



personal touch ■■■ advanced communications

Strong: Getting Stronger

2008 Review and Chairman's Message

2008 Accomplishments

Strengthening Our ONE Network

Our network assets are an important point of distinction for CenturyTel. We view our high-quality, all-digital wireline, fiber and CLEC market assets as an integrated "ONE network" delivering advanced communications products and services.

250,000 route miles

Our ONE network includes nearly 250,000 total route miles, including about 660 points of presence and 37,900 route miles of fiber. Our core fiber network covers more than 12,000 route miles in the central and southeastern United States.

We make thoughtful investments to strengthen our network – deploying IP functionality along more than 3,300 route miles and next-generation optical technology across more than 5,600 route miles.

70 percent

More than 70 percent of CenturyTel voice and data traffic runs over our own network, giving us greater ability to control costs and achieve efficiencies.

The proposed acquisition of EMBARQ will further strengthen our network, creating additional scale that will help enable the deployment of advanced products and services to our customer base.

Serving Our Customers

15.5% increase

We strive to be the broadband leader in every market we serve. CenturyTel has one of the highest broadband penetration rates in our peer group. In 2008, we added 85,500 high-speed Internet customers, an increase of 15.5 percent over 2007.

The number of customers choosing a bundled-services offering from CenturyTel increased again in 2008, indicating our customers recognize and appreciate the value and convenience inherent in bundling.

We are focused on winning and retaining customers with neighborhood queues in our call centers, an improved experience for centurytel.com visitors and focused sales efforts such as our Multi-Dwelling Unit team.



We've upgraded our 75 bill payment centers to full-functioning customer service centers, better able to meet the multi-faceted communications needs of our customers. Select locations were converted to Customer Experience Centers that offer customers the ability to experience firsthand the full range of CenturyTel services in an inviting, high-tech environment.

In 2008, we completed the integration of Madison River Communications Corp., moving all Madison River customers to the CenturyTel customer care platform. The actual synergies we realized exceeded our original expectations by 18 percent.

Supporting Our Communities

Investing in quality network infrastructure enables us to provide small-to-mid-size cities and rural communities with access to advanced communications that are vital to their economic development.

In 2008, the Clarke M. Williams Student Success Center opened on the campus of the University of Louisiana at Monroe. CenturyTel made the lead gift for the \$2.7 million center in honor of Mr. Williams, CenturyTel's founder, and company employees contributed generously as well.

In each market we serve, CenturyTel supports efforts to

strengthen and enhance the local community.

Among our many efforts are:

In La Crosse, Wisconsin, CenturyTel employees volunteered their time as part of the United Way Day of Caring and their generous financial support was matched dollar for dollar by the company.

Branson, Missouri, employees and area residents joined together last winter in the CenturyTel Hat and Mitten Drive, collecting more than 200 brand new mittens, hats, scarves and gloves of all sizes. These items were distributed locally to those most in need.

Employees in Kalispell, Montana, held a food drive for the Northwest Montana Veterans Food Pantry, collecting more than 400 pounds of food for the monthly food boxes provided to local veterans and their families. In addition, CenturyTel made a donation to help kick start the capital campaign for a new veterans' facility.

In the Old Towne district in Olive Branch, Mississippi, a CenturyTel gift funded building plaques and brochures to help recognize the historic character of the district and stimulate economic development.

To Our Shareholders

Challenging times offer an opportunity for strong and resilient companies to become even stronger. This was the case for CenturyTel in 2008. We efficiently managed our operations, generated record free cash flow, and maintained a strong balance sheet. As a result, we weathered the credit market crisis of 2008 with liquidity and an investment-grade credit rating. This financial strength also allowed us to take advantage of a major strategic opportunity that arose in 2008, our pending acquisition of the Embarq Corporation.

To Our Shareholders continued...

An Opportunity to Accelerate, Diversify and Expand

Size and scale increasingly provide a platform for success in the communications industry, especially among providers serving less populated areas. Rapidly changing technologies, shifting customer demands and regulatory hurdles create an industry environment that favors companies with greater financial resources, high-quality network assets and diversified revenue streams. We believe our proposed merger with EMBARQ will yield significant advantages for the combined company along each of these dimensions.

