



personal touch ■■■ advanced communications

2007 Review
and
Chairman's Message



To Our Shareholders

In 2007, CenturyTel generated record free cash flow while further strengthening our position as the broadband provider of choice in the mid-size cities and towns we serve. We expanded our broadband product and service offerings, delivered a consistently positive experience for our customers, and improved the efficiency and effectiveness of our organization. Through the hard work of our 6,600 CenturyTel employees, we continued our transition from a traditional telephone company into a premier broadband communications provider.

Strengthening our Broadband Business

We achieved solid operating results in 2007 while continuing to invest in our broadband future. We increased our broadband penetration of enabled lines from approximately 22 percent at year-end 2006 to 31 percent, ending 2007 with 555,000 high-speed Internet customers. We also grew broadband-enabled lines from approximately 79 percent of total access lines at year-end 2006 to nearly 84 percent at year-end 2007. Additionally we responded to our customers' demand for greater data speeds by increasing available bandwidth in the majority of our customer connections.

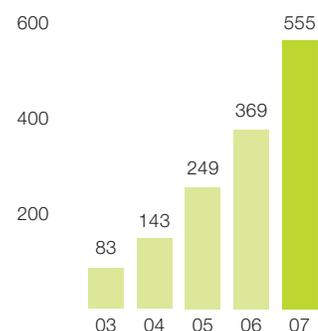
We completed the acquisition of Madison River Communications in April of 2007. This acquisition added approximately 164,000 access lines, virtually all of which are broadband-enabled. We also gained a 2,400-mile fiber network that complements both our existing local exchange operations, particularly in southern Alabama, and our existing regional fiber network. We believe there are attractive growth prospects in the Madison River markets, as well as the opportunity to achieve significant synergies with our current operations. We expect to realize approximately \$17 million in annual synergies by mid-2008.

Generating Record Free Cash Flows

Our strong operational performance in 2007 drove excellent financial results. We generated record free cash flow and more than \$1 billion in net cash from operating activities – a key financial measure for both CenturyTel and the investment community. During the past four years CenturyTel generated more than \$3.8 billion in cumulative net cash from operating activities. As a result, we have been able to make significant network investments and acquire strategic assets while maintaining reasonable leverage and returning significant amounts of cash to our shareholders. This stable, predictable nature of our cash flows helps us grow our business and drive attractive shareholder returns.

We completed our \$1 billion share repurchase program in June of 2007 and subsequently announced a new \$750 million repurchase program. Through year-end 2007 we completed approximately \$158.5 million of the \$750 million program, and we expect to complete the program on or before its expiration date of September 30, 2009. Over the past four years, we have returned more than \$2.3 billion to shareholders through dividends and share repurchases.

High-Speed Internet Customers in thousands



Our consistently strong financial performance demonstrates our firm commitment to driving shareholder value through investments in our network, systems and employees; through strategic acquisitions and technology investments; as well as through dividends and share repurchase programs.

Keeping Watch on Market-Driving Forces

We closely monitor evolving customer needs, changing technologies, increasing competitive pressures and industry challenges, all of which are key factors that impact our long-term strategic outlook. Currently, we foresee:

Significant Growth in Demand for Bandwidth

Customers are growing more sophisticated in their use of broadband capabilities. They are demanding higher quality, instant availability and greater control. We expect emerging media-rich applications, such as video on demand and video anytime/anywhere, to drive significant growth in both Internet traffic and bandwidth demand.

Multiple Technologies and Market Opportunities

We see technological evolution on multiple fronts driving significant opportunities for growth. We believe video-enabling technologies will be increasingly important as

a new generation of Internet-based video services further integrates personal computers and televisions into one IP-driven appliance. We expect home networking to continue to proliferate, driving demand for services and bandwidth.

Wireless services continue to be in great demand by consumers. At year-end 2007 we had 26 WiFi Hot Spots in service and expect to build 30 to 35 additional Hot Spots in the coming year in our markets across the country. We anticipate further investments in wireless technologies that can help us provide a full array of communications services to our customers over time.

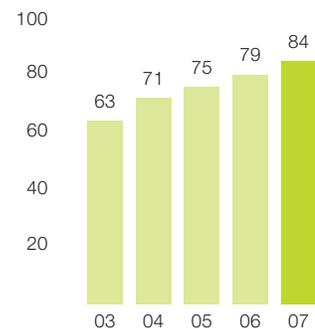
Ongoing Competitive Pressure

Competitive pressure continues for broadband and voice services. Since year-end 2004, cable modem availability in our wireline territories has increased from about 49 percent to approximately 60 percent. Availability of voice services from cable operators has grown from approximately two percent at year-end 2004 to more than 40 percent at year-end 2007.

