

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2008

or

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

Commission File Number: 1-7784

CenturyTel, Inc.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(I.R.S. Employer
Identification No.)

100 CenturyTel Drive, Monroe, Louisiana 71203
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2008, there were 105,448,280 shares of common stock outstanding.

CenturyTel, Inc.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three months ended March 31 ,	
	2008	2007
	(Dollars, except per share amounts, and shares in thousands)	
OPERATING REVENUES	\$ 648,614	600,855
OPERATING EXPENSES		
Cost of services and products (exclusive of depreciation and amortization)	237,812	213,531
Selling, general and administrative	91,625	91,457
Depreciation and amortization	135,684	127,784
Total operating expenses	465,121	432,772
OPERATING INCOME	183,493	168,083
OTHER INCOME (EXPENSE)		
Interest expense	(50,122)	(46,961)
Other income (expense)	8,417	5,290
Total other income (expense)	(41,705)	(41,671)
INCOME BEFORE INCOME TAX EXPENSE	141,788	126,412
Income tax expense	53,028	48,542
NET INCOME	\$ 88,760	77,870
BASIC EARNINGS PER SHARE	\$.84	.70
DILUTED EARNINGS PER SHARE	\$.83	.68
DIVIDENDS PER COMMON SHARE	\$.0675	.065
AVERAGE BASIC SHARES OUTSTANDING	106,142	111,031
AVERAGE DILUTED SHARES OUTSTANDING	106,997	116,308

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
NET INCOME	\$ 88,760	77,870
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized holding loss related to marketable securities, net of (\$525) and (\$51) tax	(843)	(82)
Derivative instruments:		
Net gains on derivatives hedging the variability of cash flows, net of \$294 tax	-	471
Reclassification adjustment for losses included in net income, net of \$67 and \$59 tax	107	94
Defined benefit pension and postretirement plans, net of \$68 and \$933 tax	110	1,497
Net change in other comprehensive income (loss), net of tax	(626)	1,980
COMPREHENSIVE INCOME	\$ 88,134	79,850

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2008	December 31, 2007
	(Dollars in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,539	34,402
Accounts receivable, less allowance of \$15,471 and \$20,361	218,507	223,027
Materials and supplies, at average cost	8,134	8,558
Other	28,057	26,412
Total current assets	292,237	292,399
NET PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	8,706,712	8,666,106
Accumulated depreciation	(5,673,578)	(5,557,730)
Net property, plant and equipment	3,033,134	3,108,376
GOODWILL AND OTHER ASSETS		
Goodwill	4,010,916	4,010,916
Other	781,840	772,862
Total goodwill and other assets	4,792,756	4,783,778
TOTAL ASSETS	\$ 8,118,127	8,184,553
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 45,444	279,898
Short-term debt	40,000	-
Accounts payable	108,308	120,381
Accrued expenses and other liabilities		
Salaries and benefits	49,109	64,380
Income taxes	57,790	54,233
Other taxes	55,239	48,961
Interest	75,032	80,103
Other	34,298	30,942
Advance billings and customer deposits	60,813	57,637
Total current liabilities	526,033	736,535
LONG-TERM DEBT	2,881,310	2,734,357
DEFERRED CREDITS AND OTHER LIABILITIES	1,310,800	1,304,456
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, auth orize d 350,000,000 shares, issued and outstanding 106,259,145 and 108,491,736 shares	106,259	108,492
Paid-in capital	3,286	91,147
Accumulated other comprehensive loss, net of tax	(43,333)	(42,707)
Retained earnings	3,326,801	3,245,302
Preferred stock - non-redeemable	6,971	6,971
Total stockholders' equity	3,399,984	3,409,205
TOTAL LIABILITIES AND EQUITY	\$ 8,118,127	8,184,553

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 88,760	77,870
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	135,684	127,784
Gain on asset disposition	(4,135)	-
Deferred income taxes	8,357	13,371
Share-based compensation	3,324	4,206
Income from unconsolidated cellular entity	(3,306)	(1,926)
Distributions from unconsolidated cellular entity	6,363	-
Changes in current assets and current liabilities:		
Accounts receivable	4,520	15,812
Accounts payable	(12,073)	(2,585)
Accrued income and other taxes	9,699	35,695
Other current assets and other current liabilities, net	(14,423)	(15,030)
Retirement benefits	5,474	5,636
Excess tax benefits from share-based compensation	(19)	(3,032)
Increase (decrease) in other noncurrent assets	(789)	1,032
Decrease in other noncurrent liabilities	(2,790)	(401)
Other, net	5,564	278
Net cash provided by operating activities	230,210	258,710
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(54,739)	(48,880)
Deposit paid for wireless spectrum auction	(25,000)	-
Proceeds from sale of nonoperating investment	4,209	-
Other, net	(2,017)	(1,635)
Net cash used in investing activities	(77,547)	(50,515)
FINANCING ACTIVITIES		
Net proceeds from the issuance of long-term debt	135,000	741,840
Payments of debt	(245,058)	(64,955)
Proceeds from issuance of short-term debt	40,000	-
Proceeds from issuance of common stock	2,339	20,031
Repurchase of common stock	(95,621)	(164,009)
Net proceeds from settlement of hedges	20,745	-
Cash dividends	(7,261)	(7,309)
Excess tax benefits from share-based compensation	19	3,032
Other, net	311	1,256
Net cash provided by (used in) financing activities	(149,526)	529,886
Net increase in cash and cash equivalents	3,137	738,081
Cash and cash equivalents at beginning of period	34,402	25,668
Cash and cash equivalents at end of period	\$ 37,539	763,749
Supplemental cash flow information:		
Income taxes paid	\$ 44,152	8,022
Interest paid (net of capitalized interest of \$726 and \$267)	\$ 54,467	64,434

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 108,492	113,254
Issuance of common stock through dividend reinvestment, incentive and benefit plans	360	754
Repurchase of common stock	(2,593)	(3,697)
Balance at end of period	<u>106,259</u>	<u>110,311</u>
PAID-IN CAPITAL		
Balance at beginning of period	91,147	24,256
Issuance of common stock through dividend reinvestment, incentive and benefit plans	1,979	19,277
Repurchase of common stock	(93,028)	-
Excess tax benefits from share-based compensation	19	3,032
Share-based compensation and other	3,169	4,206
Balance at end of period	<u>3,286</u>	<u>50,771</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX		
Balance at beginning of period	(42,707)	(104,942)
Net change in other comprehensive income (loss), net of reclassification adjustment, net of tax	(626)	1,980
Balance at end of period	<u>(43,333)</u>	<u>(102,962)</u>
RETAINED EARNINGS		
Balance at beginning of period	3,245,302	3,150,933
Net income	88,760	77,870
Repurchase of common stock	-	(160,312)
Cumulative effect of adoption of FIN 48	-	478
Cash dividends declared		
Common stock - \$.0675 and \$.065 per share, respectively	(7,174)	(7,216)
Preferred stock	(87)	(93)
Balance at end of period	<u>3,326,801</u>	<u>3,061,660</u>
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning and end of period	<u>6,971</u>	<u>7,450</u>
TOTAL STOCKHOLDERS' EQUITY	\$ 3,399,984	3,127,230

See accompanying notes to consolidated financial statements.

CenturyTel, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(UNAUDITED)

(1) Basis of Financial Reporting

Our consolidated financial statements include the accounts of CenturyTel, Inc. and its majority-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in the opinion of management, the disclosures made are adequate to make the information presented not misleading. The consolidated financial statements and footnotes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2007.

The financial information for the three months ended March 31, 2008 and 2007 has not been audited by independent certified public accountants; however, in the opinion of management, all adjustments necessary to present fairly the results of operations for the three-month periods have been included therein. The results of operations for the first three months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

(2) Acquisition

On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River") for approximately \$322 million cash. In connection with the acquisition, we also paid all of Madison River's existing indebtedness (including accrued interest), which approximated \$522 million. At the time of this acquisition, Madison River operated approximately 164,000 predominantly rural access lines in four states with more than 30% high-speed Internet penetration and its network included ownership in a 2,400 route mile fiber network. We have reflected the results of operations of the Madison River properties in our consolidated results of operations beginning May 1, 2007.

To finance the Madison River acquisition and pay all of Madison River's existing debt, on March 29, 2007, we publicly issued \$500 million of 6.0% Senior Notes, Series N, due 2017 and \$250 million of 5.5% Senior Notes, Series O, due 2013. We financed the remainder of these amounts from borrowings under our commercial paper program and cash on hand.

(3) Goodwill and Other Intangible Assets

Goodwill and other intangible assets as of March 31, 2008 and December 31, 2007 were composed of the following:

	March 31, 2008	Dec. 31, 2007
	(Dollars in thousands)	
Goodwill	\$ 4,010,916	4,010,916
Intangible assets subject to amortization		
Customer base		
Gross carrying amount	\$ 181,309	181,309
Accumulated amortization	(22,643)	(18,149)
Net carrying amount	\$ 158,666	163,160
Intangible assets not subject to amortization	\$ 42,750	42,750

Total amortization expense related to the intangible assets subject to amortization for the first quarter of 2008 was \$4.5 million and is expected to be \$16.9 million in 2008, \$16.5 million annually from 2009 through 2011 and \$16.1 million in 2012.