The combination of CenturyTel and EMBARQ will create a leading communications provider with approximately 7.7 million access lines, more than two million broadband customers and an operating presence in 33 states. As a combined company, we will leverage our strategic assets, diversify revenues across rural and urban markets, and expand our ability to quickly and efficiently deliver a broader range of advanced services to a larger customer base. In addition, we expect to generate significant annual operating efficiencies of approximately \$400 million within the first three years.

Our strong financial position enabled us to structure this merger as a tax-free, stock-for-stock transaction and avoid credit market issues. The all-equity transaction is expected to be accretive to cash flow in the first full year post-closing, enable an approximate 50 percent dividend payout ratio, and provide the combined company with a strong capital structure.

Shareholders of both companies overwhelmingly approved the merger on January 27, 2009, and we are on track to complete it in the second quarter. Regulatory and legal teams from CenturyTel and EMBARQ continue to work to secure the required state and federal approvals, and integration planning is ongoing. We have received final approval of the merger in eight of the 15 states where formal approval is required.

Looking ahead, we believe there are clear and well-defined opportunities to create value as a combined company. For example, we will be able to serve urban markets such as Las Vegas and the greater Orlando area with a differentiated approach that leverages our strong and expanding fiber transport network, and, in the future, we expect to introduce broadband technologies such as digital video. We believe the combined company's expanded network will multiply our growth opportunities and strengthen our competitive position.

Building our Broadband Business

Throughout 2008, CenturyTel's talented and professional employees maintained a clear focus on providing high-quality, advanced communications services – particularly broadband – to our customers as we strive to be the broadband leader in our markets. During 2008, revenues from high-speed Internet services grew 26.5 percent over 2007. We added more than 85,000 high-speed Internet customers in 2008, a 15.5 percent increase over the prior year.

We offer a wide range of Internet services, from lower speeds for value-conscious consumers to speeds as high as 15 Mbps for speed-conscious consumers. As a result, CenturyTel has one of the highest broadband penetration rates among its peers. In fact, our incremental penetration rate has grown faster than our industry peers in six of the last eight quarters.

We continue to expand fiber deployment, provide broadband capabilities deeper into our network, and enhance our customers' experience with increased bandwidth. At year-end 2008, more than 88 percent of our access lines were broadband-enabled, up from less than 84 percent at year-end 2007. In addition, 57 percent of our broadband-enabled lines were capable of speeds up to 10 Mbps. This is particularly noteworthy given the low population densities of the markets we serve – only 12 households per square mile on average.

“The combination of CenturyTel and EMBARQ will create a leading communications provider with approximately 7.7 million access lines, more than two million broadband customers and an operating presence in 33 states.”

88%

We continue to invest to shorten loops, expand fiber and deploy broadband capabilities deeper into our network. At year-end 2008, 88 percent of our lines were broadband-enabled, and 57 percent of those lines are capable of speeds up to 10Mbps.

We continually explore new residential broadband services such as television delivered over a fixed broadband connection or IPTV. We are successfully delivering IPTV service in La Crosse, Wisconsin, and Columbia, Missouri, and are evaluating further expansion.

700MHz

We successfully acquired 69 licenses in the 700MHz auction at a considerable discount to the average prices paid for spectrum at the auction. These licenses cover 53 percent of our local exchange areas and overlap about 4,500 miles of our core network. These strategic assets give us the option to explore wireless broadband services for our customers.

The proposed acquisition of EMBARQ will create opportunities to serve additional markets with our differentiated approach that includes our core network and expanding regional fiber.



CenturyTel has one of the highest broadband penetration rates among its peers, and our quarterly incremental penetration rate has exceeded that of our peers in six of the last eight quarters.

Our broadband business services enable data sharing and collaboration for enterprises and small businesses. Our offerings include VoIP solutions, Ethernet services, dedicated Internet access and managed services for enterprises as well as bundled services for small businesses.



We are currently pursuing a number of technology trials – that leverage the strengths of our ONE network – to explore and define the optimal path for the next generation of broadband service offerings.

Our broadband capabilities are especially noteworthy given the low population density of the small-to-mid-size cities and rural markets we serve.

To Our Shareholders continued...

