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

FORM 10-K

[X] **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2007

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 *(IRS Employer Identification No.)*
100 CenturyTel Drive, Monroe, Louisiana *(Address of principal executive offices)*	71203 *(Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00	New York Stock Exchange Berlin Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Stock Options
(Title of class)

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 o the Exchange Act. (Check one):

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ]

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

The aggregate market value of voting stock held by non-affiliates (affiliates being for these purposes only directors, executive officers and holders of more than five percent of our outstanding voting securities) was $3.9 billion as of June 30, 2007. As of February 15, 2008, there were 106,647,125 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Registrant's Proxy Statement to be furnished in connection with the 2008 annual meeting of shareholders are incorporated by reference in Part III of this Report.

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PART I

Item 1. Business

General . CenturyTel, Inc., together with its subsidiaries, is an integrated communications company engaged primarily in providing an array of communications services, including local and long distance voice, Internet access and broadband services. We strive to maintain our customer relationships by, among other things, bundling our service offerings to provide a complete offering of integrated communications services. We conduct all of our operations in 25 states located within the continental United States.

At December 31, 2007, our incumbent local exchange telephone subsidiaries operated approximately 2.1 million telephone access lines, primarily in rural areas and small to mid-size cities in 24 states, with over 68% of these lines located in Missouri, Wisconsin, Alabama, Arkansas and Washington. According to published sources, we are the seventh largest local exchange telephone company in the United States based on the number of access lines served.

We also provide fiber transport, competitive local exchange carrier, security monitoring, and other communications and business information services in certain local and regional markets.

Since 2005, we have expanded our product offerings to include satellite television services, wireless communications services under a reselling arrangement and wireless broadband services. For additional information, see "Operations - Recent Product Developments" below.

For information on the amount of revenue derived by our various lines of services, see "Operations - Services" below and Item 7 of this annual report.

Recent acquisitions . On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River") for approximately $322 million cash (including t effect of post-closing adjustments). In connection with the acquisition, we also paid all of Madison River's existing indebtedness (including accrued interest), which approximated $522 million. At th 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.

In June 2005, we acquired fiber assets in 16 metropolitan markets from KMC Telecom Holdings, Inc. ("KMC") for approximately $75.5 million cash, which has enabled us to offer broadband and competitive local exchange services to customers in these markets.

In June 2003, we purchased for $39.4 million cash the assets of Digital Teleport, Inc., a regional communications company providing wholesale data transport services to other communications carriers over its fiber optic network located in Missouri, Arkansas, Oklahoma and Kansas. In addition, in December 2003, we acquired additional fiber transport assets in Arkansas, Missouri and Illinois from Level 3 Communications, Inc. for approximately $15.8 million cash. For additional information, see "Operations - Services - Fiber Transport and CLEC."

We also acquired approximately 660,000, 490,000 and 650,000 telephone access lines in transactions completed in 1997, 2000 and 2002, respectively, each of which substantially expanded our operations. The 2002 acquisition of telephone access lines was funded primarily from proceeds received from the sale of substantially all of our wireless operations in August 2002.

We continually evaluate the possibility of acquiring additional communications assets in exchange for cash, securities or both, and at any given time may be engaged in discussions or negotiations regarding additional acquisitions. We generally do not announce our acquisitions or dispositions until we have entered into a preliminary or definitive agreement. Although our primary focus will continue to be on acquiring interests that are proximate to our properties or that serve a customer base large enough for us to operate efficiently, we may also acquire other communications interests and these acquisitions could have a material impact upon us.

Where to find additional information. We make available our filings with the Securities and Exchange Commission ("SEC") on Forms 10-K, 10-Q and 8-K on our website (www.centurytel.com) as soon as reasonably practicable after we complete such filings with the SEC. These documents may also be obtained from the SEC's website at www.sec.gov .

We also make available on our website our Corporate Governance Guidelines, our Corporate Compliance Program and the charters of our audit, compensation, risk evaluation, and nominating and corporate governance committees. We will furnish printed copies of these materials free of charge upon the request of any shareholder. If a provision of our Corporate Compliance Program is amended, other than by a technical, administrative or other non-substantive amendment, or a waiver under this program is granted to a director or executive officer, notice of such amendment or waiver will be posted on our website. Also, we may elect to disclose the amendment or waiver in a report on Form 8-K filed with the SEC. Only our board of directors may consider a waiver of our Corporate Compliance Program for a director or executive officer.

In connection with filing this annual report, our chief executive officer and chief financial officer made the certifications regarding our financial disclosures required under the Sarbanes-Oxley Act of 2002, and the Act's related regulations. In addition, during 2007 our chief executive officer certified to the New York Stock Exchange that he was unaware of any violation by us of the New York Stock Exchange's corporate governance listing standards.

Industry information . Unless otherwise indicated, information contained in this annual report and other documents filed by us under the federal securities laws concerning our views and expectations regarding the communications industry are based on estimates made by us using data from industry sources, and on assumptions made by us based on our management's knowledge and experience in the markets in which we operate and the communications industry generally. We believe these estimates and assumptions are accurate as of the date made; however, this information may prove to be inaccurate because it cannot always be verified with certainty. You should be aware that we have not independently verified data from industry or other third-party sources and cannot guarantee its accuracy or completeness. Our estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in Item 1A of this annual report.

Other . As of December 31, 2007, we had approximately 6,600 employees, of which approximately 1,600 were members of 15 different bargaining units represented by the International Brotherhood of Electrical Workers and the Communications Workers of America. We believe that relations with our employees continue to be generally good. During 2006 and 2007, we announced reductions of our workforce which aggregated approximately 600 jobs, primarily due to (i) increased competitive pressures, (ii) the loss of access lines over the last several years and (iii) progress made on our Madison River integration plan.

We were incorporated under Louisiana law in 1968 to serve as a holding company for several telephone companies acquired over the previous 15 to 20 years. Our principal executive offices are located at 100 CenturyTel Drive, Monroe, Louisiana 71203 and our telephone number is (318) 388-9000.

OPERATIONS

According to published sources, we are the seventh largest local exchange telephone company in the United States, based on the approximately 2.1 million access lines we served at December 31, 2007. An "access line" is a telephone line that connects a home or business to the public switched telephone network. All of our access lines are digitally switched. Through our operating telephone subsidiaries, we provide local exchange services to predominantly rural areas and small to mid-size cities in 24 states.

The following table lists additional information regarding our access lines as of December 31, 2007 and 2006.

	December 31, 2007		December 31, 2006	
State	Number of access lines	Percent of access lines	Number of access lines	Percent of access lines
Missouri	408,000	19%	424,000	20%
Wisconsin (1)	387,000	18	413,000	20
Alabama (2)	290,000	14	249,000	12
Arkansas	211,000	10	227,000	11
Washington	157,000	7	166,000	8
Michigan	91,000	4	96,000	5
Colorado	86,000	4	90,000	4
Louisiana	84,000	4	90,000	4
Oregon	66,000	3	70,000	3
Ohio	64,000	3	72,000	3

Illinois (2)	57,000	3	-	-
Montana	57,000	3	60,000	3
Georgia (2)	34,000	2	-	-
Texas	33,000	2	37,000	2
Minnesota	27,000	1	28,000	1
Tennessee	23,000	1	25,000	1
Mississippi	22,000	1	23,000	1
North Carolina (2)	14,000	*	-	-
New Mexico	6,000	*	6,000	*
Wyoming	6,000	*	6,000	*
Idaho	5,000	*	5,000	*
Indiana	5,000	*	5,000	*
Iowa	2,000	*	2,000	*
Nevada	*	*	*	*
	2,135,000	100%	2,094,000	100%

* Represents less than 1% or less than 1,000 access lines.

(1) As of December 31, 2007 and 2006, approximately 51,000 and 53,000, respectively, of these lines were owned and operated by our 89%-owned affiliate.

(2) In connection with our acquisition of Madison River in April 2007, we acquired an aggregate of approximately 164,000 access lines in Illinois, Alabama, Georgia and North Carolina.

The following table summarizes certain information related to our customer base, operating revenues and capital expenditures for the past five years. The 2007 information includes the Madison River properties we acquired on April 30, 2007.

	Year ended or as of December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands)				
Access lines	2,135,000	2,094,000	2,214,000	2,314,000	2,376,000
% Residential	73%	74	75	75	76
% Business	27%	26	25	25	24
Internet customers	623,000	459,000	357,000	271,000	223,000
% High-speed Internet service	89%	80	70	53	37
% Dial-up service	11%	20	30	47	63
Operating revenues	$ 2,656,241	2,447,730	2,479,252	2,407,372	2,367,610
Capital expenditures	$ 326,045	314,071	414,872	385,316	377,939

As discussed further below, our access lines (exclusive of acquisitions) have declined in recent years, and are expected to continue to decline. 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. See “Services” and “Regulation and Competition.”

Services

We derive revenue from providing (i) local exchange and long distance voice telephone services, (ii) network access services, (iii) data services, which includes both high-speed 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. The following table reflects the percentage of operating revenues derived from these respective services:

	2007	2006	2005
Voice	33.5%	35.6	36.4
Network access	35.4	35.9	38.7
Data	17.4	14.4	12.9
Fiber transport and CLEC	6.0	6.1	4.7
Other	7.7	8.0	7.3
	100.0%	100.0	100.0

Voice. We derive our local service revenues by providing local exchange telephone services in our franchised service areas, including basic dial-tone service through our regular switched network, generally for a fixed monthly charge. Normalized for acquisitions, dispositions and other adjustments, access lines declined 5.7% in 2007, 4.8% in 2006 and 4.3% in 2005. We believe these declines in the number of access lines were primarily due to the displacement of traditional wireline telephone services by other competitive services. Based on our planned results for recent sales and retention initiatives, we are targeting our access line loss to be between 4.5% and 6.0% in 2008.

We offer enhanced voice services (such as call forwarding, conference calling, caller identification, selective call ringing and call waiting) to our local exchange customers for additional charges. In 2007, we continued to expand the availability of enhanced voice services offered in certain service areas. At December 31, 2007, over 60% of both our business and residential customers subscribed to one or more enhanced voice services.

We derive our long distance revenues by providing retail long distance services based on either usage or pursuant to flat-rate calling plans. At December 31, 2007, we provided long distance services to nearly 1.3 million lines. Exclusive of the long distance lines associated with Madison River, our long distance lines declined slightly in 2007, principally due to competitive factors. We anticipate that most of our long distance service will be provided as part of an integrated bundle with our other service offerings, including our local exchange telephone service offering.

Network access. 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 (see “Regulation and Competition Relating to Incumbent Local Exchange Operations” below). Our revenues for switched access services depend primarily on the level of call volume.

Certain of our interstate network access revenues are based on tariffed access charges prescribed by the Federal Communications Commission (“FCC”); the remainder of such revenues are derived under revenue sharing arrangements with other local exchange carriers (“LECs”) administered by the National Exchange Carrier Association (“NECA”), a quasi-governmental non-profit organization formed by the FCC in 1983 for such purposes.

Certain of our intrastate network access revenues are derived through access charges that we bill to intrastate long distance carriers and other LEC customers. Such intrastate network access charges are based on tariffed access charges, which are subject to state regulatory commission approval. Additionally, certain of our intrastate network access revenues, along with intrastate and intra-LATA (Local Access and Transport Areas) long distance revenues, are derived through revenue sharing arrangements with other LECs.

The Telecommunications Act of 1996 (the “1996 Act”) allows local exchange carriers to file access tariffs on a streamlined basis and, if certain criteria are met, deems those tariffs lawful. Tariffs that have been “deemed lawful” in effect nullify an interexchange carrier’s ability to seek refunds should the earnings from the tariffs ultimately result in earnings above the authorized rate of return prescribed by the FCC. Certain of our telephone subsidiaries file interstate tariffs with the FCC using this streamlined filing approach. Since July 2004, we have recognized billings from our tariffs as revenue since we believe such tariffs are “deemed lawful”.

Data. We derive our data revenues primarily from monthly recurring charges for providing Internet access services (both high-speed and dial-up services) and data transmission services over special circuits and private lines. We began offering traditional dial-up Internet access services to our telephone customers in 1995. In late 1999, we began offering high-speed Internet access services, a premium-priced broadband data service. As of December 31, 2007, approximately 84% of our access lines were broadband-enabled. At December 31, 2007, we provided high-speed Internet access services to over 555,000 customers and dial-up services to nearly 68,000 customers. During 2007, we added over 186,000 high-speed Internet customers (which includes approximately 58,000 from the Madison River acquisition).

Our data revenue also includes amounts billed to our business customers for dedicated circuits used for various purposes, including connecting the customer's offices or networks to our networks.

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

In late 2000, we began offering competitive local exchange telephone services as part of a bundled service offering to small to medium-sized businesses in Monroe and Shreveport, Louisiana. In February 2002, we purchased the fiber network and customer base of KMC's operations in Monroe and Shreveport, Louisiana and in June 2005, we purchased the fiber assets in 16 metropolitan markets from KMC which allowed us to offer broadband and competitive local exchange services to customers in these markets. We intend to focus our efforts on the CLEC markets with the most promise, and are exploring our alternatives with respect to the remaining markets. As of December 31, 2007, our competitive local exchange markets provided service over 1,200 miles of fiber.

Under the name "LightCore", we sell fiber capacity to other carriers and businesses over a network that encompassed, at December 31, 2007, over 9,900 miles of fiber in the central United States. We began our fiber transport business during 2001, when we began selling capacity over a 700-mile fiber optic ring that we constructed in southern and central Michigan. In June 2003, we acquired the assets of Digital Teleport, Inc., a regional communications company providing wholesale data transport services to other communications carriers over its fiber optic network located in Missouri, Arkansas, Oklahoma and Kansas. We have used the network to sell services to new and existing customers and to reduce our reliance on third party transport providers. In addition, in December 2003, we acquired additional fiber transport assets in Arkansas, Missouri and Illinois from Level 3 Communications, Inc. to provide services similar to those described above.

In addition to the above-described fiber network, in connection with our 2007 acquisition of Madison River, we acquired ownership in a 2,400 route mile fiber network located in six states which provides us the opportunity to expand our fiber network business and further reduce our reliance on third-party transport providers.

We offer 24-hour burglary and fire monitoring services to over 10,500 customers in select markets in Louisiana, Arkansas, Mississippi, Texas and Ohio.

Other. We derive our "other revenues" principally by (i) leasing, selling, installing and maintaining customer premise telecommunications equipment and wiring, (ii) providing billing and collection services to third parties, (iii) participating in the publication of local telephone directories, which allows us to share in revenues generated by the sale of yellow page and related advertising to businesses, and (iv) offering our new services described below under the heading "-Recent Product Developments". We also provide printing, database management and direct mail services and cable television services.

From time to time, we also make investments in other domestic or foreign communications companies.

For further information on regulatory, technological and competitive changes that could impact our revenues, see "Regulation and Competition" under this Item 1 below and "Risk Factors and Cautionary Statements" under Item 1A below. For more information on the financial contributions of our various services, see Item 7 of this annual report.

Recent Product Developments

Since 2005, we have offered in conjunction with EchoStar Communications Corporation ("EchoStar") co-branded DISH Network satellite television service in substantially all of our local exchange service areas. Effective January 1, 2007, we changed our relationship with EchoStar from a revenue sharing arrangement to an agency relationship. In late 2005, we initiated our switched digital television service to the LaCrosse, Wisconsin market and, in October 2007, we commenced a second switched digital video service offering to our Columbia, Missouri market.

We also offer wireless communications services through a reselling arrangement with a nationwide wireless carrier and wireless broadband Internet services in select locations in certain markets in eight states.

Federal Financing Programs

Certain of our telephone subsidiaries receive long-term financing from the Rural Utilities Service ("RUS"), a federal agency that has historically provided long-term financing to telephone companies at relatively attractive interest rates. Approximately 14% of our plant is pledged to secure obligations of our telephone subsidiaries to the RUS. For additional information regarding our financing, see our consolidated financial statements included in Item 8 herein.

Sales and Marketing

We maintain local offices in most of the larger population centers within our service territories. These offices are typically staffed by local residents and provide sales and customer support services in the community. We also rely on our call center personnel to promote sales of services that meet the distinctive needs of our customers. In addition, our strategy is to enhance our communications services by offering comprehensive bundling of services and deploying new technologies to build upon the strong reputation we enjoy in our markets and to further promote customer loyalty.

Most of our services are offered under our "CenturyTel" brand name. However, we sell fiber capacity on our networks under the brand name "LightCore." In addition, our satellite television service is offered on a co-branded basis with EchoStar under the DISH Network name.

Network Architecture

Our local exchange carrier networks consist of central office hosts and remote sites, all with advanced digital switches (primarily manufactured by Nortel and Siemens) and operating with licensed software. Our outside plant consists of transport and distribution delivery networks connecting each of our host central offices to our remote central offices, and ultimately to our customers. As of December 31, 2007, we maintained over 252,000 miles of copper plant and approximately 20,000 miles of fiber optic plant in our local exchange networks. Our fiber optic cable is the primary transport technology between our host and remote central offices and interconnection points with other incumbent carriers. Most of our long distance service is provided directly through our own switches and network equipment, with the balance being provided through reselling arrangements with other long distance carriers. We also maintain networks in connection with providing fiber transport and CLEC services. For additional information on these networks, see "Services - Fiber Transport and CLEC."

Regulation and Competition Relating to Incumbent Local Exchange Operations

Traditionally, LECs operated as regulated monopolies having the exclusive right and responsibility to provide local telephone services in their franchised service territories. (These LECs are sometimes referred to below as "incumbent LECs" or "ILECs"). Consequently, most of our intrastate telephone operations have traditionally been regulated extensively by various state regulatory agencies (generally called public service commissions or public utility commissions) and our interstate operations have been regulated by the FCC under the Communications Act of 1934. As we discuss in greater detail below, passage of the 1996 Act, coupled with state legislative and regulatory initiatives and technological changes, fundamentally altered the telephone industry by generally reducing the regulation of LECs and attracting a substantial increase in the number of competitors and capital invested in existing and new services. We anticipate that these trends toward reduced regulation and increased competition will continue.

The following description discusses some of the major industry regulations that affect our traditional telephone operations, but numerous other regulations not discussed below could also impact us. Some legislation and regulations are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could substantially change the manner in which the communications industry operates. Neither the outcome of any of these developments, nor their potential impact on us, can be predicted at this time. The impact of regulatory changes in the communications industry could have a substantial impact on our operations. See Item 1A of this annual report below.

State regulation . The local service rates and intrastate access charges of substantially all of our telephone subsidiaries are regulated by state regulatory commissions which typically have the power to grant and revoke certifications authorizing companies to provide communications services. Most commissions have traditionally regulated pricing through "rate of return" regulation that focuses on authorized levels of earnings by LECs. Historically, most of these commissions also (i) regulated the purchase and sale of LECs, (ii) prescribed depreciation rates and certain accounting procedures, (iii) enforced laws requiring LECs to provide universal service under publicly filed tariffs setting forth the terms, conditions and prices of their LEC services, (iv) oversaw implementation of several federal telecommunications laws including interconnection obligations and (v) regulated various other matters, including certain service standards and operating procedures.

In recent years, state legislatures and regulatory commissions in most of the 24 states in which our telephone subsidiaries operate have either reduced the regulation of LECs or have announced their intention to do so, and we expect this trend will continue. Essentially, such relief comes in two forms: (i) full or partial deregulation through legislation or (ii) the ability to elect into or renew existing state alternative regulation through a regulatory proceeding. Several states have implemented laws or rulings which require or permit LECs at the state level to either be deregulated for pricing or opt out of "rate of return" regulation in exchange for agreeing to alternative forms of regulation. Such alternatives permit the LEC greater freedom to establish local service rates in exchange for agreeing not to charge rates in excess of specified caps. As discussed further below, subsidiaries operating over 72% of our access lines in various states have agreed to be governed by alternative regulation plans, and we continue to explore our options for similar treatment in other states. We believe that reduced regulatory oversight of certain of our telephone operations may allow us to offer new and competitive services faster than under the traditional regulatory process. For a discussion of legislative, regulatory and technological changes that have introduced competition into the local exchange industry, see "Developments Affecting Competition."

The following summary describes the alternative regulation plans applicable to us in Wisconsin, Missouri, Alabama and Arkansas, our four largest telephone markets.

- Our Wisconsin access lines, except for those acquired from Verizon in 2000 (which continue to be regulated under "rate of return" regulation), are regulated under various alternative regulation plans developed jointly between the Wisconsin Public Service Commission and us. Each of these alternative regulation plans permits us to adjust local rates within specified parameters if we meet certain quality-of-service and infrastructure-development commitments. These plans also include initiatives designed to promote competition.

- All of our Missouri LECs are regulated under a price-cap regulation plan whereby basic service rates are adjusted annually based on an inflation-based factor; non-basic services may be increased without restriction up to 5% annually. If the inflation-based factor were to decline as it has done in recent years, our revenues would be negatively impacted.

- In 2005, the state of Alabama passed legislation that essentially allowed telephone companies the option to phase in deregulation of certain LEC services. In February 2007, our Alabama LECs opted to provide all local services (including bundled services but excluding certain basic telephone and optional calling services) on a deregulated and detariffed basis. Certain basic telephone and optional calling services continue to be regulated and subject to a price cap. Our Alabama properties acquired from Madison River operate under a separate alternative regulation plan under which local rates are still governed by the state public service commission.

- Our Arkansas LECs acquired from Verizon Communications, Inc. are regulated under an alternative regulation plan under which rates can be adjusted based on an inflation-based factor. Other local rates can be adjusted without commission approval; however, such rates are subject to commission review under certain conditions. Our remaining Arkansas LECs have the option to increase rates up to certain specified amounts.

Notwithstanding the movement toward alternative regulation, LECs operating approximately 28% of our total access lines continue to be subject to "rate of return" regulation for intrastate purposes. These LECs remain subject to the powers of state regulatory commissions to conduct earnings reviews and adjust service rates, either of which could lead to revenue reductions.

Federal regulation . Our telephone subsidiaries are required to comply with the Communications Act of 1934, which requires us to offer services at just and reasonable rates and on non-discriminatory terms, as well as the 1996 Act, which amended the Communications Act to promote competition and reform the Universal Service Program.

The FCC regulates interstate services provided by our telephone subsidiaries primarily by regulating the interstate access charges that we bill to long distance companies and other communications companies for use of our network in connection with the origination and termination of interstate voice and data transmissions. Additionally, the FCC has prescribed certain rules and regulations for telephone companies, including a uniform system of accounts and rules regarding the separation of costs between jurisdictions and, ultimately, between interstate services. In addition, the FCC has responsibility for maintaining and administering the Universal Service Fund. LECs must obtain FCC approval to use certain radio frequencies, or to transfer control of any such licenses. The FCC retains the right to revoke these licenses if a carrier materially violates relevant legal requirements.

The FCC requires price-cap regulation of interstate access rates for the Regional Bell Operating Companies, and permits it for all other LECs. Under price-cap regulation, limits imposed on a company's interstate rates are adjusted periodically to reflect inflation, productivity improvement and changes in certain non-controllable costs. We have not elected price-cap regulation for our telephone operations, except for the properties we acquired from Verizon in 2002 which have continued to operate under price-cap regulation, as permitted under FCC rules for acquired properties. All of our other operations continue to be governed by traditional rate-of-return regulation for interstate access charges, which permits us to set rates based on forecasted investment and expenses plus a return on investment, which is currently 11.25%. In the last half of 2007, certain carriers filed a petition with the FCC seeking to convert their properties from rate of return regulation to price-cap regulation in the interstate jurisdiction. In order to achieve this conversion, these carriers petitioned the FCC to make numerous rule changes that would provide a blueprint for rate of return carriers to opt into price-cap regulation.

In 2003, the FCC opened a broad intercarrier compensation proceeding with the ultimate goal of creating a uniform mechanism to be used by the entire telecommunications industry for payments between carriers originating, terminating, or carrying telecommunications traffic. The FCC has received intercarrier compensation proposals from several industry groups, and in early 2005 solicited comments on all proposals previously submitted to it. Broad industry negotiations have taken place with the goal of developing a consensus plan that addresses the concerns of carriers from all industry segments. The ultimate outcome of this proceeding could change the way we receive compensation from, and remit compensation to, other carriers, our end user customers and the federal Universal Service Fund (the "USF"). Until the FCC's proceeding concludes and the changes, if any, to the existing rules are established, we cannot estimate the impact it will have on our results of operations.

In December 2005, a group of six mid-size carriers, including us, filed proposed rules with the FCC regarding "phantom traffic". "Phantom traffic" generally refers to telecommunications calls that cannot be billed properly to responsible carriers by other carriers in the call path because the traffic is mislabeled, unlabeled or improperly routed. The proposal requests that the FCC implement and enforce updated rules that require carriers to accurately identify, label and route network traffic so that appropriate bills can be created. In late 2006, the FCC opened a separate phantom traffic proceeding with the intent of formalizing potential phantom traffic rules for the industry. Overall, the comments received to date on the phantom traffic issue have been favorable to us; however, until the FCC concludes its phantom traffic proceeding and adopts changes, if any, to existing rules, we cannot estimate the impact any changes will have on our results of operations.

As discussed further below, certain providers of competitive communications services are currently not required to compensate ILECs for the use of their networks. Additionally, certain deregulated providers seek and receive high cost universal support funding based on the incumbent's costs rather than their own.

Our operations and those of all communications carriers also may be impacted by legislation and regulation imposing new or greater obligations related to assisting law enforcement, bolstering homeland security, minimizing environmental impacts, or addressing other issues that impact our business, including the Communications Assistance for Law Enforcement Act, and laws governing local number portability and customer proprietary network information requirements. These laws and regulations may cause us to incur additional costs.

Universal service support funds, revenue sharing arrangements and related matters . A significant number of our telephone subsidiaries recover a portion of their costs from the federal USF and from similar state "universal support" mechanisms, which receive their funding from fees charged to interexchange carriers and LECs. Disbursements from these programs traditionally have focused principally on allowing LECs serving small communities and rural areas to provide communications services on terms and at prices reasonably comparable to those available in urban areas. Other USF programs address other social goals, such as supporting schools and libraries through the USF's E-rate program.

The table below sets forth the amounts received by our telephone subsidiaries in 2007 and 2006 from federal and state universal support programs.

	Year ended December 31,			
	2007		2006	
Support Program	Amount Received	% of Total 2007 Operating Revenues	Amount Received	% of Total 2006 Operating Revenues
	(amounts in millions)			
USF High Cost Loop Support	$ 166.5	6.3%	$ 163.1	6.6%
Other Federal Support Programs	133.9	5.0%	134.6	5.5%
Total Federal Support Receipts	300.4	11.3%	297.7	12.1%
State Support Programs	35.6	1.3%	36.2	1.5%
TOTAL	$ 336.0	12.6%	$ 333.9	13.6%

Federal USF programs have undergone substantial changes since 1997, and are expected to experience more changes in the coming years as modernization of the overall program moves forward. As mandated by the 1996 Act, in May 2001 the FCC modified its existing universal service support mechanism for rural telephone companies by adopting an interim mechanism for a five-year period based on embedded, or historical, costs that provide relatively predictable levels of support to many LECs, including substantially all of our LECs. In May 2006, the FCC extended this interim mechanism until such time that new high-cost support rules are adopted for rural telephone companies.

Universal support funds available to ILECs are currently available to local competitors that (i) certify they will serve all customers in a study area, (ii) offer nine core services, and (iii) qualify as an "eligible telecommunications carrier." Wireless and other competitive service providers continue to seek to qualify to receive USF support. This trend, coupled with changes in usage of telecommunications services, have placed stress on the funding mechanism of the USF, which is subject to annual caps on disbursements. These developments have placed additional financial pressure on the amount of money that is necessary and available to provide support to all eligible service providers, including support payments we receive from the USF High Cost Loop support program.

A significant portion of our support payments have varied over time based on our average cost to serve customers compared to national cost averages. Under the USF High Cost Loop support program, which is the USF's principal support program, our payments from the USF will decrease if national average costs per loop increase at a rate greater than our average cost per loop. Increases in the nationwide average cost per loop factor used to allocate funds among all USF recipients caused our revenues from the USF High Cost Loop support program to decrease in 2006 when compared to 2005. While our 2007 USF High Cost Loop support program receipts approximated 2006 levels, we anticipate that our 2008 revenues from the USF High Cost Loop support program will be lower than 2007 by approximately $14-$17 million.

In late 2002, the FCC requested that the Federal-State Joint Board ("FSJB") on Universal Service review various FCC rules governing high cost universal service support, including rules regarding eligibility to receive support payments in markets served by LECs and competitive carriers. Since then, the FSJB recommended a comprehensive general review of the high-cost support mechanisms for rural and non-rural carriers and requested comments on the FCC's current rules for the provision of high-cost support for rural companies, including comments on whether eligibility requirements should be amended in a manner that would adversely affect larger rural LECs such as us. In addition, the FCC has taken various other steps in anticipation of restructuring universal service support mechanisms, including, most recently, opening for public comment in early 2008 several proposals that contemplate a substantial restructuring of current USF programs.

On May 1, 2007, the FSJB proposed that the FCC consider an interim cap on the amount of high cost support that competitive eligible telecommunications carriers ("CETCs") may receive. On November 20, 2007, the FSJB issued another recommended decision on universal service reform which suggested various reform measures including a migration of the present funding mechanisms to three new separate funds covering broadband providers, mobility providers, and providers of last resort. The FSJB also recommended elimination of the identical support rule which now enables wireless CETCs to draw identical support based on the ILEC's cost. In addition, the FSJB is recommending certain other reforms, including (i) caps on the present high cost funding mechanism, (ii) certification of only one wireline, one wireless and one broadband carrier in each market and (iii) further consideration of competitive bidding as a distribution mechanism. Until the FCC acts on these recommendations, we cannot estimate the impact that such proposals would have on our operations. In addition, there are a number of judicial appeals challenging several aspects of the FCC's universal service rules and various Congressional proposals seeking to substantially modify USF programs, none of which have been resolved at this time. We will continue to be active in monitoring and participating in these developments.

In 2004, the FCC mandated changes in the administration of the universal service support programs that temporarily suspended the disbursement of funds under the USF's E-rate program (for service to Schools and Libraries), and, more significantly, created questions that these administrative changes could similarly delay the disbursement of funds to LECs from the Universal Service High Cost Loop support program. Congress has passed bills in recent years granting successive one-year exemptions from the federal law that impacted the E-rate program, including a bill extending the exemption through December 31, 2007. An additional exemption is currently pending before Congress. Although we expect funding from this program to continue, we cannot assure you that the lack of a definitive resolution of this issue will not delay or impede the disbursement of funds in the future.

A substantial portion of our state support payments are payable by Louisiana under a program restructured in 2005 into a state universal service fund that expanded the base of contributors to include all telecommunication service providers operating in Louisiana. Thus far, the payments we have received under this fund approximate those received by us under Louisiana's predecessor program. The fund is subject to an annual review by the Louisiana Public Service Commission (the "LPSC"). As such, there can be no assurance that the fund will remain as adopted by the LPSC or that funding levels will remain at current levels. In November 2007, the LPSC initiated a docket to determine the best way to convert the existing universal service fund to a stable funding mechanism. The LPSC currently expects to complete its review by December 2008.

Some of our telephone subsidiaries operate in states where traditional cost recovery mechanisms, including rate structures, are under evaluation or have been modified. See " State Regulation". There can be no assurance that these states will continue to provide for cost recovery at current levels.

All of our interstate network access revenues are based on access charges, cost separation studies or special settlement arrangements, many of which are administered by the FCC or NECA, and all of which are subject to change. See "Services."

Certain long distance carriers continue to request that certain of our LECs reduce intrastate access tariffed rates. Long distance carriers have also aggressively pursued regulatory or legislative changes that would reduce access rates. However, in light of pending intercarrier compensation reform that is expected to address intrastate access charges, most states are deferring action until they receive direction from the FCC. However, some carriers are continuing to pursue lower intrastate access rates in some states.

Developments affecting competition . Over the past decade, fundamental technological, regulatory and legislative changes have significantly impacted the communications industry, and we expect these changes will continue. Primarily as a result of regulatory and technological changes, competition has been introduced and encouraged in each sector of the communications industry in recent years. As a result, we increasingly face competition from other communication service providers, as further described below.

Wireless telephone services increasingly constitute a significant source of competition with LEC services, especially since wireless carriers have begun to compete effectively on the basis of price with more traditional telephone services. As a result, some customers have chosen to completely forego use of traditional wireline phone service and instead rely solely on wireless service for voice services. This trend is more pronounced among residential customers, which comprise 73% of our access line customers. We anticipate this trend will continue, particularly if wireless service providers continue to expand their coverage areas, reduce their rates, improve the quality of their services, and offer enhanced new services. Substantially all of our access line customers are currently capable of receiving wireless services from a competitive service provider. Technological and regulatory developments in wireless services, personal communications services, digital microwave, satellite, coaxial cable, fiber optics, local multipoint distribution services and other wired and wireless technologies are expected to further permit the development of alternatives to traditional landline services.

The 1996 Act, which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition, imposes several duties on a LEC if it receives a specific request from another entity which seeks to connect with or provide services using the LEC's network. In addition, each incumbent LEC is obligated to (i) negotiate interconnection agreements in good faith, (ii) provide nondiscriminatory "unbundled" access to all aspects of the LEC's network, (iii) offer resale of its telecommunications services at wholesale rates and (iv) permit competitors, on terms and conditions (including rates) that are just, reasonable and nondiscriminatory, to collocate their physical plant on the LEC's property, or provide virtual collocation if physical collocation is not practicable. During 2003, the FCC released new rules outlining the obligations of incumbent LECs to lease to competitors elements of their circuit-switched networks on an unbundled basis at prices that substantially limited the profitability of these arrangements to incumbent LECs. In response to successful judicial challenges to these rules, in 2005 the FCC released rules that required incumbent LECs to lease a network element only in those situations where competing carriers genuinely would be impaired without access to such network element, and where the unbundling would not interfere with the development of facilities-based competition. These rules are further designed to remove LECs' unbundling obligations over time as competing carriers deploy their own networks and local exchange competition increases.

Under the 1996 Act's rural telephone company exemption, approximately half of our telephone access lines are exempt from certain of the 1996 Act's interconnection requirements unless and until the appropriate state regulatory commission overrides the exemption upon receipt from a competitor of a bona fide request meeting certain criteria. States are permitted to adopt laws or regulations that provide for greater competition than is mandated under the 1996 Act.

As a result of these regulatory, consumer and technological developments, ILECs increasingly face competition from CLECs, particularly in densely populated areas. CLECs provide competing services through reselling the ILECs' local services, through use of the ILECs' unbundled network elements or through their own facilities. The number of companies which have requested authorization to provide local exchange service in our service areas has increased in recent years, especially in our markets acquired from Verizon in 2002 and 2000. We anticipate that similar action may be taken by other competitors in the future, especially if all forms of federal support available to ILECs continue to remain available to these competitors.

As noted above, wireless and other competitive services providers have been increasingly aggressive in seeking and obtaining USF support funds. This support is likely to encourage additional competitors to enter our high-cost service areas.

Technological developments have led to the development of new services that compete with traditional LEC services. Technological improvements have enabled cable television companies to provide telephone service over their cable networks, and several national cable companies have aggressively pursued this opportunity. As of December 31, 2007, we believe that approximately 40-45% of our access lines currently face competition from cable voice offerings. Additionally, several large electric utilities have announced plans to offer communications services that compete with some LECs.

Improvements in the quality of VoIP service have led several cable, Internet, data and other communications companies, as well as start-up companies, to substantially increase their offerings of VoIP service to business and residential customers. VoIP providers route calls partially or wholly over the Internet, without use of ILEC's circuit switches and, in certain cases, without use of ILEC's networks to carry their communications traffic. VoIP providers frequently use existing broadband networks to deliver flat-rate, all distance calling plans that may offer features that cannot readily be provided by traditional LECs. These plans may also be priced competitively or below those currently charged for traditional local and long distance telephone services for several reasons, including lower operating costs. In December 2003, the FCC initiated rulemaking that is expected to address the effect of VoIP on intercarrier compensation, universal service and emergency services. Although the FCC's rulemaking regarding VoIP-enabled services remains pending, the FCC has adopted orders establishing broad guidelines for the regulation of such services, including (i) an April 2004 order that found an IP-telephony service using the public switched telephone network to be a regulated telecommunications service subject to interstate access charges, (ii) a November 2004 order that Internet-based services provided by Vonage Holdings Corporation should be subject to federal rather than state regulation and (iii) a June 2005 order requiring all VoIP service providers whose services are interconnected to the public switched telephone network to provide E-911 services to their customers. There can be no assurance that future rulemaking will be on terms favorable to ILECs, or that VoIP providers will not successfully compete for our customers.