We expect competition for both voice and broadband services to continue to increase. We are preparing for competition by enabling more competitive service offerings, providing more compelling value propositions and delivering excellent customer service. Our efforts are driving positive results. We generally find that after

Broadband Deployment

% of total access lines



the expected loss of some customers shortly after the initial roll out of a competitor's service, our customer losses slow significantly, and we begin to see success in our win-back efforts.

Industry Challenges

Given the rapid changes in customer demand, technologies and competition, our industry faces a number of key challenges. Growing revenues and earnings, maintaining market share, balancing investment requirements in different technologies and managing regulatory uncertainty each present a significant challenge for telecommunications providers. We respond to these uncertainties by focusing on the following areas:

- We expect to drive revenue and earnings growth by offering compelling broadband service bundles to our residential and business customers. We are leveraging our LightCore fiber network to provide differentiated solutions to our wholesale and enterprise customers and lower our internal transport costs. We also continually evaluate strategic opportunities, such as the Madison River acquisition, which provide immediate revenue growth and the ability to realize future synergies.

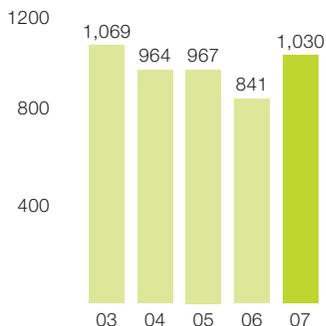
“We expect emerging media-rich applications, such as video on demand and video anytime/anywhere, to drive significant growth in both Internet traffic and bandwidth demand.”

“We see the broadband connection as a key to CenturyTel’s future. Broadband will enable the development of new products and services that should allow us to both acquire new and retain existing customers. We will continue investing in our people, our networks and our systems to ensure that we maintain the broadband leadership position in our markets.”

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



Net Cash Provided by Operating Activities
in millions



- We strive to grow customer loyalty by delivering a consistently positive and convenient service experience. In 2008, we will further leverage our local presence by converting more than sixty customer payment centers to service customer locations and expanding our door-to-door sales efforts in key markets.
- We will continue to balance our investments between our circuit-based and IP-enabled networks. We are providing digital television services in La Crosse, Wisconsin and Columbia, Missouri, monitoring both the economics and technology development for this service. We're also implementing next-generation optical technology in our core fiber network to support market-driven, ultra-broadband services.
- We will continue to seek further regulatory clarity by remaining active in key regulatory and legislative agendas. We see ourselves as the voice of rural areas and small cities in ongoing dialogue with Congress, the Federal Communications Commission and others in the regulatory community.

Over the next several years – as certain regulatory issues are resolved, technologies mature and we gain further clarity on competitive dynamics – we will be able to more clearly identify those opportunities with the greatest potential for growth. In the meantime, we are focused on positioning CenturyTel to meet our customers' needs today and in the foreseeable future, while remaining prepared to take advantage of high-potential growth opportunities as they arise.

Being the Broadband Provider of Choice

We see the broadband connection as a key to CenturyTel's future. Broadband will enable the development of new products and services that should allow us to both acquire new and retain existing customers. We will continue investing in our people, our networks and our systems to ensure that we maintain the broadband leadership position in our markets.

We believe we are well-positioned to succeed in the evolution to a broadband-enabled, IP-driven marketplace. We have high-quality, broadband networks capable of meeting growing bandwidth demand and delivering new broadband services as they emerge. We support each customer experience with quality back-office and customer support systems, as well as the efforts of our dedicated, knowledgeable employees. We have a history of stable cash flows and reasonable levels of leverage, which gives us the ability to invest in and acquire assets required to meet the needs of our customers. Finally, we believe our history of consistently executing business plans, adapting to industry changes and driving shareholder value provides

confidence that we will successfully take advantage of the opportunities we expect to see in the coming years.

In 2008, we will continue to focus on our goal to remain the premier broadband communications provider in the small-to-mid-size cities we serve. We're confident we have the network and technologies, the products and services, and, most importantly, the people and commitment to reach our vision even as market demands, technologies and competitive dynamics continue to change.