We continue to roll out advanced communications services to the rural and small-to-mid-size cities we serve. For example, we are delivering new residential broadband services such as digital video, or IPTV, over our combined fiber and copper networks. We have successful IPTV operations in La Crosse, Wisconsin, and Columbia, Missouri, and we are evaluating further expansion of our digital video service. We are also evaluating the viability of offering a basic IPTV service in markets with broadband speeds of approximately 10 Mbps, and expect to conduct a trial of this service in select markets during 2009. In business markets, we continue to expand our Ethernet offerings, dedicated Internet access, and managed services for enterprise customers. We also continue to develop competitive voice and data solutions for our small office/home office customers.

In 2008, we successfully acquired 69 licenses in the 700 MHz auction that cover 53 percent of our local exchange areas and overlap approximately 4,500 miles of our fiber transport network. This purchase will allow us the opportunity to provide wireless broadband services to our customers in the future. We continue to evaluate the deployment of broadband wireless data and voice services over this strategic asset utilizing Long-Term Evolution (“LTE”) technology. We also continue to look for opportunities to expand our spectrum position relative to our core wireline footprint both today and after the close of the EMBARQ transaction.

The array of broadband and emerging wideband applications continues to multiply, and includes video, music, social networking and other lifestyle applications, as well as business applications that enable more collaboration and data sharing. Our broadband deployment experience, our “one network” architecture comprised of approximately 38,000 route-miles of fiber, and potential wireless broadband options allow us to accommodate the growing demand for bandwidth.

Winning and Retaining Customers

In 2008, we intensified our focus on winning and retaining customers. We are committed to delivering advanced communications services to customers with a personal touch, and we believe it's that personal touch that sets us apart.

We continue to make investments to strengthen our personal touch with a compelling local market presence. One of these efforts involves upgrading bill payment locations to Customer Experience Centers. These Centers will offer customers the opportunity to experience firsthand the full range of CenturyTel products and services. Trained local service and sales employees will be available to demonstrate services, explain bundle options and answer questions. We also are working to make it easier for customers to do business with CenturyTel by expanding our hours of operation and reducing the time it takes to install new service or repair existing service.

All our personal touch efforts are focused on strengthening our customer relationships. These strong relationships increase the lifetime value of each customer. When many of our customers were squeezed by high gas and food prices in 2008, we worked with them to manage their services to a level they could afford. After the tough times pass, CenturyTel will have even greater opportunity to offer customers advanced services delivered with the same personal touch.

The Financial Strength to Survive and Grow

Our conservative financial philosophy has positioned us well to weather the financial crisis that our economy is experiencing today. We have a track record of effectively managing our costs and ensuring that our operations remain efficient and competitive. As a result, our operating margins are solid, and our free cash flows are strong, providing us the flexibility to invest in our business and return cash to our shareholders. In fact, for the

“I believe we enter 2009 as a stronger and more proficient provider of advanced communications services. Our experienced management team has worked well together for many years, and built a track record of superior shareholder returns. With our planned network investments and increasingly sophisticated marketing and customer care capabilities, we look forward to continued industry-leading performance.”

15-year period ending December 31, 2008, CenturyTel delivered total shareholder returns of 183.5 percent, three times higher than the S&P Telecom Index and higher than the S&P 500.

Our strong balance sheet has enabled us to invest strategically and withstand competitive and economic challenges. We maintain a strong liquidity position, an investment-grade credit rating and a low debt-to-operating cash flow ratio compared to most of our peers.

With no pressing need to access credit markets, we are well positioned to deal with current market conditions. We have minimal 2009 debt maturities of approximately \$20 million and reasonable maturities of approximately \$520 million in 2010. Additionally, we have arranged all financing necessary to complete the EMBARQ transaction.

In June 2008, CenturyTel's Board of Directors increased the annual cash dividend to \$2.80 per share from \$0.27 per share. The increase represents an approximately 50 percent payout of free cash flow. We also continued to return cash to shareholders through share repurchases under the current \$750 million share repurchase program. In 2008, we returned more than \$567 million to shareholders through share repurchases and common dividends.

Concurrent with the announcement of the proposed merger with EMBARQ, we suspended share repurchases under the existing program. Following the anticipated close of the transaction in second quarter 2009, we expect to reconsider our share repurchase strategy in light of market conditions and other factors at that time.