Similar to us, many cable, entertainment, technology or other communications companies that previously offered a limited range of services are now offering diversified bundles of services, either through their own networks, reselling arrangements or joint ventures. As such, a growing number of companies are competing to serve the communications needs of the same customer base. Several of these companies started offering full service bundles before us, which could give them an advantage in building customer loyalty. Such activities will continue to place downward pressure on the demand for our access lines.

In addition to facing direct competition from those providers described above, ILECs increasingly face competition from alternate communication systems constructed by long distance carriers, large customers or alternative access vendors. These systems, which have become more prevalent as a result of the 1996 Act, are capable of originating or terminating calls without use of the ILECs' networks or switching services. Other potential sources of competition include non-carrier systems that are capable of bypassing ILECs' local networks, either partially or completely, through various means, including the provision of special access or independent switching services and the concentration of telecommunications traffic on a few of the ILECs' access lines. We anticipate that all these trends will continue and lead to decreased use of our networks.

Significant competitive factors in the local telephone industry include pricing, packaging of services and features, quality and convenience of service and meeting customer needs such as simplified billing and timely response to service calls.

As the telephone industry increasingly experiences competition, the size and resources of each respective competitor may increasingly influence its prospects. Many companies currently providing or planning to provide competitive communication services have substantially greater financial and marketing resources than we do or own larger or more diverse networks than ours. In addition, many of them are not subject to the same regulatory constraints we are.

Competition can harm us by causing us to lose customers, or by causing us to lower prices or increase our capital or operating expenses to retain customers. Competing communications services, such as wireless, VoIP, electronic mail and optional calling services, can also reduce usage of our network and thereby decrease our network access revenues. Competition can also cause customers to reduce either usage of our services or switch to less profitable services, and could impede our ability to diversify into new lines of business dominated by incumbent providers.

We anticipate that the traditional operations of LECs will continue to be impacted by changes in regulation, technology, and consumer preferences affecting the ability of LECs to attract and retain customers and the capability of wireless companies, CLECs, cable television companies, VoIP providers, electric utilities and others to provide competitive LEC services. Competition relating to traditional LEC services has thus far affected large urban areas to a greater extent than the less dense areas in which we operate. We will actively monitor these developments, observe the effect of emerging competitive trends in larger markets and continue to evaluate new business opportunities that may arise out of future technological, legislative and regulatory developments.

We expect our operating revenues in 2008 to decline as we continue to experience downward pressure primarily due to continued access line losses, reduced network access revenues and lower prior year revenue settlement amounts. We expect such declines to be partially offset primarily due to increased demand for our high-speed Internet service offering and the impact of recognizing a full year of revenues associated with our Madison River properties acquired in April 2007.

Regulation and Competition Relating to Other Operations

Long Distance Operations . We offer intra-LATA, intrastate and interstate long distance services. State public service commissions generally regulate intra-LATA toll calls within the same LATA and inter-LATA toll calls between different LATAs located in the same state. Federal regulators have jurisdiction over interstate toll calls. Recent state regulatory changes have increased competition to provide intra-LATA toll services in our local exchange markets. Competition for intrastate and interstate long distance services has been intense for several years, and focuses primarily on price and pricing plans, and secondarily on customer service, reliability and communications quality. Traditionally, our principal competitors for providing long distance services were large long distance companies such as AT&T, regional phone companies and dial-around resellers. Increasingly, however, we have experienced competition from newer sources, including wireless companies offering attractively-priced calling plans. Technological substitutions, including VoIP and electronic mail, have further reduced demand for traditional long distance services. To counter such competition, we now offer unlimited long distance calling plans.

Data Operations . In connection with our data business, we face competition from Internet service providers, satellite companies, long distance carriers and cable companies which use wired or wireless technologies to offer dial-up Internet access services or high-speed broadband services. As of December 31, 2007, we believe approximately 60% of our local exchange markets are overlapped by cable systems offering data services competitive with ours. Many of these competitors offer content that we cannot match. Moreover, many of these providers have traditionally been subject to less rigorous regulatory scrutiny than our subsidiaries, although recent FCC rule changes classifying our high-speed offering as an "information service" has helped reduce regulatory disparities. These recent rule changes further provided companies the option to deregulate (for price cap companies) or detariff (for rate of return companies) high-speed Internet services. During 2006, all of our operating companies elected to either deregulate or detariff their high-speed Internet services, which decreased regulatory oversight and increased our retail pricing flexibility.

Fiber Transport Operations . When our fiber transport networks are used to provide intrastate telecommunications services, we must comply with state requirements for telecommunications utilities, including state tariffing requirements. To the extent our facilities are used to provide interstate communications, we are subject to federal regulation as a non-dominant common carrier. Due largely to excess capacity, the fiber transport industry is highly competitive. Our primary competitors are from other communications companies, many of whom operate networks and have resources much larger than ours. Over the last few years, several large communications companies have merged and have implemented strategies to transfer a significant portion of their voice and data traffic from our fiber network to their networks. We expect this trend to continue as companies seek opportunities to reduce their transport-related costs. In addition, new IP-based services may enable new entrants to transport data at prices lower than we currently offer.

CLEC Operations . Competitive local exchange carriers are subject to certain reporting and other regulatory requirements by the FCC and state public service commissions, although the degree of regulation is much less substantial than that imposed on ILECs operating in the same markets. Local governments also frequently require competitive local exchange carriers to obtain licenses or franchises regulating the use of rights-of-way necessary to install and operate their networks. In each of our CLEC markets, we face competition from the ILEC, which traditionally has long-standing relationships with its customers. Over time, we may also face competition from one or more other CLECs, or from other communications providers who can provide comparable services.

Other Operations . Similar to our CLEC business, we may be required to obtain licenses or franchises to enter new markets for our switched digital television and wireless broadband services, which could delay our rollout of these offerings. The television and wireless communications markets we have recently entered are highly competitive, which could limit our ability to compete effectively.

OTHER DEVELOPMENTS OR MATTERS

In August 2007, our board of directors approved a $750 million stock repurchase program which expires in September 2009, unless extended by the board. Through December 31, 2007, we had repurchased approximately 3.6 million shares for $158.5 million under this program. We previously repurchased approximately $401.0 million, $186.7 million, $437.5 million and $1.028 billion of our shares under separate repurchase programs approved in February 2004, February 2005, May 2005 and February 2006, respectively. For additional information, see Liquidity and Capital Resources included in Item 7 of this annual report.

We have certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 2007 have not been material and we currently have reason to believe that such costs will become material.

For additional information concerning our business and properties, see Items 2 and 7 elsewhere herein, and the Consolidated Financial Statements and notes 2, 4, 5, and 16 thereto set forth in Ite 8 elsewhere herein.

Item 1A. Risk Factors

RISK FACTORS AND CAUTIONARY STATEMENTS

Risk Factors

Any of the following risks could materially and adversely affect our business, financial condition, results of operations, liquidity or prospects. The risks described below are not the only risks facing us. Please be aware that additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also materially and adversely affect our business operations.

Risks Related to Our Business

If we continue to experience access line losses like we have in the past several years, our revenues, earnings and cash flows may be adversely impacted.

Our business generates a substantial portion of its revenues by delivering voice and data services over access lines. We have experienced access line losses over the past several years, including a 5.7% decline during the year ended December 31, 2007 (exclusive of the Madison River acquisition), due to a number of factors, including increased competition and wireless and broadband substitution, which are described further below. We expect to continue to experience access line losses in our markets for an unforeseen period of time. Our inability to retain access lines could adversely impact our revenues, earnings and cash flow from operations.

We face competition, which we expect to intensify.

As a result of various technological, regulatory and other changes, the telecommunications industry has become increasingly competitive, and we expect these trends to continue. In our LEC markets, we face competition from wireless telephone services, which we expect to increase if wireless providers continue to expand and improve their network coverage, offer fixed-rate calling plans, lower their prices and offer enhanced services. In certain of our LEC markets, we also face competition from cable television operators, CLECs and VoIP providers. Over time, we expect to face additional local exchange competition from more recent market entrants, including (i) electric utility and satellite communications providers and (ii) alternative networks or non-carrier systems designed to reduce demand for our switching or access services. The Internet, long distance and data services markets are also highly competitive, and we expect that competition will intensify in these and other markets that we serve. The recent proliferation of companies offering integrated service offerings has further intensified competition in the markets we serve.

We expect competition to intensify as a result of new competitors and the development of new products and services. Our competitive position could be weakened by strategic alliances or consolidation within the communications industry or the development of new technologies. We cannot predict which future products or services will be important to maintain our competitive position or what funding will be required to develop and provide these products or services. Our ability to compete successfully will depend on how well we market our products and services and on our ability to anticipate and respond to various competitive and technological factors affecting the industry, including changes in regulation (which may affect us differently from our competitors), changes in consumer preferences or demographics, and changes in the product offerings or pricing strategies of our competitors.

Many of our current and potential competitors have market presence, engineering, technical and marketing capabilities and financial, personnel and other resources substantially greater than ours. In addition, some of our competitors own larger and more diverse networks, can conduct operations or raise capital at a lower cost than we can, are subject to less regulation, have lower benefit plan costs, offer greater online content services, or have substantially stronger brand names. Consequently, some competitors may be better equipped than us to charge lower prices for their products and services, to provide more attractive offerings, to develop and expand their communications and network infrastructures more quickly, to adapt more swiftly to new or emerging technologies and changes in customer requirements, and to devote greater resources to the marketing and sale of their products and services.

Competition could adversely impact us in several ways, including (i) the loss of customers and market share, (ii) the possibility of customers reducing their usage of our services or shifting to less profitable services, (iii) reduced traffic on our networks, (iv) our need to expend substantial time or money on new capital improvement projects, (v) our need to lower prices or increase marketing expenses to remain competitive and (vi) our inability to diversify by successfully offering new products or services.

We could be harmed by rapid changes in technology.

The communications industry is experiencing significant technological changes, particularly in the areas of VoIP, data transmission and wireless communications. Several large electric utilities have announced plans to offer communications services that will compete with LECs. Some of our competitors may enjoy network advantages that will enable them to provide services more efficiently or at lower cost. Rapid changes in technology could result in the development of additional products or services that compete with or displace those offered by traditional LECs, or that enable current customers to reduce or bypass use of our networks. We cannot predict with certainty which technological changes will provide the greatest threat to our competitive position. We may not be able to obtain timely access to new technology on satisfactory terms or incorporate new technology into our systems in a cost effective manner, or at all. If we cannot develop new products to keep pace with technological advances, or if such products are not widely embraced by our customers, we could be adversely impacted.

We cannot assure you that our diversification efforts will be successful.

Due to the above-cited changes, the telephone industry has recently experienced a decline in access lines and intrastate minutes of use. This decline in access lines and usage, coupled with the other changes resulting from competitive, technological and regulatory developments, could materially adversely affect our core business and future prospects. Exclusive of the Madison River acquisition, our access lines declined 5.7% in 2007. Based on our planned results for recent sales and retention initiatives, we are targeting our access line loss to be between 4.5% and 6.0% in 2008. We also earned less intrastate revenues in 2007 due to reductions in intrastate minutes of use (partially due to the displacement of minutes of use by wireless, electronic mail and other optional calling services). We believe our intrastate minutes of use will continue to decline, although the magnitude of such decrease is uncertain.

We have traditionally sought growth largely through acquisitions of properties similar to those currently operated by us. However, we cannot assure you that properties will be available for purchase on terms attractive to us, particularly if they are burdened by regulations, pricing plans or competitive pressures that are new or different from those historically applicable to our incumbent properties. Moreover, we cannot assure you that we will be able to arrange additional financing on terms acceptable to us or to obtain timely federal and state governmental approvals on terms acceptable to us, or at all.

In recent years, we have attempted to broaden our services and products by offering satellite television services and reselling wireless services as part of our bundled product and service offerings. Our reliance on other companies and their networks to provide these services could constrain our flexibility and limit the profitability of these new offerings. In addition, during 2005 we launched our facilities-based digital video offering to select markets in Wisconsin and, in October 2007, we launched a second switched digital video offering in our Columbia, Missouri market. We may initiate other new service or product offerings in the future. We anticipate new offerings will generate lower profit margins than many of our traditional services. As such, to the extent revenues from these new offerings replace revenues lost from declines in our traditional LEC business, our overall profit margins will decline. We cannot assure you that our recent or future diversification efforts will be successful.

Future deterioration in our financial performance could adversely impact our credit ratings, our cost of capital and our access to the capital markets.

Our future results will suffer if we do not effectively adjust to changes in our industry.

The above-described changes in our industry have placed a higher premium on marketing, technological, engineering and provisioning skills. Our future success depends, in part, on our ability to retrain our staff to acquire or strengthen these skills, and, where necessary, to attract and retain new personnel that possess these skills.

Our future results will suffer if we do not effectively manage our expanded operations.

In the past several years, we have expanded our operations through acquisitions and new product and service offerings, some of which involve complex technical, engineering, and operational challenges. We may pursue similar opportunities in the future. Our future success depends, in part, upon our ability to manage our expansion opportunities, including our ability to:

- retain and attract key personnel that have the skills necessary to implement and manage the new business opportunities
- effectively manage our day to day operations while attempting to execute our strategy of expanding our business
- realize the projected growth and revenue targets developed by management for our newly acquired and emerging businesses, and
- continue to identify new acquisition or growth opportunities that we can finance, consummate and operate on attractive terms.

Expansion opportunities pose substantial challenges for us to integrate new operations into our existing business in an efficient and timely manner, to successfully monitor our operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. In addition, acquisitions entail the additional risk that we will incur unanticipated liabilities or contingencies of the acquired business, unbudgeted expenses or the loss of key employees or customers. We cannot assure you that our expansion or acquisition opportunities will be successful, or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits. If we are not able to meet these challenges effectively, our results of operations may be harmed.

Network disruptions could adversely affect our operating results.

To be successful, we will need to continue providing our customers with a high capacity, reliable and secure network. Some of the risks to our network and infrastructure include:

- power losses or physical damage to our access lines, whether caused by fire, adverse weather conditions, terrorism or otherwise
- capacity limitations
- software and hardware defects
- breaches of security, including sabotage, tampering, computer viruses and break-ins, and
- other disruptions that are beyond our control.

Disruptions or system failures may cause interruptions in service or reduced capacity for customers. If service is not restored in a timely manner, agreements with our customers or service standards set by state regulatory commissions could obligate us to provide credits or other remedies, and this would reduce our revenues or increase our costs. Service disruptions could also damage our reputation with customers, causing us to lose existing customers or have difficulty attracting new ones.

Any failure or inadequacy of our information technology infrastructure could harm our business.

The capacity, reliability and security of our information technology hardware and software infrastructure (including our billing systems) is important to the operation of our current business, which would suffer in the event of system failures. Likewise, our ability to expand and update our information technology infrastructure in response to our growth and changing needs are important to the continued implementation of our new service offering initiatives. Our inability to expand or upgrade our technology infrastructure could have adverse consequences, which could include the delayed implementation of new service offerings, service or billing interruptions, and the diversion of development resources.

We rely on a limited number of key suppliers and vendors to operate our business.

We depend on a limited number of suppliers and vendors for equipment and services relating to our network infrastructure. If these suppliers experience interruptions or other problems delivering or servicing these network components on a timely basis, our operations could suffer significantly. To the extent that proprietary technology of a supplier is an integral component of our network, we may have limited flexibility to purchase key network components from alternative suppliers. We also rely on a limited number of other communications companies in connection with reselling long distance, wireless and satellite entertainment services to our customers. In addition, we rely on a limited number of software vendors to support our business management systems. In the event it becomes necessary to seek alternative suppliers and vendors, we may be unable to obtain satisfactory replacement supplies or services on economically attractive terms, on a timely basis, or at all, which could increase costs or cause disruptions in our services.

Portions of our property, plant and equipment are located on property owned by third parties.

Over the past few years, certain utilities, cooperatives and municipalities in certain of the states in which we operate have requested significant rate increases for attaching our plant to their facilities. To the extent that these entities are successful in increasing the amount we pay for these attachments, our future operating costs will increase.

In addition, we rely on rights-of-way, co-location agreements and other authorizations granted by governmental bodies and other third parties to locate our cable, conduit and other network equipment on their respective properties. If any of these authorizations terminate or lapse, our operations could be adversely affected.

Our relationships with other communications companies are material to our operations and their financial difficulties may adversely affect us.

We originate and terminate calls for long distance carriers and other interexchange carriers over our network in exchange for access charges that represent a significant portion of our revenues. Should these carriers go bankrupt or experience substantial financial difficulties, our inability to timely collect access charges from them could have a negative effect on our business and results of operations.

In addition, our LightCore operations carry a significant amount of voice and data traffic for larger communications companies. As these larger communications companies consolidate or expand their networks, it is possible that they could transfer a significant portion of this traffic from our fiber network to their networks, which could have a negative effect on our business and results of operations.

We depend on key members of our senior management team.

Our success depends largely on the skills, experience and performance of a limited number of senior officers, none of whom are parties to employment agreements. Competition for senior management in our industry is intense and we may have difficulty retaining our current senior managers or attracting new ones in the event of terminations or resignations.

We could be affected by certain changes in labor matters.

At December 31, 2007, approximately 25% of our employees were members of 15 separate bargaining units represented by two different unions. From time to time, our labor agreements with these unions lapse, and we typically negotiate the terms of new agreements. We cannot predict the outcome of these negotiations. We may be unable to reach new agreements, and union employees may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. In addition, new labor agreements may impose significant new costs on us, which could impair our financial condition or results of operations in the future. Moreover, our post-employment benefit offerings cause us to incur costs not faced by many of our competitors, which could ultimately hinder our competitive position.

Risks Related to Our Regulatory Environment

Our revenues could be materially reduced or our expenses materially increased by changes in regulations.

The majority of our revenues are substantially dependent upon regulations which, if changed, could result in material revenue reductions. Laws and regulations applicable to us and our competitors may be, and have been, challenged in the courts, and could be changed by federal or state legislators. Any of the following could significantly impact us:

Risk of loss or reduction of network access charge revenues. A significant portion of our network access revenues are paid to us by intrastate and interstate long distance carriers for originating and terminating calls in the regions we serve. The amount of access charge revenues that we receive is based largely on rates set by federal and state regulatory bodies, and such rates could change. The FCC is currently weighing several proposals to comprehensively reform the intercarrier compensation regime in order to create a uniform system of intercarrier payments. Any reform eventually adopted by the FCC will likely involve significant changes in the access charge system and could potentially result in a significant decrease or elimination of access charges altogether. In addition, our financial results could be harmed if carriers that use our access services become financially distressed or bypass our networks, either due to changes in regulation or other factors. Furthermore, access charges currently paid to us could be diverted to competitors who enter our markets or expand their operations, either due to changes in regulation or otherwise.

Risk of loss or reduction of support fund payments. We receive a substantial portion of our revenues from the federal Universal Service Fund and, to a lesser extent, intrastate support funds. These governmental programs are reviewed and amended from time to time, and we cannot assure you that they will not be changed or impacted in a manner adverse to us. In August 2004, a federal-state joint board requested comments on the FCC's current rules for high-cost support payments to rural telephone companies, including comments on whether eligibility requirements should be amended in a manner that would adversely affect larger rural LECs such as us. In May 2007, this board proposed that the FCC consider an interim cap on the amount of the high-cost support that competitive eligible telecommunications carriers may receive. Several parties have objected to the size of the USF or questioned the continued need to maintain the program in its current form. Pending judicial appeals and Congressional proposals create additional uncertainty regarding our future receipt of support payments. We cannot estimate the impact that these developments will have on us.

We expect our 2008 high cost support fund revenues to be approximately $14 to $17 million lower than 2007 due to (i) an expected increase in the nationwide average cost per loop factor and (ii) an expected decline in the overall size of the high cost support fund. In addition, the number of eligible telecommunications carriers receiving support payments from this program continues to increase, which, coupled with other factors, has placed additional financial pressure on the amount of money that is necessary and available to provide support payments to all eligible recipients, including us.

Risk of loss of statutory exemption from burdensome interconnection rules imposed on incumbent local exchange carriers . Affiliates of ours operating approximately half of our telephone access lines are exempt from the 1996 Act's more burdensome requirements governing the rights of competitors to interconnect to incumbent local exchange carrier networks and to utilize discrete network elements of the incumbent's network at favorable rates. If state regulators decide that it is in the public's interest to impose these more burdensome interconnection requirements on us, these affiliates would be required to provide unbundled network elements to competitors. As a result, more competitors could enter our traditional telephone markets than we currently expect, resulting in lower revenues and higher additional administrative and regulatory expenses.

Risk of losses from rate reductions . Notwithstanding the movement toward alternative state regulation, LECs operating approximately 28% of our total access lines continue to be subject to "rate of return" regulation for intrastate purposes. These LECs remain subject to the powers of state regulatory commissions to conduct earnings reviews and adjust service rates, which could lead to revenue reductions. LECs governed by alternative regulatory plans could also under certain circumstances be ordered to reduce rates or could experience rate reductions following the lapse of plans currently in effect.

The FCC regulates tariffs for interstate access and subscriber line charges, both of which are components of our revenues. As noted above, the FCC currently is considering proposals to reduce interstate access charges for carriers like us. We could be adversely affected if the FCC lowers or eliminates interstate access charges without adopting an adequate revenue replacement mechanism.

Risks posed by costs of regulatory compliance . Regulations continue to create significant compliance costs for us. Challenges to our tariffs by regulators or third parties or delays in obtaining certifications and regulatory approvals could cause us to incur substantial legal and administrative expenses, and, if successful, such challenges could adversely affect the rates that we are able to charge our customers. Our business also may be impacted by legislation and regulation imposing new or greater obligations related to assisting law enforcement, bolstering homeland security, minimizing environmental impacts, or addressing other issues that impact our business (including local number portability and customer proprietary network information requirements). For example, existing provisions of the Communications Assistance for Law Enforcement Act require communications carriers to ensure that their equipment, facilities, and services are able to facilitate authorized electronic surveillance. We expect our compliance costs to increase if future legislation or regulations continue to increase our obligations to assist other governmental agencies.

Regulatory changes in the communications industry could adversely affect our business by facilitating greater competition against us.

The 1996 Act provides for significant changes and increased competition in the communications industry, including the local communications and long distance industries. This Act and the FCC's implementing regulations remain subject to judicial review and additional rulemakings, thus making it difficult to predict what effect the legislation will ultimately have on us and our competitors. Several regulatory and judicial proceedings have recently concluded, are underway or may soon be commenced, which address issues affecting our operations and those of our competitors. Moreover, certain communities nationwide have expressed an interest in establishing a municipal telephone utility that would compete for customers. We cannot predict the outcome of these developments, nor can we assure that these changes will not have a material adverse effect on us or our industry.

We are subject to significant regulations that limit our flexibility.

As a diversified full service incumbent local exchange carrier, or ILEC, we have traditionally been subject to significant regulation that does not apply to many of our competitors. For instance, unlike many of our competitors, we are subject to federal mandates to share facilities, file and justify tariffs, maintain certain accounts and file reports, and state requirements that obligate us to maintain service standards and limit our ability to change tariffs in a timely manner. This regulation imposes substantial compliance costs on us and restricts our ability to change rates, to compete and to respond rapidly to changing industry conditions. Although newer alternative forms of regulation permit us greater freedoms in several states in which we operate, they nonetheless typically impose caps on the rates that we can charge our customers. As our business becomes increasingly competitive, regulatory disparities between us and our competitors could impede our ability to compete. Litigation and different objectives among federal and state regulators could create uncertainty and impede our ability to respond to new regulations. Moreover, changes in tax laws, regulations or policies could increase our tax rate, particularly if state regulators continue to search for additional revenue sources to address budget shortfalls. We are unable to predict the future actions of the various regulatory bodies that govern us, but such actions could materially affect our business.

We are subject to franchising requirements that could impede our expansion opportunities.

We may be required to obtain from municipal authorities operating franchises to install or expand facilities. Some of these franchises may require us to pay franchise fees. These franchising requirements generally apply to our fiber transport and CLEC operations, and to our emerging switched digital television and wireless broadband businesses. These requirements could delay us in expanding our operations or increase the costs of providing these services.

We will be exposed to risks relating to evaluations of controls required by Section 404 of the Sarbanes-Oxley Act.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and related regulations implemented by the SEC, the New York Stock Exchange and the Public Company Accounting Oversight Board, are increasing legal and financial compliance costs and making some activities more time consuming. The annual evaluation of our internal controls required by Section 404 of the Sarbanes-Oxley Act may result in identifying material weaknesses in our internal controls. Any future failure to successfully or timely complete these annual assessments could subject us to sanctions or investigation by regulatory authorities. Any such action could adversely affect our financial results or investors' confidence in us, and could cause our stock price to fall. If we fail to maintain effective controls and procedures, we may be unable to provide financial information in a timely and reliable manner, which could in certain instances limit our ability to borrow or raise capital.

For a more thorough discussion of the regulatory issues that may affect our business, see "Operations" above.

Other Risks

We have a substantial amount of indebtedness and may need to incur more in the future.

We have a substantial amount of indebtedness , which could have material adverse consequences for us, including (i) hindering our ability to adjust to changing market, industry or economic conditions; (ii) limiting our ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses; (iii) limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses; (iv) making us more vulnerable to economic or industry downturns, including interest rate increases; and (v) placing us at a competitive disadvantage to those of our competitors that have less indebtedness.

In connection with executing our business strategies, we are continuously evaluating the possibility of acquiring additional communications assets, and we may elect to finance acquisitions by incurring additional indebtedness. Moreover, to respond to the competitive challenges discussed above, we may be required to raise substantial additional capital to finance new product or service offerings. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. We cannot assure you that we will be able to obtain additional financing on terms acceptable to us or at all. If we are able to obtain additional financing, our credit ratings could be adversely affected. As a result, our borrowing costs would likely increase, our access to capital may be adversely affected and our ability to satisfy our obligations under our current indebtedness could be adversely affected.

As a holding company, we rely on payments from our operating companies to meet our obligations.

As a holding company, substantially all of our income and operating cash flow is dependent upon the earnings of our subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, us. As a result, we rely upon our subsidiaries to generate the funds necessary to meet our obligations, including the payment of amounts owed under our long-term debt. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts owed by us or, subject to limited exceptions for tax-sharing purposes, to make any funds available to us to repay our obligations, whether by dividends, loans or other payments. Certain of our subsidiaries may be restricted under loan agreements or regulatory orders from transferring funds to us, including certain loan provisions that restrict the amount of dividends that may be paid to us. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors. The footnotes to our consolidated financial statements included elsewhere herein describe these matters in additional detail.

Our agreements and organizational documents and applicable law could limit another party's ability to acquire us.

Under our articles of incorporation, each share of common stock that has been beneficially owned by the same person or entity continually since May 30, 1987 generally entitles the holder to ten votes on all matters duly submitted to a vote of shareholders. As of January 31, 2008, we estimate that the holders of our ten-vote shares held approximately 26% of our total voting power. Our articles also provide for a classified board of directors, which limits the ability of an insurgent to rapidly replace the board. In addition, a number of other provisions in our agreements and organizational documents and various provisions of applicable law may delay, defer or prevent a future takeover of CenturyTel unless the takeover is approved by our board of directors. This could deprive our shareholders of any related takeover premium.

We face other risks.

The list of risks above is not exhaustive, and you should be aware that we face various other risks. For a description of additional risks, please see "Operations" above, "Forward-Looking Statements" below, and the other items of this annual report, particularly Items 3, 7 and 8.

Forward-Looking Statements

This report on Form 10-K and other documents filed by us under the federal securities laws include, and future oral or written statements or press releases by us and our management may include, certain forward-looking statements, including without limitation statements with respect to our anticipated future operating and financial performance, financial position and liquidity, growth opportunities and growth rates, acquisition and divestiture opportunities, business prospects, regulatory and competitive outlook, investment and expenditure plans, investment results, financing opportunities and sources (including the impact of financings on our financial position, financial performance or credit ratings), pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives or accompanying statements of assumptions that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," "estimates," "hopes," "should," "could," and "may," and variations thereof and similar expressions. Such forward-looking statements are based upon our judgment and assumptions as of the date such statements are made concerning future developments and events, many of which are outside of our control. These forward-looking statements, and the assumptions upon which such statements are based, are inherently speculative and are subject to uncertainties that could cause our actual results to differ materially from such statements. These uncertainties include but are not limited to those set forth below:

- the extent, timing, success and overall effects of competition from wireless carriers, VoIP providers, CLECs, cable television companies, electric utilities and others, including without limitation the risks that these competitors may offer less expensive or more innovative products and services

- the risks inherent in rapid technological change, including without limitation the risk that new technologies will displace our products and services

- the effects of ongoing changes in the regulation of the communications industry, including without limitation (i) increased competition resulting from the FCC's regulations relating to interconnection and other matters, (ii) the final outcome of various federal, state and local regulatory initiatives and proceedings that could impact our competitive position, revenues, compliance costs, capital expenditures or prospects, and (iii) reductions in revenues received from the federal Universal Service Fund or other current or future federal and state support programs designed to compensate LECs operating in high-cost markets

- our ability to effectively adjust to changes in the communications industry

- our ability to effectively manage our growth, including without limitation our ability to (i) effectively manage our expansion opportunities, including successfully integrating newly-acquired businesses into our operations, (ii) attract and retain technological, managerial and other key personnel, (iii) achieve projected growth, revenue and cost savings targets, and (iv) otherwise monitor our operations, costs, regulatory compliance, and service quality and maintain other necessary internal controls

- possible changes in the demand for, or pricing of, our products and services, including without limitation reduced demand for traditional telephone services caused by greater use of wireless or Internet communications or other factors and reduced demand for our access services

- our ability to successfully introduce new product or service offerings on a timely and cost-effective basis, including without limitation our ability to (i) successfully roll out our new video, voice and broadband services, (ii) expand successfully our long distance, Internet access and fiber transport service offerings to new or acquired markets and (iii) offer bundled service packages on terms attractive to our customers

- our continued access to credit markets on favorable terms, including our continued access to financing in amounts, and on terms and conditions, necessary to support our operations and refinance existing indebtedness when it becomes due

- our ability to collect receivables from financially troubled communications companies

- our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages

- regulatory limits on our ability to change the prices for telephone services in response to industry changes

- impediments to our ability to expand through attractively priced acquisitions, whether caused by regulatory limits, financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers

- the possible need to make abrupt and potentially disruptive changes in our business strategies due to changes in competition, regulation, technology, product acceptance or other factors

- the lack of assurance that we can compete effectively against better-capitalized competitors

- the impact of network disruptions on our business

- the effects of adverse weather on our customers or properties

- other risks referenced in this report and from time to time in our other filings with the Securities and Exchange Commission

- the effects of more general factors, including without limitation:

  - ∴ changes in general industry and market conditions and growth rates
  - ∴ changes in labor conditions, including workforce levels and labor costs
  - ∴ changes in interest rates or other general national, regional or local economic conditions
  - ∴ changes in legislation, regulation or public policy, including changes in federal rural financing programs or changes that increase our tax rate
  - ∴ increases in capital, operating, medical or administrative costs, or the impact of new business opportunities requiring significant up-front investments
  - ∴ changes in our relationships with vendors, or the failure of these vendors to provide competitive products on a timely basis
  - ∴ failures in our internal controls that could result in inaccurate public disclosures or fraud
  - ∴ changes in our debt ratings
  - ∴ unfavorable outcomes of regulatory or legal proceedings, including rate proceedings and tax audits
  - ∴ losses or unfavorable returns on our investments in other communications companies
  - ∴ delays in the construction of our networks
  - ∴ changes in accounting policies, assumptions, estimates or practices adopted voluntarily or as required by generally accepted accounting principles, including the possible future unavailability of Statement of Financial Accounting Standards No. 71 to our wireline subsidiaries.

For additional information, see the description of our business included above, as well as Item 7 of this report. Due to these uncertainties, there can be no assurance that our anticipated results will occur, that our judgments or assumptions will prove correct, or that unforeseen developments will not occur. Accordingly, you are cautioned not to place undue reliance upon any of our forward-looking statements, which speak only as of the date made. Additional risks that we currently deem immaterial or that are not presently known to us could also cause our actual results to differ materially from those expected in our forward-looking statements. We undertake no obligation to update or revise any of our forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise.

Investors should also be aware that while we do, at various times, communicate with securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Accordingly, investors should not assume that we agree with any statement or report issued by an analyst irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties.

Our properties consist principally of telephone lines, central office equipment, and land and buildings related to telephone operations. As of December 31, 2007 and 2006, our gross property, pla and equipment of approximately $8.7 billion and $7.9 billion, respectively, consisted of the following:

	December 31,	
	2007	2006
Cable and wire	52.8%	53.5
Central office	32.0	32.0
General support	9.4	9.6
Fiber transport	3.3	2.8
Construction in progress	1.1	0.7
Other	1.4	1.4
	100.0	100.0

"Cable and wire" facilities consist primarily of buried cable and aerial cable, poles, wire, conduit and drops used in providing local and long distance services. "Central office" consists primarily of switching equipment, circuit equipment and related facilities. "General support" consists primarily of land, buildings, tools, furnishings, fixtures, motor vehicles and work equipment. "Fiber transport" consists of network assets and equipment to provide fiber transport services. "Construction in progress" includes property of the foregoing categories that has not been placed in service because it is still under construction.

The properties of certain of our telephone subsidiaries are subject to mortgages securing the debt of such companies. We own substantially all of the central office buildings, local administrative buildings, warehouses, and storage facilities used in our telephone operations.

For further information on the location and type of our properties, see the descriptions of our operations in Item 1.

Item 3. Legal Proceedings.

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 issu 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 i 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 co 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 c 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.

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, proceedings by or against taxing authorities, 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.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

Executive Officers of the Registrant - Information concerning our Executive Officers, set forth at Item 10 in Part III hereof, is incorporated in Part I of this Report by reference.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange and is traded under the symbol CTL. The following table sets forth the high and low sales prices, along with the quarterly dividends, for each of the quarters indicated.

	Sales prices		Dividend per
	High	Low	common share
2007:			
First quarter	$ 46.80	42.66	.0650
Second quarter	$ 49.94	45.14	.0650
Third quarter	$ 49.91	41.10	.0650
Fourth quarter	$ 46.90	39.91	.0650
2006:			
First quarter	$ 39.90	32.54	.0625
Second quarter	$ 40.00	34.79	.0625
Third quarter	$ 40.14	35.38	.0625
Fourth quarter	$ 44.11	39.34	.0625

Common stock dividends during 2007 and 2006 were paid each quarter. As of February 15, 2008, there were approximately 3,800 stockholders of record of our common stock. As of February 28, 2008, the closing stock price of our common stock was $37.45.

In February 2006, our Board of Directors authorized a $1.0 billion share repurchase program under which, in February 2006, we repurchased $500 million (or approximately 14.36 million shares) of our common stock under accelerated share repurchase agreements with certain investment banks at an initial average price of $34.83. The investment banks completed their repurchases in mid-July 2006 and in connection therewith we paid an aggregate of approximately $28.4 million cash to the investment banks to compensate them for the difference between their weighted average purchase price during the repurchase period and the initial average price. We repurchased the remaining $500 million of common stock of this program in open-market transactions through June 2007.

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 our repurchases of common stock during the fourth quarter of 2007.

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs*
October 1 – October 31, 2007	830,500	$ 45.64	830,500	$ 675,700,931
November 1 – November 30, 2007	1,013,381	$ 43.02	1,013,381	$ 632,103,121
December 1 – December 31, 2007	975,520	$ 41.63	975,520	$ 591,496,447
Total	2,819,401	$ 43.31	2,819,401	$ 591,496,447

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

In addition to the above repurchases, we also withheld 123 shares of stock at an average price of $45.10 per share to pay taxes due upon the vesting of restricted stock for certain of our employees in October 2007.

For information regarding shares of our common stock authorized for issuance under our equity compensation plans, see Item 12.

Item 6. Selected Financial Data.