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

Financial Highlights

Dollars, except per share amounts, and shares in thousands	2007	2006	2005	2004	2003	2002	5-year CAGR ⁽¹⁾
Operating revenues from continuing operations	\$ 2,656,241	2,447,730	2,479,252	2,407,372	2,367,610	1,971,996	6.1%
Operating income from continuing operations	\$ 793,078	665,538	736,403	753,953	750,396	575,406	6.6%
Depreciation and amortization	\$ 536,255	523,506	531,931	500,904	503,652	450,197	3.6%
Income from continuing operations	\$ 418,370	370,027	334,479	337,244	344,707	193,533	16.7%
Net income	\$ 418,370	370,027	334,479	337,244	344,707	801,624	(12.2%) ⁽²⁾
Diluted earnings per share from continuing operations	\$ 3.72	3.07	2.49	2.41	2.35	1.35	22.5%
Diluted earnings per share	\$ 3.72	3.07	2.49	2.41	2.35	5.56	(7.7%) ⁽²⁾
Net cash provided by operating activities from continuing operations	\$ 1,029,986	840,719	967,078	964,050	1,069,068	798,872	5.2%
Capital expenditures	\$ 326,045	314,071	414,872	385,316	377,939	386,267	(3.3%)
Repurchase of common stock and common dividends paid	\$ 489,360	831,011	583,225	432,475	31,618	29,757	75.1%
Book value per share	\$ 31.36	28.11	27.54	25.70	24.04	21.55	7.8%
Dividends per common share	\$ 0.26	0.25	0.24	0.23	0.22	0.21	4.4%
Average diluted shares outstanding	113,094	122,229	136,087	142,144	148,779	144,408	(4.8%)
Total assets	\$ 8,184,553	7,441,007	7,762,707	7,796,953	7,895,852	7,770,408	1.0%
Long-term debt	\$ 2,734,357	2,412,852	2,376,070	2,762,019	3,109,302	3,578,132	(5.2%)
Stockholders' equity	\$ 3,409,205	3,190,951	3,617,273	3,409,765	3,478,516	3,088,004	2.0%
Telephone access lines	2,135,000	2,094,000	2,214,000	2,314,000	2,376,000	2,415,000	(2.4%)
High-speed Internet customers	555,000	369,000	249,000	143,000	83,000	53,000	60.0%

⁽¹⁾ Five-year compounded annual growth rate

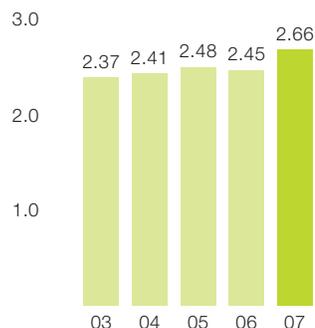
⁽²⁾ This year 2002 included a pre-tax gain of \$803.9 million from the sale of our wireless operations. Exclusive of such gain, the 5-year CAGR for net income and diluted earnings per share would have been 8.2% and 13.7%, respectively.

Full financial statements, along with certifications required under the Sarbanes-Oxley Act of 2002, the New York Stock Exchange rules and management's discussion and analysis of financial condition and results of operations, are provided in our 2008 Proxy Statement ("Proxy Statement") and 2007 Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission. The Proxy Statement will be mailed to shareholders.

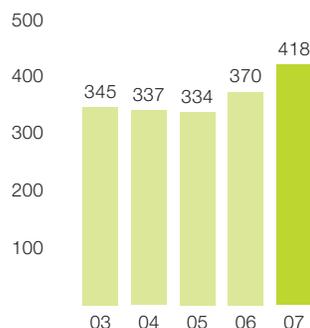
A copy of our Form 10-K can be obtained at no charge by contacting our Investor Relations department at 800.833.1188 or by accessing our Website at www.centurytel.com.

In addition to historical information, this Review includes certain forward-looking statements that are subject to uncertainties that could cause our actual results to differ materially from such statements. Please refer to our Form 10-K for the year ended December 31, 2007 for a description of these and other uncertainties related to our business.

