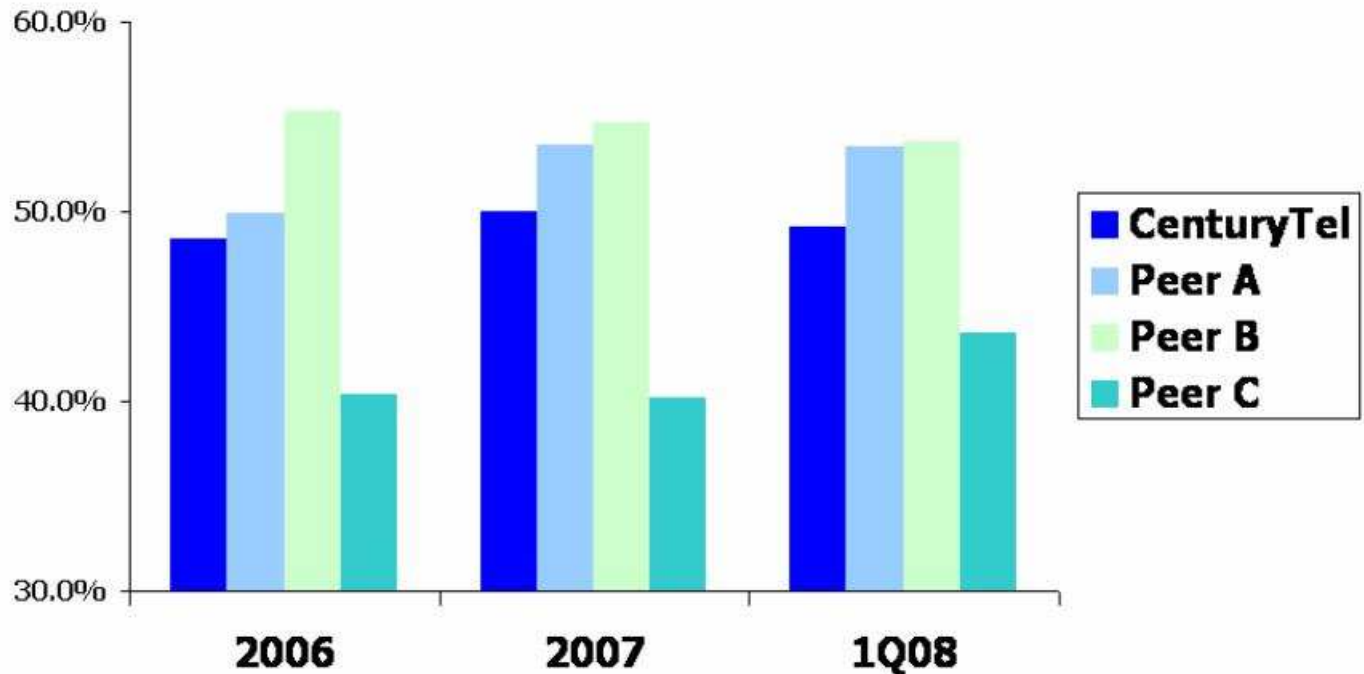
CenturyTel Ranks At or Near Top of Industry Peer Group- Incremental HSI Penetration Growth