The following table presents certain selected consolidated financial data as of and for each of the years ended in the five-year period ended December 31, 2007:

Selected Income Statement Data

	Year ended December 31,				
	2007	2006	2005	2004	2003
	(Dollars, except per share amounts, and shares expressed in thousands)				
Operating revenues	$ 2,656,241	2,447,730	2,479,252	2,407,372	2,367,610
Operating income	$ 793,078	665,538	736,403	753,953	750,396
Net income	$ 418,370	370,027	334,479	337,244	344,707
Basic earnings per share	$ 3.82	3.17	2.55	2.45	2.40
Diluted earnings per share	$ 3.72	3.07	2.49	2.41	2.35
Dividends per common share	$ .26	.25	.24	.23	.22
Average basic shares outstanding	109,360	116,671	130,841	137,215	143,583
Average diluted shares outstanding	113,094	122,229	136,087	142,144	148,779

Selected Balance Sheet Data

December 31,

	2007	2006	2005	2004	2003
			(Dollars in thousands)		
Net property, plant and equipment	$ 3,108,376	3,109,277	3,304,486	3,341,401	3,455,481
Goodwill	$ 4,010,916	3,431,136	3,432,649	3,433,864	3,425,001
Total assets	$ 8,184,553	7,441,007	7,762,707	7,796,953	7,895,852
Long-term debt	$ 2,734,357	2,412,852	2,376,070	2,762,019	3,109,302
Stockholders' equity	$ 3,409,205	3,190,951	3,617,273	3,409,765	3,478,516

The following table presents certain selected consolidated operating data as of the following dates:

	December 31,				
	2007	2006	2005	2004	2003
Telephone access lines (1) (2)	2,135,000	2,094,000	2,214,000	2,314,000	2,376,000
High-speed Internet customers (1)	555,000	369,000	249,000	143,000	83,000

(1) In connection with our Madison River acquisition in April 2007, we acquired approximately 164,000 telephone access lines and 57,000 high-speed Internet customers.

(2) Excluding adjustments during 2006 to reflect (i) the removal of test lines, (ii) database conversion and clean-up and (iii) the sale of our Arizona properties, access line losses for 2006 were approximately 107,000.

See Items 1 and 2 in Part I and Items 7 and 8 elsewhere herein for additional information.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

OVERVIEW

CenturyTel, Inc., together with its subsidiaries, is an integrated communications company engaged primarily in providing an array of communications services, including local and long distance voice, Internet access and broadband 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.

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. On June 30, 2005, we acquired fiber assets in 16 metropolitan markets from KMC Telecom Holdings, Inc. ("KMC") for approximately $75.5 million cash and have reflected the results of operations of KMC in our consolidated results of operations beginning July 1, 2005.

During 2007, we recognized approximately $49.0 million of network access revenues in connection with the settlement of a dispute with a carrier and approximately $42.2 million of revenues in connection with the lapse of a regulatory monitoring period (of which approximately $25.4 million is reflected in network access revenues and $16.8 million is reflected in data revenues). Neither of these favorable revenue items in 2007 are expected to reoccur in the future.

Effective January 1, 2007, we changed our relationship with our provider of satellite television service from a revenue sharing arrangement to an agency relationship and, in connection therewith, we received in the second quarter of 2007 a non-recurring reimbursement of $5.9 million, of which $4.1 million was reflected as a reduction of cost of services (which we previously incurred as subscriber acquisition costs) and the remainder was reflected as revenues. This change has also resulted in us recognizing lower recurring revenues and lower recurring operating costs compared to our prior arrangement.

In September 2007, we announced a reduction of our workforce to be completed by mid-2008 of approximately 200 jobs and, in connection therewith, incurred a net pre-tax charge of approximately $2.2 million (consisting of a $2.7 million charge to operating expenses, net of a $527,000 favorable revenue impact related to such expenses as allowed through our rate-making process) for severance and related costs. On March 1 and August 31, 2006, we announced workforce reductions involving an aggregate of approximately 400 jobs and, in connection therewith, incurred an aggregate net pre-tax charge of approximately $7.5 million (consisting of a $9.4 million charge to operating expenses, net of a $1.9 million favorable revenue impact related to such expenses as allowed through our rate-making process) for severance and related costs. See Note 8 for additional information.

In the fourth quarter of 2007, we recorded a $16.6 million pre-tax impairment charge in order to write-down the value of certain long-lived assets in certain of our CLEC markets to their estimated realizable value. The estimated realizable value was determined based on current proposals received during our sales process of such properties.

In the third quarter of 2007, we recorded a one-time pre-tax gain of approximately $10.4 million related to the sale of our interest in a real estate partnership. In the second quarter of 2006, we recorded a one-time pre-tax gain of approximately $117.8 million upon redemption of our investment in the stock of the Rural Telephone Bank ("RTB"). Subsequently, in the fourth quarter of 2007, upon final distribution of the remaining proceeds from the RTB dissolution, we recorded a pre-tax gain of approximately $5.2 million. See Note 15 for additional information.

Our net income for 2007 was $418.4 million, compared to $370.0 million during 2006 and $334.5 million during 2005. Diluted earnings per share for 2007 was $3.72 compared to $3.07 in 2006 and $2.49 in 2005. The number of average diluted shares outstanding declined 7.5% in 2007 and 10.2% in 2006 primarily due to our share repurchases during the past three years.

Year ended December 31,	2007	2006	2005
	(Dollars, except per share amounts, and shares in thousands)		
Operating income	$ 793,078	665,538	736,403
Interest expense	(212,906)	(195,957)	(201,801)
Other income (expense)	38,770	121,568	3,168
Income tax expense	(200,572)	(221,122)	(203,291)
Net income	$ 418,370	370,027	334,479
Basic earnings per share	$ 3.82	3.17	2.55
Diluted earnings per share	$ 3.72	3.07	2.49
Average basic shares outstanding	109,360	116,671	130,841
Average diluted shares outstanding	113,094	122,229	136,087

Operating income increased $127.5 million in 2007 as a $208.5 million increase in operating revenues was partially offset by an $81.0 million increase in operating expenses. Operating income decreased $70.9 million in 2006 due to a $31.5 million decrease in operating revenues and a $39.3 million increase in operating expenses.

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 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 our business are described in greater detail in Item 1A included herein. 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.

All references to "Notes" in this Item 7 refer to the Notes to Consolidated Financial Statements included in Item 8 of this annual report.

OPERATING REVENUES

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Voice	$ 889,960	871,767	902,510
Network access	941,506	878,702	959,838
Data	460,755	351,495	318,770
Fiber transport and CLEC	159,317	149,088	115,454
Other	204,703	196,678	182,680
Operating revenues	$ 2,656,241	2,447,730	2,479,252

During 2007 and 2005, we recognized revenues of approximately $42.2 million and $35.9 million, respectively, related to the expiration of regulatory monitoring periods. Of the $42.2 million recognized in 2007, approximately $25.4 million is reflected in network access revenues and $16.8 million is reflected in data revenues. Of the $35.9 million recognized in 2005, approximately $24.5 million is reflected in network access revenues and approximately $11.4 million is reflected in data revenues. In addition, in 2007 we recognized approximately $49.0 million of revenues related to the settlement of a dispute with a carrier. We do not expect this level of favorable revenue settlements to reoccur in the future.

Revenues from voice mail services previously reflected in "other" revenues have been reclassified to "voice" revenues for all periods presented.

Voice revenues. We derive voice revenues by providing local exchange telephone services and retail long distance services to customers in our service areas. The $18.2 million (2.1%) increase in voice revenues in 2007 is primarily due to $43.3 million of revenues attributable to the Madison River properties acquired April 30, 2007. Such increase was partially offset by (i) a $20.7 million decrease due to a 5.2% decline in the average number of access lines (normalized for acquisitions, dispositions and previously-disclosed adjustments made during 2006) and (ii) a $6.0 million decline as a result of a decrease in revenues associated with extended area calling plans.

The $30.7 million (3.4%) decrease in voice revenues in 2006 is primarily due to (i) a $22.3 million decrease due a 4.8% decline in the average number of access lines served and (ii) a $26.1 million decline as a result of a decrease in minutes of use in extended area calling plans in certain areas. Such decreases were partially offset by (i) a $12.6 million increase in long distance revenues primarily attributable to an increase in the number of long distance lines and increased long distance minutes of use, both of which were partially offset by a decline in the average rate we charged our long distance customers, and (ii) a $9.9 million increase due to providing custom calling features to more customers.

Normalized for the adjustments mentioned above, access lines declined 119,700 (5.7%) during 2007 compared to a decline of 107,000 (4.8%) during 2006. We believe the decline in the number of access lines during 2007 and 2006 is primarily due to the displacement of traditional wireline telephone services by other competitive services. Based on our planned results for recent sales and retention initiatives, we are targeting our access line loss to be between 4.5% and 6.0% in 2008.

Network access revenues. 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. Certain of our interstate network access revenues are based on tariffed access charges filed directly with the Federal Communications Commission ("FCC"); the remainder of such revenues are derived under revenue sharing arrangements with other local exchange carriers ("LECs") administered by the National Exchange Carrier Association. Intrastate network access revenues are based on tariffed access charges filed with state regulatory agencies or are derived under revenue sharing arrangements with other LECs.

Network access revenues increased $62.8 million (7.1%) in 2007 and decreased $81.1 million (8.5%) in 2006 due to the following factors:

	2007 increase (decrease)	2006 increase (decrease)
	(Dollars in thousands)	
Settlement of a dispute with a carrier	$ 48,987	-
Acquisition of Madison River	33,923	-
Expiration of regulatory monitoring periods	25,402	(24,556)
Intrastate revenues due to decreased minutes of use, decreased access rates in certain states and recovery from state support funds	(20,912)	(19,201)
Partial recovery of operating costs through revenue sharing arrangements with other telephone companies, interstate access revenues and return on rate base	(21,311)	(16,825)
Recovery from the federal Universal Service High Cost Loop support program	2,231	(11,637)
Prior year revenue settlement agreements	(2,346)	(6,663)
Other, net	(3,170)	(2,254)
	$ 62,804	(81,136)

In March 2006, we filed a complaint against a carrier for recovery of unpaid and underpaid access charges for calls made using the carrier's prepaid calling cards and calls that used Internet Protocol for a portion of their transmission. The carrier filed a counterclaim against us, asserting that we improperly billed them terminating intrastate access charges on certain wireless roaming traffic. In April 2007, we entered into a settlement agreement with the carrier and received approximately $49 million cash from them related to the issues described above. This amount is reflected in our 2007 results of operations as a component of "Network access" revenues.

In third quarter 2007, upon the lapse of the applicable 2003/2004 monitoring period for certain of our tariffed billings, we recognized approximately $42.2 million of revenues (of which approximately $25.4 million is reflected in network access revenues and $16.8 million is reflected in data revenues). Such amount represented billings from tariffs prior to July 2004 in excess of the authorized rate of return that we initially recorded as a deferred credit pending completion of such 2003/2004 monitoring period.

Our revenues from the Universal Service High Cost Loop Fund increased approximately $2.2 million in 2007 after decreasing $11.6 million in 2006. Such decrease in 2006 was primarily due to an increase in the nationwide average cost per loop factor used by the FCC to allocate funds among all recipients. We anticipate our 2008 revenues from the federal Universal Service High Cost Loop support program will decrease between $14 and $17 million compared to 2007.

In 2007 and 2006, we experienced reductions in our intrastate revenues of approximately $20.9 million and $19.2 million, respectively, primarily due to a reduction in intrastate minutes (partially due to the displacement of minutes by wireless, electronic mail and other optional calling services). We believe that intrastate minutes will continue to decline in 2008, although we cannot estimate the magnitude of such decrease.

Data revenues . We derive our data revenues primarily by providing Internet access services (both DSL and dial-up services) and data transmission services over special circuits and private lines. Data revenues in 2007 increased $109.3 million (31.1%) substantially due to (i) a $66.4 million increase in DSL-related revenues due primarily to growth in the number of DSL customers; (ii) $34.5 million of revenues contributed by Madison River and (iii) $16.8 million of one-time revenues recorded in third quarter 2007 upon expiration of the above-described regulatory monitoring period. Such increases were partially offset by a $5.4 million decrease in special access revenues primarily due to certain customers disconnecting circuits and a $5.1 million decrease in dial-up Internet revenues due to a decline in the number of dial-up customers.

Data revenues increased $32.7 million (10.3%) in 2006, substantially due to a $54.0 million increase in DSL-related revenues primarily due to growth in the number of high-speed Internet customers. Such increase was partially offset by a decrease in prior year revenue settlements due to the above-described recognition of approximately $11.4 million of revenues in third quarter 2005 upon the lapse of a regulatory monitoring period and a $4.9 million decrease due to a reduced number of dial-up Internet customers.

Fiber transport and CLEC. Our fiber transport and CLEC revenues include revenues from our fiber transport, competitive local exchange carrier ("CLEC") and security monitoring businesses. Fiber transport and CLEC revenues increased $10.2 million (6.9%) in 2007, of which $8.7 million was due to growth in our incumbent fiber transport business and $4.8 million was contributed by Madison River. Such increases were partially offset by a $3.5 million decrease in CLEC revenues primarily due to customer disconnects.

Fiber transport and CLEC revenues increased $33.6 million (29.1%) in 2006, of which $24.4 million was due to revenues from the fiber assets acquired on June 30, 2005 from KMC and $8.5 million was attributable to growth in our incumbent fiber transport business.

Other revenues. 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) providing new service offerings, principally consisting of our new video and wireless reseller services. Other revenues increased $8.0 million (4.1%) in 2007. Such increase was primarily due to $13.9 million of revenues contributed by Madison River. In connection with receiving a one-time reimbursement as a result of our above-described change in our contractual relationship with our satellite television service provider, we recorded a $1.9 million one-time increase to revenues in 2007. The impact of the change in the arrangement from a gross to a net revenue presentation resulted in an $8.2 million decrease in recurring revenues for the twelve months ended December 31, 2007 compared to 2006.

Other revenues increased $14.0 million (7.7%) during 2006 primarily due to a $12.1 million increase in revenues of our video and wireless reseller offerings and a $2.5 million increase in directory revenues.

OPERATING EXPENSES

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	

Cost of services and products (exclusive of depreciation and amortization)	$	937,375	888,414	821,929
Selling, general and administrative		389,533	370,272	388,989
Depreciation and amortization		536,255	523,506	531,931
Operating expenses	$	1,863,163	1,782,192	1,742,849

Cost of services and products. Cost of services and products increased $49.0 million (5.5%) in 2007 primarily due to (i) $52.5 million of costs incurred by our Madison River properties; (ii) a $20.9 million increase in DSL-related expenses due to growth in the number of DSL customers; (iii) a $16.6 million impairment charge related to certain of our CLEC assets that we expect to sell in the near term; and (iv) a $7.8 million increase in expenses associated with pole attachments primarily due to rate increases. Such increases were partially offset by (i) a $33.1 million decrease in salaries and benefits due to costs associated with workforce reductions in 2006 and due to fewer incumbent employees resulting from our recent workforce reductions and (ii) a $19.7 million decrease in expenses associated with our satellite television service offering due to a change in our arrangement as mentioned above (such reduction includes a $4.1 million one-time reimbursement of costs received from the service provider in 2007 in connection with the change in the arrangement, as described above).

Cost of services and products increased $66.5 million (8.1%) in 2006 primarily due to (i) an $18.9 million increase in expenses incurred by the properties acquired from KMC; (ii) an $18.3 million increase in costs associated with growth in our long distance business; (iii) a $14.3 million increase in expenses associated with our video and wireless reseller service offerings; (iv) an $11.5 million increase in Internet operating expenses primarily due to growth in the number of high-speed Internet customers; and (v) $8.6 million of severance and related costs associated with our workforce reduction in 2006 (see Note 8).

Selling, general and administrative. Selling, general and administrative expenses increased $19.3 million (5.2%) in 2007 primarily due to (i) $16.4 million of costs incurred by Madison River; (ii) an $8.2 million increase in salaries and benefits; and (iii) a $5.6 million increase in sales and marketing expenses. Such increases were partially offset by (i) a $5.7 million reduction in bad debt expense and (ii) a $4.3 million decrease in information technology expenses.

Selling, general and administrative expenses decreased $18.7 million (4.8%) in 2006 primarily due to an $11.0 million decrease in marketing expenses; a $10.6 million reduction in information technology expenses; an $8.7 million reduction in bad debt expense; and a $5.8 million decrease in operating taxes. These decreases were partially offset by a $9.9 million increase in salaries and benefits and a $5.5 million increase in expenses incurred from the properties acquired from KMC.

Depreciation and amortization . Depreciation and amortization increased $12.7 million (2.4%) in 2007 primarily due to $32.5 million of depreciation and amortization incurred by Madison River and a $14.8 million increase due to higher levels of plant in service. Such increases were substantially offset by a $31.7 million reduction in depreciation expense due to certain assets becoming fully depreciated.

Depreciation and amortization decreased $8.4 million (1.6%) in 2006, primarily due to a $25.3 million reduction in depreciation expense due to certain assets becoming fully depreciated. Such decrease was partially offset by (i) a $16.6 million increase due to higher levels of plant in service and (ii) a $3.1 million increase due to depreciation and amortization of the properties acquired from KMC.

Other. For additional information regarding certain matters that have impacted or may impact our operations, see “Regulation and Competition”.

INTEREST EXPENSE

Interest expense increased $16.9 million (8.6%) in 2007 compared to 2006. A $22.7 million increase due to increased average debt outstanding (primarily due to the $750 million of senior notes issued in March 2007 to fund the Madison River acquisition) was partially offset by a $5.9 million decrease due to lower average interest rates.

Interest expense decreased $5.8 million (2.9%) in 2006 compared to 2005 as a $10.5 million decrease due primarily to a decrease in average debt outstanding was partially offset by a $7.1 million increase due to higher average interest rates.

OTHER INCOME (EXPENSE)

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains or losses from nonoperating asset dispositions and impairments, our share the income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was $38.8 million in 2007, $121.6 million in 200 and $3.2 million in 2005. The years 2007, 2006 and 2005 were impacted by certain charges and credits that are not expected to occur in the future. The year 2007 include a non-recurring pre-tax gain $10.4 million related to the sale of our interest in a real estate partnership and a $5.2 million pre-tax gain resulting from the final distribution of funds from the RTB redemption mentioned below. Included in 2006 were pre-tax gains of approximately $118.6 million (substantially all of which related to the redemption of our RTB stock upon dissolution of the RTB), which was partially offset by pre-tax charges of approximately $11.7 million due to the impairment of certain non-operating investments. Included in 2005 was (i) a $16.2 million pre-tax charge due to the impairment of a non-operating investment; (ii) a $4.8 million debt extinguishment expense related to purchasing and retiring approximately $400 million of our Senior J notes; (iii) $3.2 million of non-recurring interes income related to the settlement of various income tax audits; and (iv) a $3.5 million gain from the sale of a non-operating investment.

Our share of income from our 49% interest in a cellular partnership increased $8.7 million in 2007 compared to 2006. Such increase was partially due to favorable adjustments recorded in 2007 that resulted from the unaffiliated general partner completing the audited financial statements of this partnership for the years ended December 31, 2006 and 2005. Previously for these time periods, we had recorded our share of the partnership income based on unaudited results of operations.

INCOME TAX EXPENSE

The effective income tax rate was 32.4%, 37.4%, and 37.8% for 2007, 2006 and 2005, respectively. Income tax expense was reduced by approximately $32.7 million in 2007 due to the recognition of previously unrecognized tax benefits (see below and Note 12). Income tax expense was reduced by approximately $6.4 million in 2006 due to the resolution of various income tax audit issues.

Income tax expense for 2005 was increased by $19.5 million as a result of increasing the valuation allowance related to net state operating loss carryforwards. This increase was primarily due to changes in state income tax laws and other factors which impacted the projections of future taxable income. This tax expense increase was more than offset by (i) a reduction of state income tax reserves ($11.6 million, net of federal income tax benefit); (ii) a reduction in our composite state income tax rate due to more income being apportioned to states with lower state tax rates ($8.5 million); and (iii) the favorable settlement of various federal income tax audits ($1.3 million).

ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), which clarifies the accounting for uncertainty i income taxes recognized in financial statements. FIN 48 required us, effective January 1, 2007, to recognize and measure tax benefits taken or expected to be taken in a tax return and disclose uncertainties in income tax positions. See Note 12 for additional information related to our income tax uncertainties.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required or permitted under other accounting pronouncements. SFAS 157 is effective fo us beginning January 1, 2008. We currently do not expect SFAS 157 to have a material adverse effect on our results of operations.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Plans and Other Postretirement Plans” (“SFAS 158”). SFAS 158 was effective for our December 31, 2006 balance sheet and required us to recognize the overfunded or underfunded status of our defined benefit and postretirement plans as an asset or liability on our balance sheet and to recognize changes in that funded status in the year in which the changes occur through adjustments to other comprehensive incor (loss) and to stockholders’ equity, reflected in accumulated other comprehensive loss. As a result of the implementation of SFAS 158 on December 31, 2006, our non-current assets decreased $64.7 million, our current liabilities decreased $898,000, our non-current liabilities (excluding deferred income taxes) increased approximately $99.5 million, our deferred income taxes decreased approximately $65.4 million and our stockholders’ equity (reflected in accumulated other comprehensive loss) decreased approximately $97.9 million. See Note 1 for additional information.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (“SAB 108”). SAB 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB 108 requires companies to quantify misstatements using both a balance sheet approach and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of the relevant quantitative and qualitative factors. We adopted SAB 108 in the fourth quarter of 2006. Upon the implementation of SAB 108, we recognized a net $9.7 million increase to January 1, 2006 retained earnings for the cumulative effect of correcting prior year uncorrected misstatements. See Note 1 for additional information.

On January 1, 2003, we adopted Statement of Financial Accounting Standards No. 143, “Accounting for Asset Retirement Obligations” (“SFAS 143”), which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets and requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and be capitalized as part of the book value of the long-lived asset. Although we generally have no legal obligation to remove obsolete assets, depreciation rates of certain assets established by regulatory authorities for our telephone operations subject to Statement of Financial Accounting Standards No. 71, “Accounting for the Effects of Certain Types of Regulation” (“SFAS 71”), have historically included a component for removal costs in excess of the related estimated salvage value. Notwithstanding the adoption of SFAS 143, SFAS 71 requires us to continue to reflect this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets. Therefore, we did not adopt the provisions of SFAS 143 for our telephone operations subject to SFAS 71. For these reasons, the adoption of SFAS 143 did not have a material effect on our financial statements. For our telephone operations acquired from Verizon in 2002 (which are not subject to SFAS 71) and our other non-regulated operations, we have not accrued a liability for anticipated removal costs related to tangible long-lived assets through an adjustment to our depreciation rates for these assets.

On March 31, 2005, the Financial Accounting Standards Board issued Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations” (“FIN 47”), an interpretation of SFAS 143. FIN 47, which was effective for fiscal years ending after December 15, 2005, clarifies that the recognition and measurement provisions of SFAS 143 apply to asset retirement obligations in which the timing or method of settlement may be conditional on a future event that may or may not be within control of the entity. We identified conditional asset retirement obligations for (i) asbestos removal in buildings, (ii) removal of underground storage tanks, (iii) our property located on public and private rights-of way and (iv) our property that is attached to poles owned by other utilities and municipalities. Due to a lack of historical experience from which to reasonably estimate a settlement date or range of settlement dates, we concluded that an asset retirement obligation associated with our property located on rights-of-way is indeterminate. We also concluded that our conditional asset retirement obligations related to the removal of asbestos, underground storage tanks and our property that is attached to other entities’ poles was immaterial to our financial condition and results of operations and therefore has not been recognized.

CRITICAL ACCOUNTING POLICIES

Our financial statements are prepared in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate our estimates and assumptions including those related to (i) revenue recognition, (ii) allowance for doubtful accounts, (iii) pension and postretirement benefits, (iv) intangible and long-lived assets and (v) income taxes. Actual results may differ from these estimates and assumptions. We believe these critical accounting policies discussed below involve a higher degree of judgment or complexity.

Revenue recognition. Certain of our interstate network access and data revenues are based on tariffed access charges filed directly with the FCC; the remainder of such revenues is derived from revenue sharing arrangements with other LECs administered by the National Exchange Carrier Association, with the exception of DSL-related revenues which were removed from our pooled interstate tariff filing effective July 1, 2006 and are now recognized as revenues when billed. During 2004, we began generally recognizing such interstate network access revenues at the authorized rate of retur unless the actual achieved or projected rate of return was lower than authorized.

The Telecommunications Act of 1996 allows local exchange carriers to file access tariffs on a streamlined basis and, if certain criteria are met, deems those tariffs lawful. Tariffs that have been “deemed lawful” in effect nullify an interexchange carrier’s ability to seek refunds should the earnings from the tariffs ultimately result in earnings above the authorized rate of return prescribed by the FCC. Certain of our telephone subsidiaries file interstate tariffs with the FCC using this streamlined filing approach. Since July 2004, we have recognized billings from our tariffs as revenue since we believe such tariffs are “deemed lawful”. There is no assurance that our future tariff filings will be “deemed lawful”. For those billings from tariffs prior to July 2004, we initially recorded as a deferred credit our earnings in excess of the authorized rate of return. Upon the lapse of the applicable regulatory monitoring periods, we recorded approximately $42.2 million as revenue in 2007 and approximately $35.9 million as revenue in 2005. We do not expect these favorable revenue settlements to reoccur in the future.

Allowance for doubtful accounts . In evaluating the collectibility of our accounts receivable, we assess a number of factors, including a specific customer’s or carrier’s ability to meet its financia obligations to us, the length of time the receivable has been past due and historical collection experience. Based on these assessments, we record both specific and general reserves for uncollectible accounts receivable to reduce the related accounts receivable to the amount we ultimately expect to collect from customers and carriers. If circumstances change or economic conditions worsen such tl our past collection experience is no longer relevant, we may need to increase our reserves from the levels reflected in our accompanying consolidated balance sheet.

Pension and postretirement benefits. The amounts recognized in our financial statements related to pension and postretirement benefits are determined on an actuarial basis, which utilizes many assumptions in the calculation of such amounts. A significant assumption used in determining our pension and postretirement expense is the expected long-term rate of return on plan assets. For 2007 and 2006, we utilized an expected long-term rate of return on plan assets of 8.25%, which we believe reflects the expected long-term rates of return in the financial markets.

Another assumption used in the determination of our pension and postretirement benefit plan obligations is the appropriate discount rate. Our discount rate at December 31, 2007 ranged from 6.3-6.5% compared to 5.75-5.80% at December 31, 2006, which we believe is the appropriate rate at which the pension and postretirement benefits could be effectively settled. Such rates were determined based on a discounted cash flow analysis of the expected cash outflows of our benefit plans. A 25 basis point decrease in the assumed discount rate would increase annual combined pension and postretirement expense approximately $1.7 million.

Intangible and long-lived assets. We are subject to testing for impairment of long-lived assets under two accounting standards, Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”), and Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”).

SFAS 142 requires goodwill recorded in business combinations to be reviewed for impairment at least annually and requires write-downs only in periods in which the recorded amount of goodwill exceeds the fair value. Under SFAS 142, impairment of goodwill is tested by comparing the fair value of the reporting unit to its carrying value (including goodwill). Estimates of the fair value of the reporting unit are based on valuation models using techniques such as multiples of earnings (before interest, taxes and depreciation and amortization). If the fair value of the reporting unit is less than the carrying value, a second calculation is required in which the implied fair value of goodwill is compared to its carrying value. If the implied fair value of goodwill is less than its carrying value, goodwill must be written down to its implied fair value. We completed the required annual test of goodwill impairment (as of September 30, 2007) under SFAS 142 and determined our goodwill was not impaired as of such date.

Under SFAS 144, the carrying value of long-lived assets other than goodwill is reviewed for impairment whenever events or circumstances indicate that such carrying amount cannot be recoverable by assessing the recoverability of the carrying value through estimated undiscounted net cash flows expected to be generated by the assets. If the undiscounted net cash flows are less than the carrying value, an impairment loss would be measured as the excess of the carrying value of a long-lived asset over its fair value. We recognized a $16.6 million pre-tax impairment charge in 2007 related to certain of our CLEC assets that we expect to sell.

Income taxes. We estimate our current and deferred income taxes based on our assessment of the future tax consequences of transactions that have been reflected in our financial statements or applicable tax returns. Actual income taxes paid could vary from these estimates due to future changes in income tax law or the resolution of audits by federal and state taxing authorities. We maintain liabilities for unrecognized tax benefits for various uncertain tax positions taken in our tax returns. These liabilities are estimated based on our judgment of the probable outcome of the uncertain tax positions and are adjusted periodically based on changing facts and circumstances. Changes to the liabilities for unrecognized tax benefits could materially affect operating results in the period of change. During 2007, we released approximately $32.7 million of previously unrecognized tax benefits (including related interest and net of federal benefit) in accordance with FIN 48. Such benefit was recorded primarily as a result of the favorable resolution of audits, administrative practices and the lapse of statute of limitations in certain jurisdictions. See Note 12 for additional information regarding our unrecognized tax benefits.

For additional information on our critical accounting policies, see “Accounting Pronouncements” and “Regulation and Competition – Other Matters” below, and the footnotes to our consolidated financial statements included elsewhere herein.

INFLATION

Historically, we have mitigated the effects of increased costs by recovering over time certain costs applicable to our regulated telephone operations through the rate-making process. However, LECs operating over 72% of our total access lines are now governed by state alternative regulation plans, some of which restrict or delay our ability to recover increased costs. Additional future regulatory changes and competitive situations may further alter our ability to recover increased costs in our regulated operations. For the properties acquired from Verizon in 2002, which are regulated under price-cap regulation for interstate purposes, price changes for certain revenue components are limited to the rate of inflation. As operating expenses in our nonregulated lines of business increase as a result of inflation, we, to the extent permitted by competition, attempt to recover the costs by increasing prices for our services and equipment.

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 of 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 December 31, 2007, the fair value of our long-term debt was estimated to be $3.0 billion based on the overall weighted average rate of our long-term debt of 6.6% and an overall weighted maturity of 8 years compared to terms and rates available on such date 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 66 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 $1 million decrease in the fair value of our long-term debt. As of December 31, 2007, after giving effect to interest rate swaps currently in place, approximately 83% of our long-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, we use 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. We periodically review our exposure to interest rate fluctuations and implement strategies to manage the exposure.

At December 31, 2007, we had outstanding four fair value interest rate hedges associated with the full $500 million aggregate principal amount of our Series L senior notes, due 2012, that pay interest at a fixed rate of 7.875%. These hedges are "fixed to variable" interest rate swaps that effectively convert our fixed rate interest payment obligations under these notes into obligations to pay variable rates that range from the six-month London InterBank Offered Rate ("LIBOR") plus 3.229% to the six-month LIBOR plus 3.67%, with settlement and rate reset dates occurring each six months through the expiration of the hedges in August 2012. During 2007, we realized an average interest rate under these hedges of 8.70% and interest expense was greater than it would have otherwise been by $4.1 million during 2007 as a result of these hedges. The aggregate fair market value of these hedges was $3.0 million at December 31, 2007 and is reflected both as an asset and as an increase in our underlying long-term debt on the December 31, 2007 balance sheet. With respect to each of these hedges, market risk is estimated as the potential change in the fair value of the hedge resulting from a hypothetical 10% increase in the forward rates used to determine the fair value. A hypothetical 10% increase in the forward rates would result in a $9.6 million decrease in the fair value of these hedges at December 31, 2007, and would also increase our interest expense.

In third quarter 2007, we entered into a hedge transaction that effectively locked-in the interest rate for the six-month period ended February 2008 related to the $500 million of Series L notes th previously were effectively converted to variable rate notes pursuant to the "fixed to variable" interest rate swaps described above. This hedge did not qualify for hedge accounting treatment and therefore is adjusted to its fair value each period (with a corresponding adjustment through the income statement).

In January 2008, we terminated all of our existing derivatives (including those described above) and received a net cash settlement of approximately $20.7 million in connection therewith. See Note 20 for additional information regarding the termination of our derivatives.

In anticipation of the issuance of Senior Notes in connection with the Madison River acquisition, we entered into four cash flow hedges that effectively locked in the interest rate on an aggregate of $400 million of debt. The issuance of these Senior Notes was completed in late March 2007 with the issuance of $500 million of 6.0% Senior Notes, due 2017, and $250 million of 5.5% Senior Notes, due 2013. We locked in the interest rate on (i) $200 million of 10-year debt at 5.0675% and (ii) $200 million of 10-year debt at 5.05%. In March 2007, upon settlement of the hedges, we received an aggregate of $765,000 cash, which is being amortized as a reduction of interest expense over the 10-year term of the debt.

During 2007, we also reviewed our exposure to risks related to the assets in our investment portfolios (including our pension plan assets) in connection with the market volatility related to the sub-prime credit market issues and other economic factors. These unfavorable economic factors did not have a material adverse impact on the valuation of the assets in our investment portfolios.

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 conditio vary from assumptions used in the fair value calculations. The analysis above incorporates only those risk exposures that existed as of December 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

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

Operating activities. Net cash provided by operating activities was $1.0 billion, $840.7 million and $967.1 million in 2007, 2006 and 2005, respectively. Our accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of those years. As relief from the effects of Hurricane Katrina, certain of our affected subsidiaries were granted a deferral from making their remaining 2005 estimated federal income and excise tax payments until 2006. During 2006, we made payments of approximately $75 million to satisfy our remaining 2005 estimated payments. For additional information relating to our operations, see "Results of Operations" above.

Investing activities. Net cash used in investing activities was $619.2 million, $193.7 million and $483.7 million in 2007, 2006 and 2005, respectively. We used $306.8 million of cash (net of approximately $20.0 million of acquired cash) to purchase Madison River Communications Corp. ("Madison River") and pay related closing costs on April 30, 2007 (see below and Note 2 for additional information). Cash used for acquisitions was $75.5 million in 2005 (due to the acquisition of fiber assets in 16 metropolitan markets from KMC). We received approximately $122.8 million cash from the redemption of our RTB stock upon dissolution of the RTB during 2006. See Note 15 for additional information. Capital expenditures during 2007, 2006 and 2005 were $326.0 million, $314.1 million and $414.9 million, respectively.

Financing activities. Net cash used in financing activities was $402.1 million in 2007, $780.2 million in 2006 and $491.7 million in 2005. In late March 2007, we publicly issued an aggregate of $750 million of Senior Notes (see Note 5 for additional information). The net proceeds from the issuance of such Senior Notes aggregated approximately $741.8 million and were used (along with cash on hand and approximately $50 million of borrowings under our commercial paper program) to (i) finance the initial purchase price for the April 30, 2007 acquisition of Madison River ($322 million) and (ii) pay off Madison River's existing indebtedness (including accrued interest) at closing ($522 million). We invested the cash proceeds from the debt offering in short-term cash equivalents prior to the acquisition of Madison River. Payments of debt were $713.0 million in 2007, $82.0 million in 2006 and $693.3 million in 2005.

In accordance with previously announced stock repurchase programs, we repurchased 10.2 million shares (for $460.7 million), 21.4 million shares (for $802.2 million), and 16.4 million shares (for $551.8 million) in 2007, 2006 and 2005, respectively. The 2006 repurchases include 14.36 million shares repurchased (for an aggregate final adjusted price of approximately $528.4 million) under accelerated share repurchase agreements with investment banks (see Note 9 for additional information). We initially funded purchases under these agreements principally through borrowings under our $750 million credit facility and cash on hand and subsequently refinanced the credit facility borrowings through the issuance of short-term commercial paper. The 2005 repurchases include 12.9 million shares repurchased (for an aggregate final price of $437.5 million) under accelerated share repurchase agreements (see below and Note 9 to the accompanying financial statements for additional information).

As described further in Note 5, we called for redemption on August 14, 2007, all of our $165 million aggregate principal amount of Series K convertible senior debentures, subject to the right of holders to convert their debentures into shares of our common stock at a conversion price of $40.455. In lieu of cash redemption, holders of approximately $149.6 million aggregate principal amount of the debentures elected to convert their holdings into approximately 3.7 million shares of CenturyTel common stock. The remaining $15.4 million of outstanding debentures were retired for cash (including premium and accrued and unpaid interest).

In February 2005, we remarketed substantially all of our $500 million of outstanding Series J senior notes due 2007 at an interest rate of 4.628%. We received no proceeds in connection with the remarketing as all proceeds were held in trust to secure the obligation of our equity unit holders to purchase common stock from us on May 16, 2005. In connection with the remarketing, we purchased and retired approximately $400 million of the notes, resulting in approximately $100 million remaining outstanding through their maturity in May 2007. We incurred a pre-tax charge of approximately $6 million in the first quarter of 2005 related to purchasing and retiring the notes. We purchased such notes with proceeds from the February 2005 issuance of $350 million of 5% senior notes, Series M, due 2015 and cash on hand.