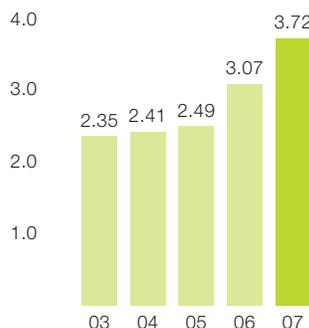
Operating Revenues
in billions



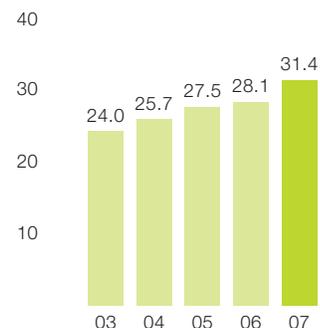
Net Income
in millions



Diluted EPS



Book Value Per Share



CenturyTel Accomplishments

Strengthening Our Networks

- We deployed next-generation optical technology across more than 1,800 miles of our fiber network, resulting in a dramatic increase in bandwidth and a 50 percent reduction in capital costs.
- We lowered our per-bit operating cost by moving more of our traffic from third-party networks onto our network and consolidating our Internet traffic connection points.
- We invested more than \$1.8 billion in our networks and operational support systems over the last five years, driving significant broadband and fiber-optic capabilities along with improved service delivery.
- We utilized point-to-point wireless to provide Ethernet services to select communities with minimal capital investment, enabling cost-effective broadband access supporting applications such as distance learning.

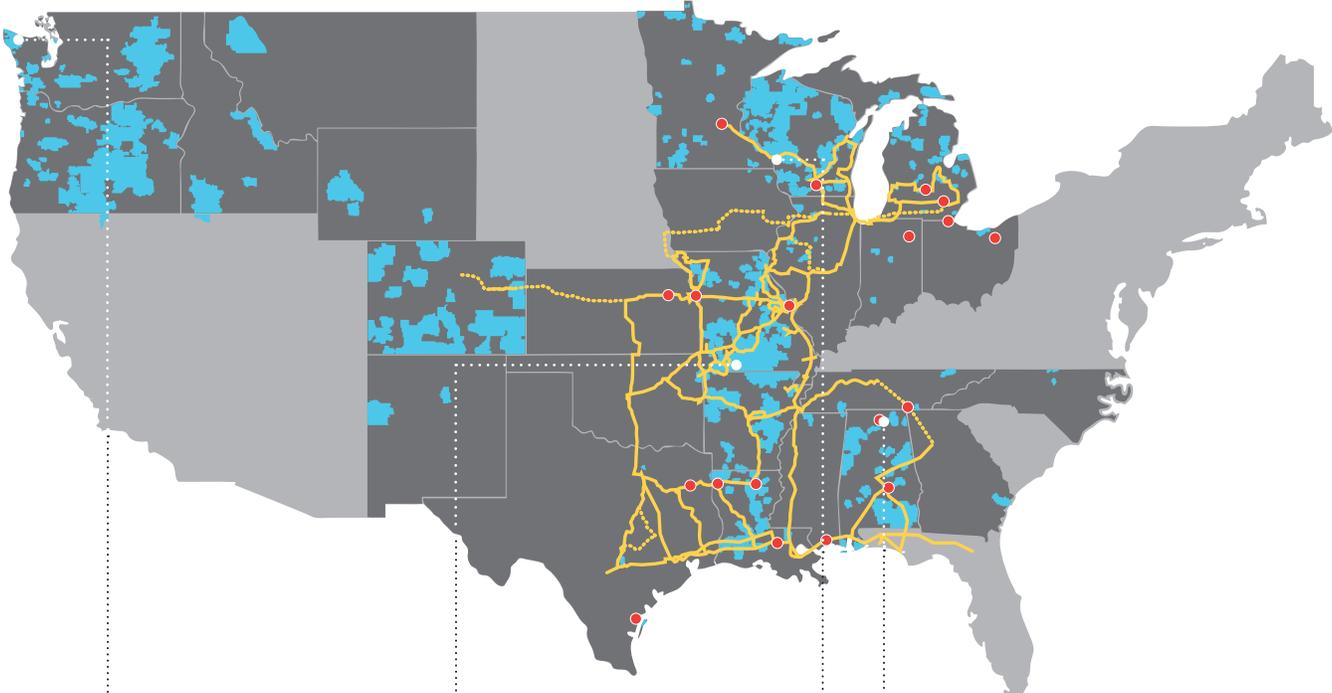
Serving Our Customers

- We restructured our customer service centers into “neighborhood queues,” resulting in increased customer service representative knowledge and skills, improved order accuracy and increased customer satisfaction.
- We enhanced our Website to provide existing and potential customers with improved product and service information, simplified content management and shopping-cart capabilities that result in a more user-friendly customer experience.
- We improved on-time delivery of circuit orders, reduced our time to complete installation of high-speed Internet service and improved field service productivity.
- We expanded and enhanced our Unlimited Savings service bundles, resulting in a 24 percent increase in the number of residential customers choosing bundled services.
- We deployed WiFi Hot Spots in select locations, providing customers an enhanced broadband experience through wireless service availability.