(4) Postretirement Benefits

We sponsor health care plans that provide postretirement benefits to all qualified retired employees.

Net periodic postretirement benefit cost for the three months ended March 31, 2008 and 2007 included the following components:

	Three months ended March 31,

	2008	2007
	(Dollars in thousands)	
Service cost	\$ 1,255	1,718
Interest cost	4,974	5,018
Expected return on plan assets	(599)	(621)
Amortization of unrecognized actuarial loss	-	899
Amortization of unrecognized prior service cost	(651)	(505)
Net periodic postretirement benefit cost	<u>\$ 4,979</u>	<u>6,509</u>

We contributed \$3.2 million to our postretirement health care plan in the first quarter of 2008 and expect to contribute approximately \$16.7 million for the full year.

(5) Defined Benefit Retirement Plans

We sponsor defined benefit pension plans for substantially all employees. We also sponsor a Supplemental Executive Retirement Plan to provide certain officers with supplemental retirement, death and disability benefits. In late February 2008, our board of directors approved certain actions related to our Supplemental Executive Retirement Plan, including (i) the freezing of future benefit accruals effective February 29, 2008 and (ii) amending the plan to permit participants to receive in 2009 a lump sum distribution of the present value of their accrued plan benefits. We also enhanced plan termination benefits by (i) crediting each active participant with three additional years of service and (ii) crediting each participant who is not currently in pay status under the plan with three additional years of age in connection with calculating the present value of any lump sum distribution to be made in 2009. We recorded a curtailment loss of approximately \$580,000 in the first quarter of 2008 related to the above-described items. In addition, depending upon the degree to which plan participants elect to receive lump sum distributions in full satisfaction of future plan obligations, during the second quarter of 2008 we could incur an additional one-time pre-tax charge of up to \$10 million in connection with paying such benefit costs.

Net periodic pension expense for the three months ended March 31, 2008 and 2007 included the following components:

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
Service cost	\$ 4,689	4,617
Interest cost	6,637	6,905
Expected return on plan assets	(8,749)	(9,049)
Curtailment loss	580	-
Net amortization and deferral	829	2,224
Net periodic pension expense	<u>\$ 3,986</u>	<u>4,697</u>

The amount of the 2008 contribution to our pension plans will be determined based on a number of factors, including the results of the 2008 actuarial valuation. At this time, the amount of the 2008 contribution is not known. We may be required to contribute funds to our pension plan in the future if our actual return on plan assets is lower than our 8.25% expected return assumption.

(6) Stock-based Compensation

Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment" requires us to recognize as compensation expense our cost of awarding employees with equity instruments by allocating the fair value of the award on the grant date over the period during which the employee is required to provide service in exchange for the award.

We currently maintain programs which allow the Board of Directors, through its Compensation Committee, to grant incentives to certain employees and our outside directors in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. In late February 2008, the Compensation Committee approved that all long-term incentive grants for 2008 would be in the form of restricted stock instead of a mix of stock options and restricted stock as had been granted in recent years. As of March 31, 2008, we had reserved approximately 5.9 million shares of common stock which may be issued in connection with awards under our current incentive programs. We also offer an Employee Stock Purchase Plan whereby employees can purchase our common stock at a 15% discount based on the lower of the beginning or ending stock price during recurring six-month periods stipulated in such program.

Our outstanding restricted stock awards generally vest over a five-year period (for employees) and a three-year period (for outside directors). During the first quarter of 2008, 296,515 shares of restricted stock were granted to employees at an average grant date fair value of \$36.51 per share. As of March 31, 2008, there were 1,018,948 shares of nonvested restricted stock outstanding at an average grant date fair value of \$36.70 per share.

Our outstanding stock options have been granted with an exercise price equal to the market price of CenturyTel's shares at the date of

grant. Our outstanding options generally have a three-year vesting period and all of them expire ten years after the date of grant. The fair value of each stock option award is estimated as of the date of grant using a Black-Scholes option pricing model. During the first quarter of 2008, 19,400 options were granted with a weighted average grant date fair value of \$9.11 per share.

As of March 31, 2008, outstanding and exercisable stock options were as follows:

	Number	Average	Average remaining contractual term (in years)	Aggregate intrinsic value
	of options	price		
Outstanding	3,630,654	\$ 36.78	6.42	\$2,469,000
Exercisable	2,532,608	\$ 34.12	5.42	\$2,469,000

The total compensation cost for all share-based payment arrangements for the first quarters of 2008 and 2007 was \$3.3 million and \$4.2 million, respectively. As of March 31, 2008, there was \$37.7 million of total unrecognized compensation cost related to the share-based payment arrangements, which we expect to recognize over a weighted-average period of 3.3 years.

(7) Business Segments

We are an integrated communications company engaged primarily in providing an array of communications services to our customers, including local exchange, long distance, Internet access and broadband services. We strive to maintain our customer relationships by, among other things, bundling our service offerings to provide our customers with a complete offering of integrated communications services. Our operating revenues for our products and services include the following components:

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
Voice	\$ 220,480	211,896
Network access	208,698	211,399
Data	126,772	95,864
Fiber transport and CLEC	39,633	38,326
Other	53,031	43,370
Total operating revenues	\$ 648,614	600,855

We derive our voice revenues by providing local exchange telephone and retail long distance services to our customers in our local exchange service areas.

We derive our network access revenues primarily from (i) providing services to various carriers and customers in connection with the use of our facilities to originate and terminate their interstate and intrastate voice transmissions and (ii) receiving universal support funds which allows us to recover a portion of our costs under federal and state cost recovery mechanisms.

We derive our data revenues primarily by providing Internet access services (both high-speed (“DSL”) and dial-up services) and data transmission services over special circuits and private lines in our local exchange service areas.

Our fiber transport and CLEC revenues include revenues from our fiber transport, competitive local exchange carrier and security monitoring businesses.

We derive other revenues primarily by (i) leasing, selling, installing and maintaining customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for third parties, (iii) participating in the publication of local directories and (iv) offering our video and wireless services, as well as other new product offerings.

(8) Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (“SFAS 157”). SFAS 157, effective for us beginning January 1, 2008, defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements required or permitted under other accounting pronouncements. SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used to measure fair value. These tiers include: Level 1 (defined as observable inputs such as quoted market prices in active markets); Level 2 (defined as inputs other than quoted prices in active markets that are either directly or indirectly observable); and Level 3 (defined as unobservable inputs in which little or no market data exists).

As of March 31, 2008, we held certain assets that are required to be measured at fair value on a recurring basis, including certain marketable securities and life insurance contracts with cash surrender value. The following table depicts those assets held and the related tier designation pursuant to SFAS 157.

Description	Balance			
	March 31, 2008	Level 1	Level 2	Level 3
		(Dollars in thousands)		
Marketable securities	\$ 34,721	34,721	-	-
Cash surrender value of life insurance contracts	96,621	96,621	-	-
Total assets measured at fair value	<u>\$ 131,342</u>	<u>131,342</u>	<u>-</u>	<u>-</u>

In June 2006, the Financial Accounting Standards Board issued EITF 06-3, "How Taxes Collected From Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement" ("EITF 06-3"), which requires disclosure of the accounting policy for any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction. We adopted the disclosure requirements of EITF 06-3 effective January 1, 2007.

We collect various taxes from our customers and subsequently remit such funds to governmental authorities. Substantially all of these taxes are recorded through the balance sheet. We are required to contribute to several universal service fund programs and generally include a surcharge amount on our customers' bills which is designed to recover our contribution costs. Such amounts are reflected on a gross basis in our statement of income (included in both operating revenues and expenses) and aggregated approximately \$10 million and \$9 million for the three months ended March 31, 2008 and 2007, respectively.

(9) Commitments and Contingencies

In Barbrasue Beattie and James Sovis, on behalf of themselves and all others similarly situated, v. CenturyTel, Inc., filed on October 28, 2002, in the United States District Court for the Eastern District of Michigan (Case No. 02-10277), the plaintiffs allege that we unjustly and unreasonably billed customers for inside wire maintenance services, and seek unspecified monetary damages and injunctive relief under various legal theories on behalf of a purported class of over two million customers in our telephone markets. On March 10, 2006, the Court certified a class of plaintiffs and issued a ruling that the billing descriptions we used for these services during an approximately 18-month period between October 2000 and May 2002 were legally insufficient. Our appeal of this class certification decision was denied. Our preliminary analysis indicates that we billed less than \$10 million for inside wire maintenance services under the billing descriptions and time periods specified in the District Court ruling described above. Should other billing descriptions be determined to be inadequate or if claims are allowed for additional time periods, the amount of our potential exposure could increase significantly. The Court's order does not specify the award of damages, the scope and amounts of which, if any, remain subject to additional fact-finding and resolution of what we believe are valid defenses to plaintiff's claims. Accordingly, we cannot reasonably estimate the amount or range of possible loss at this time. However, considering the one-time nature of any adverse result, we do not believe that the ultimate outcome of this litigation will have a material adverse effect on our financial position or on-going results of operations.

We received an aggregate of approximately \$128 million during 2006 and 2007 from the redemption of our Rural Telephone Bank stock. Some portion of those proceeds, while not estimable at this time, may under certain circumstances be subject to review, reduction or refund by regulatory authorities or judicial process, which in each case could have an adverse effect on our financial results.