On May 16, 2005, upon settlement of 15.9 million of our outstanding equity units, we received proceeds of approximately $398.2 million and issued approximately 12.9 million common shares. In late May 2005, we entered into accelerated share repurchase agreements with investment banks whereby we repurchased and retired 12.9 million shares of common stock for an aggregate final price of $437.5 million, the proceeds of which came from the settlement of the equity units mentioned above and cash on hand.

Other. For 2008, we have budgeted $300 million for capital expenditures. In 2006, we concluded that our prior extensive capital investment in our wireline network permitted us to reduce network capital spending to maintenance levels. Our 2008 capital expenditure budget also includes amounts for expanding our new service offerings and expanding our data networks.

In the first quarter of 2008, we paid a $25.0 million deposit to the FCC to enable us to participate in its auction of 700 MHz spectrum, which is still ongoing. Our deposit will be credited against the cost of any spectrum purchased by us in the auction.

The following table contains certain information concerning our material contractual obligations as of December 31, 2007.

	Payments due by period				
Contractual obligations	Total	2008	2009-2010	2011-2012	After 2012 and Other
			(Dollars in thousands)		

Long-term debt, including current maturities and capital lease obligations (1)	$	3,014,255	279,898	528,143	522,587	1,683,627
Interest on long-term debt obligations	$	1,525,455	187,192	359,314	266,915	712,034
Unrecognized tax benefits (2)	$	31,981	-	-	-	31,981

(1) For additional information on the terms of our outstanding debt instruments, see Note 5 to the consolidated financial statements included in Item 8 of this annual report.

(2) Represents the amount of tax and interest we would pay assuming we are required to pay the entire amount that we have reserved for our unrecognized tax benefits (see Note 12 for additional information). The timing of any payments for our unrecognized tax benefits cannot be predicted with certainty; therefore, such amount is reflected in the "After 2012 and Other" column in the above table.

We continually evaluate the possibility of acquiring additional communications operations and expect to continue our long-term strategy of pursuing the acquisition of attractively-priced communications properties in exchange for cash, securities or both. At any given time, we may be engaged in discussions or negotiations regarding additional acquisitions. We generally do not announce our acquisitions or dispositions until we have entered into a preliminary or definitive agreement. We may require additional financing in connection with any such acquisitions, the consummation of which could have a material impact on our financial condition or operations. Approximately 4.1 million shares of our common stock and 200,000 shares of our preferred stock remain available for future issuance in connection with acquisitions under our acquisition shelf registration statement. We also have access to debt and equity capital markets.

We have available a five-year, $750 million revolving credit facility which expires in December 2011. The credit facility contains financial covenants that require us to meet a consolidated leverage ratio (as defined in the facility) not exceeding 4 to 1 and a minimum interest coverage ratio (as defined in the facility) of at least 1.5 to 1. The interest rate on revolving loans under the facility is based on our choice of several prevailing commercial lending rates plus an additional margin that varies depending on our credit ratings and aggregate borrowings under the facility. We must pay a quarterly commitment fee on the unutilized portion of the facility, the amount of which varies based on our credit ratings. 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 in turn are effectively limited to the total amount available under our credit facility. As of December 31, 2007, we had no amounts outstanding under our credit facility or commercial paper program.

Moody's Investors Service ("Moody's") rates our long-term debt Baa2 (with a stable outlook) and Standard & Poor's ("S&P") rates our long-term debt BBB (with a negative outlook). Our commercial paper program is rated P2 by Moody's and A3 by S&P. Any downgrade in our credit ratings will increase our borrowing costs and commitment fees under our $750 million revolving credit facility. Downgrades could also restrict our access to the capital markets, increase our borrowing costs under new or replacement debt financings, or otherwise adversely affect the terms of future borrowings by, among other things, increasing the scope of our debt covenants and decreasing our financial or operating flexibility.

The following table reflects our debt to total capitalization percentage and ratio of earnings to fixed charges and preferred stock dividends as of and for the years ended December 31, 2007, 2006 and 2005. Our debt to capitalization ratio has increased primarily due to share repurchases we have made during the last few years.

	2007	2006	2005
Debt to total capitalization	46.9%	44.8	42.3
Ratio of earnings to fixed charges and preferred stock dividends*	3.87	3.97	3.60

* For purposes of the chart above, "earnings" consist of income before income taxes and fixed charges, and "fixed charges" include our interest expense, including amortized debt issuance costs, and our preferred stock dividend costs.

REGULATION AND COMPETITION

The communications industry continues to undergo various fundamental regulatory, legislative, competitive and technological changes. These changes may have a significant impact on the future financial performance of all communications companies.

Events affecting the communications industry. Wireless telephone services increasingly constitute a significant source of competition with LEC services, especially since wireless carriers have begun to compete effectively on the basis of price with more traditional telephone services. As a result, some customers have chosen to completely forego use of traditional wireline phone service and instead rely solely on wireless service for voice services. We anticipate this trend will continue, particularly if wireless service providers continue to expand their coverage areas, reduce their rates, offer fixed-rate calling plans, improve the quality of their services, and offer enhanced new services.

In 1996, the United States Congress enacted the Telecommunications Act of 1996 (the "1996 Act"), which obligates LECs to permit competitors to interconnect their facilities to the LEC's network and to take various other steps that are designed to promote competition. Under the 1996 Act's rural telephone company exemption, approximately half of our telephone access lines are exempt from certain of these interconnection requirements unless and until the appropriate state regulatory commission overrides the exemption upon receipt from a competitor of a bona fide request meeting certain criteria.

Prior to and since the enactment of the 1996 Act, the FCC and a number of state legislative and regulatory bodies have also taken steps to foster local exchange competition. Coincident with this recent movement toward increased competition has been the reduction of regulatory oversight of LECs. These cumulative changes, coupled with various technological developments, have led to the continued growth of various companies providing services that compete with LECs' services.

Federal USF programs have undergone substantial changes since 1997, and are expected to experience more changes in the coming years as modernization of the overall program moves forward. As mandated by the 1996 Act, in May 2001 the FCC modified its existing universal service support mechanism for rural telephone companies by adopting an interim mechanism for a five-year period based on embedded, or historical, costs that provide relatively predictable levels of support to many LECs, including substantially all of our LECs. In May 2006, the FCC extended this interim mechanism until such time that new high-cost support rules are adopted for rural telephone companies. Wireless and other competitive service providers continue to seek to qualify to receive USF support. This trend, coupled with changes in usage of telecommunications services, have placed stress on the funding mechanism of the USF, which is subject to annual caps on disbursements. These developments have placed additional financial pressure on the amount of money that is necessary and available to provide support to all eligible service providers, including support payments we receive from the USF High Cost Loop support program. While our 2007 USF High Cost Loop support program receipts approximated 2006 levels, we anticipate that our 2008 revenues from the USF High Cost Loop support program will be lower than 2007 by approximately $14-17 million.

Since May 2007, the FCC and the Federal-State Joint Board on Universal Service have each proposed a series of reforms that could, if adopted, substantially restructure current USF programs. Until the FCC acts on those recommendations or issues final rules, we cannot estimate the impact that such proposals would have on our operations. In addition, there are a number of judicial appeals challenging several aspects of the FCC's universal service rules and various Congressional proposals seeking to substantially modify USF programs, none of which have been resolved at this time. We will continue to be active in monitoring these developments.

Technological developments have led to the development of new services that compete with traditional LEC services. Technological improvements have enabled cable television companies to provide traditional circuit-switched telephone service over their cable networks, and several national cable companies have aggressively pursued this opportunity. Additionally, several large electric utilities have announced plans to offer communications services that compete with LECs. Improvements in the quality of "Voice-over-Internet Protocol" ("VoIP") service have led several cable, Internet, data and other communications companies, as well as start-up companies, to substantially increase their offerings of VoIP service to business and residential customers. VoIP providers frequently use existing broadband networks to deliver flat-rate, all distance calling plans that may offer features that cannot readily be provided by traditional LECs and may be priced below those currently charged for traditional local and long distance telephone services. In late 2003, the FCC initiated rulemaking proceedings to address the regulation of VoIP, and has adopted orders establishing some initial broad regulatory guidelines. There can be no assurance that future rulemaking will be on terms favorable to ILECs, or that VoIP providers will not successfully compete for our customers.

In 2003, the FCC opened a broad intercarrier compensation proceeding with the ultimate goal of creating a uniform mechanism to be used by the entire telecommunications industry for payments between carriers originating, terminating, carrying or delivering telecommunications traffic. The FCC has received intercarrier compensation proposals from several industry groups, and industry negotiations are continuing with the goal of developing a consensus plan that addresses the concerns of carriers from all industry segments. Until the FCC's proceeding concludes and the changes, if any, to the existing rules are established, we cannot estimate the impact this proceeding will have on our results of operations.

Many cable, entertainment, technology or other communication companies that previously offered a limited range of services are now, like us, offering diversified bundles of services. As such, a growing number of companies are competing to serve the communications needs of the same customer base. Several of these companies started offering full service bundles before us, which could give them an advantage in building customer loyalty.

Recent events affecting us. During the last few years, all of the states in which we provide telephone services have taken legislative or regulatory steps to further introduce competition into the LEC business. The number of companies which have requested authorization to provide local exchange service in our service areas has increased in recent years, especially in the markets acquired from Verizon in 2002 and 2000, and it is anticipated that similar action may be taken by others in the future.

Certain long distance carriers continue to request that certain of our LECs reduce their intrastate access tariffed rates. In addition, we have recently experienced reductions in intrastate traffic, partially due to the displacement of minutes by wireless, electronic mail and other optional calling services. In 2007 we incurred a reduction in our intrastate revenues of approximately $20.9 million compared to 2006 primarily due to these factors. The corresponding decrease in 2006 compared to 2005 was $19.2 million. We believe this trend of decreased intrastate minutes will continue in 2008, although the magnitude of such decrease is uncertain.

We expect our operating revenues in 2008 to decline as we continue to experience downward pressure primarily due to continued access line losses, reduced network access revenues and lower prior year revenue settlement amounts. We expect such declines to be partially offset primarily due to increased demand for our high-speed Internet service offering and the impact of recognizing a full year of revenues associated with our Madison River properties acquired in April 2007.

For a more complete description of regulation and competition impacting our operations and various attendant risks, please see Items 1 and 1A of this annual report.

Other matters. Our regulated telephone operations (except for the properties acquired from Verizon in 2002) are subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). Actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71. We are monitoring the ongoing applicability of SFAS 71 to our regulated telephone operations due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated services or products could result in our telephone operations no longer being subject to SFAS 71 in the near future.

Statement of Financial Accounting Standards No. 101, "Regulated Enterprises – Accounting for the Discontinuance of Application of FASB Statement No. 71" ("SFAS 101"), specifies the accounting required when an enterprise ceases to meet the criteria for application of SFAS 71. SFAS 101 requires the elimination of the effects of any actions of regulators that have been recognized as assets and liabilities in accordance with SFAS 71 but would not have been recognized as assets and liabilities by nonregulated enterprises. Depreciation rates of certain assets established by regulatory authorities for our telephone operations subject to SFAS 71 have historically included a component for removal costs in excess of the related estimated salvage value. Notwithstanding the adoption of SFAS 143, SFAS 71 requires us to continue to reflect this accumulated liability for removal costs in excess of salvage value even though there is no legal obligation to remove the assets. Therefore, we did not adopt the provisions of SFAS 143 for our telephone operations subject to SFAS 71. 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.

Our consolidated balance sheet as of December 31, 2007 included regulatory liabilities of approximately $198.4 million related to estimated removal costs embedded in accumulated depreciation (as described above). Net deferred income tax assets related to the regulatory assets and liabilities quantified above were $77.0 million.

When and if our regulated operations no longer qualify for the application of SFAS 71, we currently do not expect to record any 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 currently do not expect such revisions in asset lives will have a material impact on our results of operations. Upon the discontinuance of SFAS 71, we also would be required to eliminate certain intercompany transactions with regulated affiliates that currently are not eliminated under the application of SFAS 71. For the year ended December 31, 2007, approximately $146 million of revenues (and related costs) would have been eliminated had we not been subject to the provisions of SFAS 71. Such elimination would have had no impact on total operating income. For regulatory purposes, the accounting and reporting of our telephone subsidiaries will not be affected by the discontinued application of SFAS 71.

We have certain obligations based on federal, state and local laws relating to the protection of the environment. Costs of compliance through 2007 have not been material, and we currently do not believe that such costs will become material.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

For information pertaining to the our market risk disclosure, see “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk”.

Item 8 . **Financial Statements and Supplementary Data**

Report of Management

The Shareholders
CenturyTel, Inc.:

Management has prepared and is responsible for the integrity and objectivity of our consolidated financial statements. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts determined using our best judgments and estimates.

Our consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm, who have expressed their opinion with respect to the fairness of the consolidated financial statements. Their audit was conducted in accordance with standards of the Public Company Accounting Oversight Board (United States).

Management is responsible for establishing and maintaining adequate internal control over financial reporting, a process designed 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. Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under the framework of COSO , management concluded that our internal control over financial reporting was effective as of December 31, 2007. The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by KPMG LLP, as stated in their report which is included herein.

On April 30, 2007, CenturyTel, Inc. ("CenturyTel") acquired Madison River Communications Corp. ("Madison River") and management excluded from its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2007, Madison River's internal control over financial reporting associated with total assets of $967.9 million and total revenues of $130.5 million included in the consolidated financial statements of CenturyTel as of and for the year ended December 31, 2007.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Board of Directors is composed of independent directors who are not officers or employees. The Committee meets periodically with the external auditors, internal auditors and management. The Committee considers the independence of the external auditors and the audit scope and discusses internal control, financial and reporting matters. Both the external and internal auditors have free access to the Committee.

/s/ R. Stewart Ewing, Jr.
R. Stewart Ewing, Jr.
Executive Vice President and Chief Financial Officer
February 29, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
CenturyTel, Inc.:

We have audited the consolidated financial statements of CenturyTel, Inc. and subsidiaries as listed in Item 15a(1). In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in Item 15a(2). These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CenturyTel, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 12 to the consolidated financial statements, effective January 1, 2007 the Company changed its method of accounting for uncertain tax positions. In addition, as discussed in Note 1 to the consolidated financial statements, in 2006 the Company changed its method of accounting for share-based payments (effective January 1, 2006) and pension and postretirement benefits (as of December 31, 2006).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2008 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Shreveport, Louisiana
February 29, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
CenturyTel, Inc.:

We have audited CenturyTel, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) . The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Report of Management* . Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CenturyTel, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

On April 30, 2007, CenturyTel, Inc. ("CenturyTel") acquired Madison River Communications Corp. ("Madison River") and management excluded from its assessment of the effectiveness of its internal control over financial reporting as of December 31, 2007, Madison River's internal control over financial reporting associated with total assets of $967.9 million and total revenues of $130.5 million included in the consolidated financial statements of CenturyTel as of and for the year ended December 31, 2007. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Madison River.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of CenturyTel, Inc. and subsidiaries as listed in Item 15(a)(1), and our report dated February 29, 2008 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Shreveport, Louisiana
February 29, 2008

CENTURYTEL, INC.
Consolidated Statements of Income

	Year ended December 31,		
	2007	2006	2005
	(Dollars, except per share amounts, and shares in thousands)		
OPERATING REVENUES	$ 2,656,241	2,447,730	2,479,252
OPERATING EXPENSES			
Cost of services and products (exclusive of depreciation and amortization)	937,375	888,414	821,929
Selling, general and administrative	389,533	370,272	388,989
Depreciation and amortization	536,255	523,506	531,931
Total operating expenses	1,863,163	1,782,192	1,742,849
OPERATING INCOME	793,078	665,538	736,403
OTHER INCOME (EXPENSE)			
Interest expense	(212,906)	(195,957)	(201,801)
Other income (expense)	38,770	121,568	3,168
Total other income (expense)	(174,136)	(74,389)	(198,633)
INCOME BEFORE INCOME TAX EXPENSE	618,942	591,149	537,770
Income tax expense	200,572	221,122	203,291
NET INCOME	$ 418,370	370,027	334,479
BASIC EARNINGS PER SHARE	$ 3.82	3.17	2.55
DILUTED EARNINGS PER SHARE	$ 3.72	3.07	2.49
DIVIDENDS PER COMMON SHARE	$ .26	.25	.24
AVERAGE BASIC SHARES OUTSTANDING	109,360	116,671	130,841
AVERAGE DILUTED SHARES OUTSTANDING	113,094	122,229	136,087

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2007	2006	2005
		(Dollars in thousands)	
NET INCOME	$ 418,370	370,027	334,479
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Minimum pension liability adjustment, net of $965 and $1,438 tax	-	1,548	2,307
Unrealized holding gains related to marketable securities arising during the period, net of $547, $411 and $165 tax	877	659	264
Derivative instruments:			
Net gains (losses) on derivatives hedging variability of cash flows, net of $294 and ($2,606) tax	471	-	(4,180)
Reclassification adjustment for gains (losses) included in net income, net of $254, $234 and $202 tax	407	375	324
Items related to employee benefit plans*:			
Change in net actuarial loss, net of $28,583 tax	52,485	-	-
Change in net prior service credit, net of $1,724 tax	2,766	-	-
Reclassification adjustment for gains (losses) included in net income:			
Amortization of net actuarial loss, net of $4,409 tax	6,554	-	-
Amortization of net prior service credit, net of ($771) tax	(1,236)	-	-
Amortization of unrecognized transition asset, net of ($55) tax	(89)	-	-
Net change in other comprehensive income (loss) (net of reclassification adjustment), net of taxes	62,235	2,582	(1,285)
COMPREHENSIVE INCOME	$ 480,605	372,609	333,194

* Reflected in 2007 due to the December 31, 2006 adoption of SFAS 158.

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Balance Sheets

		December 31,	
		2007	2006
		(Dollars in thousands)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$	34,402	25,668
Accounts receivable			
Customers, less allowance of $12,129 and $11,321		152,809	150,892
Interexchange carriers and other, less allowance of $8,232 and $9,584		70,218	76,454
Materials and supplies, at average cost		8,558	6,628
Other		26,412	30,475
Total current assets		292,399	290,117
NET PROPERTY, PLANT AND EQUIPMENT		3,108,376	3,109,277
GOODWILL AND OTHER ASSETS			
Goodwill		4,010,916	3,431,136
Other		772,862	610,477
Total goodwill and other assets		4,783,778	4,041,613
TOTAL ASSETS	$	8,184,553	7,441,007
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current maturities of long-term debt	$	279,898	155,012
Short-term debt		-	23,000
Accounts payable		120,381	129,350
Accrued expenses and other current liabilities			
Salaries and benefits		64,380	54,100
Income taxes		54,233	60,522
Other taxes		48,961	46,890
Interest		80,103	73,725
Other		30,942	23,352
Advance billings and customer deposits		57,637	51,614
Total current liabilities		736,535	617,565
LONG-TERM DEBT		2,734,357	2,412,852
DEFERRED CREDITS AND OTHER LIABILITIES		1,304,456	1,219,639
STOCKHOLDERS' EQUITY			
Common stock, $1.00 par value, authorized 350,000,000 shares, issued and outstanding 108,491,736 and 113,253,889 shares		108,492	113,254
Paid-in capital		91,147	24,256
Accumulated other comprehensive loss, net of tax		(42,707)	(104,942)
Retained earnings		3,245,302	3,150,933
Preferred stock - non-redeemable		6,971	7,450
Total stockholders' equity		3,409,205	3,190,951
TOTAL LIABILITIES AND EQUITY	$	8,184,553	7,441,007

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.

Consolidated Statements of Cash Flows

	Year ended December 31,		
	2007	2006	2005
		(Dollars in thousands)	
OPERATING ACTIVITIES			
Net income	$ 418,370	370,027	334,479
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	536,255	523,506	531,931
Gains on asset dispositions	(15,643)	(118,649)	(3,500)
Deferred income taxes	1,018	49,685	69,530
Share-based compensation	19,962	11,904	4,721
Income from unconsolidated cellular entity	(14,578)	(5,861)	(4,910)
Distributions from unconsolidated cellular entity	10,229	-	2,339
Changes in current assets and current liabilities			
Accounts receivable	15,920	7,909	(685)
Accounts payable	(13,698)	24,906	(37,174)
Accrued taxes	11,604	(49,735)	72,971
Other current assets and other current liabilities, net	23,782	10,269	(8,111)
Retirement benefits	27,350	5,963	(16,815)
Excess tax benefits from share-based compensation	(6,427)	(12,034)	-
Decrease in noncurrent assets	12,718	9,078	1,973
Increase (decrease) in other noncurrent liabilities	(20,781)	709	2,638
Other, net	23,905	13,042	17,691
Net cash provided by operating activities	1,029,986	840,719	967,078
INVESTING ACTIVITIES			
Payments for property, plant and equipment	(326,045)	(314,071)	(414,872)
Proceeds from redemption of Rural Telephone Bank stock	5,206	122,819	-
Proceeds from sale of assets	8,231	5,865	4,000
Acquisitions, net of cash acquired	(306,805)	-	(75,453)
Investment in unconsolidated cellular entity	(2,667)	(5,222)	-
Other, net	2,892	(3,122)	2,594
Net cash used in investing activities	(619,188)	(193,731)	(483,731)
FINANCING ACTIVITIES			
Payments of debt	(712,980)	(81,995)	(693,345)
Proceeds from issuance of debt	741,840	23,000	344,173
Repurchase of common stock	(460,676)	(802,188)	(551,759)
Settlement of equity units	-	-	398,164
Proceeds from issuance of common stock	49,404	97,803	50,374
Settlements of interest rate hedge contracts	765	-	(7,357)
Excess tax benefits from share-based compensation	6,427	12,034	-
Cash dividends	(29,052)	(29,203)	(31,862)
Other, net	2,208	383	(104)
Net cash used in financing activities	(402,064)	(780,166)	(491,716)
Net increase (decrease) in cash and cash equivalents	8,734	(133,178)	(8,369)
Cash and cash equivalents at beginning of year	25,668	158,846	167,215
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 34,402	25,668	158,846

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Consolidated Statements of Stockholders' Equity

		Year ended December 31,	
	2007	2006	2005
	(Dollars, except per share amounts, and shares in thousands)		
COMMON STOCK (represents dollars and shares)			
Balance at beginning of year	$ 113,254	131,074	132,374
Repurchase of common stock	(10,213)	(21,432)	(16,409)
Conversion of debt into common stock	3,699	-	-
Issuance of common stock upon settlement of equity units	-	-	12,881
Conversion of preferred stock into common stock	26	22	7
Issuance of common stock through dividend reinvestment, incentive and benefit plans	1,726	3,590	2,221
Balance at end of year	108,492	113,254	131,074
PAID-IN CAPITAL			
Balance at beginning of year	24,256	129,806	222,205
Repurchase of common stock	(155,036)	(222,998)	(535,350)
Conversion of debt into common stock	142,732	-	-
Issuance of common stock upon settlement of equity units	-	-	385,283
Issuance of common stock through dividend reinvestment, incentive and benefit plans	47,678	94,213	48,153
Conversion of preferred stock into common stock	453	378	118
Excess tax benefits from share-based compensation	6,427	12,034	-
Share based compensation and other	24,637	10,823	9,397
Balance at end of year	91,147	24,256	129,806
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX			
Balance at beginning of year	(104,942)	(9,619)	(8,334)
Effect of adoption of SFAS 158, net of tax (see Note 1)	-	(97,905)	-
Net change in other comprehensive income (loss) (net of reclassification adjustment), net of tax	62,235	2,582	(1,285)
Balance at end of year	(42,707)	(104,942)	(9,619)
RETAINED EARNINGS			
Balance at beginning of year	3,150,933	3,358,162	3,055,545
Net income	418,370	370,027	334,479
Repurchase of common stock	(295,427)	(557,758)	-
Cumulative effect of adoption of SAB 108 (see Note 1)	-	9,705	-
Cumulative effect of adoption of FIN 48 (see Note 12)	478	-	-
Cash dividends declared			
Common stock - $.26, $.25 and $.24 per share	(28,684)	(28,823)	(31,466)
Preferred stock	(368)	(380)	(396)
Balance at end of year	3,245,302	3,150,933	3,358,162
PREFERRED STOCK - NON-REDEEMABLE			
Balance at beginning of year	7,450	7,850	7,975
Conversion of preferred stock into common stock	(479)	(400)	(125)
Balance at end of year	6,971	7,450	7,850
TOTAL STOCKHOLDERS' EQUITY	$ 3,409,205	3,190,951	3,617,273

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
Notes to Consolidated Financial Statements
December 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation - Our consolidated financial statements include the accounts of CenturyTel, Inc. and its majority-owned subsidiaries.

Regulatory accounting - Our regulated telephone operations (except for the properties acquired from Verizon in 2002) are subject to the provisions of Statement of Financial Accounting Standards No. 71, “Accounting for the Effects of Certain Types of Regulation” (“SFAS 71”). Actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71. We are monitoring the ongoing applicability of SFAS 71 to our regulated telephone operations due to the changing regulatory, competitive and legislative environments, and it is possible that changes in regulation, legislation or competition or in the demand for regulated services or products could result in our telephone operations no longer being subject to SFAS 71 in the near future. Our consolidated balance sheet as of December 31, 2007 included regulatory liabilities of approximately $198.4 million related to estimated removal costs embedded in accumulated depreciation (as required to be recorded by regulators). Net deferred income tax assets related to the regulatory assets and liabilities quantified above were $77.0 million.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition - Revenues are generally recognized when services are provided or when products are delivered to customers. Revenue that is billed in advance includes monthly recurring network access services, special access services and monthly recurring local line charges. The unearned portion of this revenue is initially deferred as a component of advanced billings and customer deposits on our balance sheet and recognized as revenue over the period that the services are provided. Revenue that is billed in arrears includes switched access services, nonrecurring network access services, nonrecurring local services and long distance services. The earned but unbilled portion of this revenue is recognized as revenue in the period that the services are provided. Revenues from installation activities (along with the related costs) are deferred and amortized over the estimated life of the customer relationship.

Certain of our telephone subsidiaries’ revenues are based on tariffed access charges filed directly with the Federal Communications Commission; the remainder of our telephone subsidiaries participate in revenue sharing arrangements with other telephone companies for interstate revenue (except for broadband related revenues) and for certain intrastate revenue. Such sharing arrangements are funded by toll revenue and/or access charges within state jurisdictions and by access charges in the interstate market. Revenues earned through certain sharing arrangements are initially recorded based on our estimates.

Allowance for doubtful accounts . In evaluating the collectibility of our accounts receivable, we assess a number of factors, including a specific customer’s or carrier’s ability to meet its financial obligations to us, the length of time the receivable has been past due and historical collection experience. Based on these assessments, we record both specific and general reserves for uncollectible accounts receivable to reduce the stated amount of applicable accounts receivable to the amount we ultimately expect to collect.

Property, plant and equipment - Telephone plant is stated at original cost. Normal retirements of telephone plant are charged against accumulated depreciation, along with the costs of removal, less salvage, with no gain or loss recognized. Renewals and betterments of plant and equipment are capitalized while repairs, as well as renewals of minor items, are charged to operating expense. Depreciation of telephone plant is provided on the straight line method using class or overall group rates acceptable to regulatory authorities; such average rates range from 2% to 20%.

Non-telephone property is stated at cost and, when sold or retired, a gain or loss is recognized. Depreciation of such property is provided on the straight line method over estimated service lives ranging from two to 35 years.

Intangible assets – Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”), requires goodwill recorded in a business combination to be reviewed for impairment and to be written down only in periods in which the recorded amount of goodwill exceeds its fair value. We test impairment of goodwill at least annually by comparing the fair value of the reporting unit to its carrying value (including goodwill). We base our estimates of the fair value of the reporting unit on valuation models using criterion such as multiples of earnings.

Long-lived assets - Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”), addresses financial accounting and reporting for the impairment or disposal of long-lived assets (exclusive of goodwill) and also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. During 2007, we recognized a $16.6 million pre-tax impairment charge in order to write-down the value of certain of our long-lived assets in certain of our CLEC markets to their estimated realizable value.

Affiliated transactions - Certain of our service subsidiaries provide installation and maintenance services, materials and supplies, and managerial, operational, technical, accounting and administrative services to other subsidiaries. In addition, CenturyTel provides and bills management services to subsidiaries and in certain instances makes interest bearing advances to finance construction of plant and purchases of equipment. These transactions are recorded by our telephone subsidiaries at their cost to the extent permitted by regulatory authorities. Intercompany profit on transactions with regulated affiliates is limited to a reasonable return on investment and has not been eliminated in connection with consolidating the results of operations of CenturyTel and its subsidiaries. Intercompany profit on transactions with affiliates not subject to SFAS 71 has been eliminated.

Income taxes - We file a consolidated federal income tax return with our eligible subsidiaries. We use the asset and liability method of accounting for income taxes under which deferred tax assets and liabilities are established for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

Postretirement and pension plans – We adopted the provisions of Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Plans and Other Postretirement Plans” (“SFAS 158”) as of December 31, 2006. SFAS 158 requires us to recognize the overfunded or underfunded status of our defined benefit and postretirement plans as an asset or a liability on our balance sheet, with an adjustment to stockholders’ equity (reflected as an increase or decrease in accumulated other comprehensive income or loss). The incremental effect of applying SFAS 158 on individual line items of our balance sheet as of December 31, 2006 were as follows:

	Before Application of SFAS 158	Adjustments	After Application of SFAS 158
		(Dollars in thousands)	
Other assets	$ 675,215	(64,738)	610,477
Total assets	$ 7,505,745	(64,738)	7,441,007
Accrued expenses and other current liabilities	$ 259,487	(898)	258,589
Deferred credits and other liabilities (excluding deferred income taxes)	$ 447,066	99,512	546,578
Deferred income taxes	$ 738,508	(65,447)	673,061
Total liabilities	$ 4,216,889	33,167	4,250,056
Accumulated other comprehensive loss, net of tax	$ (7,037)	(97,905)	(104,942)
Total stockholders’ equity	$ 3,288,856	(97,905)	3,190,951

Cumulative effect adjustment – In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, “Considering the Effect of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Results” (“SAB 108”). SAB 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB 108 requires companies to quantify misstatements using both a balance sheet approach and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of the relevant quantitative and qualitative factors.

As of December 31, 2006, we identified two misstatements that previously were deemed immaterial using the income statement approach that are now deemed material upon application of the balance sheet approach. Such misstatements relate to (i) the failure to capitalize interest in connection with the development of our billing system, which began in the late 1990’s; and (ii) the failure to defer the revenues and costs associated with installation activities related to our service offerings. Using the guidance of SAB 108, we have recorded a net cumulative effect adjustment to retained earnings (as of January 1, 2006), which increased retained earnings approximately $9.7 million (presented on an after-tax basis). Of the $9.7 million net increase to retained earnings, approximately $14.0 million related to the capitalized interest adjustment, which was partially offset by a reduction to retained earnings of approximately $4.3 million related to the installation activities adjustment. We adjusted our results of operations for the first, second and third quarters of 2006 to reflect the ongoing application of the above. Such adjustments were immaterial to each quarter.

Stock-based compensation – Effective January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment", which requires us to measure our cost of awarding employees with equity instruments based upon the fair value of the award on the grant date. Prior to January 1, 2006, we accounted for our stock compensation plans using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25. See Note 14 for additional information.

Derivative financial instruments – We account for derivative instruments and hedging activities in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended. SFAS 133, as amended, requires that all derivative instruments, such as interest rate swaps, be recognized in the financial statements and measured at fair value regardless of the purpose or intent of holding them. On the date a derivative contract is entered into, we designate the derivative as either a fair value or cash flow hedge. A hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment is a fair value hedge. A hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability is a cash flow hedge. We also formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. If we determine that a derivative is not, or is no longer, highly effective as a hedge, we would discontinue hedge accounting prospectively. We recognize all derivatives on the balance sheet at their fair value. Changes in the fair value of derivative financial instruments are either recognized in income or stockholders' equity (as a component of accumulated other comprehensive income (loss)), depending on whether the derivative is being used to hedge changes in the fair value or cash flows. 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. See Note 6 for additional information.

Earnings per share - Basic earnings per share amounts are determined on the basis of the weighted average number of common shares outstanding during the applicable accounting period. Diluted earnings per share gives effect to all potential dilutive common shares that were outstanding during the period. See Note 13 for additional information.

Cash equivalents - We consider short-term investments with a maturity at date of purchase of three months or less to be cash equivalents.

(2) ACQUISITIONS

On April 30, 2007, we acquired all of the outstanding stock of Madison River Communications Corp. ("Madison River") from Madison River Telephone Company, LLC for an initial aggregate purchase price of approximately $322 million cash. In connection with the acquisition, we also paid all of Madison River's existing indebtedness (including accrued interest), which approximated $52 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 believe this acquisition adds attractive markets with good demographics and growth prospects and its fiber network is complementary to our existing operations.

We are accounting for the acquisition of Madison River as a purchase under the guidance of Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). SFAS 141 requires us to record the assets acquired and liabilities assumed at their respective fair values. In accordance with SFAS 71, we recorded the fixed assets of Madison River's regulated telephone operations at historical book value since those values are used to develop the rates we charge to our customers (which are approved by regulatory authorities).

We have reflected the results of operations of the Madison River properties in our consolidated results of operations beginning May 1, 2007.

The total cost of the Madison River acquisition through December 31, 2007 is composed of the following components (amounts in thousands):

Cash paid (1)	$	321,516
Closing costs (2)		5,268
Total purchase price	$	326,784

(1) Reflects the cash payment of $671,000 we received in third quarter 2007 in accordance with the purchase agreement upon finalization of the working capital portion of the purchase price.
(2) Closing costs primarily consist of advisory and legal fees incurred in connection with the acquisition.

The purchase price has been allocated to the assets acquired and liabilities assumed as follows (amounts in thousands):

Current assets (1)	$	33,761
Net property, plant and equipment		208,317
Identifiable intangible assets		
Customer list		156,800
Franchise		6,400
Goodwill		579,780
Other assets		21,998
Current liabilities (2)		(25,578)
Long-term debt (2)		(520,000)
Deferred income taxes		(105,168)
Other liabilities		(29,526)
Total purchase price	$	326,784

(1) Includes approximately $20.0 million of acquired cash and cash equivalents.
(2) We paid all the long-term debt and $2.2 million of related accrued interest (included in "current liabilities" in the above table) immediately after closing.

On June 30, 2005, we acquired fiber assets in 16 metropolitan markets from KMC Telecom Holdings, Inc. ("KMC") for approximately $75.5 million. The assets acquired and liabilities assumed have been reflected in our consolidated balance sheet based on a purchase price allocation determined by independent third parties. The vast majority of the purchase price was allocated to property, plant and equipment. The results of operations of the KMC properties are included in our results of operations beginning July 1, 2005.

(3) GOODWILL AND OTHER ASSETS

Goodwill and other assets at December 31, 2007 and 2006 were composed of the following:

December 31,		2007	2006
		(Dollars in thousands)	
Goodwill	$	4,010,916	3,431,136
Billing system development costs, less accumulated amortization of $38,285 and $26,752		192,904	204,597
Cash surrender value of life insurance contracts		95,654	94,788
Deferred costs associated with installation activities		81,908	73,256
Pension asset		28,536	16,187
Intangible assets not subject to amortization		42,750	36,690
Marketable securities		35,811	32,235
Investment in unconsolidated cellular partnership		33,714	29,364
Deferred interest rate hedge contracts		23,692	23,134
Investment in debt security		22,807	22,209
Intangible assets subject to amortization			
Customer list, less accumulated amortization of $18,149 and $7,022		163,160	18,072
Contract rights, less accumulated amortization of $4,186 and $3,256		-	930
Other		51,926	59,015
	$	4,783,778	4,041,613

Our goodwill was derived from numerous previous acquisitions whereby the purchase price exceeded the fair value of the net assets acquired. Goodwill increased in 2007 as a result of our Madison River acquisition. We test for goodwill impairment annually under SFAS 142 and, based on our analysis performed as of September 30, 2007, determined our goodwill was not impaired.

We accounted for the costs to develop an integrated billing and customer care system in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Aggregate capitalized costs (before accumulated amortization) totaled $231.2 million and are being amortized over a twenty-year period.