Note: CTL Legacy numbers used for all periods

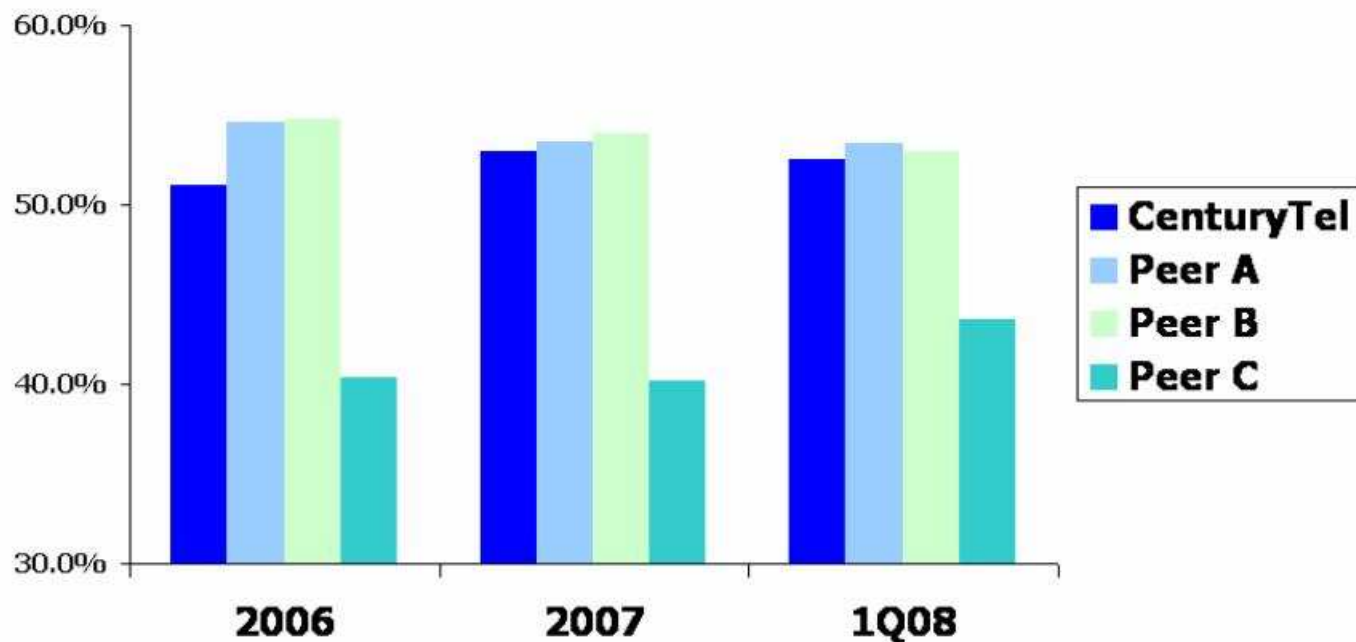
Source: Analysis of public reports and transcripts of the peer companies

OCF Margins - As Reported



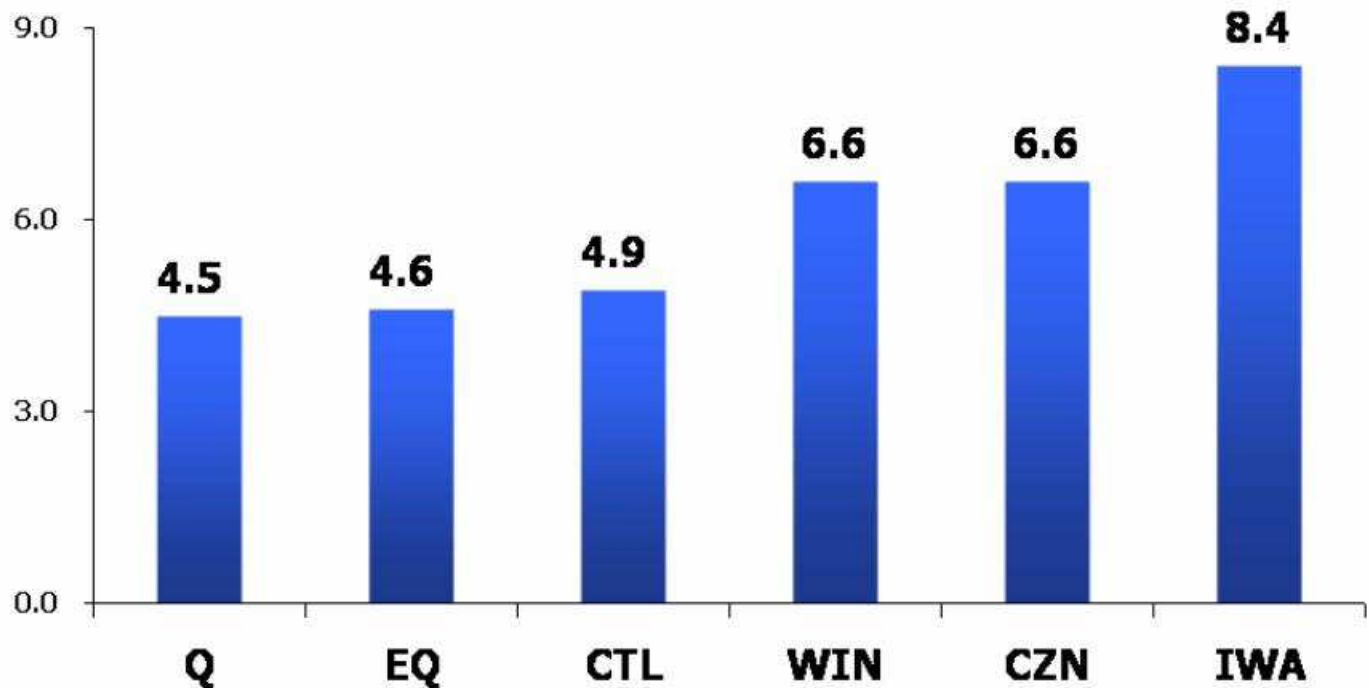
Source: Analysis of public reports and transcripts of the peer companies