From time to time, we are involved in other proceedings incidental to our business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. The outcome of these other proceedings is not predictable. However, we do not believe that the ultimate resolution of these other proceedings, after considering available insurance coverage, will have a material adverse effect on our financial position, results of operations or cash flows.

(10) Other Events

As announced by the Federal Communications Commission ("FCC") in late March 2008, we were the successful bidder for 69 licenses in the FCC's 700 megahertz ("MHz") spectrum auction. The licenses, which overlap approximately 53 percent of our local exchange areas based on access lines served, were acquired at an average price per megahertz pop of \$.70 and a total cost of \$149 million. In April 2008, we paid the \$149 million bid price, net of our \$25 million deposit paid in January 2008, substantially all of which was funded from borrowings from our five-year revolving credit facility and commercial paper program.

Under the FCC rules, licenses will not formally be granted until the FCC completes its approval process and the 700 MHz spectrum will not be cleared for usage until early 2009.

Item 2.
CenturyTel, Inc.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in our annual report on Form 10-K for the year ended December 31, 2007. The results of operations for the three months ended March 31, 2008 are not necessarily indicative of the results of operations which might be expected for the entire year.

We are an integrated communications company engaged primarily in providing an array of communications services to customers in 25 states. We currently derive our revenues from providing (i) local exchange and long distance voice services, (ii) network access services, (iii) data services, which includes both high-speed ("DSL") and dial-up Internet services, as well as special access and private line services, (iv) fiber transport, competitive local exchange and security monitoring services and (v) other related services. For additional information on our revenue sources, see Note 7 to our financial statements included in Item 1 of Part I of this quarterly report.

On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River"). See Note 2 for additional information. We have reflected the results of operations of the Madison River properties in our consolidated results of operations beginning May 1, 2007.

During the last several years (exclusive of acquisitions and certain non-recurring favorable adjustments), we have experienced revenue declines in our voice and network access revenues primarily due to the loss of access lines and minutes of use. To mitigate these declines, we hope to, among other things, (i) promote long-term relationships with our customers through bundling of integrated services, (ii) provide new services, such as video and wireless, and other additional services that may become available in the future due to advances in technology, spectrum sales or improvements in our infrastructure, (iii) provide our premium services to a higher percentage of our customers, (iv) pursue acquisitions of additional communications properties if available at attractive prices, (v) increase usage of our networks, (vi) provide greater penetration of broadband services and (vii) market our products to new customers.

In addition to historical information, this management's discussion and analysis includes certain forward-looking statements that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual 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 timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry; our ability to effectively adjust to changes in the communications industry; our ability to effectively manage our expansion opportunities, including successfully integrating newly-acquired businesses into our operations and retaining and hiring key personnel; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from time to time in this report or other of our filings with the Securities and Exchange Commission; and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2007. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update any of our forward-looking statements for any reason.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

Net income was \$88.8 million and \$77.9 million for the first quarter of 2008 and 2007, respectively. Diluted earnings per share for the first quarter of 2008 and 2007 was \$.83 and \$.68, respectively. The decline in the number of average diluted shares outstanding is primarily attributable to share repurchases after March 31, 2007.

Three months ended March 31,	
2008	2007

(Dollars, except per share

	amounts, and shares in thousands)	
Operating income	\$ 183,493	168,083
Interest expense	(50,122)	(46,961)
Other income (expense)	8,417	5,290
Income tax expense	(53,028)	(48,542)
Net income	<u>\$ 88,760</u>	<u>77,870</u>
Basic earnings per share	<u>\$.84</u>	<u>.70</u>
Diluted earnings per share	<u>\$.83</u>	<u>.68</u>
Average basic shares outstanding	<u>106,142</u>	<u>111,031</u>
Average diluted shares outstanding	<u>106,997</u>	<u>116,308</u>

Operating income increased \$15.4 million (9.2%) as a \$47.8 million (7.9%) increase in operating revenues was partially offset by a \$32.3 million (7.5%) increase in operating expenses.

Operating Revenues

	Three months ended March 31,	
	2008	2007
	(Dollars in thousands)	
Voice	\$ 220,480	211,896
Network access	208,698	211,399
Data	126,772	95,864
Fiber transport and CLEC	39,633	38,326
Other	53,031	43,370
	<u>\$ 648,614</u>	<u>600,855</u>

The \$8.6 million (4.1%) increase in voice revenues is primarily due to \$15.4 million contributed by the Madison River properties acquired April 30, 2007. The remaining \$6.8 million decrease is due to (i) a \$5.3 million decrease due to a 5.8% decline in the average number of access lines (normalized for acquisitions) and (ii) a \$1.4 million decline as a result of a decrease in revenues associated with extended area calling plans.

Access lines declined 27,400 (1.3%) during the first quarter of 2008 (inclusive of Madison River) compared to a decline of 23,900 (1.1%) during the first quarter of 2007. We believe the decline in the number of access lines during 2008 and 2007 is primarily due to the displacement of traditional wireline telephone services by other competitive services. Based on our anticipated results for recent sales and retention initiatives, we are targeting our access line loss to be between 4.5% and 6.0% for 2008.

Network access revenues decreased \$2.7 million (1.3%) in the first quarter of 2008 primarily due to (i) a \$7.1 million decrease as a result of lower intrastate revenues due to a reduction in intrastate minutes (principally due to the loss of access lines and the displacement of minutes by wireless, electronic mail and other optional calling services); (ii) a \$4.3 million reduction in revenues from the federal Universal Service Fund primarily due to an increase in the nationwide average cost per loop factor used by the Federal Communications Commission to allocate funds among all recipients; and (iii) a \$2.8 million decrease in the partial recovery of lower operating costs through revenue sharing arrangements and return on rate base. Such decreases were partially offset by \$12.0 million of revenues contributed by Madison River. We believe that intrastate minutes will continue to decline in 2008, although we cannot precisely estimate the magnitude of such decrease.

Data revenues increased \$30.9 million (32.2%) substantially due to a \$15.6 million increase in DSL-related revenues primarily due to growth in the number of DSL customers and \$13.4 million of revenues contributed by Madison River.

Fiber transport and CLEC revenues increased \$1.3 million (3.4%), of which \$1.7 million was contributed by Madison River. Such increase was partially offset by an \$888,000 decrease in our fiber transport revenues primarily due to customer disconnects.

Other revenues increased \$9.7 million (22.3%) primarily due to \$5.3 million of revenues contributed by Madison River and a \$3.6 million increase in directory revenues (primarily due to unfavorable prior year settlements in the first quarter of 2007).

Operating Expenses

	Three months ended March 31,	
	2008	2007

(Dollars in thousands)

Cost of services and products (exclusive of depreciation and amortization)	\$ 237,812	213,531
Selling, general and administrative	91,625	91,457
Depreciation and amortization	135,684	127,784
	<u>\$ 465,121</u>	<u>432,772</u>

Cost of services and products increased \$24.3 million (11.4%) primarily due to \$20.2 million of costs incurred by the Madison River properties and by a \$2.7 million increase in DSL-related expenses due to growth in the number of DSL customers.

Selling, general and administrative expenses increased \$168,000. A \$5.3 million increase due to costs incurred by Madison River and a \$3.7 million increase in marketing expenses were offset by a \$5.1 million decrease in operating taxes and a \$3.3 million decrease in bad debt expense (most of which is attributable to a favorable settlement with another carrier in first quarter 2008).

Depreciation and amortization increased \$7.9 million (6.2%) primarily due to \$11.9 million of depreciation and amortization incurred by Madison River and a \$3.1 million increase due to higher levels of plant in service. Such increases were partially offset by a \$7.7 million reduction in depreciation expense due to certain assets becoming fully depreciated.

Interest Expense

Interest expense increased \$3.2 million (6.7%) in the first quarter of 2008 compared to the first quarter of 2007 primarily due to a \$4.0 million increase due to an increase in average debt outstanding (primarily caused by the March 2007 issuance of \$750 million of senior notes used to fund the Madison River acquisition) which was partially offset by a \$1.2 million reduction due to lower average interest rates.

Other Income (Expense)

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains and losses from nonoperating asset dispositions and impairments, our share of income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$8.4 million for the first quarter of 2008 compared to \$5.3 million for the first quarter of 2007. Included in the first quarter of 2008 is a pre-tax gain of approximately \$4.1 million from the sale of a nonoperating investment. Our share of income from our 49% interest in a cellular partnership increased \$1.4 million in first quarter 2008 compared to first quarter 2007. Such increases were partially offset by a \$3.4 million pre-tax charge related to terminating all of our existing derivative instruments in the first quarter of 2008.

Income Tax Expense

Our effective income tax rate was 37.4% and 38.4% for the three months ended March 31, 2008 and March 31, 2007, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, we rely on cash provided by operations to fund our operating and capital expenditures. Our operations have historically provided a stable source of cash flow which has helped us continue our long-term program of capital improvements.

Net cash provided by operating activities was \$230.2 million during the first three months of 2008 compared to \$258.7 million during the first three months of 2007. Our accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to our operations, see Results of Operations.