In the third quarter of 2004, we entered into a three-year agreement with EchoStar Communications Corporation ("EchoStar") to provide co-branded DISH Network satellite television services to our customers. As part of the transaction, we invested $25 million in an EchoStar convertible subordinated debt security, which had a fair value at date of issuance of approximately $20.8 million and matures in 2011.

In connection with the acquisitions of properties from Verizon Communications, Inc. ("Verizon") in 2002 and Madison River in 2007, we assigned an aggregate of $41.7 million of the respective purchase prices as an intangible asset associated with franchise costs (which includes amounts necessary to maintain eligibility to provide telecommunications services in its licensed service areas). Such assets have an indefinite life and therefore are not subject to amortization currently.

In connection with various acquisitions we have made over the past several years, we have allocated amounts to a customer list intangible asset, including $156.8 million from our Madison River acquisition in 2007 and $22.7 million from our acquisition of Verizon properties in 2002. Such assets are being amortized on a straight-line basis over periods that range from 5-15 years. Total amortization expense for these customer base and other intangible assets for 2007, 2006 and 2005 was $12.2 million, $3.1 million and $3.0 million, respectively, and is expected to be $16.1 million annually from 2008 through 2011 and $15.7 million in 2012.

(4) PROPERTY, PLANT AND EQUIPMENT

Net property, plant and equipment at December 31, 2007 and 2006 was composed of the following:

December 31,		2007	2006
		(Dollars in thousands)	
Cable and wire	$	4,570,930	4,224,453
Central office		2,775,479	2,522,940
General support		811,488	760,170
Fiber transport		289,392	222,595
Information origination/termination		78,981	62,060
Construction in progress		99,641	59,198
Other		40,195	42,344
		8,666,106	7,893,760
Accumulated depreciation		(5,557,730)	(4,784,483)
Net property, plant and equipment	$	3,108,376	3,109,277

Depreciation expense was $524.1 million, $520.4 million and $528.9 million in 2007, 2006 and 2005, respectively.

Net property, plant and equipment increased $208.3 million in 2007 as a result of our Madison River acquisition.

(5) LONG-TERM DEBT

Our long-term debt as of December 31, 2007 and 2006 was as follows:

December 31,		2007	2006
		(Dollars in thousands)	
CenturyTel			
Senior notes and debentures:			
7.20% Series D, due 2025	$	100,000	100,000
6.30% Series F, due 2008		240,000	240,000
6.875% Series G, due 2028		425,000	425,000
8.375% Series H, due 2010		500,000	500,000
6.02% Series J		-	100,908
4.75% Series K		-	165,000
7.875% Series L, due 2012		500,000	500,000
5.0% Series M, due 2015		350,000	350,000
6.0% Series N, due 2017		500,000	-
5.5% Series O, due 2013		250,000	-
Unamortized net discount		(7,840)	(5,640)
Net fair value of derivative instruments:			
Series H senior notes		7,991	10,853
Series L senior notes		3,048	(20,593)
Total CenturyTel		2,868,199	2,365,528
Subsidiaries			
First mortgage debt			
5.35%* notes, payable to agencies of the U. S. government and cooperative lending associations, due in installments through 2028		120,788	133,738
7.98% notes		-	4,420
Other debt			
7.1% unsecured medium-term notes, due through 2008		25,000	61,499
10.0% notes		100	971
7.3%* capital lease obligations, due through 2008		168	1,708
Total subsidiaries		146,056	202,336
Total long-term debt		3,014,255	2,567,864
Less current maturities		279,898	155,012
Long-term debt, excluding current maturities	$	2,734,357	2,412,852

* Weighted average interest rate at December 31, 2007

The approximate annual debt maturities for the five years subsequent to December 31, 2007 are as follows: 2008 - $279.9 million; 2009 - $14.8 million; 2010 - $513.3 million; 2011 - $11.3 million; and 2012 - $511.3 million.

Certain of our loan agreements contain various restrictions, among which are limitations regarding issuance of additional debt, payment of cash dividends, reacquisition of capital stock and other matters. In addition, the transfer of funds from certain consolidated subsidiaries to CenturyTel is restricted by various loan agreements. Subsidiaries which have loans from government agencies and cooperative lending associations, or have issued first mortgage bonds, generally may not loan or advance any funds to CenturyTel, but may pay dividends if certain financial ratios are met. At December 31, 2007, restricted net assets of subsidiaries were $131.8 million and subsidiaries' retained earnings in excess of amounts restricted by debt covenants totaled $1.3 billion. At December 31, 2007, approximately $2.3 billion of our consolidated retained earnings reflected on the balance sheet was available under our loan agreements for the declaration of dividends.

The senior notes and debentures of CenturyTel referred to above were issued under an indenture dated March 31, 1994. This indenture does not contain any financial covenants, but does include restrictions that limit our ability to (i) incur, issue or create liens upon its property and (ii) consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party. The indenture does not contain any provisions that are impacted by our credit ratings, or that restrict the issuance of new securities in the event of a material adverse change to us.

Approximately 14% of our property, plant and equipment is pledged to secure the long-term debt of subsidiaries.

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. Our $741.8 million of net proceeds from the sale of these Senior Notes were used to pay a substantial portion of the approximately $844 million of cash that was needed in order to (i) pay the initial purchase price for the acquisition of Madison River on April 30, 2007 ($322 million) and (ii) pay off Madison River's existing indebtedness (including accrued interest) at closing ($522 million). We funded the remainder of these cash outflows from borrowings under our commercial paper program and cash on hand. See Note 2 for additional information concerning the acquisition of Madison River.

In July 2007, we called for redemption on August 14, 2007 all of our $165 million aggregate principal amount 4.75% convertible senior debentures, Series K, due 2032 at a redemption price of $1,023.80 per $1,000 principal amount of debentures, plus accrued and unpaid interest through August 13, 2007. In accordance with the indenture, holders could elect to convert their debentures into shares of CenturyTel common stock at a conversion price of $40.455 per share prior to August 10, 2007. In lieu of cash redemption, holders of approximately $149.6 million aggregate principal amou of the debentures elected to convert their holdings into approximately 3.7 million shares of CenturyTel common stock. The remaining $15.4 million of outstanding debentures were retired for cash (including premium and accrued and unpaid interest). As a result, we no longer have any of the Series K debentures outstanding. We recognized a pre-tax charge of approximately $366,000 in third quarter 2007 related to the cash redemption portion of these transactions.

In May 2002, we issued and sold in an underwritten public offering $500 million of equity units, each of which were priced at $25 and consisted initially of a beneficial interest in a CenturyTel senior unsecured note (Series J, due 2007 and remarketable in 2005) with a principal amount of $25 and a contract to purchase shares of CenturyTel common stock no later than May 2005. Each purchase contract generally required the holder to purchase between .6944 and .8741 of a share of CenturyTel common stock on May 16, 2005 in exchange for $25, subject to certain adjustments and exceptions.

In February 2005, we remarketed substantially all of our $500 million of outstanding Series J senior notes due 2007 (the notes described above), at an interest rate of 4.628%. We received no proceeds in connection with the remarketing as all net proceeds were held in trust to secure the equity unit holders' obligation to purchase common stock from us on May 16, 2005. In connection with the remarketing, we purchased and retired approximately $400 million of the notes, resulting in approximately $100 million of remaining outstanding notes (which were subsequently repaid in 2007). We incurred a pre-tax charge of approximately $6.0 million in the first quarter of 2005 related to purchasing and retiring the notes. Proceeds to purchase such notes came from the February 2005 issuance of $350 million of 5% senior notes, Series M, due 2015 and cash on hand.

Between April 15, 2005 and May 4, 2005, we repurchased and cancelled an aggregate of approximately 4.1 million of our equity units in privately-negotiated transactions with six institutional holders at an average price of $25.18 per unit. The remaining 15.9 million equity units outstanding on May 16, 2005 were settled in stock in accordance with the terms and conditions of the purchase contract that formed a part of such unit. Accordingly, on May 16, 2005, we received proceeds of approximately $398.2 million and issued approximately 12.9 million common shares in the aggregate. See Note 9 for information on our accelerated share repurchase program which mitigated the dilutive impact of issuing these 12.9 million shares.

As of December 31, 2007, we had available a $750 million five-year revolving credit facility which expires in December 2011. We also have a commercial paper program under which borrowings are effectively limited to the total amount available under our credit facility. As of December 31, 2007, we had no amounts outstanding under either our credit facility or commercial paper program.

(6) DERIVATIVE INSTRUMENTS

In 2003, we entered into four separate fair value interest rate hedges associated with the full $500 million principal amount of our Series L senior notes, due 2012, that pay interest at a fixed rate of 7.875%. These hedges are "fixed to variable" interest rate swaps that effectively convert our fixed rate interest payment obligations under these notes into obligations to pay variable rates that range from the six-month London InterBank Offered Rate ("LIBOR") plus 3.229% to the six-month LIBOR plus 3.67%, with settlement and rate reset dates occurring each six months through the expiration of the hedges in August 2012. During 2007, we realized an average interest rate under these hedges of 8.70% and interest expense was greater than it would have otherwise been by $4.1 million during 2007 as a result of these hedges. The aggregate fair value of such hedges at December 31, 2007 was $3.0 million and is reflected on the accompanying balance sheet as both an asset (included in "Other Assets") and as an increase to our underlying long-term debt.

In third quarter 2007, we entered into a hedge transaction that effectively locked-in the interest rate for the six-month period ended February 2008 related to the $500 million of Series L notes th previously were effectively converted to variable rate notes pursuant to the "fixed to variable" interest rate swaps described above. This hedge did not qualify for hedge accounting treatment and therefore is adjusted to its fair value each period (with a corresponding adjustment through the income statement). The impact of this transaction to 2007 results of operations was not material.

In January 2008, we terminated all of our existing derivatives (including those described above) and received a net cash settlement of approximately $20.7 million in connection therewith. See Note 20 for additional information regarding the termination of our derivatives.

In anticipation of the issuance of Senior Notes in connection with the Madison River acquisition, we entered into four cash flow hedges that effectively locked in the interest rate on an aggregate of $400 million of debt. The issuance of these Senior Notes was completed in late March 2007 with the issuance of $500 million of 6.0% Senior Notes, due 2017, and $250 million of 5.5% Senior Notes, due 2013. We locked in the interest rate on (i) $200 million of 10-year debt at 5.0675% and (ii) $200 million of 10-year debt at 5.05%. In March 2007, upon settlement of the hedges, we received an aggregate of $765,000 cash, which is being amortized as a reduction of interest expense over the 10-year term of the debt.

(7) DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities at December 31, 2007 and 2006 were composed of the following:

December 31,		2007	2006
		(Dollars in thousands)	
Deferred federal and state income taxes	$	810,571	673,061
Accrued postretirement benefit costs		278,230	327,337
Deferred revenue		105,491	99,669
Accrued pension costs		37,296	36,784
Fair value of interest rate swap		834	20,593
Minority interest		7,818	9,226
Other		64,216	52,969
	$	1,304,456	1,219,639

(8) REDUCTIONS IN WORKFORCE

On March 1, 2006 and August 30, 2006, we announced workforce reductions involving an aggregate of approximately 400 jobs, or 6% of our workforce, primarily due to increased competitive pressures and the loss of access lines over the last several years. For 2006, we incurred a net pre-tax charge of approximately $7.5 million (consisting of a $9.4 million charge to operating expenses, net of a $1.9 million favorable revenue impact related to such expenses as allowed through our rate-making process) in connection with severance and related costs. Of the $9.4 million charged to operating expenses, approximately $8.6 million was reflected in cost of services and products and $845,000 was reflected in selling, general and administrative expenses.

In September 2007, we announced a reduction of our workforce to be completed by mid-2008 of approximately 200 jobs, primarily due to the progress made on our Madison River integration plan and the elimination of certain customer service personnel due to reduced call volumes. We incurred a one-time net pre-tax charge of approximately $2.2 million in the third quarter of 2007 (consisting of a $2.7 million charge to operating expenses, net of a $527,000 favorable revenue impact related to such expenses as allowed through our rate-making process) in connection with the severance and related costs. Of the $2.7 million charged to operating expenses, approximately $2.0 million is reflected in cost of services and products and $774,000 is reflected in selling, general and administrative expenses.

The following table reflects additional information regarding the severance-related liability for 2007 and 2006 (in thousands):

Balance at December 31, 2005	$ -
Amount accrued to expense	9,431
Adjustments to accrual amounts	(529)
Amount paid	(8,445)
Balance at December 31, 2006	$ 457
Amount accrued to expense	2,741
Amount paid	(1,363)
Balance at December 31, 2007	$ 1,835

(9) STOCKHOLDERS' EQUITY

Common stock - Unissued shares of CenturyTel common stock were reserved as follows:

December 31,	2007
	(In thousands)
Incentive compensation programs	6,185
Acquisitions	4,064
Employee stock purchase plan	4,480
Dividend reinvestment plan	298
Conversion of convertible preferred stock	380
	15,407

In accordance with stock repurchase programs described below, we repurchased 10.2 million shares (for $460.7 million), 21.4 million shares (for $802.2 million) and 16.4 million shares (for $551.8 million) in 2007, 2006 and 2005, respectively. The 2006 and 2005 repurchases included 14.36 million and 12.9 million shares, respectively, repurchased (for a total price of $528.4 and $437.5 million, respectively) under accelerated share repurchase agreements (see below for additional information).

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. Through December 31, 2007, we had repurchased approximately 3.6 million shares for $158.5 million under this program.

On February 21, 2006, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to $1.0 billion of our common stock and terminated the approximately $13 million remaining balance of our existing $200 million share repurchase program approved in February 2005. In February 2006, we repurchased the first $500 million of common stock through accelerated share repurchase agreements entered into with various investment banks, repurchasing and retiring approximately 14.36 million shares of common stock at an average initial price of $34.83 per share. We funded repurchases under these agreements through short-term borrowings and cash on hand. As part of the accelerated share repurchase transactions, we simultaneously entered into forward contracts with the investment banks whereby the investment banks purchased an aggregate of 14.36 million shares of our common stock during the terms of the contracts. At the end of the repurchase period in mid-July 2006, we paid an aggregate of approximately $28.4 million cash to the investment banks to compensate them for the difference between their weighted average purchase price during the repurchase period and the initial average price. We reflected such settlement amount as an adjustment to retained earnings in our financial statements during 2006. We repurchased the remaining $500 million of common stock of this program through open market transactions through June 2007.

In late May 2005, we entered into accelerated share repurchase agreements with three investment banks whereby we repurchased and retired approximately 12.9 million shares of our common stock for an aggregate of $416.5 million cash (or an initial average price of $32.34 per share). We funded this purchase using the proceeds received from the settlement of the equity units mentioned in Note 5 and from cash on hand. As part of the accelerated share repurchase transactions, we simultaneously entered into forward contracts with the investment banks whereby the investment banks purchased an aggregate of 12.9 million shares of our common stock during the term of the contracts. At the end of the repurchase period, we paid an aggregate of approximately $21.0 million cash to the investment banks to compensate them for the difference between their weighted average purchase price during the repurchase period and the initial average price. We reflected such settlement amount as an adjustment to paid-in capital.

During 2006, our stockholders' equity was reduced by approximately $97.9 million upon the adoption of SFAS 158 and increased approximately $9.7 million upon the application of SAB 108. See Note 1 for additional information.

Under CenturyTel's Articles of Incorporation each share of common stock beneficially owned continuously by the same person since May 30, 1987 generally entitles the holder thereof to ten votes per share. All other shares entitle the holder to one vote per share. At December 31, 2007, the holders of 3.6 million shares of common stock (or 26% of our total voting power) were entitled to ten votes per share.

Preferred stock - As of December 31, 2007, we had 2.0 million shares of authorized preferred stock, $25 par value per share. At December 31, 2007 and 2006, there were 279,000 and 298,000 shares, respectively, of outstanding convertible preferred stock. Holders of outstanding CenturyTel preferred stock are entitled to receive cumulative dividends, receive preferential distributions equal to $25 per share plus unpaid dividends upon CenturyTel's liquidation and vote as a single class with the holders of common stock.

Shareholders' Rights Plan - On November 1, 2006, our 1996 rights agreement (and each preference share purchase right issued thereunder) lapsed in accordance with its stated terms.

(10) POSTRETIREMENT BENEFITS

We sponsor health care plans (which use a December 31 measurement date) that provide postretirement benefits to all qualified retired employees. Over the past few years, in connection with negotiating certain union contracts, we amended certain retiree contribution and retirement eligibility provisions of our plan.

The following is a reconciliation of the beginning and ending balances for the benefit obligation and the plan assets.

December 31,	2007	2006	2005
		(Dollars in thousands)	
Change in benefit obligation			
Benefit obligation at beginning of year	$ 357,417	353,942	305,720
Service cost	6,923	6,982	6,289
Interest cost	20,133	18,980	16,718
Participant contributions	2,016	1,583	1,637
Plan amendments	(4,552)	(7,978)	23,289
Acquisition	2,277	-	-
Direct subsidy receipts	1,299	717	-
Actuarial (gain) loss	(60,312)	319	16,391
Benefits paid	(18,568)	(17,128)	(16,102)
Benefit obligation at end of year	$ 306,633	357,417	353,942
Change in plan assets			
Fair value of plan assets at beginning of year	$ 30,080	29,545	29,570
Return on plan assets	1,916	3,280	1,440
Employer contributions	12,880	12,800	13,000
Participant contributions	2,016	1,583	1,637
Benefits paid	(18,568)	(17,128)	(16,102)
Fair value of plan assets at end of year	$ 28,324	30,080	29,545

Net periodic postretirement benefit cost for 2007, 2006 and 2005 included the following components:

Year ended December 31,	2007	2006	2005

		(Dollars in thousands)	
Service cost	$ 6,923	6,982	6,289
Interest cost	20,133	18,980	16,718
Expected return on plan assets	(2,482)	(2,437)	(2,440)
Amortization of unrecognized actuarial loss	3,595	3,719	2,916
Amortization of unrecognized prior service credit	(2,020)	(855)	(1,876)
Net periodic postretirement benefit cost	$ 26,149	26,389	21,607

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2007, 2006 and 2005.

December 31,	2007	2006	2005
		(Dollars in thousands)	
Benefit obligation	$ (306,633)	(357,417)	(353,942)
Fair value of plan assets	28,324	30,080	29,545
Unamortized prior service credit	-	-	(1,726)
Unrecognized net actuarial loss	-	-	82,660
Accrued benefit cost	$ (278,309)	(327,337)	(243,463)

In accordance with SFAS 158, the unamortized prior service credit ($11.4 million as of December 31, 2007) and unrecognized net actuarial loss ($15.1 million as of December 31, 2007) components have been reflected as a $2.8 million after-tax increase to accumulated other comprehensive loss within stockholders' equity. The estimated amount of amortization expense (income) of the above unrecognized items that will be amortized from accumulated other comprehensive loss and reflected as a component of net periodic pension cost during 2008 is ($2.6 million) for the prior service credit.

Assumptions used in accounting for postretirement benefits as of December 31, 2007 and 2006 were:

	2007	2006
Determination of benefit obligation		
Discount rate	6.50%	5.75
Healthcare cost increase trend rates (Medical/Prescription Drug)		
Following year	7.0%/10.0%	8.0/11.0
Rate to which the cost trend rate is assumed to decline (the ultimate cost trend rate)	5.0%/5.0%	5.0/5.0
Year that the rate reaches the ultimate cost trend rate	2010/2013	2010/2013
Determination of benefit cost		
Discount rate	5.75%	5.50
Expected return on plan assets	8.25%	8.25

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. We measure and monitor investment risk on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews.

Our postretirement benefit plan weighted-average asset allocations at December 31, 2007 and 2006 by asset category are as follows:

	2007	2006
Equity securities	55.8%	60.1
Debt securities	26.8	27.9
Other	17.4	12.0
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

Assumed health care cost trends have a significant effect on the amounts reported for postretirement benefit plans. A one-percentage-point change in assumed health care cost rates would have the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on annual total of service and interest cost components	$ 279	(339)
Effect on postretirement benefit obligation	$ 3,943	(4,791)

We expect to contribute approximately $16.7 million to our postretirement benefit plan in 2008.

Our estimated future projected benefit payments under our postretirement benefit plan are as follows:

Year	Before Medicare Subsidy	Medicare Subsidy	Net of Medicare Subsidy
		(Dollars in thousands)	
2008	$ 18,163	1,419	16,744
2009	$ 19,973	1,624	18,349
2010	$ 22,043	1,833	20,210
2011	$ 23,916	2,059	21,857
2012	$ 24,968	2,300	22,668
2013-2017	$ 136,357	8,236	128,121

(11) DEFINED BENEFIT AND OTHER RETIREMENT PLANS

We sponsor defined benefit pension plans for substantially all employees. At December 31, 2007, we also sponsored a Supplemental Executive Retirement Plan to provide certain officers with supplemental retirement, death and disability benefits. We use a December 31 measurement date for all our plans.

The following is a reconciliation of the beginning and ending balances for the aggregate benefit obligation and the plan assets for our above-referenced defined benefit plans.

December 31,	2007	2006	2005
		(Dollars in thousands)	
Change in benefit obligation			
Benefit obligation at beginning of year	$ 474,302	460,599	418,630

Service cost	16,431	17,679	15,332
Interest cost	28,180	25,935	23,992
Plan amendments	61	(3,827)	31
Acquisition	15,266	-	-
Actuarial (gain) loss	(16,153)	6,789	28,016
Settlements	(410)	(13,232)	-
Benefits paid	(48,240)	(19,641)	(25,402)
Benefit obligation at end of year	$ 469,437	474,302	460,599
Change in plan assets			
Fair value of plan assets at beginning of year	$ 452,293	407,367	363,981
Return on plan assets	41,537	46,297	25,453
Acquisition	12,502	-	-
Employer contributions	1,516	31,502	43,335
Benefits paid	(48,650)	(32,873)	(25,402)
Fair value of plan assets at end of year	$ 459,198	452,293	407,367

Net periodic pension expense for 2007, 2006 and 2005 included the following components:

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Service cost	$ 16,431	17,679	15,332
Interest cost	28,180	25,935	23,992
Expected return on plan assets	(36,780)	(32,706)	(29,225)
Settlements	410	3,344	-
Recognized net losses	7,367	9,670	6,328
Net amortization and deferral	(131)	19	289
Net periodic pension expense	$ 15,477	23,941	16,716

The following table sets forth the combined plans' funded status and amounts recognized in our consolidated balance sheet at December 31, 2007, 2006 and 2005.

December 31,	2007	2006	2005
		(Dollars in thousands)	
Benefit obligation	$ (469,437)	(474,302)	(460,599)
Fair value of plan assets	459,198	452,293	407,367
Unrecognized transition asset	-	-	(396)
Unamortized prior service cost	-	-	3,109
Unrecognized net actuarial loss	-	-	123,879
Net amount recognized	$ (10,239)	(22,009)	73,360

In accordance with SFAS 158, the unamortized prior service credit ($941,000 as of December 31, 2007) and unrecognized net actuarial loss ($75.4 million as of December 31, 2007) components have been reflected as a $74.4 million net reduction ($45.9 million after-tax) to accumulated other comprehensive loss within stockholders' equity. The estimated amount of amortization expense (income) of the above unrecognized amounts that will be amortized from accumulated other comprehensive loss and reflected as a component of net periodic pension cost for 2008 are (i) $65,000 for the prior service cost and (ii) $3.3 million for the net actuarial loss.

Amounts recognized on the balance sheet consist of:

December 31,	2007	2006
	(Dollars in thousands)	
Pension asset (reflected in Other Assets)*	$ 28,536	16,187
Accrued expenses and other current liabilities*	(1,479)	(1,412)
Other deferred credits*	(37,296)	(36,784)
Net amount recognized	$ (10,239)	(22,009)

* In accordance with SFAS 158, those plans that are overfunded are reflected as assets; those plans that are underfunded are reflected as liabilities.

Our aggregate accumulated benefit obligation as of December 31, 2007 and 2006 was $410.6 million and $407.2 million, respectively.

Assumptions used in accounting for pension plans as of December 31, 2007 and 2006 were:

	2007	2006
Determination of benefit obligation		
Discount rate	6.30%	5.80
Weighted average rate of compensation increase	4.0%	4.0
Determination of benefit cost		
Discount rate	5.80%	5.50
Weighted average rate of compensation increase	4.0%	4.0
Expected return on plan assets	8.25%	8.25

We employ a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. We measure and monitor investment risk on an ongoing basis through annual liability measurements, periodic asset studies and periodic portfolio reviews.

Our pension plans weighted-average asset allocations at December 31, 2007 and 2006 by asset category are as follows:

	2007	2006
Equity securities	70.8%	72.2
Debt securities	27.2	25.8
Other	2.0	2.0
Total	100.0%	100.0

In determining the expected return on plan assets, we study historical markets and apply the widely-accepted capital market principle that assets with higher volatility and risk generate a greater return over the long term. We evaluate current market factors such as inflation and interest rates before determining long-term capital market assumptions. We also review peer data and historical returns to check for reasonableness.

The amount of the 2008 contribution will be determined based on a number of factors, including the results of the 2008 actuarial valuation report. At this time, the amount of the 2008 contribution is not known.

Our estimated future projected benefit payments under our defined benefit pension plans are as follows: 2008 - $32.5 million; 2009 - $33.4 million; 2010 - $34.9 million; 2011 - $36.0 million; 2012 - $37.7 million; and 2013-2017 - $207.8 million.

Through December 31, 2006, we also sponsored an Employee Stock Ownership Plan ("ESOP") which covers most employees with one year of service and is funded by our contributions determined annually by the Board of Directors. Our expense related to the ESOP during 2006 and 2005 was $7.9 million and $7.3 million, respectively. Our contribution to the ESOP was discontinu after 2006.

We also sponsor qualified profit sharing plans pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plans") which are available to substantially all employees. Our matching contributions to the 401(k) Plans were $10.6 million in 2007, $8.6 million in 2006 and $8.5 million in 2005.

(12) INCOME TAXES

Income tax expense included in the Consolidated Statements of Income for the years ended December 31, 2007, 2006 and 2005 was as follows:

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Federal			
Current	$ 192,424	146,201	139,836
Deferred	2,220	37,687	35,499
State			
Current	7,130	25,236	(6,075)
Deferred	(1,202)	11,998	34,031
	$ 200,572	221,122	203,291

Income tax expense was allocated as follows:

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Income tax expense in the consolidated statements of income	$ 200,572	221,122	203,291
Stockholders' equity:			
Compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	(6,427)	(12,034)	(6,261)
Tax effect of the change in accumulated other comprehensive income (loss)	34,985	(63,837)	(801)

The following is a reconciliation from the statutory federal income tax rate to our effective income tax rate:

Year ended December 31,	2007	2006	2005
		(Percentage of pre-tax income)	
Statutory federal income tax rate	35.0%	35.0	35.0
State income taxes, net of federal income tax benefit	2.8	4.1	3.4
Release of previously unrecognized tax benefits	(5.3)	-	-
Other, net	(0.1)	(1.7)	(.6)
Effective income tax rate	32.4%	37.4	37.8

In 2007, we recognized a net after-tax benefit of approximately $32.7 million (which includes related interest and is net of federal benefit) related to the release of previously unrecognized tax benefits. See below for additional information. Income tax expense was reduced by approximately $6.4 million in 2006 due to the resolution of various income tax audit issues.

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2007 and 2006 were as follows:

December 31,	2007	2006
	(Dollars in thousands)	
Deferred tax assets		
Postretirement and pension benefit costs	$ 109,182	131,890
Net state operating loss carryforwards	31,646	61,875
Other employee benefits	32,166	24,907
Other	49,841	45,628
Gross deferred tax assets	222,835	264,300
Less valuation allowance	(30,907)	(61,049)
Net deferred tax assets	191,928	203,251
Deferred tax liabilities		
Property, plant and equipment, primarily due to depreciation differences	(373,181)	(334,521)
Goodwill and other intangible assets	(604,809)	(503,126)
Other	(12,900)	(27,010)
Gross deferred tax liabilities	(990,890)	(864,657)
Net deferred tax liability	$ (798,962)	(661,406)

Of the $799.0 million net deferred tax liability as of December 31, 2007, approximately $810.6 million is reflected as a net long-term liability (in "Other deferred credits") and approximately $11.6 million is reflected as a net current deferred tax asset (in "Other current assets").

We establish valuation allowances when necessary to reduce the deferred tax assets to amounts we expect to realize. As of December 31, 2007, we had available tax benefits associated with net state operating loss carryforwards, which expire through 2027, of $31.6 million. The ultimate realization of the benefits of the carryforwards is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider our scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As a result of such assessment, we reserved $30.9 million through the valuation allowance as of December 31, 2007 as it is more likely than not that this amount of net operating loss carryforwards will not be utilized prior to expiration.

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which clarifies the accounting for uncertainty i income taxes recognized in financial statements. FIN 48 required us, effective January 1, 2007, to recognize and measure tax benefits taken or expected to be taken in a tax return and disclose uncertainties in income tax positions.

Upon the initial adoption of FIN 48, we recorded a cumulative effect adjustment to retained earnings as of January 1, 2007 (which increased retained earnings by approximately $478,000 as of such date) related to certain previously unrecognized tax benefits that did not meet the criteria for liability recognition upon the adoption of FIN 48.

During 2007, primarily as a result of certain issues being effectively settled through examination and the lapse of statute of limitations, our tax expense was reduced approximately $32.7 million (including related interest and net of federal benefit) upon the release of amounts that were previously reflected as a liability for unrecognized tax benefits.

The following table reflects the activity of our gross unrecognized tax benefits (excluding both interest and any related federal benefit) during 2007 (amounts expressed in thousands).

Unrecognized tax benefits at January 1, 2007	$ 55,905
Increase in tax positions taken in the current year	500
Decrease due to the reversal of tax positions taken in a prior year	(19,617)
Decrease from the lapse of statute of limitations	(2,353)
Decrease from settlements paid	(8,653)
Increase from unrecognized tax benefits of acquired company	8,047
Unrecognized tax benefits at December 31, 2007	$ 33,829

Of the above ending balance of $33.8 million, approximately $21.5 million is included as a component of “Deferred credits and other liabilities” and the remainder is included in “Accrued incon taxes”. If we were to prevail on all unrecognized tax benefits recorded on our balance sheet, approximately $26.1 million (including interest and net of federal benefit) would benefit the effective tax rate.

Our policy is to reflect accrued interest associated with unrecognized tax benefits as income tax. We had accrued interest (presented before related tax benefits) of approximately $20.7 million a of January 1, 2007 and $12.9 million as of December 31, 2007.

We file income tax returns, including returns for our subsidiaries, with federal, state and local jurisdictions. Our uncertain income tax positions are related to tax years that are currently under or remain subject to examination by the relevant taxing authorities. Our open income tax years by major jurisdiction are as follows.

Jurisdiction	Open tax years
Federal	1998-current
State	
Georgia	2002-current
Louisiana	2003-current
Oregon	2001-current
Wisconsin	2001-current
Other states	2002-current

Additionally, it is possible that certain jurisdictions in which we do not believe we have an income tax filing responsibility, and accordingly did not file a return, may attempt to assess a liability. Since the period for assessing additional liability typically begins upon the filing of a return, it is possible that certain jurisdictions could assess tax for years prior to the open tax years disclos above.

Based on (i) the potential outcomes of these ongoing examinations, (ii) the expiration of statute of limitations for specific jurisdictions, (iii) the negotiated settlement of certain disputed issues, o (iv) a jurisdiction’s administrative practices, it is reasonably possible that the related unrecognized tax benefits for tax positions previously taken may decrease by up to $14 million within the next 12 months. The actual amount of such decrease, if any, will depend on several future developments and events, many of which are outside our control.

(13) EARNINGS PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Year ended December 31,	2007	2006	2005
	(Dollars, except per share amounts, and shares in thousands)		
Income (Numerator):			
Net income	$ 418,370	370,027	334,479
Dividends applicable to preferred stock	(368)	(380)	(396)
Net income applicable to common stock for computing basic earnings per share	418,002	369,647	334,083
Interest on convertible debentures, net of tax	2,832	4,828	4,875
Dividends applicable to preferred stock	368	380	396
Net income as adjusted for purposes of computing diluted earnings per share	$ 421,202	374,855	339,354
Shares (Denominator):			
Weighted average number of shares:			
Outstanding during period	110,183	117,363	131,044
Nonvested restricted stock	(823)	(692)	(203)
Weighted average number of shares outstanding during period for computing basic earnings per share	109,360	116,671	130,841
Incremental common shares attributable to dilutive securities:			
Shares issuable under convertible securities	2,951	4,493	4,511
Shares issuable upon settlement of accelerated share repurchase agreements	-	365	378
Shares issuable under incentive compensation plans	783	700	357
Number of shares as adjusted for purposes of computing diluted earnings per share	113,094	122,229	136,087
Basic earnings per share	$ 3.82	3.17	2.55
Diluted earnings per share	$ 3.72	3.07	2.49

In July 2007, we called for redemption on August 14, 2007 all of our $165 million aggregate principal amount 4.75% convertible senior debentures, Series K, due 2032. In accordance with the indenture, holders could elect to convert their debentures into shares of CenturyTel common stock at a conversion price of $40.455 per share prior to August 10, 2007. In lieu of cash redemption, holders of approximately $149.6 million aggregate principal amount of the debentures elected to convert their holdings into approximately 3.7 million shares of CenturyTel common stock.

In connection with calculating our diluted earnings per share for our accelerated share repurchase program discussed in Note 9, we assumed the accelerated share repurchase market price adjustment would be settled through our issuance of additional shares of common stock, which was allowed (at our discretion) in the agreement. Accordingly, the estimated shares issuable based on the fair value of the forward contract was included in the weighted average shares outstanding for the computation of diluted earnings per share.

The weighted average number of shares of common stock subject to issuance under outstanding options that were excluded from the computation of diluted earnings per share because the exercise price of the option was greater than the average market price of the common stock was 792,000 for 2007, 1.0 million for 2006 and 1.8 million for 2005.

(14) STOCK COMPENSATION PROGRAMS

Effective January 1, 2006, we adopted the provisions of Statement of Financial Accounting Standards No. 123 (Revised 2004), “Share-Based Payment” (“SFAS 123(R)”). SFAS 123(R) require us to measure our cost of awarding employees with equity instruments based upon the fair value of the award on the grant date. Such cost will be recognized as compensation expense over the period during which the employee is required to provide service in exchange for the award. Compensation cost is also recognized over the applicable remaining vesting period for any outstanding options tha were not fully vested as of January 1, 2006. We did not have any unvested outstanding options as of January 1, 2006 since our Board of Directors accelerated the vesting of all unvested options effecti as of December 31, 2005, as described below. We elected the modified prospective transition method as permitted by SFAS 123(R); accordingly, we did not restate prior period results.

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. As of December 31, 2007, we had reserved approximately 6.2 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.

As of December 31, 2005, we had approximately 6.0 million options outstanding from prior grants, all of which were issued with exercise prices either equal to or exceeding the then-current market price. All of these options were exercisable as a result of actions taken by our Board of Directors in December 2005 to accelerate the vesting of all unvested options outstanding, effective as of December 31, 2005, in order to eliminate the recognition of compensation expense which otherwise would have been required upon the effectiveness of SFAS 123(R).

During 2007 we granted 983,920 stock options with exercise prices at market value. All of these options expire ten years after the date of grant and have a three-year vesting period. The weighted average fair value of each option was estimated as of the date of grant to be $14.57 using a Black-Scholes option pricing model using the following assumptions: dividend yield – .6%; expected volatility - 28% (executive officers) and 25% (all other employees); weighted average risk free interest rate – 4.6% (rates ranged from 3.5% to 5.1%); and expected term – 6.5 years (executive officers) and 4.5 years (all other employees).

During 2006 we granted 1,007,175 stock options with exercise prices at market value. The weighted average fair value of each of the 2006 options was estimated as of the date of grant to be $12.75 using an option-pricing model with the following assumptions: dividend yield - .7%; expected volatility - 30%; weighted average risk-free interest rate – 4.65% (rates ranged from 4.28% to 5.22%); and expected option life - 7 years (executive officers) and 5 years (all other employees).

During 2005 we granted 1,015,025 stock options with exercise prices at market value. The weighted average fair value of each of the 2005 options was estimated as of the date of grant to be $12.68 using an option-pricing model with the following assumptions: dividend yield - .7%; expected volatility - 30%; weighted average risk-free interest rate – 4.2%; and expected option life - seven years.