Supporting Our Communities

- We invested to improve primary education through school sponsorships, and secondary education through scholarship programs at universities in our service areas.
- We contributed to programs that support families, children, safety, substance abuse prevention, disaster relief, technology deployment and economic development in the communities we serve.
- We encouraged our employees to actively support their communities – their commitment of time and personal resources strengthened numerous service and charitable organizations in our markets.
- We provided disaster relief and recovery in our market areas impacted by floods and tornados by quickly restoring communications services and helping meet the immediate needs of displaced individuals, families and businesses.

CenturyTel Services



Forks, Washington

CenturyTel deployed nearly 90 miles of fiber-optic cable, delivering high-speed Internet services to Forks. Closing this fiber gap created a digital network that loops the Olympic Peninsula and allows CenturyTel to partner with the local school district to provide students and workers the online learning and skills-training so important to the community's economic growth.

Branson, Missouri

CenturyTel provides broadband connectivity to the Data Security Center, a secured underground facility. Commonly referred to as "The Mountain," this ultra-secure environment provides businesses with a world-class data security option.

Huntsville, Alabama

CenturyTel is a strong and committed partner to Huntsville's Cummings Research Park, one of the world's premier science and technology business parks. CenturyTel built a fully-redundant dual-entry fiber network for Bridge Street Town Centre, a new development in the park that consists of hotels as well as office, shopping, dining and entertainment facilities.

La Crosse, Wisconsin

CenturyTel helped Wisconsin migrate to BadgerNet, a state-of-the-art, converged voice, data and video network that delivers distance learning to schools, colleges, hospitals, libraries, museums, tribal nations and other users across the state.

- Wireline
- Fiber (Lit)
- ⋯ Fiber (Dark)
- Competitive Markets

Shareholder Information

Further Information

Call 800.833.1188, Monday through Friday from 8 a.m. to 5 p.m. Central Time for stock-related inquiries. Certain financial information can also be found on CenturyTel's Corporate Website at www.centurytel.com. To obtain a copy of CenturyTel's Annual Report on Form 10-K at no charge, contact:

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CenturyTel, Inc.
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Monroe, Louisiana 71203
800.833.1188 Telephone
318.388.9064 Fax
tony.davis@centurytel.com

Dividend Reinvestment Plan

By participating in CenturyTel's Dividend Reinvestment and Stock Purchase Service (the Service), shareholders may purchase common stock with their reinvested dividends at market price. In order to participate in this plan, individuals must own at least one share of CenturyTel stock registered in their name. Under this service, shareholders pay no commission or handling charge for purchases made with reinvested dividends or those made under the optional cash purchase provision. Optional payments must be at least \$25 per payment with a maximum of \$150,000 per calendar year. Optional payments may be made at any time by check or money order, or monthly, via direct debit. Upon request, shareholders can obtain information on the Service directly from CenturyTel or from our Transfer Agent.

Transfer Agent

Computershare Investor Services, L.L.C.
Dividend Reinvestment Department
P.O. Box A3309
Chicago, Illinois 60690-3309
800.969.6718

Annual Meeting

CenturyTel's annual meeting of shareholders will be held Thursday, May 8, 2008, at 2 p.m. Central Time at the following location:

Corporate Headquarters
100 CenturyTel Drive
Monroe, Louisiana 71203

Trading and Dividend Information

	High	Low	Close	Dividends Declared
2007				
1st Quarter	\$46.80	\$42.66	\$45.19	\$.0650
2nd Quarter	49.94	45.14	49.05	.0650
3rd Quarter	49.91	41.10	46.22	.0650
4th Quarter	46.90	39.91	41.46	.0650

	High	Low	Close	Dividends Declared
2006				
1st Quarter	\$39.90	\$32.54	\$39.12	\$.0625
2nd Quarter	40.00	34.79	37.15	.0625
3rd Quarter	40.14	35.38	39.67	.0625
4th Quarter	44.11	39.34	43.66	.0625

CenturyTel, Inc. Stock

CenturyTel's common stock is listed on the New York Stock Exchange under the symbol CTL.

Projected Dividend Dates*

	Record Date	Payment Date
1st Quarter	March 10, 2008	March 24, 2008
2nd Quarter	June 11, 2008	June 24, 2008
3rd Quarter	September 9, 2008	September 22, 2008
4th Quarter	December 2, 2008	December 15, 2008

* Subject to discretion of the CenturyTel, Inc. Board of Directors.



If you would like more complete information about us or a copy of our 2007 Annual Report on Form 10-K, please refer to the accompanying Proxy Statement or to our Website at www.centurytel.com, or call our Investor Relations Department at the number listed below.

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