Net cash used in investing activities was \$77.5 million and \$50.5 million for the three months ended March 31, 2008 and 2007, respectively. Payments for property, plant and equipment were \$5.9 million more in the first quarter of 2008 than in the comparable period during 2007. Our budgeted capital expenditures for 2008 total approximately \$300 million.

During the first quarter of 2008, we paid a \$25 million deposit that allowed us to participate in the Federal Communications Commission's ("FCC") auction of 700 megahertz ("MHz") wireless spectrum. In March 2008, the FCC announced that we were the winning bidder for 69 licenses at a total cost of approximately \$149 million. In April 2008, we paid the \$149 million bid price, net of our prior \$25 million deposit, substantially all of which was funded from borrowings under our five-year credit facility and commercial paper program. Under FCC rules, licenses will not formally be granted until the FCC completes its approval process and the 700 MHz spectrum will not be cleared for usage until early 2009.

Net cash provided by (used in) financing activities was (\$149.5) million during the first three months of 2008 compared to \$529.9 million during the first three months of 2007. In the first quarter of 2008, we paid our \$240 million Series F Senior Notes at maturity using borrowings from our credit facility. In late March 2007, we publicly issued an aggregate of \$750 million of Senior Notes (see Note 2 for additional information). The net proceeds from the issuance of such Senior Notes aggregated approximately \$741.8 million and ultimately were used (along with cash on hand and approximately \$50 million of borrowings under our commercial paper program) to (i) finance the purchase price for the April 30, 2007 acquisition of Madison River Communications Corp. ("Madison River") (\$322 million, subject to post-closing

adjustments) and (ii) pay off Madison River's existing indebtedness (including accrued interest) at closing (\$522 million). We invested the cash proceeds from the Senior Notes offering in short-term cash equivalents prior to the acquisition of Madison River.

We repurchased 2.6 million shares (for \$95.6 million) and 3.7 million shares (for \$164.0 million) in the first quarters of 2008 and 2007, respectively.

In the first quarter of 2008, we received a net cash settlement of approximately \$20.7 million from the termination of all of our existing derivative instruments. See "Market Risk" below for additional information concerning the termination of these derivatives.

We have available a five-year, \$750 million revolving credit facility which expires in December 2011. Up to \$150 million of the credit facility can be used for letters of credit, which reduces the amount available for other extensions of credit. Available borrowings under our credit facility are also effectively reduced by any outstanding borrowings under our commercial paper program. Our commercial paper program borrowings are effectively limited to the total amount available under our credit facility. As of March 31, 2008 and April 30, 2008, we had an aggregate of \$175 million and \$333 million, respectively, outstanding under our credit facility and commercial paper program.

OTHER MATTERS

Accounting for the Effects of Regulation

We currently account for our regulated telephone operations (except for the properties acquired from Verizon in 2002) in accordance with the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). While we continuously monitor the ongoing applicability of SFAS 71 to our regulated telephone operations due to the changing regulatory, competitive and legislative environments, we believe that SFAS 71 still applies. However, it is possible that changes in regulation or legislation or anticipated changes in competition or in the demand for our regulated services or products could result in our telephone operations not being subject to SFAS 71 in the future. In that event, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," would require the write-off of previously established regulatory assets and liabilities. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for nonregulated enterprises.

If our regulated operations cease to qualify for the application of SFAS 71, we do not expect to record an impairment charge related to the carrying value of the property, plant and equipment of our regulated telephone operations. Additionally, upon the discontinuance of SFAS 71, we would be required to revise the lives of our property, plant and equipment to reflect the estimated useful lives of the assets. We do not expect such revisions in asset lives, or the elimination of other regulatory assets and liabilities, to have a material unfavorable impact on our results of operations. For regulatory purposes, the accounting and reporting of our telephone subsidiaries would not be affected by the discontinued application of SFAS 71.

Item 3.
CenturyTel, Inc.
**QUANTITATIVE AND QUALITATIVE
DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk from changes in interest rates on our long-term debt obligations. We have estimated our market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates. Fair value on long-term debt obligations is determined based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term financing markets. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At March 31, 2008, the fair value of our long-term debt was estimated to be \$2.9 billion based on the overall weighted average rate of our debt of 6.4% and an overall weighted maturity of 8 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 64 basis points in interest rates (ten percent of our overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$101.3 million decrease in fair value of our long-term debt at March 31, 2008. As of March 31, 2008, approximately 94% of our long-term and short-term debt obligations were fixed rate.

We seek to maintain a favorable mix of fixed and variable rate debt in an effort to limit interest costs and cash flow volatility resulting from changes in rates. From time to time over the past several years, we have used derivative instruments to (i) lock-in or swap our exposure to changing or variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. We do not hold or issue derivative financial instruments for trading or speculative purposes. Management periodically reviews our exposure to interest rate fluctuations and implements strategies to manage the exposure.

In January 2008, we terminated all of our existing “fixed to variable” interest rate swaps associated with the full \$500 million principal amount of our Series L senior notes, due 2012. In connection with the termination of these derivatives, we received aggregate cash payments of approximately \$25.6 million, which has been reflected as a premium of the associated long-term debt and will be amortized as a reduction of interest expense through 2012 using the effective interest method. In addition, in January 2008, we also terminated certain other derivatives that were not deemed to be effective hedges. Upon the termination of these derivatives, we paid an aggregate of approximately \$4.9 million (and recorded a \$3.4 million pre-tax charge in the first quarter of 2008 related to the settlement of these derivatives). As of March 31, 2008, we had no derivative instruments outstanding.

Certain shortcomings are inherent in the method of analysis presented in the computation of fair value of financial instruments. Actual values may differ from those presented if market conditions vary from assumptions used in the fair value calculations. The analysis above incorporates only those risk exposures that existed as of March 31, 2008.

Item 4.
CenturyTel, Inc.
CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to provide reasonable assurances that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is timely recorded, processed, summarized and reported as required. Our Chief Executive Officer, Glen F. Post, III, and our Chief Financial Officer, R. Stewart Ewing, Jr., have evaluated our disclosure controls and procedures as of March 31, 2008. Based on the evaluation, Messrs. Post and Ewing concluded that our disclosure controls and procedures have been effective in providing reasonable assurance that they have been timely alerted of material information required to be filed in this quarterly report. During the prior fiscal quarter, we did not make any change to our internal control over financial reporting that materially affected, or that we believe is reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and contingencies, and there can be no assurance that any design will succeed in achieving its stated goals. Because of inherent limitations in any control system, misstatements due to error or fraud could occur and not be detected.

PART II. OTHER INFORMATION

CenturyTel, Inc.

Item 1. Legal Proceedings.

See Note 9 to the financial statements included in Part I, Item 1, of this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In August 2007, our board of directors authorized a \$750 million share repurchase program which expires on September 30, 2009, unless extended by the board. The following table reflects the repurchases of our common stock under this program during the first quarter of 2008. All of these repurchases were effected in open-market transactions in accordance with our stock repurchase program.

Period	Total Number of Shares Purchased as Part of Publicly	Average Price Per Share	Announced Plans or Programs	Approximate Dollar Value of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs*
January 1 - January 31, 2008	1,236,038	\$ 37.09	1,236,038	\$545,652,557
February 1 – February 29, 2008	1,131,057	\$ 36.63	1,131,057	\$504,221,727
March 1 – March 31, 2008	177,900	\$ 37.25	177,900	\$497,594,478
Total	2,544,995	\$ 36.90	2,544,995	\$497,594,478

* Discretionary authority to purchase under this program runs through September 30, 2009.

* * * * *

In addition to the above repurchases, we also withheld 48,258 shares of stock at an average price of \$34.58 per share to pay taxes due upon vesting of restricted stock for certain of our employees in February 2008.

Since 1999, we have registered under the Securities Act of 1933 our obligations to pay deferred compensation to certain of our officers under our Supplemental Dollars and Sense Plan. During the first quarter of 2008, we issued an aggregate of approximately \$362,000 of these obligations that were privately placed under Section 4(2) of the Securities Act of 1933. A successor registration statement on Form S-8 was filed on April 9, 2008 to register future issuances under the Plan.

Item Exhibits and Reports on Form 8-K
6.

A.Exhibits

- 10.1(b) First Amendment to the CenturyTel Union 401(K) Plan, as amended and restated effective December 31, 2006.
- 10.1(c) Amendment No. 1 to the CenturyTel Retirement Plan, dated as of April 2, 2007.
- 10.2 Form of Restricted Stock Agreement, pursuant to the 2005 Management Incentive Compensation Plan and dated as of February 21, 2008, entered into between CenturyTel and its executive officers.
- 10.4 Amended and Restated CenturyTel, Inc. Bonus Life Insurance Plan for Executive Officers, dated as of April 3, 2008.
- 11 Computations of Earnings Per Share.
- 31.1 Registrant's Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Registrant's Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Registrant's Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

B.Reports on Form 8-K

The following items were reported in the Form 8-K filed February 14, 2008:

Items 2.02 and 9.01 - Results of Operations and Financial Condition and Financial Statements and Exhibits. News release announcing fourth quarter 2007 operating results.

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.