The expected volatility was based on the historical volatility of our common stock over the 6.5- and 4.5- year terms mentioned above. The expected term was determined based on the historical exercise and forfeiture rates for similar grants.

Stock option transactions during 2007, 2006 and 2005 were as follows:

	Number of options		Average price	Remaining contractual term (in years)		Aggregate intrinsic value
Outstanding December 31, 2004	6,713,558	$	28.79			
Granted	1,015,025		25.04			
Exercised	(1,664,625)		33.69			
Forfeited/Cancelled	(68,500)		31.40			
Outstanding December 31, 2005	5,995,458	$	30.63			
Granted	1,007,175		35.98			
Exercised	(3,047,918)		29.15			
Forfeited/Cancelled	(58,916)		32.54			
Outstanding December 31, 2006	3,895,799	$	33.14			
Granted	983,920		45.76			
Exercised	(1,204,164)		32.15			
Forfeited/Cancelled	(43,350)		40.72			
Outstanding December 31, 2007	3,632,205	$	36.80	6.8	$	16,926,000
Exercisable December 31, 2007	2,094,378	$	32.98	5.3	$	17,752,000

In addition, during 2007, we issued 288,896 shares of restricted stock to certain employees and our outside directors at a weighted-average price of $45.89 per share. During 2006, we issued 293,943 shares of restricted stock to certain employees and our outside directors at a weighted-average price of $36.02 per share. During 2005, we issued 286,123 shares of restricted stock at a weight average price of $33.47 per share. Such restricted stock vests over a five-year period (for employees) and a three-year period (for outside directors). Nonvested restricted stock transactions during 20 were as follows:

	Number of shares		Average grant date fair value
Nonvested at January 1, 2007	712,088	$	32.84
Granted	288,896		45.89
Vested	(142,821)		35.13
Forfeited	(11,283)		37.10
Nonvested at December 31, 2007	846,880	$	36.85

The total compensation cost for share-based payment arrangements in 2007, 2006 and 2005 was $20.0 million, $11.9 million and $4.7 million, respectively. We recognized a tax benefit related to such arrangements of approximately $7.5 million in 2007, $4.5 million in 2006 and $1.8 million in 2005. As of December 31, 2007, there was $29.9 million of total unrecognized compensation cost related to the share-based payment arrangements, which is expected to be recognized over a weighted-average period of 2.8 years.

We received net cash proceeds of $38.7 million during 2007 in connection with option exercises. The total intrinsic value of options exercised (the amount by which the market price of the stock on the date of exercise exceeded the market price of the stock on the date of grant) was $17.2 million during 2007, $31.0 million during 2006 and $16.3 million during 2005. The excess tax benefit realized from stock options exercised and restricted stock released during 2007 was $6.4 million. The total fair value of restricted stock that vested during 2007, 2006, and 2005 was $6.4 million, $2.6 million, and $208,000, respectively.

Prior to January 1, 2006, we accounted for stock compensation plans using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as allowed by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Options have been granted at a price either equal to or exceeding the then-current market price. Accordingly, we did not recognize compensation cost in connection with issuing stock options prior to January 1, 2006. If compensation cost for our options had been determined consistent with SFAS 123(R), we would have recognized stock-based compensation expense for 2005 of approximately $12.5 million after-tax and our net income, basic earnings per share and diluted earnings per share for 2005 would have been $322.0 million, $2.46 and $2.40, respectively, all presented on a pro forma basis, as compared to actual net income, basic earnings per share and diluted earnings per share of $334.5 million, $2.55 and $2.49, respectively.

(15) GAIN ON ASSET DISPOSITIONS

In the third quarter of 2007, we recorded a pre-tax gain of approximately $10.4 million related to the sale of our interest in a real estate partnership. In April 2006, upon dissolution of the Rural Telephone Bank ("RTB"), we received $122.8 million in cash for redemption of our investment in stock of the RTB and recorded a pre-tax gain of approximately $117.8 million in the second quarter of 2006 related to this transaction. Upon final distribution of all funds related to the RTB dissolution in November 2007, we received an additional $5.2 million cash and recorded a pre-tax gain of such amount. Such gains are included in "Other income (expense)" on our Consolidated Statements of Income.

(16) SUPPLEMENTAL CASH FLOW AND OTHER DISCLOSURES

The amount of interest actually paid, net of amounts capitalized of $1.3 million, $1.9 million, and $2.8 million during 2007, 2006 and 2005, respectively, was $205.2 million, $191.9 million, and $194.8 million during 2007, 2006 and 2005, respectively. Income taxes paid were $185.3 million in 2007, $212.4 million in 2006, and $88.8 million in 2005. Income tax refunds totaled $1.1 million in 2007, $3.0 million in 2006, and $4.9 million in 2005.

We have consummated the acquisitions of various operations, along with certain other assets, during the three years ended December 31, 2007. In connection with these acquisitions, the following assets were acquired and liabilities assumed:

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Property, plant and equipment, net	$ 208,317	-	66,450
Goodwill	579,780	-	-
Long-term debt, deferred credits and other liabilities	(654,694)	-	-
Other assets and liabilities, excluding cash and cash equivalents	173,402	5,222	9,003
Decrease in cash due to acquisitions	$ 306,805	5,222	75,453

See Note 2 for additional information related to our acquisition of Madison River in 2007.

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 $41 million for 2007, $40 million for 2006 and $37 million for 2005.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of certain of our financial instruments at December 31, 2007 and 2006.

	Carrying Amount	Fair value	
	(Dollars in thousands)		
December 31, 2007			
Financial assets			
Interest rate swaps	$ 3,048	3,048	(2)
Other	$ 106,099	110,235	(2)
Financial liabilities			
Long-term debt (including current maturities)	$ 3,014,255	2,975,707	(1)
Interest rate swaps	$ 834	834	(2)
Other	$ 57,637	57,637	(2)
December 31, 2006			
Financial assets	$ 110,134	110,134	(2)
Financial liabilities			
Long-term debt (including current maturities)	$ 2,567,864	2,522,347	(1)
Interest rate swaps	$ 20,593	20,593	(2)
Other	$ 51,614	51,614	(2)

(1) Fair value was estimated by discounting the scheduled payment streams to present value based upon rates currently available to us for similar debt.
(2) Fair value was estimated by us to approximate carrying value or is based on current market information.

We believe the carrying amount of cash and cash equivalents, accounts receivable, short-term debt, accounts payable and accrued expenses approximates the fair value due to the short maturity of these instruments and have not been reflected in the above table.

(18) 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. As a result of increased bundling of our local exchange and long distance service offerings, beginning in 2006, we have combined the revenues of such offerings into a category entitled "Voice". Beginning in 2007, revenues from voice mail services previously reflected in "Other" revenues were reclassified to "Voice" revenues. Prior periods have been restated to insure comparability.

Our operating revenues for our products and services include the following components:

Year ended December 31,	2007	2006	2005
		(Dollars in thousands)	
Voice	$ 889,960	871,767	902,510
Network access	941,506	878,702	959,838
Data	460,755	351,495	318,770
Fiber transport and CLEC	159,317	149,088	115,454
Other	204,703	196,678	182,680
Total operating revenues	$ 2,656,241	2,447,730	2,479,252

For a description of each of the sources of revenues, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Operating Revenues" elsewhere in this report.

Interexchange carriers and other accounts receivable on the balance sheets are primarily amounts due from various long distance carriers, principally AT&T, and several large local exchange operating companies.

(19) COMMITMENTS AND CONTINGENCIES

Construction expenditures and investments in vehicles, buildings and equipment during 2008 are estimated to be $300 million. We generally do not enter into firm, committed contracts for such activities.

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 a 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 i 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 co 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 c 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.

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.

(20) SUBSEQUENT EVENT

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 an aggregate of approximately $25.6 million, which will be amortized as a reduction of interest expense through 2012.

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. We expect to record a $3.4 million pre-tax charge in the first quarter of 2008 related to the settlement of these derivatives.

* * * * * * * * *

CENTURYTEL, INC.
Consolidated Quarterly Income Statement Information
(Unaudited)

		First quarter	Second quarter	Third quarter	Fourth quarter
		(Dollars in thousands, except per share amounts) (unaudited)			
2007					
Operating revenues	$	600,855	689,991	708,833	656,562
Operating income	$	168,083	231,836	224,185	168,974
Net income	$	77,870	112,265	113,202	115,033
Basic earnings per share	$	.70	1.03	1.04	1.05
Diluted earnings per share	$	.68	1.00	1.01	1.04
2006					
Operating revenues	$	611,291	608,907	619,837	607,695
Operating income	$	157,924	164,993	168,942	173,679
Net income	$	69,260	152,210	76,324	72,233
Basic earnings per share	$	.57	1.32	.66	.63
Diluted earnings per share	$	.55	1.26	.64	.62
2005					
Operating revenues	$	595,282	606,413	657,085	620,472
Operating income	$	176,860	185,882	201,242	172,419
Net income	$	79,616	85,118	91,411	78,334
Basic earnings per share	$	.60	.65	.70	.60
Diluted earnings per share	$	.59	.64	.68	.59

The results of operations of the Madison River properties are reflected in the above table subsequent to the April 30, 2007 acquisition date. In second quarter 2007, we recorded $49 million of revenues upon the settlement of a dispute with a carrier. In third quarter 2007, we recognized $42.2 million of revenues upon the expiration of a regulatory monitoring period. In fourth quarter 2007, we recognized a net benefit of approximately $32.7 million after-tax related to the release of previously unrecognized tax benefits. In fourth quarter 2007, we recorded a pre-tax charge of approximately $16.6 million related to the impairment of certain of our CLEC assets.

The first, second and third quarters of 2006 have been adjusted to reflect the application of SAB 108 (see Note 1 for additional information).

The fourth quarter of 2006 included an $11.7 million pre-tax charge related to the impairment of certain non-operating investments. The second quarter of 2006 included a $117.8 million pre-tax gain recorded upon the redemption of Rural Telephone Bank stock and a $6.4 million net tax benefit due to the resolution of various income tax audit issues.

The fourth quarter of 2005 included a $6.3 million pre-tax charge related to the impairment of a non-operating investment. The third quarter of 2005 included the following amounts presented on a pre-tax basis: (i) the recognition of $35.9 million of revenue as the settlement period related to the 2001/2002 monitoring period lapsed; (ii) $5.8 million of expenses related to Hurricanes Katrina and Rita; (iii) a $9.9 million charge related to the impairment of a non-operating investment; and (iv) a $3.5 million gain on the sale of a separate non-operating investment.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 December 31, 2007. 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 annual report. Since the date of Messrs. Post and Ewing's most recent evaluation, there have been no significant changes in our internal controls or in other factors that could significantly affect these controls. The design of any system of controls 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 our stated goals. Because of the inherent limitations in any control system, you should be aware that misstatements due to error or fraud could occur and not be detected.

Reports on Internal Control Over Financial Reporting. We incorporate by reference into this Item 9A the reports appearing at the forefront of Item 8, "Financial Statements and Supplementary Data".

Item 9B. Other Information

In late February 2008, the Compensation Committee of the Board granted equity awards and took other related actions, including establishing for senior management annual bonus targets for 20 based upon attaining certain specified levels of operating cash flow and end-user revenues.

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 Febru 29, 2008, (ii) amending the plan to permit participants to receive in 2009 a lump sum distribution of the present value of their accrued plan benefits and (iii) crediting each active plan participant with three additional years of age and service and each inactive plan participant with three additional years of age.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The name, age and office(s) held by each of our executive officers are shown below. Each of the executive officers listed below serves at the pleasure of the Board of Directors.

Name	Age	Office(s) held with CenturyTel
Glen F. Post, III	55	Chairman of the Board of Directors and Chief Executive Officer
Karen A. Puckett	47	President and Chief Operating Officer
R. Stewart Ewing, Jr.	56	Executive Vice President and Chief Financial Officer
David D. Cole	50	Senior Vice President – Operations Support
Stacey W. Goff	42	Senior Vice President, General Counsel and Secretary
Michael Maslowski	60	Senior Vice President and Chief Information Officer

Each of our executive officers has served as an officer of CenturyTel and one or more of its subsidiaries in varying capacities for more than the past five years.

In August 2003, Mr. Goff was promoted to Senior Vice President, General Counsel and Secretary. He previously served as Vice President and Assistant General Counsel from 2000 to July 2003 and as Director-Corporate Legal from 1998 to 2000.

The balance of the information required by Item 10 is incorporated by reference to our definitive proxy statement relating to our 2008 annual meeting of stockholders (the "Proxy Statement"), which Proxy Statement will be filed pursuant to Regulation 14A within the first 120 days of 2008.

Item 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table provides information about shares of CenturyTel common stock authorized for issuance under our existing equity compensation plans as of December 31, 2007.

Plan category	(a) Number of securities to be issued upon conversion of outstanding options	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,632,205	$ 36.80	2,552,618
Employee Stock Purchase Plan approved by shareholders	-	-	4,479,612
Equity compensation plans not approved by security holders	-	-	-
Totals	3,632,205	$ 36.80	7,032,230

The balance of the information required by Item 12 is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by Item 13 is incorporated by reference to the Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is incorporated by reference to the Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a). Documents filed as a part of this report

(1) The following Consolidated Financial Statements are included in Part II, Item 8:

Report of Management, including its assessment of the effectiveness of its internal control over financial reporting

Reports of Independent Registered Public Accounting Firm on Consolidated Financial Statements, Financial Statement Schedule and Effectiveness of the Company's Internal Control over Financial Reporting

Consolidated Statements of Income for the years endedDecember 31, 2007, 2006 and 2005

Consolidated Statements of Comprehensive Income for the years ended December 31, 2007, 2006 and 2005

Consolidated Balance Sheets - December 31, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2007, 2006 and 2005

Notes to Consolidated Financial Statements

Consolidated Quarterly Income Statement Information (unaudited)

(2) The attached Schedule II, Valuation and Qualifying Accounts, is the only applicable schedule that we are required to file.

(3) Exhibits:

3.1 Amended and Restated Articles of Incorporation, dated as of May 6, 1999 (incorporated by reference to Exhibit 3(i) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

3.2 Bylaws, as amended through August 26, 2003 (incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K dated August 29, 2003 and filed on September 2, 2003).

3.3 Corporate Governance Guidelines, as amended through August 21, 2007 (incorporated by reference to Exhibit 3 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

3.4 Charters of Committees of Board of Directors

(a) Charter of the Audit Committee of the Board of Directors, as amended through November 15, 2006 (incorporated by reference to Exhibit 3.4(a) of our Annual Report on Form 10-K for the year ended December 31, 2006).

(b) Charter of the Compensation Committee of the Board of Directors, as amended through February 27, 2007 (incorporated by reference to Exhibit 3.4 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

(c) Charter of the Nominating and Corporate Governance Committee of the Board of Directors, as amended through February 25, 2004 (incorporated by reference to Exhibit 3.3 of our Annual Report on Form 10-K for the year ended December 31, 2003).

(d) Charter of the Risk Evaluation Committee of the Board of Directors, as amended through February 26, 2008, included elsewhere herein.

4.1 Form of common stock certificate (incorporated by reference to Exhibit 4.3 of our Annual Report on Form 10-K for the year ended December 31, 2000).

4.2 Instruments relating to our public senior debt

(a) Indenture dated as of March 31, 1994 between CenturyTel and Regions Bank (formerly First American Bank & Trust of Louisiana), as Trustee (incorporated by reference to Exhibit 4.1 of our Registration Statement on Form S-3, Registration No. 33-52915).

(b) Resolutions designating the terms and conditions of CenturyTel's 7.2% Senior Notes, Series D, due 2025 (incorporated by reference to Exhibit 4.27 to our Annual Report on Form 10-K for the year ended December 31, 1995).

(c) Resolutions designating the terms and conditions of CenturyTel's 6.30% Senior Notes, Series F, due 2008; and 6.875% Debentures, Series G, due 2028, (incorporated by reference to Exhibit 4.9 to our Annual Report on Form 10-K for the year ended December 31, 1997).

(d) Form of 8.375% Senior Notes, Series H, Due 2010, issued October 19, 2000 (incorporated by reference to Exhibit 4.2 of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

(e) Board resolutions designating the terms and conditions of CenturyTel's 7.875% Senior Notes, Series L, due 2012 (incorporated by reference to Exhibit 4.2 of our Registration Statement on Form S-4, File No. 333-100480).

(f) Form of 7.875% Senior Notes, Series L, due 2012 (included in Exhibit 4.2(e)).

(g) Third Supplemental Indenture dated as of February 14, 2005 between CenturyTel and Regions Bank (successor-in-interest to First American Bank & Trust of Louisiana and Regions Bank of Louisiana), as Trustee, designating and outlining the terms and conditions of CenturyTel's 5% Senior Notes, Series M, due 2015 (incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K dated February 15, 2005).

(h) Form of 5% Senior Notes, Series M, due 2015 (included in Exhibit 4.2(g)).

(i) Fourth Supplemental Indenture dated as of March 26, 2007 between CenturyTel and Regions Bank, as Trustee, designating and outlining the terms and conditions of CenturyTel's 6.0% Senior Notes, Series N, due 2017 and 5.5% Senior Notes, Series O, due 2013 (incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K dated March 29, 2007).

(j) Form of 6.0% Senior Notes, Series N, due 2017 and 5.5% Senior Notes, Series O, due 2013 (included in Exhibit 4.2(i)).

4.3 $750 Million Five-Year Revolving Credit Facility, dated December 14, 2006, between CenturyTel and the lenders named therein (incorporated by reference to Exhibit 4.3 of our Annual Report on Form 10-K for the year ended December 31, 2006).

4.4 First Supplemental Indenture, dated as of November 2, 1998, to Indenture between CenturyTel of the Northwest, Inc. and The First National Bank of Chicago (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

10.1 Qualified Employee Benefit Plans (excluding several narrow-based qualified plans that cover union employees or other limited groups of employees)

(a) CenturyTel Dollars & Sense 401(k) Plan and Trust, as amended and restated as of December 31, 2006 (incorporated by reference to Exhibit 10.1(a) of our Annual Report on Form 10-K for the year ended December 31, 2006) and amendments thereto dated December 31, 2007, included elsewhere herein

(b) CenturyTel Union 401(k) Plan and Trust, as amended and restated through December 31, 2006 (incorporated by reference to Exhibit 10.1(b) of our Annual Report on Form 10-K for the year ended December 31, 2006) and amendment thereto dated December 31, 2007, included elsewhere herein.

(c) Amended and Restated Retirement Plan, effective as of December 31, 2006 (incorporated by reference to Exhibit 10.1(c) of our Annual Report on Form 10-K for the year ended December 31, 2006) and amendment thereto dated December 31, 2007, included elsewhere herein.

10.2 Stock-based Incentive Plans

(a) 1983 Restricted Stock Plan, dated February 21, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(e) to our Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996, (incorporated by reference to Exhibit 10.1(e) to our Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), and amendment thereto dated April 25, 2001 (incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2001), and amendment thereto dated April 17, 2000 (incorporated by reference to Exhibit 10.2(a) to our Annual Report on Form 10-K for the year ended December 31, 2001).

(b) 1995 Incentive Compensation Plan approved by CenturyTel's shareholders on May 11, 1995 (incorporated by reference to Exhibit 4.4 to Registration No. 33-60061) and amendment thereto dated November 21, 1996 (incorporated by Reference to Exhibit 10.1 (l) to our Annual Report on Form 10-K for the year ended December 31, 1996), and amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1997) and amendment thereto dated May 29, 2003 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).

(i) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 24, 1997, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).

(ii) Form of Stock Option Agreement, pursuant to 1995 Incentive Compensation Plan and dated as of February 21, 2000, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.1 (t) to our Annual Report on Form 10-K for the year ended December 31, 1999).

(c) Amended and Restated 2000 Incentive Compensation Plan, as amended through May 23, 2000 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2000) and amendment thereto dated May 29, 2003 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).

(i) Form of Stock Option Agreement, pursuant to the 2000 Incentive Compensation Plan and dated as of May 21, 2001, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.2(e) to our Annual Report on Form 10-K for the year ended December 31, 2001).

(ii) Form of Stock Option Agreement, pursuant to the 2000 Incentive Compensation Plan and dated as of February 25, 2002, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.2(d)(ii) of our Annual Report on Form 10-K for the year ended December 31, 2002).

(d) Amended and Restated 2002 Directors Stock Option Plan, dated as of February 25, 2004 (incorporated by reference to Exhibit 10.2(e) of our Annual Report on Form 10-K for the year ended December 31, 2003).

(i) Form of Stock Option Agreement, pursuant to the foregoing plan, entered into by CenturyTel in connection with options granted to the outside directors as of May 10, 2002 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2002).

(ii) Form of Stock Option Agreement, pursuant to the foregoing plan, entered into by CenturyTel in connection with options granted to the outside directors as of May 9, 2003 (incorporated by reference to Exhibit 10.2(e)(ii) of our Annual Report on Form 10-K for the year ended December 31, 2003).

(iii) Form of Stock Option Agreement, pursuant to the foregoing plan, entered into by CenturyTel in connection with optionsgranted to the outside directors as of May 7, 2004 (incorporated by reference to Exhibit 10.2(d)(iii) of our Annual Report on Form 10-K for the year ended December 31, 2005).

(e) Amended and Restated 2002 Management Incentive Compensation Plan, dated as of February 25, 2004 (incorporated by reference to Exhibit 10.2(f) of our Annual Report on Form 10-K for the year ended December 31, 2003).

(i) Form of Stock Option Agreement, pursuant to the foregoing plan, entered into between CenturyTel and certain of its officers and key employees at various dates since May 9, 2002 (incorporated by reference to Exhibit 10.4 of our Quarterly Report on Form 10-Q for the period ended September 30, 2002).

(ii) Form of Stock Option Agreement, pursuant to the foregoing plan and dated as of February 24, 2003, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.2(f)(ii) of our Annual Report on Form 10-K for the year ended December 31, 2002).

(iii) Form of Stock Option Agreement, pursuant to the foregoing plan and dated as of February 25, 2004, entered into by CenturyTel and its officers (incorporated by reference to Exhibit 10.2(f)(iii) of our Annual Report on Form 10-K for the year ended December 31, 2003).

(iv) Form of Restricted Stock Agreement, pursuant to the foregoing plan and dated as of February 24, 2003, entered into by CenturyTel and its executive officers (incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the period ended March 31, 2003).

(v) Form of Restricted Stock Agreement, pursuant to the foregoing plan and dated as of February 25, 2004, entered into by CenturyTel and its executive officers (incorporated by reference to Exhibit 10.2(f)(v) of our Quarterly Report on Form 10-Q for the period ended March 31, 2004).

(vi) Form of Stock Option Agreement, pursuant to the foregoing plan and dated as of February 17, 2005, entered into by CenturyTel and its executive officers (incorporated by reference to Exhibit 10.2(e)(v) of our Annual Report on From 10-K for the year ended December 31, 2004).

(vii) Form of Restricted Stock Agreement, pursuant to the foregoing plan and dated as of February 17, 2005, entered into by CenturyTel and its executive officers (incorporated by reference to Exhibit 10.2(e)(vi) of our Annual Report on Form 10-K for the year ended December 31, 2004).

(f) 2005 Directors Stock Option Plan (incorporated by reference to our 2005 Proxy Statement filed April 15, 2005).

(i) Form of Restricted Stock Agreement, pursuant to the foregoing plan, entered into between CenturyTel and each of its outside directors as of May 13, 2005 (incorporated by reference to Exhibit 10.4 of our Current Report on Form 8-K dated May 13, 2005).

(ii) Form of Restricted Stock Agreement, pursuant to the foregoing plan, entered into between CenturyTel and each of its outside directors as of May 12, 2006.

(g) 2005 Management Incentive Compensation Plan (incorporated by reference to our 2005 Proxy Statement filed April 15, 2005).

(i) Form of Stock Option Agreement, pursuant to the foregoing plan, entered into between CenturyTel and certain officers and key employees at various dates since May 12, 2005 (incorporated by reference to Exhibit 10.2 of our Quarterly Report on Form 10-Q for the period ended September 30, 2005)

(ii) Form of Restricted Stock Agreement, pursuant to the foregoing plan, entered into between CenturyTel and certain officers and key employees at various dates since May 12, 2005 (incorporated by reference to Exhibit 10.3 of our Quarterly Report on Form 10-Q for the period ended September 30, 2005).

(iii) Form of Stock Option Agreement, pursuant to the foregoing plan and dated as of February 21, 2006, entered into between CenturyTel and its executive officers (incorporated by reference to Exhibit 10.2(g)(iii) of our Annual Report on Form 10-K for the year ended December 31, 2005).

(iv) Form of Restricted Stock Agreement, pursuant to the foregoing plan and dated as of February 21, 2006, entered into between CenturyTel and its executive O fficers (incorporated by reference to Exhibit 10.2(g)(iv) of our Annual Report on Form 10-K for the year ended December 31, 2005).

(v) Form of Stock Option Agreement, pursuant to the foregoing plan and dated as of February 26, 2007, entered into between CenturyTel and its executive offices (incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

(vi) Form of Restricted Stock Agreement, pursuant to the foregoing plan and dated as of February 26, 2007, entered into between CenturyTel and its executive officers (incorporated by reference to Exhibit 10.2 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007).

10.3 Other Non-Qualified Employee Benefit Plans

(a) Key Employee Incentive Compensation Plan, dated January 1, 1984, as amended and restated as of November 16, 1995 (incorporated by reference to Exhibit 10.1(f) to our Annual Report on Form 10-K for the year ended December 31, 1995) and amendment thereto dated November 21, 1996 (incorporated by reference to Exhibit 10.1 (f) to our Annual Report on Form 10-K for the year ended December 31, 1996), amendment thereto dated February 25, 1997 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1997), amendment thereto dated April 25, 2001 (incorporated by reference to Exhibit 10.2 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2001), amendment thereto dated April 17, 2000 (incorporated by reference to Exhibit 10.3(a) to our Annual Report on Form 10-K for the year ended December 31, 2001) and amendment thereto dated February 27, 2007 (incorporated by reference to Exhibit 10.1 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2007).

(b) Supplemental Executive Retirement Plan, 2008 Restatement, effective January 1, 2008, included elsewhere herein.

(c) Supplemental Dollars & Sense Plan, 2008 Restatement, effective January 1, 2008, included elsewhere herein.

(d) Supplemental Defined Benefit Plan, 2008 Restatement, effective as of January 1, 2008, included elsewhere herein.

(e) Amended and Restated Salary Continuation (Disability) Plan for Officers, dated November 26, 1991 (incorporated by reference to Exhibit 10.16 of our Annual Report on Form 10-K for the year ended December 31, 1991).

(f) 2005 Executive Officer Short-Term Incentive Program (incorporated by reference to our 2005 Proxy Statement filed April 5, 2005).

(g) 2001 Employee Stock Purchase Plan (incorporated by reference to our 2001 Proxy Statement).

10.4 Employment, Severance and Related Agreements

(a) Amended and Restated Change of Control Agreement, effective January 1, 2008, by and between Glen F. Post, III and CenturyTel, included elsewhere herein.

(b) Form of Amended and Restated Change of Control Agreement, effective January 1, 2008, by and between CenturyTel and each of its other executive officers, included elsewhere herein.

(c) Form of Indemnification Agreement for Officers and Directors (incorporated by reference to Exhibit 10.4(e) of our Annual Report on Form 10-K for the year ended December 31, 2005).

(d) CenturyTel, Inc. Bonus Life Insurance Plan for Executive Officers, effective January 1, 2006, included elsewhere herein.

14 Corporate Compliance Program (incorporated by reference to Exhibit 14 of our Annual Report on Form 10-K for the year ended December 31, 2003).

21 Subsidiaries of CenturyTel, included elsewhere herein.

23 Independent Registered Public Accounting Firm Consent, included elsewhere herein.

31.1	Chief Executive Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, included elsewhere herein.
31.2	Chief Financial Officer certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, included elsewhere herein.
32	Chief Executive Officer and Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, included elsewhere herein.

(b) Reports on Form 8-K.

The following Form 8-Ks were filed on the dates indicated during the fourth quarter of 2007.

November 1, 2007
Items 2.02 and 9.01. Results of Operations and Financial Condition – News release announcing third quarter 2007 operating results.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 29, 2008

By: /s/ Glen F. Post, III

Glen F. Post, III

Chairman of the Board and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Glen F. Post, III Glen F. Post, III	Chairman of the Board and Chief Executive Officer	February 29, 2008
/s/ R. Stewart Ewing, Jr. R. Stewart Ewing, Jr.	Executive Vice President and Chief Financial Officer	February 29, 2008
/s/ Neil A. Sweasy Neil A. Sweasy	Vice President and Controller	February 29, 2008
/s/ William R. Boles, Jr. William R. Boles, Jr.	Director	February 29, 2008
/s/ Virginia Boulet Virginia Boulet	Director	February 29, 2008
/s/ Calvin Czeschin Calvin Czeschin	Director	February 29, 2008
/s/ James B. Gardner James B. Gardner	Director	February 29, 2008
/s/ W. Bruce Hanks	Director	

W. Bruce Hanks		February 29, 2008
/s/ Gregory J. McCray	Director	
Gregory J. McCray		February 29, 2008
/s/ C. G. Melville, Jr.	Director	
C. G. Melville, Jr.		February 29, 2008
/ s/ Fred R. Nichols	Director	
Fred R. Nichols		February 29, 2008
/s/ Harvey P. Perry	Director	
Harvey P. Perry		February 29, 2008
	Director	
Jim D. Reppond		February ___, 2008
/s/ Joseph R. Zimmel	Director	
Joseph R. Zimmel		February 29, 2008

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

CENTURYTEL, INC.

For the years ended December 31, 2007, 2006 and 2005

Description		Balance at beginning of period	Additions charged to costs and expenses	Deductions from allowance	Other changes	Balance at end of period
				(Dollars in thousands)		
Year ended December 31, 2007						
Allowance for doubtful accounts	$	20,905	14,466	(16,617) (1)	1,607(2)	20,361
Valuation allowance for deferred tax assets	$	61,049	3,744	(33,886)	-	30,907
Year ended December 31, 2006						
Allowance for doubtful accounts	$	21,721	20,199	(21,009) (1)	(6)(2)	20,905
Valuation allowance for deferred tax assets	$	54,412	6,637	-	-	61,049
Year ended December 31, 2005						
Allowance for doubtful accounts	$	21,187	30,945	(30,880) (1)	469(2)	21,721
Valuation allowance for deferred tax assets	$	27,112	27,300	-	-	54,412

(1) Customers' accounts written-off, net of recoveries.

(2) Allowance for doubtful accounts at the date of acquisition of purchased subsidiaries, net of allowance for doubtful accounts at the date of disposition of subsidiaries sold.

Exhibit 3.4(d)

CENTURYTEL, INC.

CHARTER FOR RISK EVALUATION COMMITTEE
OF THE BOARD OF DIRECTORS
(as amended through February 26, 2008)

I. PURPOSE

The Risk Evaluation Committee is appointed by the Board to identify, monitor and manage risks to the Company's business, properties and employees.

II. COMPOSITION

The Committee will consist of at least three directors, each of whom will be appointed and replaced by the Board in accordance with the Company's bylaws. The Committee's chairman will be designated by the Board. The Committee may form and delegate authority to subcommittees when appropriate.

III. MEETINGS

The chairman of the Committee will preside at each meeting and, in consultation with the other members of the Committee and management, will set the frequency of, and the agenda for, each meeting; *provided, however,* that any member of the Committee may call a meeting in his or her discretion. To assist it in discharging its functions, the Committee may invite to its meetings other directors or representatives of management, counsel and other persons whose pertinent advice or counsel is sought by the Committee.

IV. AUTHORITY AND RESPONSIBILITIES

In furtherance of the purpose of the Committee described above, the Committee will have the following authority and responsibilities:

1. The Committee will review periodically the Company's major risk exposures in the areas listed below:

(a) risks to the Company's properties (including its information systems) posed by casualty events, terrorism, sabotage or theft

(b) risks to the Company's business caused by potential or actual regulatory developments or the Company's failure to comply with applicable telecommunications regulations

(c) risks to the Company's business caused by the failure to comply with environmental, safety, health or other similar laws

(d) risks of potential, threatened or pending rate cases or lawsuits.

2. The Committee will review periodically the steps that the Company has taken or could take to mitigate major risks identified above or any others subsequently identified. In connection therewith, the Committee will periodically review and adjust the scope and coverage of the Company's insurance programs, subject to receiving the approval or ratification of the Board for material changes to such programs.

3. The Committee will oversee the operation of the Company's corporate compliance program and procedures. In connection therewith, the Committee (i) will review periodically the effectiveness and adequacy of the Company's corporate compliance program and procedures and recommend to the Board any necessary proposed changes thereto and (ii) may, to the extent it deems necessary or appropriate, investigate or cause to be investigated any material instance of noncompliance.

4. The Committee will oversee the Company's risk management, loss prevention and safety programs and activities.

5. The Committee will monitor the functions of the Board to ensure that management (or the chairpersons of other Board committees) are periodically making presentations to the Board regarding other major risk exposures not directly monitored by the Committee.

6. The Committee will make regular reports to the Board summarizing the Committee's activities.

7. The Committee will also discharge any additional functions that may be delegated or assigned to it by the Board from time to time.

8. The Committee will review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee will annually review its own performance.

* * * * * * * * * *

- Originally adopted and approved by the Committee and the Board on February 18, 2003 and February 25, 2003, respectively.
- Sections II and IV amended by the Committee and the Board on February 19, 2004 and February 25, 2004, respectively.
- Section IV(1) and IV(6) amended by the Committee and the Board on December 5, 2007 and February 26, 2008, respectively.

Exhibit 10.1(a)

FIRST AMENDMENT TO THE
CENTURYTEL DOLLARS & SENSE 401(K) PLAN
AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2006

CENTURYTEL, INC., represented herein by its Senior Vice-President, General Counsel and Secretary, Stacey W. Goff, as Plan Sponsor and Employer, does hereby execute the following amendments to the CenturyTel Dollars & Sense 401(k) Plan and Trust, each amendment effective as indicated below:

The following amendments are effective as if included in the Amendment and Restated Plan executed on behalf of CenturyTel, Inc. and effective as of December 31, 2006:

1. The first paragraph of Section 6.4(a) is amended to read as follows:

Hardship . By filing the required form, a Participant may withdraw on account of hardship all or a portion of his vested Accrued Benefit except for: (1) earnings allocated after December 31, 1988 on Elective Deferrals, Frozen Pre-Tax Account and any "Employer Contribution Account" in a Frozen Other Contribution Account; (2) any portion of his Accrued Benefit held in his Qualified Non-Elective Contribution Account and Qualified Matching Contribution Account; and (3) any portion of his Accrued Benefit held in his Company Stock Account. The amount distributed will be withdrawn pro rata across eligible money types.

2. Section 9.1(g) is amended in its entirety to read as follows:

Loans will be funded with assets withdrawn pro rata across all money types except for the portion of a Participant's Accrued Benefit held in his Company Match Account and the portion of a Participant's ESOP Account, Stock Bonus Account and PAYSOP Account held in Company Stock.

The following amendment is effective as if included in the Adoption Statement executed on behalf of Madison River Communications Corp. and Participating Subsidiaries and dated May 6, 2007:

1. Section 3.8 is amended in its entirety to read as follows:

Restoration of Forfeiture . If a Participant forfeited employer contributions as a participant in the ESOP, the CenturyTel Fiber Company II, LLC 401(k) Plan and Trust ("LightCore Plan"), or the Madison River Profit Sharing & 401(k) Plan ("Madison River Plan") and returns to service prior to incurring five (5) "Breaks in Service," the dollar amount forfeited shall be restored to the applicable account at the time of reemployment. Notwithstanding, if a plan required the reemployed Participant to return the vested employer contributions before the dollar amount forfeited will be restored, such requirement is incorporated herein.

The definitions of "Breaks in Service" and "Years of Service," vesting provisions, and reemployment provisions of the ESOP, the LightCore Plan, and the Madison River Plan are incorporated herein to determine whether a Participant is entitled to a restoration of forfeitures and to determine the vesting of such amounts based upon future services.