OCF Margins - Adjusted to Eliminate SFAS 71



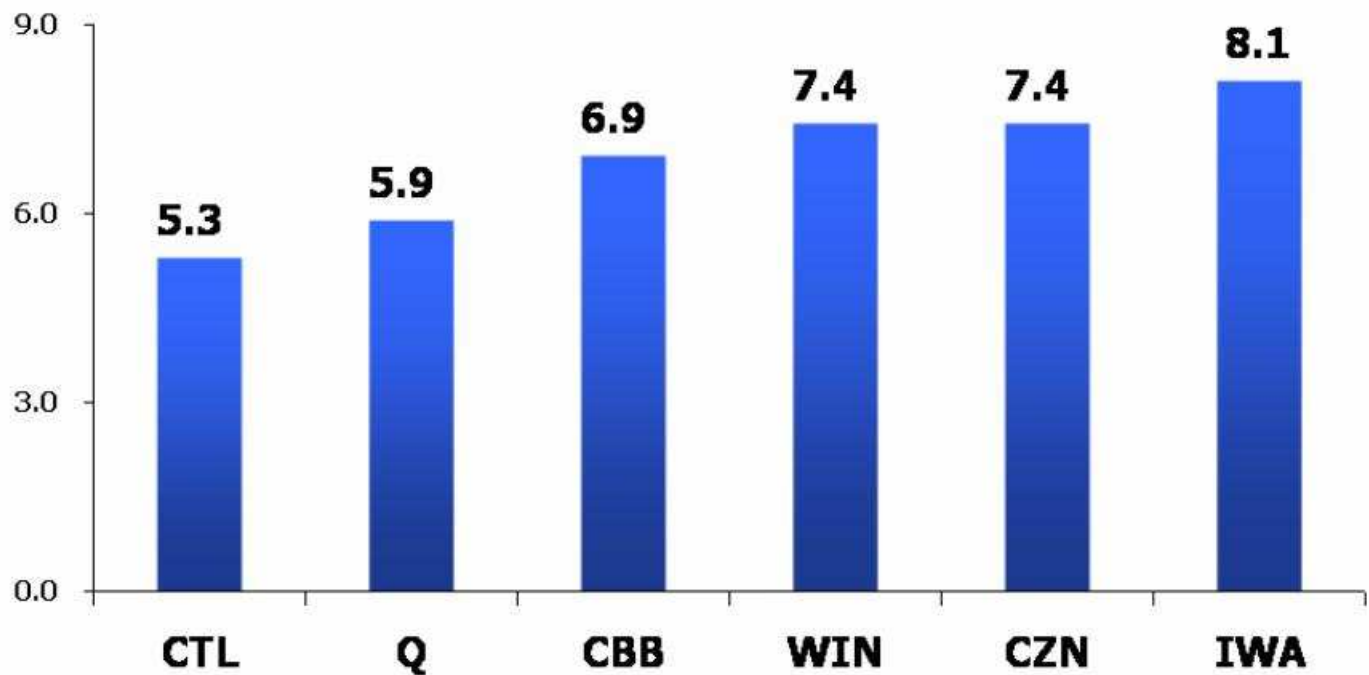
Source: Analysis of public reports and transcripts of the peer companies
NOTE: Respective peer results adjusted for a one-time royalty payment and to reflect bad debt as an expense instead of a contra-revenue .