A Stronger Competitor

I believe we enter 2009 as a stronger and more proficient provider of advanced communications services. Our experienced management team has worked well together for many years, and built a track record of superior shareholder returns. With our planned network investments and increasingly sophisticated marketing and customer care capabilities, we look forward to continued industry-leading performance.

We expect to apply our proven leadership experience and business model to the operations of the combined CenturyTel/EMBARQ company. Upon the successful close of the EMBARQ transaction, we will be a stronger, larger company, dedicated to delivering high-quality communications services to both rural and urban markets throughout the country, creating one of the leading communications companies in the United States.

We are excited about the opportunities we believe the EMBARQ merger will create for our customers, employees, shareholders and the communities we serve. We will work diligently in the years ahead to realize those opportunities, and create a clear industry leader in providing advanced communications services.



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



CenturyTel At A Glance

Financial Highlights

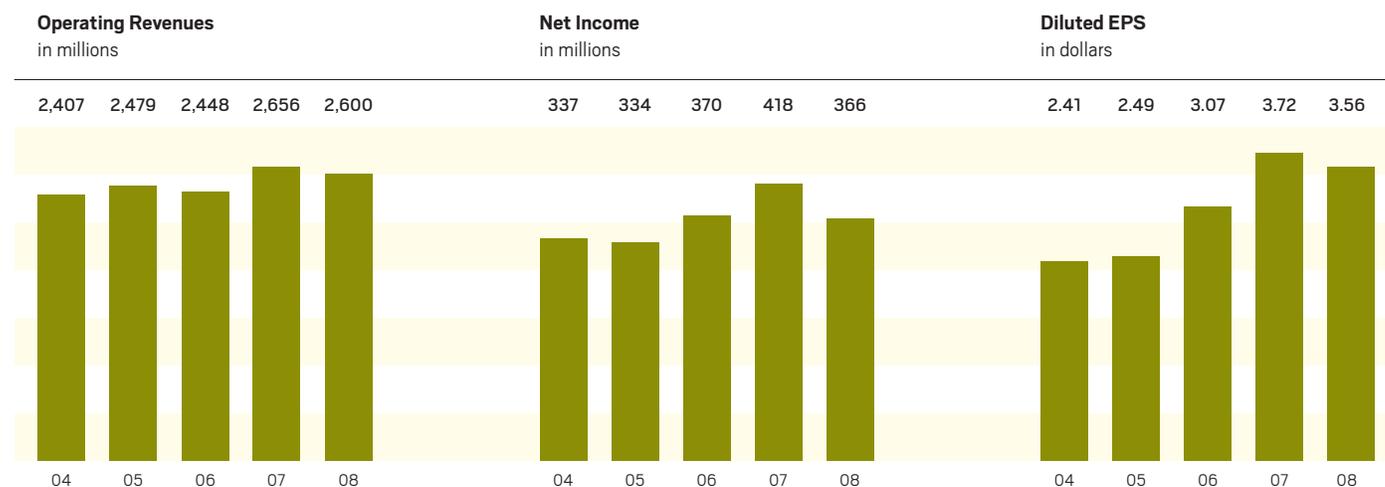
Dollars, except per share amounts, and shares in thousands	2008	2007	2006	2005	2004	2003	5-year CAGR ⁽¹⁾
Operating revenues	\$ 2,599,747	2,656,241	2,447,730	2,479,252	2,407,372	2,367,610	1.9%
Operating income	\$ 721,352	793,078	665,538	736,403	753,953	750,396	(0.8%)
Depreciation and amortization	\$ 523,786	536,255	523,506	531,931	500,904	503,652	0.8%
Net income	\$ 365,732	418,370	370,027	334,479	337,244	344,707	1.2%
Diluted earnings per share	\$ 3.56	3.72	3.07	2.49	2.41	2.35	8.7%
Net cash provided by operating activities	\$ 853,300	1,029,986	840,719	967,078	964,050	1,069,068	(4.4%)
Capital expenditures	\$ 286,817	326,045	314,071	414,872	385,316	377,939	(5.4%)
Repurchase of common stock and common dividends paid	\$ 567,350	489,360	831,011	583,225	432,475	31,618	78.1%
Book value per share	\$ 31.54	31.36	28.11	27.54	25.70	24.04	5.6%
Dividends per common share	\$ 2.1675	0.26	0.25	0.24	0.23	0.22	58.0%
Average diluted shares outstanding	102,871	113,094	122,229	136,087	142,144	148,779	(7.1%)
Total assets	\$ 8,254,195	8,184,553	7,441,007	7,762,707	7,796,953	7,895,852	0.9%
Long-term debt	\$ 3,294,119	2,734,357	2,412,852	2,376,070	2,762,019	3,109,302	1.2%
Stockholders' equity	\$ 3,163,240	3,409,205	3,190,951	3,617,273	3,409,765	3,478,516	(1.9%)
Telephone access lines	1,998,000	2,135,000	2,094,000	2,214,000	2,314,000	2,376,000	(3.4%)
High-speed Internet customers	641,000	555,000	369,000	249,000	143,000	83,000	50.5%