Prior to November 6, 2006, the employer contributions in the ESOP vested after five (5) Years of Service. On November 6, 2006, the ESOP was amended to fully vest active Participants. Prior to the merger of the LightCore Plan into the Plan, the employer contributions in the LightCore Plan vested in accordance with a three (3) year graded vesting schedule: Less than 1 year - 0%; 1 year but less than 2 years -33%; 2 years but less than 3 years - 67%; and 3 or more years - 100%. Prior to the merger of the Madison River Plan into the Plan, the employer contributions in the Madison River Plan vested in accordance with a five (5) year graded vesting schedule: Less than 1 year – 0%; 1 year but less than 2 years – 20%; 2 years but less than 3 years – 40%; 3 years but less than 4 years – 60%; 4 years but less than 5 years – 80%; and 5 or more years – 100%.

The funds for such restoration shall be taken from any available forfeited amounts at the time the Participant is reemployed or, if such forfeited amounts are insufficient to provide the restoration, shall be provided by an Employer contribution. If any restored amounts are later forfeited, such forfeitures shall be used to reduce Employer obligations to make Employer Match Contributions or Profit Sharing Contributions or, as the direction of the Committee, to pay Plan expenses.

The following amendments are effective as of January 1, 2008:

1. Section 1.1 is amended to delete 1.1(c), to re-designate 1.1(d)-(k) as 1.1(c)-(j), to insert "(k)Pre-Tax Elective Deferral Account", to insert "(q)Roth Elective Deferral Account", and to re-designate 1.1(q) as 1.1(r) and 1.1(r) as 1.1(s).

2. The last sentence of Section 1.8 is deleted and the following is inserted in lieu thereof:

These contributions are held in the Pre-Tax Elective Deferral Account or Roth Elective Deferral Account, as appropriate.

3. Section 1.16 is amended in its entirety to read as follows:

Collectively, a Participant's Pre-Tax Elective Deferral Account and Roth Elective Deferral Account.

4. Section 1.17 is amended in its entirety to read as follows:

Collectively, a Participant's Pre-Tax Elective Deferrals and Roth Elective Deferrals.

5. Article I is amended to insert Section 1.44, as follows:

1.44 **Pre-Tax Elective Deferral Account** . The portion of a Participant's Accrued Benefit which consists of Pre-Tax Elective Deferrals made to the Plan by the Employer on behalf of the Participant and, if applicable, amounts transferred from the Predecessor Plans as set forth on Appendix A. A Participant's Pre-Tax Elective Deferral Account shall include all assets of the Participant's Elective Deferral Account as of January 1, 2008.

6. Article I is amended to insert Section 1.45, as follows:

1.45 **Pre-Tax Elective Deferrals** . Contributions made to the Plan by the Employer at the election of the Participant in lieu of cash compensation, pursuant to Section 3.1 of the Plan, including contributions made pursuant to a salary reduction agreement, which are irrevocably designated by the Participant as Pre-Tax Elective Deferrals.

7. Sections 1.44 through 1.51 are re-numbered as Sections 1.46 through 1.53.

8. Article I is amended to insert Section 1.54, as follows:

1.54 **Roth Elective Deferral Account** . The portion of a Participant's Accrued Benefit which consists of Roth Elective Deferrals made to the Plan by the Employer on behalf of the Participant. A Participant's Roth Elective Deferral Account shall include only a Participant's Roth Elective Deferrals and gains, losses, and earnings thereon.

9. Article I is amended to insert Section 1.55, as follows:

1.55 **Roth Elective Deferrals** . Contributions made to the Plan by the Employer at the election of the Participant in lieu of cash compensation, pursuant to Section 3.1 of the Plan, including contributions made pursuant to a salary reduction agreement, which are irrevocably designated by the Participant as Roth Elective Deferrals.

10. Sections 1.52 through 1.56 are re-numbered as Sections 1.56 through 1.60.

11. The following sentence is inserted as the fifth sentence of Section 3.1(a):

A Participant, at the time of making an election to defer Compensation pursuant to this Section 3.1(a), shall irrevocably designate the deferred Compensation as either a Pre-Tax Elective Deferral or a Roth Elective Deferral.

12. The last sentence of section 3.1(a) is deleted and the following is inserted in lieu thereof:

A Participant shall at all times have a nonforfeitable interest in his Pre-Tax Elective Deferral Account and his Roth Elective Deferral Account.

13. The following paragraph is added as the third paragraph of Section 3.1(c):

Excess Deferrals distributed by the Employer pursuant to this Section 3.1(c) shall first be distributed from the Participant's Roth Elective Deferrals and, if Excess Deferrals remain after the Participant's Roth Elective Deferrals have been distributed, from the Participant's Pre-Tax Elective Deferrals.

14. The following sentence is added as the last sentence of Section 3.1(d):

A Participant, at the time of his election to make a Catch-Up Contribution pursuant to this Section 3.1(d), shall irrevocably designate the Catch-Up Contribution as either a Pre-Tax Elective Deferral or a Roth Elective Deferral.

15. The first paragraph of Section 3.2(m) is amended in its entirety to read as follows:

Notwithstanding the Match Contribution formula contained in Section 3.2(c), each Participant who is employed with Madison River Communications Corp. or the Participating Subsidiaries will receive an Employer Match Contribution for the 2007 Plan Year in an amount equal to 50% of the amount of the Participant's Elective Deferrals that do not exceed 6% of the Participant's Compensation. Effective January 1, 2008, the provisions of Section 3.2(d) shall apply to employees of Madison River Communications Corp. and the Participating Subsidiaries.

16. The following is added as Section 3.7(f):

(f) Notwithstanding the preceding provisions of this Section 3.7, the Trustee shall not accept rollovers or direct transfers of funds from a Roth account under a qualified plan or from a Roth IRA.

17. The following paragraph is added as the last paragraph of Section 3.9(e):

Excess Contributions distributed by the Employer from a Participant's Elective Deferral Account pursuant to this Section 3.9(e) shall first be distributed from the Participant's Roth Elective Deferral Account and, if Excess Contributions remain after the balance in the Participant's Roth Elective Deferral Account has been distributed, from the Participant's Pre-Tax Elective Deferral Account.

18. The following is added as Section 5.1(b)(5):

(5) Any required correction under this Section 5.1(b) shall first be satisfied from a Participant's Roth Elective Deferrals and then from the Participant's Pre-Tax Elective Deferrals.

19. The following paragraphs are inserted as the second and third paragraphs of Section 7.2:

A Participant, at the time of his election under this Section 7.2, shall designate whether the distribution is to be made from his Pre-Tax Elective Deferral Account, his Roth Elective Deferral Account, or from both accounts. In the absence of an election by the Participant, the distribution shall first be made from his Roth Elective Deferral Account.

The Plan Administrator may operationally implement ordering rules for distributions from a Participant's accounts attributable to Pre-Tax Elective Deferrals or Roth Elective Deferrals. Such ordering rules may specify whether Pre-Tax Elective Deferrals or Roth Elective Deferrals are distributed first, and may permit a Participant to elect whether distributions are to be made from his Pre-Tax Elective Deferral Account, his Roth Elective Deferral Account, or both.

20. The following paragraph is added as the third paragraph of Section 7.8(b)(2):

An eligible retirement plan with respect to a Roth Elective Deferral Account shall only mean a qualified plan described in Section 401(a) of the Code which contains Roth accounts and satisfies the requirements of Section 402A of the Code or a Roth individual retirement account.

21. Section 9.1(g) is amended in its entirety to read as follows:

Loans will be funded with assets withdrawn pro rata across all money types except for the portion of a Participant's Accrued Benefit held in his Company Match Account, the portion of a Participant's ESOP Account, Stock Bonus Account and PAYSOP Account held in Company Stock, and a Participant's Roth Elective Deferral Account.

22. The following is added as Section 15.7:

The provisions of this Plan relating to Roth Elective Deferrals and Participants' Roth Elective Deferral Accounts are intended to comply in good faith with the provisions of Code Section 402A and guidance issued thereunder, and such provisions shall be interpreted in a manner consistent therewith.

THUS DONE AND SIGNED this 31st day of December, 2007.

CENTURYTEL, INC.

BY : /s/ Stacey W. Goff

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

Exhibit 10.1(a)

SECOND AMENDMENT TO THE
CENTURYTEL DOLLARS & SENSE 401(K) PLAN
AS AMENDED AND RESTATED
EFFECTIVE DECEMBER 31, 2006

CENTURYTEL, INC., represented herein by its Senior Vice-President, General Counsel and Secretary, Stacey W. Goff, as Plan Sponsor and Employer, does hereby execute the following amendments to the CenturyTel Dollars & Sense 401(k) Plan and Trust, effective for the 2007 Plan Year:

1. Appendix C for the 2007 Plan Year is inserted, as follows:

APPENDIX C

The Account Balance of each Participant listed below shall be increased by a Profit Sharing Contribution to the Participant's Profit Sharing Account for Plan Year 2007. The Profit Sharing Contribution for each Participant for Plan Year 2007 is specified below.

Personnel Number	Name	Profit Sharing Contribution
58704	P. Adams	17,500
3359	A. Alford	8,500
3302	J. Allen	1,103
57996	V. Callen	13,980
4494	C. Davis	13,651
58716	D. Davis	8,000
3122	P. Eason	17,500
3082	J. Glover	8,500
6289	T. Grigar	10,000
54435	A. Higginbotham	3,000
5577	C. Inabnett	3,118
1400	T. Kissane	17,500
7373	J. Osa	3,035
2732	O. Riley	9,963
2067	D. Ring	10,000
54119	T. Schafer	8,000
54861	K. Victory	8,000
2710	T. Walden	12,500
7491	C. Watkins	18,000
58715	A. Whipple	4,811
TOTAL		196,661

THUS DONE AND SIGNED this 31st day of December, 2007.

CENTURYTEL, INC.

BY: /s/ Stacey W. Goff
Stacey W. Goff
Senior Vice-President, General
Counsel and Secretary

Exhibit 10.1(b)

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

CENTURYTEL, INC., represented herein by its Senior Vice-President, General Counsel and Secretary, Stacey W. Goff, as Plan Sponsor and Employer, does hereby execute the following amendments to the CenturyTel Union 401(k) Plan and Trust, each amendment effective as indicated below:

The following amendment is effective as if included in the Amendment and Restated Plan executed on behalf of CenturyTel, Inc. and effective as of December 31, 2006:

1. The first paragraph of Section 6.6(a) is amended to read as follows:

Hardship . By filing the required form, a Participant may withdraw on account of hardship all or a portion of his vested Accrued Benefit except for: (1) earnings allocated after December 31, 1988 on Elective Deferrals; (2) any portion of his Accrued Benefit held in his Qualified Non-Elective Contribution Account and Qualified Matching Contribution Account; and (3) any portion of his Accrued Benefit held in his Company Stock Account. The amount distributed will be withdrawn pro rata across eligible money types.

The following amendments are effective as of January 1, 2008:

1. Section 1.1 is amended to delete 1.1(b), to re-designate 1.1(c) as 1.1(b), to insert "(c) Pre-Tax Elective Deferral Account", to insert "(h)Roth Elective Deferral Account", and to re-designate 1.1(h) as 1.1(i).

2. The last sentence of Section 1.9 is deleted and the following is inserted in lieu thereof:

These contributions are held in the Pre-Tax Elective Deferral Account or Roth Elective Deferral Account, as appropriate.

3. Section 1.17 is amended in its entirety to read as follows:

Collectively, a Participant's Pre-Tax Elective Deferral Account and Roth Elective Deferral Account.

4. Section 1.18 is amended in its entirety to read as follows:

Collectively, a Participant's Pre-Tax Elective Deferrals and Roth Elective Deferrals.

5. Article I is amended to insert Section 1.38, as follows:

1.38 **Pre-Tax Elective Deferral Account** . The portion of a Participant's Accrued Benefit which consists of Pre-Tax Elective Deferrals made to the Plan by the Employer on behalf of the Participant. A Participant's Pre-Tax Elective Deferral Account shall include all assets of the Participant's Elective Deferral Account as of January 1, 2008.

6. Article I is amended to insert Section 1.39, as follows:

1.39 **Pre-Tax Elective Deferrals** . Contributions made to the Plan by the Employer at the election of the Participant in lieu of cash compensation, pursuant to Section 3.1 of the Plan, including contributions made pursuant to a salary reduction agreement, which are irrevocably designated by the Participant as Pre-Tax Elective Deferrals.

7. Sections 1.38 through 1.44 are re-numbered as Sections 1.40 through 1.46.

8. Article I is amended to insert Section 1.47, as follows:

1.47 **Roth Elective Deferral Account** . The portion of a Participant's Accrued Benefit which consists of Roth Elective Deferrals made to the Plan by the Employer on behalf of the Participant. A Participant's Roth Elective Deferral Account shall include only a Participant's Roth Elective Deferrals and gains, losses, and earnings thereon.

9. Article I is amended to insert Section 1.48, as follows:

1.48 **Roth Elective Deferrals** . Contributions made to the Plan by the Employer at the election of the Participant in lieu of cash compensation, pursuant to Section 3.1 of the Plan, including contributions made pursuant to a salary reduction agreement, which are irrevocably designated by the Participant as Roth Elective Deferrals.

10. Sections 1.45 through 1.51 are re-numbered as Sections 1.49 through 1.55.

11. The following sentence is inserted as the fifth sentence of Section 3.1(a):

A Participant, at the time of making an election to defer Compensation pursuant to this Section 3.1(a), shall irrevocably designate the deferred Compensation as either a Pre-Tax Elective Deferral or a Roth Elective Deferral.

12. The last sentence of section 3.1(a) is deleted and the following is inserted in lieu thereof:

A Participant shall at all times have a nonforfeitable interest in his Pre-Tax Elective Deferral Account and his Roth Elective Deferral Account.

13. The following paragraph is added as the third paragraph of Section 3.1(c):

Excess Deferrals distributed by the Employer pursuant to this Section 3.1(c) shall first be distributed from the Participant's Roth Elective Deferrals and, if Excess Deferrals remain after the Participant's Roth Elective Deferrals have been distributed, from the Participant's Pre-Tax Elective Deferrals.

14. The following sentence is added as the last sentence of Section 3.1(d):

A Participant, at the time of his election to make a Catch-Up Contribution pursuant to this Section 3.1(d), shall irrevocably designate the Catch-Up Contribution as either a Pre-Tax Elective Deferral or a Roth Elective Deferral.

15. The following is added as Section 3.6(e):

(e) Notwithstanding the preceding provisions of this Section 3.6, the Trustee shall not accept rollovers or direct transfers of funds from a Roth account under a qualified plan or from a Roth IRA.

16. The following paragraph is added as the last paragraph of Section 3.7(e):

Excess Contributions distributed by the Employer from a Participant's Elective Deferral Account pursuant to this Section 3.7(e) shall first be distributed from the Participant's Roth Elective Deferral Account and, if Excess Contributions remain after the balance in the Participant's Roth Elective Deferral Account has been distributed, from the Participant's Pre-Tax Elective Deferral Account.

17. The following is added as Section 5.1(b)(5):

(5) Any required correction under this Section 5.1(b) shall first be satisfied from a Participant's Roth Elective Deferrals and then from the Participant's Pre-Tax Elective Deferrals.

18. The following paragraphs are inserted as the third and fourth paragraphs of Section 7.2:

A Participant, at the time of his election under this Section 7.2, shall designate whether the distribution is to be made from his Pre-Tax Elective Deferral Account, his Roth Elective Deferral Account, or from both accounts. In the absence of an election by the Participant, the distribution shall first be made from his Roth Elective Deferral Account.

The Plan Administrator may operationally implement ordering rules for distributions from a Participant's accounts attributable to Pre-Tax Elective Deferrals or Roth Elective Deferrals. Such ordering rules may specify whether Pre-Tax Elective Deferrals or Roth Elective Deferrals are distributed first, and may permit a Participant to elect whether distributions are to be made from his Pre-Tax Elective Deferral Account, his Roth Elective Deferral Account, or both.

19. The following paragraph is added as the third paragraph of Section 7.10(b)(2):

An eligible retirement plan with respect to a Roth Elective Deferral Account shall only mean a qualified plan described in Section 401(a) of the Code which contains Roth accounts and satisfies the requirements of Section 402A of the Code or a Roth individual retirement account.

20. Section 9.1(g) is amended in its entirety to read as follows:

Loans will be funded with assets withdrawn pro rata across all money types except for the portion of a Participant's Accrued Benefit held in his Company Match Account and a Participant's Roth Elective Deferral Account.

21. The following is added as Section 14.7:

The provisions of this Plan relating to Roth Elective Deferrals and Participants' Roth Elective Deferral Accounts are intended to comply in good faith with the provisions of Code Section 402A and guidance issued thereunder, and such provisions shall be interpreted in a manner consistent therewith.

THUS DONE AND SIGNED this 31st day of December, 2007.

CENTURYTEL, INC.

BY: /s/ Stacey W. Goff
Stacey W. Goff
Senior Vice-President, General
Counsel and Secretary

Exhibit 10.1(c)

AMENDMENT NO. 2
TO THE
CENTURYTEL RETIREMENT PLAN

WHEREAS, the CenturyTel Retirement Plan ("Plan") was amended and restated by CenturyTel, Inc. (the "Company") 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 Company wishes to change the treatment of certain rehired terminated participants under the Plan; and

WHEREAS , the Company wishes to increase benefits consistent with the rules under Internal Revenue Code §401(a)(4) and the Treasury Department Regulations thereunder; and

WHEREAS , several technical changes must be made to the December 31, 2006 restated Plan document in order to preserve the intent of the Plan and the Company; and

WHEREAS , the Company reserved the right to amend the Plan in Section 12.2 of the Plan.

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

I.

Section 5.8 of the Plan is amended effective December 31, 2006 to add the following sentence at the end:

If this Section 5.8 applies and the Participant had not named a Beneficiary as of the date of death, then the benefit under Section 6.9 shall be payable to the Participant's spouse, child (ren) or estate, in that order.

II.

Section 7.7(f)(5) of the Plan is amended effective December 31, 2006 to delete the reference to "Section 7.7(e)" and replace it with "Section 7.7(f)."

III.

Section 7.12(d) of the Plan is amended effective December 31, 2006 to delete the reference to "Section 7.7(b)" and replace it with "Section 7.7(c)."

IV.

Sections 7.12(a) and (b) of the Plan are amended effective January 1, 2008 to delete all references to "regular or temporary employee" and replace such references with "Employee."

V.

Paragraph (1) of Schedule 6.1(a)(5) of the Plan is amended effective December 31, 2006 to delete the reference to "Section 7.7(e)" and replace it with "Section 7.7(f)."

VI.

Schedules 6.1(a)(3) and 6.1(a)(4) are amended effective December 31, 2007 to read as attached.

VII.

Sections 6.5(b) and (c) of the Salaried Plan Schedule are amended effective December 31, 2006 to read in their entirety as follows:

(b) In the case of a Participant who dies before his Normal Retirement Date while in the service of the Employer and after having satisfied, while in the service of the Employer, the criteria for an early distribution set forth in Section 5.6(c) of the Salaried Plan, the Spouse may elect, in accordance with Section 7.11 of the Plan, that the commencement date of the Spouse's benefit shall be the last day of any month before the Participant's Normal Retirement Date and after the month of the Participant's death. The annual amount of a Spouse's benefit that commences before the Participant's Normal Retirement Date in accordance with this subsection (b) shall not be reduced on account of such early commencement.

(c) In the case of a Participant who dies before his Normal Retirement Date after terminating from service with the Employer, the Spouse may elect, in accordance with Section 7.11 of the Plan, that the commencement date of the Spouse's benefit shall be the last day of any month before the Participant's Normal Retirement Date and after the month of the Participant's death, provided that (i) the Participant had satisfied, while in service of the Employer, the criteria for an early distribution set forth in Section 5.6(c) of the Salaried Plan or (ii) the Participant had at least 10 Years of Credited Service at termination and was age 55 or older at his date of death, or the Participant had at least 15 Years of Credited Service at termination and his combined Years of Credited Service and age at his date of death was at least 76. The annual amount of a Spouse's benefit that commences before the Participant's Normal Retirement Date in accordance with this subsection (c) shall equal the annual amount payable to the Spouse as Beneficiary under the survivor annuity portion of the Qualified Joint and Survivor Annuity that would have been payable with respect to the Participant computed as if the Participant had:

(1) terminated employment with the Employer on the date of his death (or, if earlier, on the date of his actual termination of employment with the Employer),

(2) elected as the commencement date of his benefits the date elected by the Spouse in accordance with this subsection (c), and

(3) died on the commencement date of his benefits.

VIII.

Section 7.6 of the Hourly Plan Schedule is amended effective December 31, 2006 to add the following to the end:

Notwithstanding the provisions of Sections 5.5, 6.5 and 7.6 of the Salaried Plan at Schedule 6.1(f)-2, if a Participant has been credited with at least 5 Years of Credited Service and dies before commencing benefits under the Hourly Plan portion of the Plan, his surviving Spouse (if married), his non-Spouse Beneficiary (if his Spouse has consented to the naming of such Beneficiary) or his Beneficiary (if he is not married at death and has named a Beneficiary) shall receive the death benefit (if any) specified under the terms of any collective bargaining agreement applicable to the Participant at his date of death, in the form(s) specified under the terms of such agreement. If a Participant in the Hourly Plan portion of the Plan as of December 31, 2006 is a Nonrepresented Participant, his Spouse or Beneficiary shall nevertheless be entitled to the same benefit under this Section that would be received by a Represented Employee at the Nonrepresented Hourly Plan Participant's normal work location pursuant to the terms of any collective bargaining agreement applicable to such a Represented Employee as of December 31, 2006. No death benefit shall be payable under this Section if the Participant is not married and has not named a Beneficiary.

IX.

Section 7.7(a) of the Ohio Plan Schedule is amended effective December 31, 2006 to delete the reference to "Section 7.7(c)" and replace it with "Section 7.7(a)(1)."
IN WITNESS WHEREOF , CenturyTel has executed this amendment on this 31st day of December, 2007.

CENTURYTEL, INC.

BY : /s/ Stacey W. Goff
Stacey W. Goff
Senior Vice-President, General Counsel
and Secretary

SCHEDULE 6.1(a)(3)

SUPPLEMENTAL BENEFIT

The Accrued Benefit of each Participant listed below shall be increased by the amount of the Supplemental Benefit specified below. Each Participant's Supplemental Benefit is expressed in terms of a monthly benefit at Normal Retirement Age and shall be actuarially adjusted for timing and form in the same manner as the benefit under Section 6.1(a) (using the Excess Benefit Percentages in Section 6.2 as applicable).

Personnel Number	Name	Supplemental Benefit
2870	D. Cole	1,409.03
4494	C. Davis	188.28
3277	R. Ewing	1,946.66
5284	S. Goff	112.90
10370	I. Hughes	642.71
10111	M. Maslowski	1,089.68
2859	G. Post	5,493.04
52726	K. Puckett	1,373.74
2067	D. Ring	116.83
54861	K. Victory	748.31

SCHEDULE 6.1(a)(4)

SUPPLEMENTAL BENEFIT

The Accrued Benefit of each Participant listed below shall be increased by the amount of the Supplemental Benefit specified below. Each Participant's Supplemental Benefit is expressed in terms of a monthly benefit at Normal Retirement Age and shall be actuarially adjusted for timing and form in the same manner as the benefit under Section 6.1(a) (using the Excess Benefit Percentages in Section 6.2 as applicable).

Personnel Number	Name	Supplemental Benefit
3095	G. Bailey	860.98
2870	D. Cole	9,862.57
4494	C. Davis	534.92
3277	R. Ewing	9,227.46
5284	S. Goff	2,709.59
10370	I. Hughes	6,627.59
10111	M. Maslowski	10,129.94
2859	G. Post	5,774.15
52726	K. Puckett	7,182.43
3189	N. Sweasy	6,129.12

CENTURYTEL , INC .
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
2008 RESTATEMENT
EFFECTIVE JANUARY 1, 2008

Introduction

CenturyTel, Inc. (the "Company") amended and restated the CenturyTel, Inc. Supplemental Executive Retirement Plan 2000 Restatement, as amended ("Grandfathered Plan") effective January 1, 2005 to bring it into compliance with Internal Revenue Code ("Code") §409A and the guidance then available thereunder and to make certain other amendments thereto (the "2005 Restatement"). This document again amends and restates the 2005 Restatement effective January 1, 2008 to comply with the final Treasury Regulations under Code §409A and to make certain other changes, and shall hereinafter sometimes be referred to as the "Plan". This amendment and restatement makes no changes to the Grandfathered Plan.

With respect to each Participant, the Grandfathered Plan shall continue to apply to amounts deferred in taxable years beginning before January 1, 2005 if before January 1, 2005 the Participant had a legally binding right to be paid the amount and the right to the amount was earned and vested, as provided in Treasury Regulations §1.409A-6(a)(2). The amount of the compensation deferred before January 1, 2005 shall be calculated as provided in Treasury Regulations §1.409A-6(a)(3), increased as permitted therein for subsequent calendar years. In addition, the Grandfathered Plan shall apply to the vested benefit payable to a spouse or other beneficiary as of December 31, 2004, whether or not the benefit was then in pay status.

The Committee shall compute and attach hereto the amounts deferred with respect to each Participant, spouse or other beneficiary as of December 31, 2004 and shall hold such benefits subject to the Grandfathered Plan, as if this Plan did not exist. Any benefits not subject to the Grandfathered Plan shall be governed by this Plan. In no case shall the same benefit be paid under both plans, and, in this sense, any benefits payable under this Plan shall be offset by any benefits payable under the Grandfathered Plan.

I. Purpose of the Plan

1.01 This Plan is intended to provide CenturyTel, Inc. and its subsidiaries with a method for attracting and retaining key employees, to provide a method for recognizing the contributions of such personnel, and to promote executive and managerial flexibility, thereby advancing the interests of CenturyTel, Inc. and its stockholders, by providing retirement benefits in addition to those provided under the general retirement programs of CenturyTel, Inc. The Plan is not intended to constitute a qualified plan under Code §401(a) and is designed to be exempt from the participation, vesting, funding and fiduciary responsibility rules of ERISA. The Plan is intended to comply with Code §409A.

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 "ACCRUED BENEFIT" shall mean, as of Normal Retirement Date, an amount equal to the basic monthly benefit to which a Participant is entitled in accordance with Section 5.01 using his Average Monthly Compensation, Estimated Social Security Benefit and Credited Service determined as of his Normal Retirement Date. "Accrued Benefit", as of any given date other than Normal Retirement Date, shall mean an amount equal to the basic monthly benefit to which a Participant is entitled in accordance with Section 5:01 using his Average Monthly Compensation, Estimated Social Security Benefit and Credited Service as of such given date, in lieu of Normal Retirement Date.

2.02 "ACTUARIAL EQUIVALENT" shall mean the equivalent in value of the amounts expected to be received under the Plan under different forms of payment or commencing at different times.

For purposes of the determination of the present value of a Participant's Accrued Benefit, actuarial equivalency shall be based upon an interest rate equal to the annual rate of interest on 30-year United States Treasury securities for the full calendar month preceding the January 1, April 1, July 1 and October 1 Plan quarter that contains the date of distribution, and the 1983 Group Annuity Mortality Table (50% male, 50% female) for pre-retirement and post-retirement mortality.

For all other purposes, actuarial equivalency shall be based upon an interest assumption of 5%, and the 1983 Group Annuity Mortality Table (50% male, 50% female) for pre-retirement and post-retirement mortality.

2.03 "AVERAGE MONTHLY COMPENSATION" shall mean the average of the 36 consecutive months' Compensation of a Participant which produce the highest average out of the last 120 months of participation. Any period of unpaid Leave of Absence will be excluded for purposes of determining Average Monthly Compensation, and periods of service preceding and following an unpaid Leave of Absence may be combined. If a Participant's period of participation is less than 36 months, Average Monthly Compensation shall be determined utilizing all of the Participant's months of service. If a Participant ceases to be a Participant for at least 1 year and thereafter again becomes a Participant, he shall be treated as a new Participant who had not been a Participant previously for purposes of computing Average Monthly Compensation for periods after his new participation date.

2.04 "BENEFIT SERVICE" shall mean employment for which a Participant is entitled to receive service credit for accrual of benefits under the Plan in accordance with the provisions of Article IV. If a Participant ceases to be a Participant for at least 1 year and thereafter again becomes a Participant, he shall be treated as a new Participant who has not been a Participant previously for purposes of computing Benefit Service for periods after his new participation date.

2.05 "CHANGE IN CONTROL" shall mean the occurrence of any of the following:

(a) the acquisition by any person of beneficial ownership of 30% or more of the outstanding shares of the common stock, $1.00 par value per share (the "Common Stock") of CenturyTel, Inc., or 30% or more of the combined voting power of CenturyTel, Inc.'s then outstanding securities entitled to vote generally in the election of directors; *provided, however*, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control:

(i) any acquisition (other than a Business Combination (as defined below) which constitutes a Change of Control under paragraph (c) below) of Common Stock directly from CenturyTel, Inc.,

(ii) any acquisition of Common Stock by CenturyTel, Inc. or its subsidiaries,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by CenturyTel, Inc. or any corporation controlled by CenturyTel, Inc., or

(iv) any acquisition of Common Stock by any corporation pursuant to a Business Combination that does not constitute a Change of Control under paragraph (c) below; or

(b) individuals who, as of January 1, 2006, constitute the Board of Directors of CenturyTel, Inc. (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; *provided, however,* that any individual becoming a director subsequent to such date whose election, or nomination for election by CenturyTel, Inc., Inc.'s shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or

(c) consummation of a reorganization, share exchange, merger or consolidation (including any such transaction involving any direct or indirect subsidiary of CenturyTel, Inc.), or sale or other disposition of all or substantially all of the assets of CenturyTel, Inc. (a "Business Combination" *); provided, however,* that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination:

(i) the individuals and entities who were the beneficial owners of CenturyTel, Inc.'s outstanding Common Stock and CenturyTel, Inc.'s voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of Common Stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the surviving or successor corporation, or, if applicable, the ultimate parent company thereof (the "Post-Transaction Corporation"), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either CenturyTel, Inc., the Post-Transaction Corporation or any subsidiary of either corporation) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of Common Stock of the corporation resulting from such Business Combination or 20% or more of the combined voting power of the then outstanding voting securities of each corporation, and

(iii) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or

(d) approval by the shareholders of CenturyTel, Inc. of a complete liquidation or dissolution of CenturyTel, Inc.

For purposes of this definition, the term "person" shall mean a natural person or entity, and shall also mean the group or syndicate created when two or more persons act as a syndicate or other group (including, without limitation, a partnership or limited partnership) for the purpose of acquiring, holding, or disposing of a security, except that "person" shall not include an underwrite temporarily holding a security pursuant to an offering of the security.

2.06 **"COMMITTEE"** shall mean the CenturyTel Retirement Committee.

2.07 **"COMPENSATION COMMITTEE"** shall mean the Compensation Committee of the Board of Directors of the Company.

2.08 **"COMPANY"** shall mean CenturyTel, Inc., any Subsidiary thereof, and any affiliate designated by the Company as a participating employer under this Plan.

2.09 **"COMPENSATION"** shall mean the sum of a Participant's Salary and Incentive Compensation for a particular month.

2.10 **"DISABLED" OR "DISABILITY"** shall have the meaning set forth in Treasury Regulations §1.409A-3(i)(4). Specifically, "Disabled" or "Disability" shall mean 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, a Participant is (i) unable to engage in any substantial gainful activity or (ii) receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. A Participant 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, a Participant will be deemed disabled if determined to be totally disabled by the Social Security Administration.

2.11 **"EFFECTIVE DATE"** of this Plan shall mean January 1, 2008 for Participants employed and participating in the Plan as of such date, except as may otherwise be provided in specific Articles or Sections hereof. Notwithstanding the foregoing, the amendments contained in this Plan shall not apply to any deferrals governed by the Grandfathered Plan.

2.12 **"EMPLOYER"** shall mean CenturyTel, Inc., any Subsidiary thereof, and any affiliate designated by the Company as a participating employer under this Plan.

2.13 **"ERISA"** shall mean the Employee Retirement Security Act of 1974, as amended.

2.14 **"ESTIMATED SOCIAL SECURITY BENEFIT"** shall mean the monthly primary insurance amount calculated to be available at age 65 based on the Social Security law in effect on the Participant's Normal Retirement Date or an earlier date of determination. The primary insurance amount of a Participant who terminates prior to Normal Retirement Date shall be based on the assumption that the Participant earns no compensation between his termination date and his Normal Retirement Date.

2.15 **"INCENTIVE COMPENSATION"** shall mean the monthly equivalent of the amount awarded to a Participant under the Company's Key Employee Incentive Compensation Plan, or other incentive compensation arrangement maintained by the Company, including the amount of any stock award in its cash equivalent at the time of conversion of the award from cash to stock. A Participant's Incentive Compensation shall be determined on a monthly basis by dividing the amount of the Incentive Compensation award by the number of months to which the award relates. Each award of Incentive Compensation shall, for purposes of this Plan, be allocated to the month or months to which the award relates, i.e., that period of time during which the award was earned.

2.16 **"LEAVE OF ABSENCE"** shall mean any extraordinary absence authorized by the Employer under the Employer's standard personnel practices.

2.17 **"NORMAL RETIREMENT DATE"** shall mean the first day of the month coincident with or next following a Participant's 65th birthday.

2.18 **"PARTICIPANT"** shall mean any officer of the Employer who is granted participation in the Plan in accordance with the provisions of Article III.

2.19 **"PLAN"** shall mean this Amended and Restated CenturyTel, Inc. Supplemental Executive Retirement Plan.

2.20 **"RETIREMENT PLAN"** shall mean the CenturyTel Retirement Plan (as amended and restated effective December 31, 2006).

2.21 **"SALARY"** shall mean the monthly equivalent of a Participant's base rate of pay, exclusive, however, of bonus payments, overtime payments, commissions, imputed income on life Insurance, vehicle allowances, relocation expenses, severance payments, and any other extra Compensation.

2.22 **"SPECIFIED EMPLOYEE"** shall mean a Participant who is a key employee of the Employer under Treasury Regulations §1.409A-1(i) because of final and binding action taken by the Board of Directors of the Company or its Compensation Committee, or by operation of law or such regulation.

2.23 **"SUBSIDIARY"** shall mean any corporation in which CenturyTel, Inc. owns, directly or indirectly through subsidiaries, at least 50% of the combined voting power of all classes of stock.

2.24 **"VESTING SERVICE"** shall mean employment for which a Participant is entitled to receive service credit for vesting in benefits under the Plan in accordance with the provisions of Article IV.

III. Participation

3.01 Any employee who is either one of the officers of the Employer in a position to contribute materially to the continued growth and future financial success of the Employer, or one who has made a significant contribution to the Employer's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

(a) The officer is employed on a full-time basis by the Employer and is compensated by a regular salary; and

(b) The coverage of the officer is duly approved by the Compensation Committee.

3.02 If a Participant who retired or otherwise terminated employment is rehired, he shall not again become a Participant in the Plan unless the coverage of the officer is again duly approved by the Compensation Committee.

3.03 It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management or highly compensated employees, as determined by the Compensation Committee.

3.04 Any officer who is currently a Participant in the Grandfathered Plan as of the effective date of this Plan shall continue to be a Participant in the Plan as amended and restated, subject, however, to the right of the Compensation Committee to exclude the Participant from participation in future years.

IV. Vesting Service and Benefit Service.

4.01 For a Participant whose effective date of participation in the Plan, as designated by the Compensation Committee, is prior to January 1, 2000, Vesting Service for vesting of benefits hereunder, and Benefit Service for purposes of accrual of benefits hereunder, shall be credited for each year of employment with the Employer, calculated in completed years and months regardless of the number of hours worked. Vesting Service and Benefit Service will include all years of service with the Employer, including years of service prior to becoming an officer of the Employer and years of service following Normal Retirement Date. In addition, periods of Leave of Absence shall count as periods of Vesting Service and Benefit Service. A fraction of a year of Vesting Service and Benefit Service will be given for completed months during the year of termination of employment of a Participant.

4.02 For a Participant whose effective date of participation in the Plan, as designated by the Compensation Committee, is on or after January 1, 2000, Vesting Service and Benefit Service will only be credited for years commencing as of the year in which the Participant's participation in the Plan is effective, and will not include years prior to the Participant's effective date of participation in the Plan.

4.03 Notwithstanding the provisions of Sections 4.01 and 4.02, a Participant who terminates employment with the Employer and is subsequently re-hired, or a Participant who ceases to actively participate in the Plan for any other reason, shall receive credit for purposes of Vesting Service and Benefit Service for his service after his re-employment or cessation of active participation only for such periods of service during which he is an active participant in the Plan. A Participant shall not receive service credit after his re-employment or cessation of active participation for periods of service during which he is not an active participant in the Plan.