Date: May 7, 2008

/s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller
(Principal Accounting Officer)

**FIRST AMENDMENT TO THE
CENTURYTEL UNION 401(K) PLAN
AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2006**

CENTURYTEL, INC., represented herein by its Executive Vice-President and Chief Financial Officer, R. Stewart Ewing, Jr., as Plan Sponsor and Employer, does hereby execute the following amendments to the CenturyTel Union 401(k) Plan and Trust, each amendment effective as of May 6, 2007:

1. The following sentence is hereby added as the last sentence of the second paragraph of Section 1.14(a):

These exclusions will not apply to Group C Participants.
2. Section 1.20 is hereby amended to read as follows:

1.20 **Employer**. The entity that establishes or maintains the Plan and any successor to such entity, as reflected in the lists of Employers entering into collective bargaining agreements with Employees listed in Appendices A, B and C. Such lists of Employers shall change when an Employer enters into a collective bargaining agreement and attaches a revised Appendix A, B or C hereto, without the necessity of amending the Plan.
3. Article I is hereby amended to insert Section 1.27, as follows:

1.27 **Group C Participant**. A Group C Participant is one who participates in the Plan pursuant to a collective bargaining agreement, as set forth on Appendix C to the Plan.
4. Sections 1.27 through 1.51 are hereby re-numbered as Sections 1.28 through 1.52.
5. The following is hereby added at the end of Section 1.52:

A Year of Service shall also be credited under this Plan to each Participant who was a participant in the Madison River Communications Corp. Profit Sharing & 401(k) Plan who was employed by the Employer as of May 6, 2007, for each year of service credited, as of April 30, 2006, under the Madison River Communications Corp. Profit Sharing & 401(k) Plan.
6. Section 2.1 is hereby amended to read as follows:

2.1 **Active Participation**. Each Employee who is included in a unit of Employees covered by a collective bargaining agreement between Employee representatives and the Employer which provides for participation in this Plan by such Employees, as reflected in Appendices A, B and C, shall be eligible to participate in this Plan upon his date of employment or reemployment.
7. The following sentence is hereby inserted as the second sentence of Section 3.1(a):

For Group C Participants, ninety-two percent (92%) shall be substituted for twenty-five percent (25%) in the preceding sentence.
8. The last sentence of section 3.2(a) is hereby deleted and the following two sentences are inserted at the end of Section 3.2(a):

For Group A and Group B Participants, no contributions will be made to "true up" the Participant's Match Contribution after the end of the Plan Year. For Group C Participants, contributions will be made to "true up" the Participant's Match Contribution after the end of the Plan Year.
9. Section 3.2(b) is hereby amended to read as follows:

The Employer Match Contribution to be made by the Employer for each period shall be such percentage of a Participant's Elective Deferrals, as is specified for such Participant's union local on Appendices A, B and C hereof, provided that Employer Match Contributions shall be made based solely upon a Participant's Elective Deferrals that do not exceed six percent (6%) of the Participant's Compensation for such period. The percentage matching rate and percentage of considered Compensation as stated in the preceding sentence shall continue in effect until otherwise changed pursuant to the applicable union collective bargaining agreement or by resolution of the Employer's Board of Directors, which change shall be effectuated by attaching a revised Appendix A, B or C hereto, without the necessity of amending the Plan. Any Matching Contributions made under this section 3.2 on behalf of a Participant during the Plan Year that are attributable to Excess Deferrals, shall be deemed forfeited.

For Group C Participants, for purposes of Sections 3.2(a) and (b), Elective Deferrals shall include Catch-up Contributions.
10. The following paragraph is hereby added as the third paragraph of Section 3.2(c):

Matching Contributions for Group C Participants shall be vested in accordance with the following schedule:

YEARS OF SERVICE**VESTED PERCENTAGE**

0	0%
1	20%
2	40%
3	60%
4	80%
5	100%

11. Article III is hereby amended to insert Section 3.3A, as follows:

3.3A **Group C Non-Elective Contributions**. The Employer shall make a non-elective contribution to the Plan on behalf of each Group C Participant who completes five hundred (500) Hours of Service in the Plan Year, in an amount specified for such person's local on Appendix C hereof. The amounts specified on Appendix C shall continue in effect until otherwise changed pursuant to the applicable collective bargaining agreement or by resolution of the Employer's Board of Directors, which change shall be effectuated by attaching a revised Appendix C hereto, without the necessity of amending the Plan. Non-elective contributions made pursuant to this Section 3.3A shall be allocated to such Participants' Employer Match Accounts, and shall be vested in accordance with the Vesting Schedules set forth in Section 3.2.

THUS DONE AND SIGNED this 29th day of May, 2007.

CENTURYTEL, INC.

BY: /s/ R. Stewart Ewing, Jr.

**R. Stewart Ewing, Jr.
Executive Vice-President and
Chief Financial Officer**

**AMENDMENT NO. 1
TO THE
CENTURYTEL RETIREMENT PLAN**

WHEREAS, the CenturyTel Retirement Plan ("Plan") was amended and restated effective December 31, 2006; and

WHEREAS, its Executive Vice-President and Chief Financial Officer, R. Stewart Ewing, was authorized by the Board to execute the amended and restated plan, including the incorporation of provisions to effectuate the merger of the CenturyTel, Inc. Plan for Salaried Employees' Pensions ("Salaried Plan"), the CenturyTel, Inc. Plan for Hourly-Paid Employees' Pensions ("Hourly Plan") and the CenturyTel, Inc. Pension Plan for Bargaining Unit Employees ("Ohio Plan") into the Plan; and

WHEREAS, the December 31, 2006 restated Plan document may result in a death benefit being provided to beneficiaries of certain participants in the Salaried, Hourly and Ohio Plans that was not provided under such plans prior to the merger and that was not intended; and

WHEREAS, the Plan must be amended in order to reflect the intended benefit.

NOW, THEREFORE, effective as of the date shown below, the Plan is amended as follows:

I.

Section 5.8 of the Plan is amended to add the following at the end of such Section:

Notwithstanding the previous sentence, effective April 2, 2007, no death benefit shall be payable under this Section 5.8 if the aforementioned Participant or terminated vested Participant's most recent benefit accruals under the Plan prior to death were pursuant to Schedule 6.1(f)-2 (the Salaried Plan portion of the Plan), Schedule 6.1(f)-3 (the Hourly Plan portion of the Plan) or Schedule 6.1(f)-4 (the Ohio Plan portion of the Plan)), as opposed to Section 6.1(a) or (b) of the Plan.

II.

Section 6.9 of the Plan is amended to read in its entirety as follows:

6.9 **Death Benefit.** The one-time benefit amount payable to a Participant's Beneficiary or a terminated vested Participant's Beneficiary who qualifies for a death benefit under Section 5.8 shall be \$500.

IN WITNESS WHEREOF, CenturyTel has executed this amendment on this 2nd day of April, 2007.

CENTURYTEL, INC.

**BY: /s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice-President and
Chief Financial Officer**

**FORM OF RESTRICTED STOCK AGREEMENT
UNDER THE CENTURYTEL, INC.
2005 MANAGEMENT INCENTIVE COMPENSATION PLAN
(2008 Grants to Section 16 Officers)**

This RESTRICTED STOCK AGREEMENT (this "Agreement") is entered into as of February 21, 2008, by and between CenturyTel, Inc. ("CenturyTel") and _____ ("Award Recipient").

WHEREAS, CenturyTel maintains the 2005 Management Incentive Compensation Plan (the "Plan"), under which the Compensation Committee of the Board of Directors of CenturyTel (the "Committee") may, directly or indirectly, among other things, grant restricted shares of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to key employees of CenturyTel or its subsidiaries (collectively, the "Company"), subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

1.
AWARD OF SHARES

Upon the terms and conditions of the Plan and this Agreement, CenturyTel as of the date of this Agreement hereby awards to the Award Recipient _____ restricted shares of Common Stock (the "Restricted Stock") that vest, subject to Sections 2, 3 and 4 hereof, in installments as follows:

<u>Scheduled Vesting Date</u>	<u>Number of Shares of Restricted Stock</u>
February 21, 2009	
February 21, 2010	
February 21, 2011	
February 21, 2012	
February 21, 2013	

2.
AWARD RESTRICTIONS ON
RESTRICTED STOCK

2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

2.2 If the shares of Restricted Stock have not already vested in accordance with Section 1 above, the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of:

(a) the date on which the employment of the Award Recipient terminates as a result of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code, (iii) retirement of the Award Recipient on or after attaining the age of 55 with at least ten years of prior service with the Company, but only if such vesting and lapsing of restrictions is specifically approved by the Committee, or (iv) the termination of the Award Recipient's employment by the Company, but only if such vesting and lapsing of restrictions is specifically approved by the Committee; or

(b) the occurrence of a Change of Control of CenturyTel, as described in Section 11.12 of the Plan.

3.
TERMINATION OF EMPLOYMENT

All unvested Restricted Stock shall automatically terminate and be forfeited if the employment of the Award Recipient terminates for any reason, unless and to the extent otherwise provided in Section 2.2.