⁽¹⁾ Five-year compounded annual growth rate

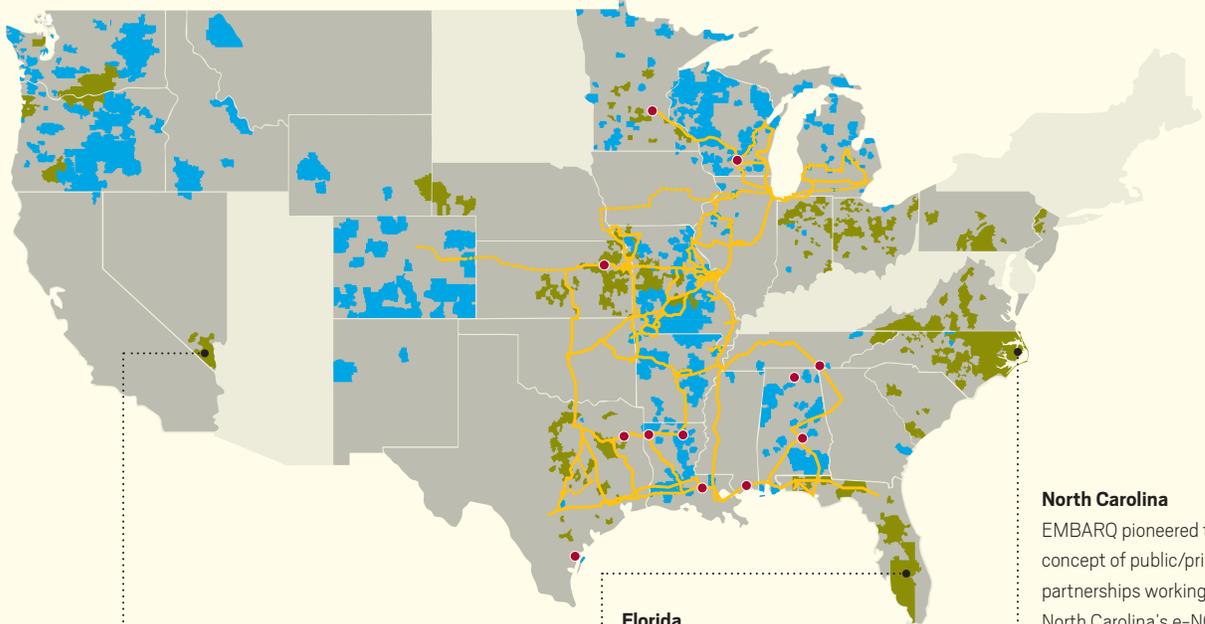
Full financial statements, along with certifications required under the Sarbanes-Oxley Act of 2002, the New York Stock Exchange rules and management's discussion and analysis of financial condition and results of operations, are provided in our 2009 Proxy Statement ("Proxy Statement") and 2008 Annual 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 Web site 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, 2008 for a description of these and other uncertainties related to our business.