EV/EBITDA - CTL vs. Peers



Source: FirstCall as of June 20, 2008

FCF Multiple - CTL vs. Peers



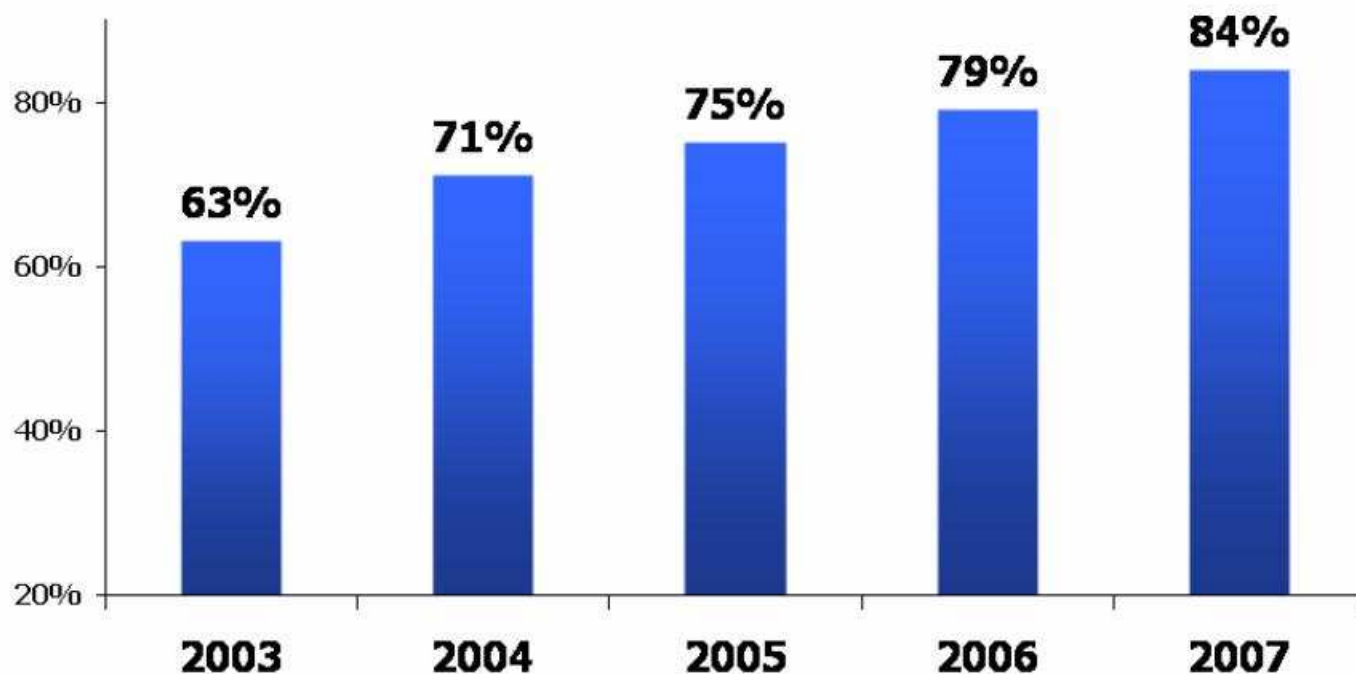
Sources: Stifel Nicolaus June 16, 2008 Telecom Services Weekly Valuation Update and Thomson Reuters