4.
FORFEITURE OF AWARD

4.1 If, at any time during the Award Recipient's employment by the Company or within 18 months after termination of

employment, the Award Recipient engages in any activity in competition with any activity of the Company, or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's employment for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in termination of the Award Recipient's employment for cause, (c) violation of the Company's policies, including, without limitation, the Company's insider trading policy and corporate compliance program, (d) accepting employment with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any employee of the Company who was employed at any time during the Award Recipient's tenure with the Company, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (A) any isolated, sporadic accommodation or assistance provided to a competitor, at its request, by the Award Recipient during the Award Recipient's tenure with the Company, but only if provided in the good faith and reasonable belief that such action would benefit the Company by promoting good business relations with the competitor and would not harm the Company's interests in any substantial manner or (B) any other service or assistance that is provided at the request or with the written permission of the Company, (e) disclosing or misusing any confidential information or material concerning the Company, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then the award of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient engages in such activity and (i) all shares of Common Stock acquired by the Award Recipient pursuant to this Agreement (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall pay to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities, and (ii) all unvested shares of Restricted Stock shall be forfeited.

4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as salary, wages, reimbursements or other compensation, fringe benefits, retirement benefits or vacation pay). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the Committee determines in its sole discretion that such action is in the best interests of the Company.

5. STOCK CERTIFICATES

No stock certificates evidencing the Restricted Stock shall be issued by CenturyTel until the lapse of restrictions under the terms hereof. Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel may, in its discretion, cause a stock certificate to be issued with respect to the vested Restricted Stock in the name of the Award Recipient or his or her nominee, subject to any withholdings of shares under Section 6 below. Upon receipt of any such stock certificate, the Award Recipient is free to hold or dispose of the shares represented by such certificate, subject to (i) applicable securities laws, (ii) CenturyTel's insider trading policy, and (iii) any applicable stock retention policies that CenturyTel may adopt in the future.

6. WITHHOLDING TAXES

At the time that all or any portion of the Restricted Stock vests, the Award Recipient must deliver to CenturyTel the amount of income tax withholding required by law. Unless otherwise directed in writing by CenturyTel, the Award Recipient hereby agrees to fully satisfy this tax withholding obligation by permitting CenturyTel to withhold from the shares the Award Recipient otherwise would receive hereunder shares of Common Stock having a value equal to the minimum amount required to be withheld (as determined under the Plan); provided, however, that to prevent the issuance of fractional shares and the under-withholding of taxes, the Award Recipient agrees that the number of shares withheld shall be rounded up to the next whole number of shares.

7. ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to CenturyTel. CenturyTel agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

8. NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Award Recipient's employment relationship with the Company at any time.

9.
BINDING EFFECT

Upon being duly executed and delivered by CenturyTel and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

10.
INCONSISTENT PROVISIONS

The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges that a copy of the Plan and a prospectus summarizing the Plan was distributed or made available to the Award Recipient and that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

11.
ATTORNEYS' FEES AND EXPENSES

Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

12.
GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

13.
SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

14.
ENTIRE AGREEMENT; MODIFICATION

The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered on the day and year first above written.

CENTURYTEL, INC.

By: _____

Glen F. Post, III
Chairman and Chief

name}

Recipient

{Insert

Award

**AMENDED AND RESTATED
CENTURYTEL, INC.
BONUS LIFE INSURANCE PLAN
FOR
EXECUTIVE OFFICERS**

**AMENDED AND RESTATED
CENTURYTEL, INC.
BONUS LIFE INSURANCE PLAN
FOR
EXECUTIVE OFFICERS**

I. PURPOSE OF THE PLAN

This Plan is being amended and restated effective January 1, 2008 to comply with the documentary compliance requirements of the final Treasury Regulations under Internal Revenue Code Section 409A, to freeze Annual Salary at December 31, 2007, to provide for no participation by future Executive Officers and to make certain other changes. The Plan has been operated in compliance with Code Section 409A and the proposed and final regulations and notices thereunder.

Effective January 1, 2006, this Plan was established for the purpose of providing personal life insurance for each Executive Officer of CenturyTel, Inc. in excess of the Employer-provided group term life insurance with respect to which premiums are not subject to income tax. The Plan is designed as a bonus plan for benefits to be provided during each Executive Officer's employment and as an unfunded deferred compensation plan for a select group of management or highly compensated employees for benefits to be provided after each Executive Officer's retirement on or after such Officer's Normal Retirement Date or Disability. The benefits provided hereunder replaced the benefits previously provided under the split dollar life insurance agreements that were voluntarily relinquished by each Executive Officer and such Executive Officer's Assignee, if any. The benefits provided under the Plan do not accelerate the time or schedule of any payment or amount that would have been paid under the split dollar life insurance agreements.

Life Insurance Premium Bonuses will be paid by the Employer with respect to 2 new Insurance Policies purchased by the Executive Officer. If the Executive Officer previously assigned such Executive Officer's rights under such Executive Officer's split dollar agreement to an Assignee, the Life Insurance Premium Bonuses will be paid by the Employer with respect to the 2 new Insurance Policies purchased by the Assignee, unless the Executive Officer designates such Executive Officer or another Assignee as the owner of either or both of the Policies hereunder. The Assignee will have all of the rights and obligations with respect to the Insurance Policies that the Executive Officer would have had if the Executive Officer owned the Insurance Policy or Policies. Likewise, if an Executive Officer subsequently assigns either or both of such Insurance Policies, the Executive Officer's Assignee shall have all of the rights and obligations with respect to the Insurance Policy or Policies that the Executive Officer would have if such Officer owned the Insurance Policies. However, premium payments by the Employer shall constitute additional compensation income to each Executive Officer.

If an Executive Officer was not covered by a split dollar insurance agreement, prior to January 1, 2008, such Executive Officer or such Officer's Assignee or both could have become a participant in the Plan by agreeing to participate, provided the Insurer's underwriting standards then in effect permitted it to issue the Insurance Policies providing death benefits with respect to such Executive Officer.

II. DEFINITIONS

Annual Salary means the annualized base salary plus targeted bonus of an Executive Officer during such Executive Officer's employment or deemed employment in the case of Disability, provided, however, that Annual Salary shall not increase after December 31, 2007.

Assignee means the person or entity to whom or to which the Executive Officer assigned such Executive

Officer's interest in such Executive Officer's split dollar agreement and insurance policies before the effective date of this Plan, or to whom or to which an Executive Officer assigns either or both of such Executive Officer's Insurance Policies after the effective date of this Plan, including making the Assignee the initial owner of the Policy or Policies. A copy of this Plan and the Summary Plan Description shall be delivered to the Assignee.

Disability or Disabled means that, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, an Executive Officer is (a) unable to engage in any substantial gainful activity or (b) receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Executive Officer's Employer. An Executive Officer will be deemed disabled if determined to be disabled in accordance with the Employer's disability program, provided that the definition of disability under such disability insurance program complies with the definition in the preceding sentence. Also, an Executive Officer will be deemed disabled if determined to be totally disabled by the Social Security Administration.

Employer means CenturyTel, Inc. and its affiliates.

Employer Provided Benefits means the Life Insurance Premium Bonuses and the Tax Gross-Up Bonuses.

Employer Provided Policy means an Insurance Policy or Policies insuring the life of the Executive Officer which provide for a death benefit equal to 2 times the Executive Officer's Annual Salary minus the Employer-provided group life insurance benefit, rounded up to the nearest \$1,000.

Executive Officer means each officer of CenturyTel, Inc. designated as an Executive Officer by CenturyTel, Inc.'s By-Laws, provided that no person designated as an Executive Officer after December 31, 2007 shall be eligible to participate in the Plan.

Executive Officer Provided Policy means an Insurance Policy or Policies insuring the life of the Executive Officer which provide for a death benefit (i) equal to 2 times the Executive Officer's Annual Salary or (ii) at the election of the Executive Officer, 1 times Annual Salary upon such Executive Officer's retirement on or after such Officer's Normal Retirement Date, in each case rounded to the nearest \$1,000.

Insurance Policy or Policies means, with respect to each Executive Officer, the Employer Provided Policy and the Executive Officer Provided Policy selected by the Plan Administrator for use in connection with the Plan either or both of which can be owned by either the Executive Officer or such Executive Officer's Assignee.

Insurer means, with respect to any Insurance Policy, the insurance company issuing the Insurance Policy.

Life Insurance Premium Bonuses means monthly, quarterly or annual premiums payable to the Insurer for the benefit of an Executive Officer (a) until the death or earlier termination of employment of an Executive Officer except in the case of Disability as provided for below, with respect to both Insurance Policies and (b) in addition, until the death of an Executive Officer on or after such Executive Officer's Normal Retirement Date whether or not the Executive Officer then terminates employment with respect to the Employer Provided Policy only.

Prior to the commencement of premium payments for the benefit of an Executive Officer with respect to each Insurance Policy, the Plan Administrator shall in writing select and agree to the period of time over which it intends to pay premiums, the dates the premiums are payable and the amounts of such premiums, consistent with the terms of the Insurance Policies, such that the payments satisfy the reimbursement or in-kind benefit plans provisions of Treasury Regulation Section 1.409A-3(i)(1)(iv). Such writing shall be a part of this Plan. The amount of expenses, i.e. premiums, eligible for reimbursement during an Executive Officer's taxable year shall not affect the expenses eligible for reimbursement in any other taxable year, the reimbursement of expenses must be made on or before the last day of the Executive Officer's taxable year following the taxable year in which the expense was incurred and the right to reimbursement is not subject to liquidation or exchange for another benefit.