CenturyTel and EMBARQ – A Good Fit



- CenturyTel
- EMBARQ
- CenturyTel Fiber (Lit)
- - - CenturyTel Fiber (Dark)
- CLEC/Metro Fiber Rings

Nevada

EMBARQ plays a visible role in the Las Vegas business infrastructure by providing voice and data services to the entertainment, hotel and gaming industry. EMBARQ employees sit on more than 45 community boards and commissions including key leadership positions in area chambers of commerce and the Nevada Development Authority. The EMBARQ Business and Conference Center maintains a high profile with the Las Vegas Chamber of Commerce.

Florida

With its significant local presence in Florida, EMBARQ was chosen by the state to team with other LECs in building a 4,000-site MPLS network covering the entire state. Known as MyFloridaNet, this advanced MPLS network delivers fully meshed, any-to-any connectivity through scalable customer-specific Virtual Private Networks, around-the-clock network monitoring and more than 20 Gigabits of core bandwidth, giving Floridians room for future expansion and functionality.

North Carolina

EMBARQ pioneered the concept of public/private partnerships working with North Carolina's e-NC Authority to accelerate the deployment of high-speed Internet services to customers in rural communities. The company's \$3.6 million investment, matched by \$3.3 million in grants from the Authority, has brought high-speed Internet access to customers in 76 communities across the state.

Book Value Per Share
in dollars

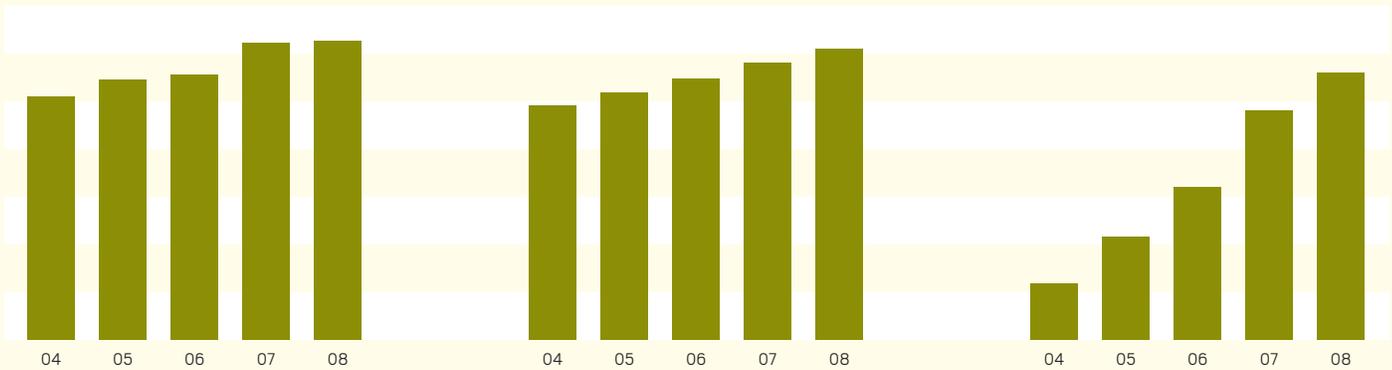
25.70 27.54 28.11 31.36 31.54

Broadband Deployment
% of total access lines

71 75 79 84 88

High-Speed Internet Customers
in thousands

143 249 369 555 641



CenturyTel Leadership



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



Karen A. Puckett
President and Chief Operating Officer



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



David D. Cole
Senior Vice President –
Operations Support



Stacey W. Goff
Senior Vice President,
General Counsel and
Corporate Secretary



Michael E. Maslowski
Senior Vice President and
Chief Information Officer

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 Web site 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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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 7, 2009, 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
2008				
1st Quarter	\$42.00	\$32.00	\$33.24	\$.0675
2nd Quarter	37.25	30.55	35.59	.0675
3rd Quarter	40.35	34.13	36.65	1.3325
4th Quarter	40.00	20.45	27.33	.70
2007				
1st Quarter	\$46.80	\$42.66	\$45.19	\$.065
2nd Quarter	49.94	45.14	49.05	.065
3rd Quarter	49.91	41.10	46.22	.065
4th Quarter	46.90	39.91	41.46	.065

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 17, 2009	March 31, 2009
2nd Quarter	June 16, 2009	June 30, 2009
3rd Quarter	September 8, 2009	September 21, 2009
4th Quarter	December 2, 2009	December 15, 2009

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

CENTURYTEL personal touch ■ advanced communications

CenturyTel, Inc.

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