**Well-Positioned
For the Future**

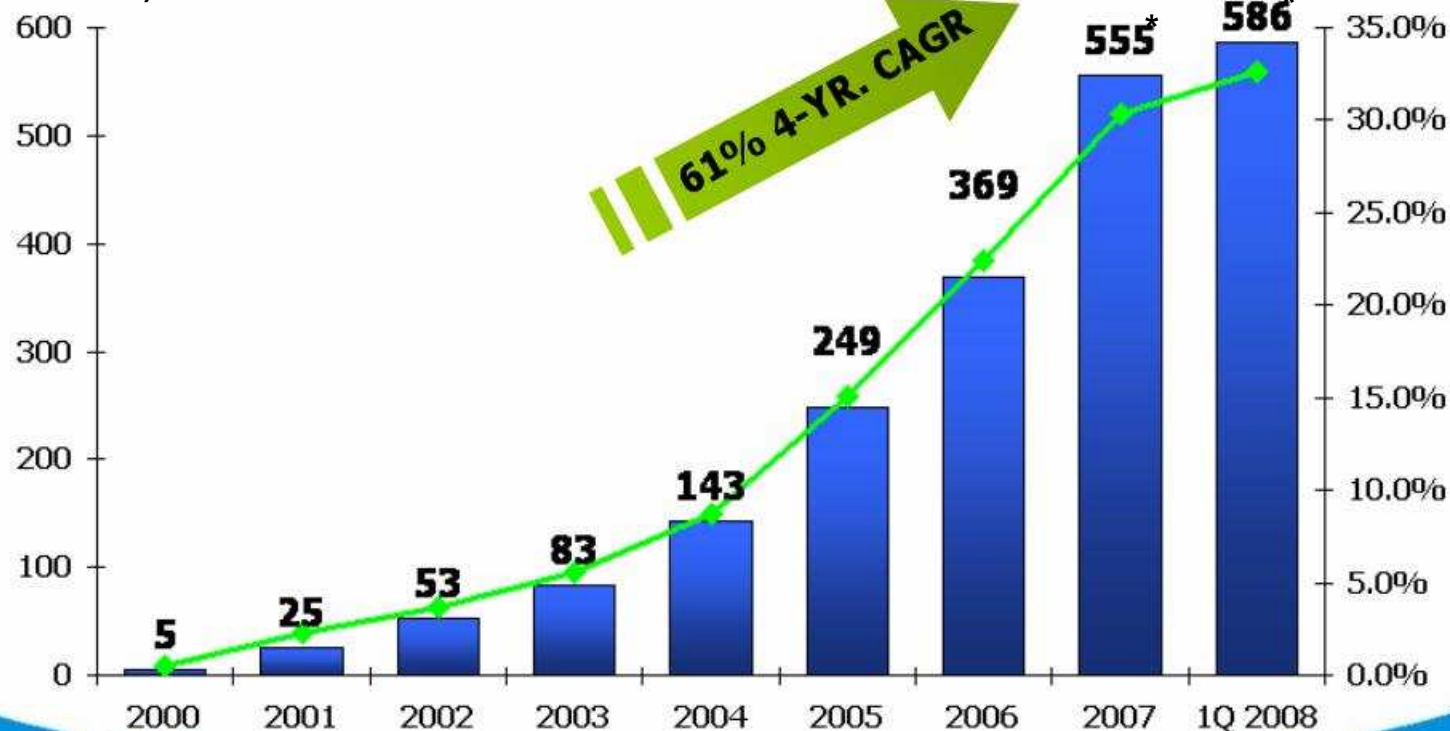
Broadband Deployment

% of Total Access Lines



High-Speed Internet Customers & Penetration Rates

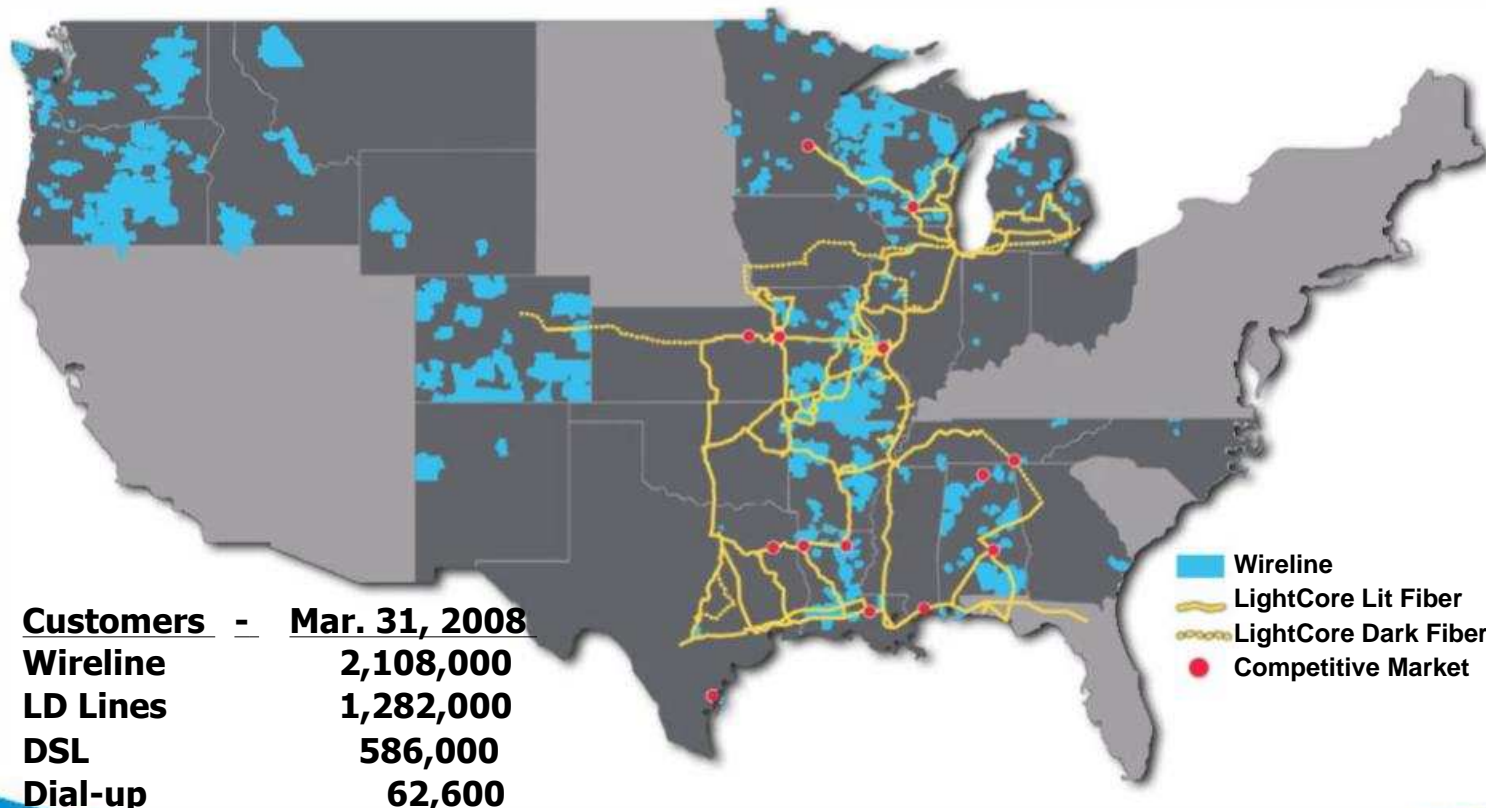
(Thousands)