If the Executive Officer becomes Disabled before the Executive Officer's eligibility for Employer-provided long term disability benefits ceases, such Officer shall be deemed to have continued active employment at such Officer's Annual Salary until such Officer ceases to be eligible for continued long term disability benefits, and such Officer will be deemed to have retired after such Officer's Normal Retirement Date at the same Annual Salary upon the cessation of such Officer's eligibility for continued long term disability benefits. If the Executive Officer ceases to be Disabled and returns to work on a full time basis, such Executive Officer's annual salary shall be the same Annual Salary. If the

Executive Officer returns to work on a partially disabled basis, such Executive Officer's Annual Salary shall be the lesser of (i) the same Annual Salary or (ii) such Executive Officer's Annual Salary on the date the Executive Officer returns to work, if less.

Notwithstanding any other provisions of this Plan, the Employer shall not be obligated to pay premiums on Policies providing for death benefits in excess of the Insurer's guaranteed limit, if any, or Policies which are subject to medical underwriting and which the Insurer has classified as lower than a "standard" or "preferred" risk under its normal underwriting criteria. This provision also applies to any increases in death benefits to account for increases in an Executive Officer's Annual Salary prior to January 1, 2008.

Normal Retirement Age means age 55, provided the Executive Officer has at least 10 years of continuous, full time service with Employer.

Normal Retirement Date means, the date on which an Executive Officer goes from active to retirement status if such Executive Officer has reached Normal Retirement Age, provided that such retirement also constitutes a separation from service under Code Section 409A(a)(2)(A)(i) and the Treasury Regulations thereunder ("Separation from Service").

Plan means this **Amended and Restated CenturyTel, Inc. Bonus Life Insurance Plan for Executive Officers**.

Plan Administrator means the Compensation Committee of the Board of Directors of CenturyTel, Inc., 100 CenturyTel Drive, Monroe, LA 71203.

Specified Employee means a Participant who is a key employee of the Employer under Treasury Regulations 1.409A-1(i) because of action taken by the Board of Directors of the Company or the Plan Administrator or by operation of law or such regulation.

Tax Gross-Up Bonuses means, with respect to each Executive Officer, a bonus each appropriate payroll period to an Executive Officer to take into account the Executive Officer's federal and state income and employment tax on such Officer's Life Insurance Premium Bonuses and on the Tax Gross-Up Bonuses themselves, which bonuses shall be equal to a percentage of such Officer's Life Insurance Premium Bonuses. Such percentage shall be selected by the Plan Administrator and may be increased or decreased in the Plan Administrator's reasonable discretion, provided that the percentage selected must be designed to approximately pay the Executive Officer's federal and state income and employment tax liability on such Officer's Life Insurance Premium Bonuses and on the Tax Gross-Up Bonuses. The Tax Gross-Up Bonuses must be paid by the end of the Executive Officer's taxable year next following the Executive Officer's taxable year in which the Executive Officer remits the related taxes, as required by Treasury Regulations Section 1.409A-3(i)(1)(v).

III. BENEFITS

3.1 Employer Provided Benefits. Subject to the other terms and conditions of the Plan, the Employer shall pay each year the Employer Provided Benefits that are contemplated under the Plan. The Employer shall not be required to pay any life insurance premium or otherwise support any benefits that are not expressly required under the Plan.

Notwithstanding any other provision hereof, if any payments of Employer Provided Benefits constitute deferred compensation under Code Section 409A and the Treasury Regulations thereunder, and if such payments commence upon Separation from Service of an Executive Officer who is a Specified Employee, then such payments shall not be paid prior to the date that is the first day of the seventh month following the date of the Specified Employee's Separation from Service, or, if earlier, the date of death of the Specified Employee. On the first day of such seventh month or on the first day of the month following the earlier death of the Specified Employee, the Specified Employee or his successors shall be paid the amount to which the Specified Employee normally would be entitled hereunder on such date plus the amounts which would have been previously paid to the Specified Employee but for the fact that he was a Specified Employee. Nevertheless, for all other purposes of this Plan, the payments shall be deemed to have commenced on the date they would have had the Executive Officer not been a Specified Employee. Specified Employee means an Executive Officer who is a key employee of a public company as defined in Treasury Regulations §1.409A-1 (i).

3.2 Executive Officer Provided Benefits . Upon the Executive Officer's retirement on or after such Executive Officer's Normal Retirement Date, such Executive Officer or Assignee shall be entitled, if the Executive Officer Provided Policy then permits, at the Executive Officer's sole cost and at no additional cost to the Employer, to maintain and pay all premiums with respect to the Executive Officer Provided Policy. Upon such Officer's retirement, the Employer shall bear none of the cost for such Executive Officer Provided Policy, and all premiums shall be paid to the Insurer directly by the Executive Officer or Assignee. The Employer shall have no responsibility therefor. If the Executive Officer or Assignee wishes, in addition to the Employer Provided Benefits, such Executive Officer or Assignee can pay premiums directly to the Insurer prior to such Executive Officer's retirement. Such premiums shall not be eligible for Tax Gross-Up Bonuses.

IV. CONDITION FOR BENEFITS

As a condition to the receipt of benefits under this Plan, each Executive Officer and any Assignee of an Executive Officer must comply with all of such Executive Officer's and Assignee's obligations under the Plan, must allocate premiums to investment vehicles under the Insurance Policies in the percentages selected by the Plan Administrator from time to time and must transfer funds among investment vehicles at such times as the Plan Administrator may direct. Furthermore, each Executive Officer and Assignee shall not (a) surrender the Insurance Policies for their cash values, (b) obtain a loan or cash withdrawal from the policies, (c) collaterally assign the Insurance Policies to secure an indebtedness, (d) change the ownership of the Insurance Policies by endorsement assignment, modification or otherwise, (e) request settlement of the Insurance Policies' proceeds on the maturity date, if any, under any method of settlement other than one which is in reference to the life of the Executive Officer, or (f) increase the death benefits payable under the Insurance Policies to exceed the death benefits provided for herein, unless, in any such case, the Executive Officer or Assignee first receives the written permission of the Plan Administrator. The Plan Administrator will grant permission to the Executive Officer to borrow from the Insurance Policies, if permitted by its terms, for purposes of alleviating Hardship, as that term is defined in the Employer's 401(k) plan. If the Executive Officer or Assignee does not comply with any of such prohibitions, the Employer's obligations hereunder shall terminate. As a condition to its obligations to each Executive Officer and Assignee under the Plan, the Employer is entitled to request and receive documentation substantiating the Executive Officer's or Assignee's compliance with the conditions of this Article IV, and to receive information regarding the amount of premiums due under the Executive Officer's Insurance Policies and summarizing the benefits payable thereunder. The Executive Officer and any Assignee shall sign any authorization which may be required by the Insurer. All conditions applicable to and obligations of the Executive Officer or Assignee hereunder shall cease with respect to the Executive Officer Provided Policy upon such Executive Officer's Retirement on or after such Officer's Normal Retirement Date, and such Executive Officer or Assignee, as owner, can exercise all rights with respect to such Policy.

V. TERMINATION OF BENEFITS

The Employer's obligations to an Executive Officer and Assignee under this Plan shall terminate upon the earlier of (a) an event requiring termination under Article IV, (b) the Executive Officer's termination of employment for reasons other than Disability prior to the Executive Officer's attaining Normal Retirement Age or (c) the Executive Officer's death. In the event of termination, the Executive Officer or Assignee, as owner of the Insurance Policies, can exercise all rights with respect thereto.

VI. AMENDMENT AND TERMINATION

6.1 Subject to the provisions of any Change of Control agreement or provision and provided that Code Section 409A and the Treasury Regulations thereunder are complied with, in its sole discretion, the Employer, acting through the Plan Administrator, shall have the right to amend and terminate the Plan. After amendment, the Employer's future obligations and the Executive Officer's future rights shall be those stated in the amended Plan. If the Employer amends or terminates the Plan so as to discontinue the Employer Provided Benefits relating to any Insurance Policy, the affected Executive Officer or Assignee shall have no further rights under the Plan with respect to such Policy, but as owner of the Insurance Policy, can exercise all rights with respect thereto.

6.2 The Employer may terminate the Plan and accelerate any payments due (or that may become due) under the Plan:

(a) Liquidation.

Within 12 months of a corporate dissolution of the Corporation taxed under Code §331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that the amounts deferred under the Plan are included in the Executive Officer's gross income in the latest of (a) the calendar year in which the termination occurs, (b) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture, (c) the first calendar year in which the payment is administratively practicable, or (d) if earlier, the taxable year in which the amounts are actually or constructively received by the Executive Officer.

(b) Change of Control.

Within the 30 days preceding or the 12 months following a Change in Control Event (as defined in Treasury Regulations §1.409A-3(g)(i)(5)), if all arrangements sponsored by the Employer which are treated as a single plan under Treasury Regulations §1.409A-1(c)(2) are terminated and all Executive Officers in the Plan and all participants in all other plans treated as a single plan are required to receive all amounts deferred under such terminated arrangements within 12 months of the termination of the arrangements.

(c) Termination of Plans.