*Includes Madison River Acquisition

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ONE Network



CENTURYTEL

700 MHz Opportunity...

- ö **Strong Cash Flows and Solid Balance Sheet Provide Financial Flexibility to Return Significant Cash to Shareholders While Continuing to Invest in Our Broadband Networks, Including Deployment of our 700 Megahertz (MHz) Spectrum**
- ö **Combination of Our Up-to-10 Megabit and Gig-E Data Capabilities With the Wireless Broadband Services Enabled by Our 700 MHz Spectrum Should Provide Us a Unique Opportunity to Grow Broadband Revenues and Retain and Grow our Broadband Customer Base**
- ö **Capital and Start-up Operating Costs Necessary to Deploy 700 MHz and Other Broadband Initiatives can be Accomplished Within the Context of the New Cash Return and Leverage Strategy**

Cash Return Strategy Provides Flexibility to Pursue 700 MHz Deployment

CenturyTel is Well Positioned

- ö **High-Quality, Broadband Networks Capable of Meeting Growing Bandwidth Demand and Delivering Emerging Services**
- ö **Strong Cash Flows and Financial Flexibility to Invest In and Acquire Strategic Assets**
- ö **Quality OSS and Dedicated, Knowledgeable Employees Enable High-Quality Customer Experience**
- ö **Poised to Participate in High-Demand, Broadband Services - Video, Home Networking, Managed Services, Advertising, Etc.**
- ö **History of Consistently Executing Business Plans, Adapting to Industry Changes and Driving Shareholder Value**

In Summary, CenturyTel...



- ö **Announced Significant Restructuring of Cash Return to Shareholders**
 - ö **Increased Annual Dividend to \$2.80 from \$.27 Per Share**
 - ö **Represents Quarterly Dividend Rate of \$.70 Per Share**
 - ö **Payout of Approximately 52% of Free Cash Flow**
- ö **Accelerates Completion of the \$750 Million Share Repurchase Program, Commits to Future Share Repurchases**
- ö **Sets Net Debt to Operating Cash Flow Target of 2.75X**
- ö **Expects to Meet or Exceed 2Q 2008 Revenue & Diluted EPS Guidance***
- ö **Remains Well Positioned to Take Advantage of Strategic Opportunities As They Arise**

* Excluding nonrecurring items



The CenturyTel logo is positioned in the upper right corner of the page. It features the word "CENTURYTEL" in a white, sans-serif, all-caps font. A white swoosh underline is positioned beneath the letters "TEL", starting under the 'T' and ending under the 'L'. The background of the entire page is a solid blue color with two large, overlapping, semi-transparent circular shapes in a lighter shade of blue, creating a modern, abstract design.

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