In the Employer's discretion, provided that: (a) the termination does not occur proximate to a downturn in the financial health of the Employer, (b) all arrangements sponsored by the Employer that would be aggregated with the Plan under Reg. §1.409A-1(c) if the same employee participated in all of the arrangements are terminated; (c) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within 12 months of the termination of the arrangements; (d) all payments are made within 24 months of the termination of the arrangements; and (e) the Employer does not adopt a new arrangement that under Reg. §1.409A-1(c) that would be aggregated with the Plan if the same service provider participated in both arrangements, at any time within five years following the date of termination of the Plan.

VII. OTHER PROVISIONS

7.1 Unfunded Plan. An Executive Officer has only an unsecured right to receive Employer Provided Benefits hereunder as a general creditor of the Employer.

7.2 Nonassignability. An Executive Officer or such Officer's Assignee shall have no right to assign, pledge (including as collateral for a loan or security for the performance of an obligation), encumber or transfer such Officer's rights under this Plan. Any attempt to do so shall be void. Nothing in this Section shall prohibit an Executive Officer from assigning such Officer's ownership in the Insurance Policies themselves, in which case the Executive Officer's Life Insurance Premium Bonuses shall be with respect to the Insurance Policies owned by the Assignee.

7.3 No Employer Insurance Policy Rights. The Employer shall have no rights in the Insurance Policies or in the death benefit thereunder, except as otherwise provided in Article IV.

7.4 No Employment Agreement. No provision of this Plan shall create an employment agreement between any Executive Officer and the Employer nor shall it constitute an amendment to any existing employment agreement. All Executive Officers shall remain subject to discharge to the same extent as if the Plan had not been adopted.

7.5 Indemnification. The Employer shall indemnify and hold harmless, to the maximum extent permitted by its By-Laws, each fiduciary of the Plan (as defined in Section 3(21) of ERISA) who is an employee or who is an officer or director of the Employer from any claim, damage, loss or expense, including litigation expenses and attorneys' fees, resulting from such person's service as a fiduciary of the Plan, provided the claim, damage, loss or expense does not result from the fiduciary's gross negligence or intentional misconduct.

7.6 Demand For Benefits.

(a) Filing of Claims for Benefits. Benefits shall ordinarily be paid to a Participant without the need for demand, and to a beneficiary upon receipt of the beneficiary's address and Social Security Number (and evidence of death of the Participant, if needed). Nevertheless, a Participant or a person claiming to be a beneficiary who claims entitlement to a benefit can file a claim for benefits in writing with the Plan Administrator.

(b) Notification to Claimant of Decision.

If a claim is wholly or partially denied, a notice of the decision rendered in accordance with the rules set forth below will be furnished to the claimant not later than 90 days after receipt of the claim by the Plan Administrator.

If special circumstances require an extension of time for processing the claim, the Plan Administrator will give the claimant a written notice of the extension prior to the end of the initial 90 day period. In no event will the extension exceed an additional 90 days. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render its final decision.

(c) Content of Notice .

The Plan Administrator will provide to every claimant who is denied a claim for benefits written or electronic notice setting forth in a clear and simple manner:

- (1) The specific reason or reasons for denial;
- (2) Specific reference to pertinent plan provisions on which denial is based;
- (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such materials or information are necessary; and
- (4) Appropriate information as to the steps to be taken if the claimant wishes to submit his or her claim for review, including a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

(d) Review Procedure .

After the claimant has received written notification of an adverse benefit determination, the claimant or a duly authorized representative will have 60 days within which to appeal, in writing, such determination. The claimant may submit written comments, documents, records, and any other information relevant to the claim for benefits. The Plan Administrator will provide the claimant, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim for benefits.

The review will take into account all items submitted by the claimant, regardless of whether such information was submitted or considered in the initial benefit determination.

(e) Decision on Review .

The decision on review by the Plan Administrator will be rendered as promptly as is feasible, but not later than 60 days after the receipt of a request for review unless the Plan Administrator in its sole discretion determines that special circumstances require an extension of time for processing, in which case a decision will be rendered as promptly as is feasible, but not later than 120 days after receipt of a request for review.

If an extension of time for review is required because of special circumstances, written notice of the extension will be furnished to the claimant before termination of the initial 60-day review period and shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the determination on review.

The decision on review will be in written or electronic form. In the event of an adverse benefit determination, the decision shall contain: (a) specific reasons for the adverse determination, written in a clear and simple manner; (b) specific references to the pertinent plan provisions on which the determination is based; (c) a statement that the claimant may request, free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and (d) the claimant's right to bring an action under ERISA Section 502(a).

(f) Failure to Establish and Follow Reasonable Claims Procedure .

In the case of the failure of the Plan Administrator to establish or follow claims procedures consistent

with the requirements of Labor Department Regulations Section 2560.503-1, the claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to pursue any available remedies under section 502(a) of ERISA on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim.

(g) Death Benefit Claim .

Notwithstanding the above, any claim for a death benefit under an Insurance Policy shall be filed with the Insurer on the form or forms prescribed for such purposes by the Insurer. The Insurer shall have sole authority for determining whether a death claim shall or shall not be paid, in whole or in part, in accordance with the provisions of the Insurance Policy.

7.7 Insurer's Liability . The Insurer is not a party to this Plan. The Insurer's obligations are set forth in the Insurance Policies. The Insurer shall not be bound to inquire into or take notice of any of the provisions of this Plan.

7.8 Choice of Law . This Plan shall be governed by the laws of Louisiana, to the extent not preempted by Federal law.

7.9 Plan Administrator's Duties . The Plan Administrator shall be responsible for the management and administration of the Plan including the making of timely payments of Employer Provided Benefits. The Plan Administrator shall have full power and authority to interpret and administer the Plan and, subject to the provisions herein set forth, to prescribe, amend and rescind rules and regulations and make all other determinations necessary or desirable for the administration of the Plan. The decision of the Plan Administrator relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive, and nothing in the Plan shall be deemed to give any employee any right to participate in the Plan, except to such extent, if any, as the Plan Administrator may have determined or approved pursuant to the provisions of the Plan. The Plan Administrator may (a) delegate all or a portion of the responsibilities of controlling and managing the operation and administration of the Plan to one or more persons and (b) appoint agents, counsel or other representatives to render advice with regard to any of its responsibilities under the Plan, the costs of which shall be paid by the Employer.

7.10 Agreement to be Bound . Unless an Executive Officer or Assignee or both return the initial Employer Provided Benefit within 30 days of receipt by such Officer, such Officer's Assignee, or the Insurer, such Executive Officer and any Assignee will be deemed to have perpetually and irrevocably agreed to be fully bound by all covenants, limitations, conditions, terms and other provisions of the Plan. The Employer reserves the right to (a) request each Executive Officer and any Assignee to duly execute and deliver from time to time instruments that acknowledge that such Officer and any Assignee are fully bound by the Plan and (b) withhold Employer Provided Benefits hereunder if such Officer and any Assignee do not sign such instrument.

7.11 Gender . All pronouns used herein shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require.

IN WITNESS WHEREOF , CenturyTel, Inc. has executed this Plan on this 3rd day of April, 2008.

CENTURYTEL, INC.

Ewing, Jr.

Stewart Ewing, Jr.

By: /s/ R. Stewart

Print Name: R.

Title: EVP and CFO

CenturyTel, Inc.
COMPUTATIONS OF EARNINGS PER SHARE
(UNAUDITED)

	Three months ended March 31,	
	2008	2007
	(Dollars, except per share amounts, and shares in thousands)	
Income (Numerator):		
Net income	\$ 88,760	77,870
Dividends applicable to preferred stock	<u>(87)</u>	<u>(93)</u>
Net income applicable to common stock for computing basic earnings per share	88,673	77,777
Interest on convertible debentures, net of tax	-	1,207
Dividends applicable to preferred stock	<u>87</u>	<u>93</u>
Net income as adjusted for purposes of computing diluted earnings per share	<u>\$ 88,760</u>	<u>79,077</u>
Shares (Denominator):		
Weighted average number of shares:		
Outstanding during period	107,116	111,748
Nonvested restricted stock	<u>(974)</u>	<u>(717)</u>
Weighted average number of shares outstanding during period for computing basic earnings per share	106,142	111,031
Incremental common shares attributable to dilutive securities:		
Shares issuable under convertible securities	380	4,485
Shares issuable under incentive compensation plans	<u>475</u>	<u>792</u>
Number of shares as adjusted for purposes of computing diluted earnings per share	<u>106,997</u>	<u>116,308</u>
Basic earnings per share	<u>\$.84</u>	<u>.70</u>
Diluted earnings per share	<u>\$.83</u>	<u>.68</u>

CERTIFICATIONS

I, Glen F. Post, III, Chairman of the Board and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

/s/ Glen F. Post, III
Glen F. Post, III
Chairman of the Board and
Chief Executive Officer

CERTIFICATIONS

I, R. Stewart Ewing, Jr., Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and
Chief Financial Officer

CenturyTel, Inc.

May 7, 2008

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: CenturyTel, Inc.
Certification of Contents of Form 10-Q for the quarter ending March 31, 2008 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

The undersigned, acting in their capacities as the Chief Executive Officer and the Chief Financial Officer of CenturyTel, Inc. (the "Company"), certify that the Form 10-Q for the quarter ended March 31, 2008 of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by such report.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Very truly yours,

/s/ Glen F. Post, III
Glen F. Post, III
Chairman of the Board and
Chief Executive Officer

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and
Chief Financial Officer