4.04 At the discretion of the Compensation Committee, service with a predecessor employer may be credited for purposes of vesting or benefit accrual under this Plan. If any such service is credited to a Participant for benefit accrual purposes, the benefit payable under this Plan shall be reduced by any benefit payable from the prior employer. The Compensation Committee shall make a determination whether any service with a predecessor employer will be credited to a Participant prior to the Participant's commencement of participation in this Plan, and such determination, once made, shall be irrevocable. If no determination is made by the Compensation Committee prior to a Participant's commencement of participation in this Plan, service with a predecessor employer by such Participant shall not be credited for any purpose under this Plan.

V. Normal Retirement

5.01 Subject to the provisions of Articles XIV and XV, the monthly retirement benefit payable to a Participant on his Normal Retirement Date shall be equal to (a) plus (b) less (c) less (d) plus (e) less (f), where:

(a) is 3% of Average Monthly Compensation multiplied by Benefit Service, not greater than 10 years.

(b) is 1% of Average Monthly Compensation multiplied by Benefit Service, for Benefit Service years greater than 10 years and not greater than 25 years.

(c) is 4% of Estimated Social Security Benefit, multiplied by Benefit Service, not greater than 25 years.

(d) the benefit provided under Section 6.1(a)(4) of the Retirement Plan.

(e) the sum of the amounts determined pursuant to Sections 6.1(a)(1) and (2) of the Retirement Plan, computed without taking into account the limitations contained in Sections 5.7 and 2.14(d) and (e). Years of Credited Service will be determined under Section 2.51 of the Retirement Plan.

(f) the benefit payable under Sections 6.1(a)(1), (2) and (3) of the Retirement Plan and Article IV of the CenturyTel, Inc. Supplemental Defined Benefit Plan.

5.02 The normal form of payment of a Participant's normal retirement benefit shall be an annuity payable for the life of the Participant.

5.03 The amount of monthly benefit payable to a Participant, as computed under Section 5.01, shall be increased annually to reflect increases in cost of living, at a rate of 3% per annum, starting with the year of benefit commencement. This increase shall take into effect as of January 1 of each year; provided, however, that the initial amount of increase for a Participant who commences receiving distributions in a year, effective as of the following January 1, shall be pro-rated, based on the number of months in such year during which the Participant received distributions. The 3% annual increase will be calculated with regard to Sections 5.01(a), (b) and (c) only.

VI. Late Retirement

6.01 If a Participant remains employed beyond his Normal Retirement Date, his late retirement date will be the first day of the month coincident with or next following his actual date of retirement, subject to the provisions of Articles XIV and XV.

6.02 A Participant's late retirement benefit will be calculated in accordance with Sections 5.01, based on his Average Monthly Compensation and Benefit Service as of his late retirement date. His Estimated Social Security Benefit will be computed as of his Normal Retirement Date based on the Social Security law in effect on such date.

VII. Early Retirement,

7.01 A Participant who has attained age 55, and who has completed 10 or more years of Benefit Service, is eligible for early retirement. An eligible Participant's early retirement date is the first day of the month coincident with or next following the date he terminates employment, subject of Articles XIV and XV.

7.02 A Participant who has completed ten 10 years of Benefit Service as of the date of his termination of employment, but who has not yet attained age 55 as of such date, shall be eligible for early retirement upon attainment of age 55. Such Participant's early retirement date shall be the first day of the month coincident with or next following the date on which he attains age 55, subject to the provisions of Articles XIV and XV.

7.03 A Participant's early retirement benefit is 100% of his Accrued Benefit computed as of his early retirement date calculated as if it were payable at his Normal Retirement Date. An active Participant's early retirement benefit shall be equal to his Accrued Benefit payable at his Normal Retirement Date under Sections 5.01(a), (b) and (c) reduced for early retirement in accordance with Section 7.04, 7.05 or 7.06, less the benefit payable under Section 6.1(a)(4) of the Retirement Plan reduced according to Section 6.2 of the Retirement Plan, plus the benefit payable under Section 5.01(e) reduced according to Section 6.2 of the Retirement Plan, less the benefit payable under Section 5.01(f) reduced for early retirement according to Section 6.2 of the Retirement Plan. A terminated Participant's early retirement benefit shall be equal to his Accrued Benefit payable at his Normal Retirement Date under Sections 5.01(a), (b) and (c) reduced for early retirement according to Section 7.04, 7.05 or 7.06, less the benefit payable under Section 6.1(a)(4) of the Retirement Plan reduced according to Section 6.6 of the Retirement Plan, plus the benefit payable under Section 5.01(e) reduced according to Section 6.6 of the Retirement Plan, less the benefit payable under Section 5.01(f) reduced for early retirement according to Section 6.6 of the Retirement Plan.

7.04 Upon early retirement, a Participant who has attained age 55 and has completed 10 or more but fewer than 15 years of Benefit Service shall receive his Accrued Benefit computed under Section 7.03 on his early retirement date reduced according to the following schedule:

Age at Commencement	Percentage of Accrued Benefit
55	50%
56	53⅓%
57	56⅔%
58	60%
59	63⅓%
60	66⅔%
61	73⅓%
62	80%
63	86⅔%
64	93⅓%
65	100%

7.05 Upon early retirement, a Participant who has attained age 55 and has completed 15 or more but fewer than 25 years of Benefit Service shall receive his Accrued Benefit computed under Section 7.03 on his early retirement date reduced according to the following schedule:

Age at Commencement	Percentage of Accrued Benefit
55	70%
56	73%
57	76%
58	79%
59	82%
60	85%
61	88%
62	91%
63	94%
64	97%
65	100%

7.06 Upon early retirement, a Participant who has attained age 55 and has completed 25 or more years of Benefit Service shall receive his Accrued Benefit computed under Section 7.03 on his early retirement date reduced according to the following schedule:

Age at Commencement	Percentage of Accrued Benefit
55	80%
56	82%
57	84%
58	86%
59	88%
60	90%
61	92%
62	94%
63	96%
64	98%
65	100%

VIII. Disability

8.01 A Participant who becomes Disabled prior to retirement or termination of service will be entitled to a Disability benefit computed in accordance with Section 8.02.

8.02 A Participant's Disability benefit will be calculated in accordance with Sections 5.01(a), (b) and (c) based on (1) his Average Monthly Compensation projected to Normal Retirement Date assuming his Compensation as of the date of his Disability remains constant, (2) his projected service to Normal Retirement Date and (3) his Estimated Social Security Benefit based on the Social Security law in effect on the date of his Disability, less the amount determined under Section 5.01(d), plus the amount determined under Section 5.01(e) less the amount determined under Section 5.01(f) in accordance with Section 6.4 of the Retirement Plan. If a Participant subsequently participates in the Plan, such Participant's service attributable to his subsequent participation shall not be credited for any purpose under the Plan so that there will be no double counting taking into account (2) above.

8.03 A Participant's disability benefit shall commence on his Normal Retirement Date, provided that if the Participant's Disability was caused by or contributed to by mental disorders or medical or surgical treatment of mental disorders, his disability benefit shall commence on the later of his 55th birthday or 2 years after he became mentally Disabled, reduced as provided in Sections 7.05 or 7.06, if applicable, or otherwise as provided in Section 7.03, subject to the provisions of Articles XIV and XV.

IX. Death Benefit

9.01 Upon the death of a Participant who is actively employed or on Leave of Absence at the time of his death, or who has retired or become Disabled and has not commenced receiving benefit payments hereunder, the Participant's beneficiary (as determined under Section 9.05) will be entitled to receive a monthly death benefit determined in accordance with Section 9.02.

9.02 The monthly death benefit payable under Section 9.01 to the beneficiary of a Participant shall be equal to (a) less (b) less (c), where:

(a) is 36% of Average Monthly Compensation projected to his Normal Retirement Date assuming his Compensation as of his date of death remains constant until his Normal Retirement Date.

(b) the amount of Estimated Social Security Benefit, based on the Social Security law in effect as of the date of his death or age 65, if earlier, received by the beneficiary, or to which the beneficiary may be entitled, as determined by the Committee.

(c) the death benefit attributable to Section 6.1(a)(4) of the Retirement Plan.

9.03 Upon the death of a Participant who has terminated employment prior to death for reasons other than retirement or Disability, and who was 100% vested under the vesting schedule contained in Section 10.01 at the time of termination of employment, the Participant's beneficiary (as determined under Section 9.05) will be entitled to receive a monthly death benefit computed as follows:

50% of the Accrued Benefit of the Participant as of his date of termination of employment.

9.04 Subject to the provisions of Articles XIV and XV, the monthly death benefit determined under Section 9.01 or 9.03 shall commence as of the date on which the Participant would have reached the Normal Retirement Date applicable to the Participant, or date of death, if later; provided, however, that the benefit payable to the surviving spouse of the Participant shall commence on the date specified in Sections 7.04, 7.05, 7.06 or 10.02.

9.05 The beneficiary of a Participant who is married on the date of his death shall be his spouse. The beneficiary of an unmarried Participant shall be his living children as of his date of death.

9.06 The death benefit shall be paid to the surviving spouse, if any, of the Participant for the surviving spouse's life. If the Participant is unmarried at the date of death, or if the surviving spouse dies subsequent to the Participant's death, the death benefit shall be paid to the Participant's surviving child or children (or legal representative of any minor child) in equal shares. The death benefit payable to a child shall terminate upon the later of the child's attainment of age 19 or age 23, if a full-time student at an accredited educational institution, and such share shall thereafter revert to and be payable equally to the remaining surviving children of the Participant until the interest of each such surviving child has terminated.

9.07 If a Participant has no surviving spouse or children at the date of the Participant's death, no death benefit shall be paid under this Plan.

X. Termination of Service

10.01 If a Participant terminates service prior to death, Disability or retirement, his Accrued Benefit shall be vested in accordance with the following schedule:

Years of Vesting Service	Vested %
less than 5	0 %
5 or more	100%

10.02 A Participant's vested Accrued Benefit is computed as if it were payable at his Normal Retirement Date. If the Participant does not meet the service requirements of Sections 7.01 or 7.02, his Vested Accrued Benefit is payable at his Normal Retirement Date. If a Participant meets the service requirements for early retirement pursuant to Section 7.01 or 7.02, his benefit shall commence on the first day of the month coincident with or next following the date of termination of employment, reduced as provided in Section 7.04, 7.05 or 7.06, as applicable. The provisions of this Section 10.02 are subject to the provisions of Articles XIV and XV.

XI. Change in Control

11.01 Notwithstanding anything to the contrary in this Plan or in any applicable law or regulation, upon the earlier of (i) the occurrence of a Change in Control, (ii) the date that any person or entity submits an offer or proposal to the Company that results in or leads to a Change in Control (whether by such person or any other person) or (iii) the date of the public announcement of a Change in Control or an offer, proposal or proxy solicitation that results in or leads to a Change in Control (whether by the person or entity making such announcement or any other person) (the earliest of such dates being hereinafter referred to as the "Effective Date"), the Accrued Benefit of each Participant (other than any Participant whose service as an employee was terminated prior to full vesting of his Accrued Benefit under Section 10.01) and the benefits conferred under this Section shall automatically vest and thereafter may not be adversely affected in any matter without the prior written consent of the Participant. Notwithstanding anything to the contrary in this Plan, upon the occurrence of a Change in Control any Participant who is then employed by CenturyTel, Inc. or its subsidiaries ("Active Participants") shall have an irrevocable right to receive, and the Company shall be irrevocably obligated to pay, a lump sum cash payment in an amount determined pursuant to this Section if, during a period commencing upon the Effective Date and ending on the third anniversary of the occurrence of the Change in Control, the Active Participants voluntarily or involuntarily separates from service ("Termination"). The lump sum cash payment payable to Active Participants under this Section (the "Lump Sum Payment") shall be paid on the date of Termination, subject to the provisions of Articles XIV and XV.

11.02 The amount of each Lump Sum Payment shall be determined as follows:

(a) With respect to any Active Participant who, after giving effect to the terms of Subsection (d) below, is eligible as of the date of Termination to receive benefits under Articles V or VI of this Plan, the Lump Sum Payment shall equal the Present Value (as defined below) of the stream of payments to which such participant would have otherwise been entitled to receive immediately upon Termination in accordance with Articles V or VI of this Plan (assuming such benefits are paid in the form of a lifetime annuity), based upon such participant's Average Monthly Compensation, Estimated Social Security Benefit and Benefit Service as of the date of Termination, without giving effect to any salary reductions that gave rise to such Termination, but after giving effect to the terms of Subsection (d) below.

(b) With respect to any Active Participant who, after giving effect to the terms of Subsection (d) below, is not eligible as of the date of Termination to receive benefits under Articles V, VI or VII of this Plan, the Lump Sum Payment shall equal the product of (1) the Present Value, calculated as of age 65, of the stream of payments to which such participant would have otherwise been entitled to receive at age 65 in accordance with the terms of this Plan based on the same assumptions and terms set forth in subsection (a) above, multiplied times (2) such discount factor as is necessary to reduce the amount determined under (1) above to its present value, it being understood that in calculating such discount factor, no discount shall be applied to reflect the possibility that such participant may die prior to attaining age 65.

(c) With respect to any Active Participant who, after giving effect to the terms of subsection (d) below, is eligible as of the date of Termination to receive benefits under Article VII of the Plan, the Lump Sum Payment shall equal the greater of (1) the Present Value of the stream of payments to which such Participant would have otherwise been entitled to receive immediately upon Termination in accordance with Article VII of this Plan, based upon the assumptions and terms set forth in subsection (a) above, or (2) the Present Value, calculated as of age 65, of the stream of payments to which such Participant would otherwise be entitled to receive at age 65 in accordance with this Plan, determined in the same manner and subject to the same assumptions and terms set forth in subsection (b) above.

(d) In calculating the Lump Sum Payment due to any Active Participant under this Section, the number of years of Benefit Service of the Active Participant shall be deemed to equal the number of years determinable under the other sections of this Plan plus three years and the Active Participant's age shall be deemed to equal his actual age plus three years; provided, however, that in no event shall the provisions of this Subsection be applicable if the application thereof will reduce the Active Participant's Lump Sum Payment from the amount that would otherwise be payable with the addition of less than three years of service, age or both.

(e) As used in this Section with respect to any amount, the "Present Value" of such amount shall mean the discounted value of such amount that is determined by making customary present value calculations in accordance with generally accepted actuarial principles, provided that (1) the discount interest rate applied in connection therewith shall equal the interest rate for AAA rated, tax exempt Insured Revenue Bonds with Five Year maturity as quoted by the Bond Market Association (BMA) as of the first day of the calendar quarter for which the calculations are performed or, in the event such index is no longer published, any similar index for comparable municipal securities and (2) the mortality tables applied in connection therewith shall be "1983 Group Annuity Mortality Table (50% male/50% female)" as prescribed by the Pension Benefit Guaranty Corporation or any successor table prescribed by such organization.

11.03 Notwithstanding anything to the contrary in this Plan, upon the occurrence of a Change in Control Event as defined in Reg. §1.409A-3(i)(5)(i), each Participant who has already begun to receive periodic payments under this Plan ("Retired Participants") shall have an irrevocable and unconditional right to receive, and the Company shall be irrevocably and unconditionally obligated to pay, a lump sum payment in an amount equal to the present value of the Participant's future stream of payments which would otherwise be payable under this Plan. Such lump sum payment shall be paid on the first day of the month following the date of the Change of Control Event. The Company shall offer to assist such Participant in purchasing at such Participant's cost an annuity for the benefit of such Participant.

11.04 Notwithstanding anything to the contrary in this Plan, upon the occurrence of Change in Control as defined in Reg. §1.409A-3(i)(5)(i), any Participant (other than a Retired Participant) who is then a former employee of the Company or its subsidiaries whose Accrued Benefit is vested under Section 10.01 ("Inactive Participants") shall have an irrevocable and unconditional right to receive, and the Company shall be irrevocably and unconditionally obligated to pay, a lump sum payment in an amount determined in the manner provided in Section 11.02(b) or (c), as applicable; provided, however, that no Inactive Participant will be entitled to the benefits of Section 11.02(d). Such lump sum payment shall be paid on the first day of the month following the date of the Change of Control Event.

XII. Form of Benefit Payment

12.01 The normal form of benefit payment for a Participant who is not married on his benefit commencement date is an annuity payable monthly for the lifetime of the Participant or in the case of a Participant who is married on his benefit commencement date, the normal form of benefit payment is an Actuarially Equivalent annuity payable monthly for the lifetime of the Participant and a survivor annuity payable monthly to the spouse (if living) upon the Participant's death which is 50% of the amount of the amount of the annuity payable during the lifetime of the Participant, in each case payable in accordance with the Company's standard payroll practices with payments commencing as of the first day of the month following the Participant’s benefit commencement date.

12.02 A Participant may, before any annuity payment has been made, elect the optional form of payment which is the Actuarial Equivalent of a Participant's basic monthly pension, which shall commence at the time specified in Sections 12.01. The optional form of payment is as follows:

Alternative Joint and Survivor Annuity.

(a) Under an Alternative Joint and Survivor Annuity, a reduced amount shall be payable to the Participant for his lifetime. The beneficiary, whether or not the Participant's spouse, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivor benefit in an amount equal to 100% of the reduced amount that had been payable to the Participant. If the beneficiary is not the Participant's spouse who is entitled to a 50% survivor annuity under Section 12.01, the Participant may elect that the survivor annuity be 50% of the reduced amount payable to the Participant.

(b) The reduced amount payable to the retired Participant shall be the Actuarial Equivalent of the amount determined under Articles V, VI, VII, VIII or X, as the case may be. The appropriate actuarial factor shall be determined for any Participant and his beneficiary as of the commencement date of the Participant’s benefit.

(c) If the Participant designates any individual other than his spouse as his beneficiary, the annual amount of the Participant's annuity under the Alternative Joint and Survivor Annuity shall not be less than 50% of the annual benefit calculated as a single life annuity, and the beneficiary's survivor annuity under the Alternative Joint and Survivor Annuity shall be reduced to the extent necessary to reflect any adjustment required by this paragraph (c) in the amount of the Participant’s annuity under the Alternative Joint and Survivor Annuity.

XIII. Reemployment of Participants

13.01 If a Participant who retired or otherwise terminated employment for any reason and commenced receiving benefits under the Plan is later rehired by the Company, benefit payments shall continue as if the Participant had not been rehired. The Participant's benefits upon his subsequent retirement or termination of employment for any reason shall be determined as follows:

(a) If a Participant retires on his Normal Retirement Date, the monthly retirement benefit shall be determined pursuant to Article V, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(b) If a Participant remains employed beyond his Normal Retirement Date, the late retirement benefit payable to a Participant upon his late retirement shall be determined pursuant to Article VI, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(c) If a Participant retires prior to his Normal Retirement Date and is eligible for early retirement according to Section 7.01 or 7.02, the early retirement benefit payable to a Participant shall be determined pursuant to Section 7.03, 7.04, 7.05 or 7.06, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(d) The benefit payable under paragraphs (a) through (c) above shall not be less than the amount he received from his previous retirement or from his previous termination of employment for any reason.

(e) The benefit payable under paragraphs (a) through (c) above shall be in the same form as the Participant was receiving.

XIV. Acceleration of Payments.

14.01 Notwithstanding any other provision of this Plan, if the single sum value of the Participant’s, Beneficiary’s or Spouse’s benefit under the Plan and all other plans that would be treated as a single plan with this Plan pursuant to Treasury Regulations §1.409A-1(c)(2) does not exceed the applicable dollar amount under Code §402(g)(1)(B) ($15,500 in 2008), then such amount shall be paid in one lump sum to the person entitled to payment on the date the first annuity payment would otherwise be paid under this Plan. Such payment is mandatory but shall only occur if the Participant’s interest under the Plan (as determined in accordance with Treasury Regulations §1.409A-1(c)(2)) is terminated and liquidated in its entirety in conjunction with the payment.

14.02 If at any time the Plan fails to meet the requirements of Code §409A, an amount equal to the amount required to be included in the Participant's income as a result of the failure to comply with the requirements of Code §409A shall be paid to the Participant in one lump sum on the first day of the month following the Company's determination that the failure has occurred.

14.03 If the Plan receives a domestic relations order as defined in Code §414(p)(1)(B) and ERISA §206(d)(3)(B)(ii), the Committee shall accelerate the time or schedule of a payment to an individual other than the Participant in order to fulfill such order, provided that the provisions of ERISA §206(d)(3)(C) through (F) shall apply as if this Plan were governed by Part 2 of Title I of ERISA.

14.04 The Committee shall accelerate the time or schedule of a payment under the Plan as may be necessary: (1) to comply with an ethics agreement between the Participant and the Federal government, or (2) to comply with applicable Federal, state, local or foreign ethics laws or conflict of interest laws; each as described in Treasury Regulations §1.409A-3(j)(4)(iii).

XV. Delay of Payments

15.01 A payment otherwise due hereunder shall be delayed to a date after the designated payment date under the following circumstances:

(a) Notwithstanding any other provision hereof, payments hereunder which constitute deferred compensation under Code §409A and the Treasury Regulations thereunder and which are not exempt from coverage by Code §409A and the Treasury Regulations thereunder shall commence, if the Participant is then a Specified Employee and payment is triggered by the Participant's termination of employment, on the first day of the seventh month following the date of the Specified Employee's termination of employment, 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 estate or spouse, as the case may be, shall be paid in a lump sum the amount that the Specified Employee would have been paid hereunder over the preceding six months (or, if earlier, the months preceding the date of death) but for the fact that he was a Specified Employee. Nevertheless, for all other purposes of this Agreement, the payments shall be deemed to have commenced on the date they would have had the Employee not been a Specified Employee, and payment of any remaining benefits shall be made as otherwise scheduled hereunder.

(b) Notwithstanding any other provision hereof, a Participant shall not have separated from service with the Employer on account of termination of employment for reasons other than death if he would not be deemed to have experienced a termination of employment under the default rules of Treasury Regulations §1.409A-1(h).

(c) Payments that would violate loan covenants or other contractual terms to which the Employer is a party, where such a violation would result in material harm to the Employer (in such case, payment will be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation, or such violation will not cause material harm to the Employer).

(d) Payment where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law, provided that the payment shall be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law).

(e) Payments the deduction for which the Employer reasonably anticipates would be limited by the application of Code §162(m) (in such case, payment will be made at either the earliest date at which the Employer reasonably anticipates that the deduction of the payment will not be so limited or the calendar year in which the Participant separates from service).

(f) Payment may also be delayed upon such other events and conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

XVI. Additional Restrictions on Benefit Payments

16.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

XVII. Administration and Interpretation

17.01 The Plan shall be administered by the Committee. The Committee 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.

17.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive.

XVIII. Nature of the Plan

18.01 Benefits under the Plan shall generally be payable by the Employer from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Employer; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Employer. Participants have only an unsecured right to receive benefits under the Plan from the Employer as general creditors of the Employer. The Employer may deposit amounts in a trust established by the Employer for the purpose of funding the Employer's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Employer upon the insolvency or bankruptcy of the Employer, as provided in the trust.

XIX. Employment Relationship

19.01 An employee shall be considered to be in the employment of the Company and its subsidiaries as long as he remains an employee of either the Company, any Subsidiary of the Company, or any corporation to which substantially all of the assets and business of the Company are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer on any employee the right to continued employment by the Company or a Subsidiary of the Company, or affect in any way the right of the Company or such Subsidiary to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Board, and its determination shall be final.

XX. Amendment and Termination of Plan

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

(a) Within 12 months of a corporate dissolution of the Company 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 Participant's gross income in the latest of (i) the calendar year in which the termination occurs, (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture or (iii) the first calendar year in which the payment is administratively practicable.

(b) Within the 30 days preceding or the 12 months following a Change in Control Event (as defined in Treasury Regulations §1.409A-3(i)(5)) provided that Treasury Regulations §1.409A-3(j)(4)(ix)(B) is complied with.

(c) In the Company's discretion, provided that Treasury Regulations §1.409A-3(j)(4)(ix)(C) is complied with.

(d) Due to such other events and conditions as the Commissioner of the IRS may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

20.02 The Company, acting through the Compensation Committee, its Board of Directors, or any person or entity designated by the Compensation Committee or the Board of Directors, may amend this Plan. The Retirement Committee cannot amend the Plan for any reason, unless authorized to do so by the Compensation Committee or the Company's Board of Directors. Notwithstanding any other provision of this Plan, it is the intention of the Company that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to any Participant under Code §409A and Treasury Regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Plan and any amendments hereto shall be interpreted to that end and (1) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (2) the Company shall take any corrective action reasonably within its control that is necessary to avoid such adverse tax consequences. No amendments shall divest otherwise vested rights of Participants, their Beneficiaries or Spouses.

XXI. Binding Effect

21.01 This Plan shall be binding on the Company, each Subsidiary, and any affiliate designated by the Company as a participating employer under this Plan, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a participating affiliate are transferred.

XXII. Reimbursement to Participants

22.01 After a Change of Control, the Company shall reimburse any Participant, or beneficiary thereof, for all expenses, including attorney's fees, actually and reasonably incurred by the Participant or beneficiary in any proceeding to enforce any of their rights under this Plan.

XXIII. Construction

23.01 The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

23.02 The Plan shall be interpreted in a manner that does not give rise to any adverse tax consequences to any Participant under Code §409A and the Treasury Regulations and other interpretive guidance issued thereunder. Any provision of the Plan that would cause a violation of Code §409A if followed shall be disregarded.

23.03 Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

XXIV. Demand For Benefits

24.01 **(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 Committee.

(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 Committee.

If special circumstances require an extension of time for processing the claim, the Committee 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 Committee expects to render its final decision.

(c) **Content of Notice .** The Committee 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 Committee 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 Committee will be rendered as promptly as is feasible, but not later than 60 days after the receipt of a request for review, unless the Committee 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 Committee 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: (1) specific reasons for the adverse determination, written in a clear and simple manner; (2) specific references to the pertinent plan provisions on which the determination is based; (3) 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 (4) 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 Committee 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.

IN WITNESS WHEREOF, CenturyTel, Inc. has executed this Plan this 10th day of December, 2007.

CENTURYTEL, INC.

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

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

Exhibit 10.3(c)

CENTURYTEL, INC.
SUPPLEMENTAL DOLLARS & SENSE PLAN
2008 RESTATEMENT
EFFECTIVE JANUARY 1, 2008

I. Purpose of the Plan

1.01 This Supplemental Dollars & Sense Plan was established by CenturyTel, Inc. (the "Company") and its subsidiaries and designated affiliates to provide to certain select management employees the opportunity to defer a portion of their compensation in excess of the deferrals permissible under the terms of the CenturyTel Dollars & Sense 401(k) Plan (the "Dollars & Sense Plan") maintained by the Company and to allow the Company to make matching contributions based on such deferrals in excess of those permissible under such plan. This Plan is not intended to constitute a qualified plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is designed to be exempt from the participation, vesting, funding and fiduciary responsibility rules of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is intended to comply with Code §409A. The Plan was restated effective January 1, 2005. This document again restates the Plan to comply with the final Treasury Regulations under Code §409A and to make certain other changes.

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 **ACCOUNT** shall mean the account established under this Plan in accordance with Section 4.01.

2.02 **ACCOUNT BALANCE** , as of a given date, shall mean the fair market value of a Participant's Account as determined by the Committee. In 2005, each active Participant was given the right to elect to have his Account Balance transferred to the CenturyTel Retirement Plan ("Retirement Plan") to the extent permitted under the QSERP concept (*i.e.* to the extent possible given discrimination limitations applicable to the Retirement Plan). Each Participant's Account Balance was reduced by the amount which was transferred to the Retirement Plan, if any. In 2005, under the Code §409A transition rules, each Participant was also given the right to elect to take a distribution of the portion of his Account Balance that was not transferred to the Retirement Plan. Each Participant's Account Balance was reduced by the amount distributed to him in 2005, if any. Each Participant's Account Balance shall also be reduced by an amount equal to any Profit Sharing Contribution to such Participant's profit sharing account in the CenturyTel, Inc. Dollars & Sense Plan at such time such contribution is made effective for Plan years beginning after 2004. If the Profit Sharing Contribution is made after the end of a calendar year with respect to the preceding calendar year and is made before the due date, including extensions, of the Company's income tax return for such preceding year, the reduction to the Participant's Account Balance in this Plan shall also be made with respect to such preceding year.

2.03 **BENEFICIARY** shall mean the person or persons designated by the Participant to receive benefits after the death of the Participant.

2.04 **COMMITTEE** shall mean the CenturyTel Retirement Committee.

2.05 **COMPENSATION COMMITTEE** means the Compensation Committee of the Board of Directors of the Company.

2.06 **EFFECTIVE DATE** of this Plan shall mean the first day of the first payroll period commencing on or after January 1, 1995. The effective date of this Restatement shall mean January 1, 2008.

2.07 **EMPLOYER** shall mean the Company, any Subsidiary thereof, and any affiliate designated by the Company as a participating employer under this Plan.

2.08 **EXCESS SALARY** shall mean the amount of a Participant's compensation upon which the Participant can no longer make deferral contributions under the Dollars & Sense Plan due to the application of Code Section 401(a)(17) and 402(g). As provided in Treasury Regulations §1.409A-2(a)(13), compensation paid after the last day of the Plan Year solely for services performed during the final payroll period described in Code section 3401(b) shall be treated as compensation for services provided for the subsequent calendar year. This does not apply to Incentive Compensation.

2.09 **INCENTIVE COMPENSATION** shall mean any amount awarded to a Participant under the Company's Key Employee Incentive Compensation Plan or other executive incentive compensation arrangement maintained by the Company, including the amount of any stock award in its cash equivalent at the time of conversion of the award from cash to stock. A Participant's Incentive Compensation shall be determined on an annual basis and shall, for purposes of this Plan, be allocated to the year in which the Participant performed the services with respect to which the Incentive Compensation was awarded.

2.10 **NOTIONAL** shall mean imaginary, not actual.

2.11 **PARTICIPANT** shall mean any officer of the Company, any Subsidiary thereof, and any designated affiliate, who is granted participation in the Plan in accordance with the provisions of Article III.

2.12 **PLAN** shall mean the CenturyTel, Inc. Supplemental Dollars & Sense Plan, as amended and restated herein.

2.13 **PLAN YEAR** shall mean the calendar year.

2.14 **PROFIT SHARING ACCOUNT** shall mean an account first established in 2006 and continuing thereafter under this Plan to which contributions under Section 6.03 were credited. The Profit Sharing Accounts shall be merged into the Accounts for Participants as of the Effective Date and the separate existence of Profit Sharing Accounts shall cease.

2.15 **SPECIFIED EMPLOYEE** shall mean a Participant who is a key employee of the Employer under Treasury Regulations §1.409A-1(i) because of final and binding action taken by the Board of Directors of the Company or its Compensation Committee, or by operation of law or such regulation.

2.16 **SUBSIDIARY** shall mean any corporation in which the Company owns, directly or indirectly through subsidiaries, at least 50% of the combined voting power of all classes of stock.

2.17 **TRANSFER ACCOUNT** shall mean the account established under this Plan in accordance with Section 4.01.

III. Participation

3.01 Any employee who is either one of the officers of an Employer in a position to contribute materially to the continued growth and future financial success of an Employer, or one who has made a significant contribution to the Employer's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

(a) The officer is employed on a full-time basis by an Employer and is compensated by a regular salary; and

(b) The coverage of the officer is duly approved by the Compensation Committee.

3.02 If a Participant who retired or otherwise terminated employment is rehired, he shall not again become a Participant in the Plan unless the coverage of the officer is again duly approved by the Compensation Committee.

3.03 It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management or highly compensated employees, as determined by the Compensation Committee.

IV. Accounts and Investments

4.01 An Account shall be established on behalf of each Participant who receives an allocation pursuant to Sections 6.01 and 6.02. Each Participant's Account shall be credited with such allocation, and earnings and gains on his Account Balance, and shall be debited with distributions, losses, and any expenses properly chargeable thereto. A Transfer Account has been established on behalf of each former inactive Participant in the CenturyTel, Inc. Supplemental Defined Contribution Plan ("SDC Plan") who elected no later than December 15, 2005 to have his account balance in that plan transferred to another nonqualified plan of the Company. Such Transfer Account holds the amount transferred from the SDC plan to this Plan for each such inactive Participant. No other amounts shall be accepted as Transfers to a Transfer Account. Such Transfer Account shall be treated as if it were an Account under this Plan, except that in lieu of any other earnings, the balance in each Transfer Account shall be credited with interest at the rate equal to the 6 month Treasury bill rate adjusted each January 1, and the form of payment shall be the form of payment the Participant elected under the SDC Plan and not a lump sum cash payment under Section 9.01. The form of payment the Participant selected under the SDC Plan cannot be changed.

4.02 Each Participant shall have the same rights with respect to investment of amounts in his Account hereunder as are available from time to time under the Dollars & Sense Plan, as to permissible investment funds, except as provided below. Investment in securities or other obligations issued by the Employer will not be available under the Plan. The investment rights of each Participant hereunder shall extend to all amounts in his Account, including deferral contributions and matching contributions.

4.03 The Account Balances of Participants in the Plan shall be revalued as of the end of each trading day, taking into account the values of the various assets which are Notional investments of the Accounts and taking into account Notional contributions or transfers to each Account during the day and Notional withdrawals or transfers from each Account during the day.

V. Participant Salary Deferrals

5.01 Each Participant shall make separate written elections, prior to the first day of each Plan Year (or, as to a Participant who first becomes a Participant in the Plan as of a day other than January 1 and who is not then a participant in any other account balance plan of or agreement with the Employer governed by Code §409A that permits elective deferrals by the Participant, as defined in Treasury Regulations §1.409A-1(c)(2)(i)(A), within 30 days after the date the Participant becomes eligible to Participate in the Plan (but only with respect to compensation paid for services to be performed subsequent to the election) to defer a portion of his (i) Excess Salary and/or (ii) Incentive Compensation. The amount of allowable deferral pursuant to each of the Participant's elections shall be a whole percentage, not to exceed 25%. An election to defer Excess Salary shall provide for a deferral to be made from each paycheck. An election to defer Incentive Compensation shall provide for a deferral to be made from the bonus check representing the cash portion of such award. Notwithstanding the above, with respect to any Incentive Compensation which is performance-based, as defined in Treasury Regulations §1.409A(1)(e), each Participant may make a separate written election no later than June 30 of the calendar year performance period. Rehires shall be treated as if they were in their first year of eligibility if they satisfy the 24 month rule in Treasury Regulations §1.409A-2(a)(7)(ii).

5.02 Any election made under the terms of Section 5.01 shall be irrevocable until the succeeding January 1. As permitted by Treasury Regulations §1.409A-3(j)(4)(viii), a Participant may cancel his deferral election due to an unforeseeable emergency or a hardship distribution pursuant to Treasury Regulations §1.401(k)-1(d)(3).

5.03 If a Participant does not make new elections for a succeeding Plan Year under Section 5.01, his elections in effect for the current Plan Year shall be deemed to continue in force and effect as if made for such succeeding Plan Year.

VI. Allocations to Participant's Accounts

6.01 The Employer shall allocate to each Participant's Account the amount of Excess Salary and/or Incentive Compensation deferred by such Participant pursuant to an election made under Section 5.01. The allocation hereunder shall be made as of the date of the paycheck or bonus check to which the deferral by the Participant relates.

6.02 The Employer shall allocate a matching contribution to each Participant's Account under this Plan each Plan Year equal to the total matching percentage (including matching and additional matching contributions) for the year provided by the Dollars & Sense Plan multiplied by the Participant's deferrals under this Plan.

VII. Vesting of Account

7.01 A Participant's Account Balance shall be fully vested at all times.
7.02 The Profit Sharing Account of each Participant who was an active employee on November 6, 2006 shall be fully vested and nonforfeitable at all times.

VIII. Time of Payment and Beneficiaries,

8.01 Except as provided in Section 8.02 and Articles X and XI, a Participant's vested Account Balance is payable immediately upon termination of employment for any reason.

8.02 The Account Balance of a deceased Participant shall be paid within 90 days after his death, and shall be made to his Beneficiary designated on a form provided for such purpose by the Committee. If the Participant fails to designate a beneficiary, his Account Balance shall be payable to his surviving spouse or, if none, to his surviving child or children (or legal representative of any minor child or child who has been declared incompetent or incapable of handling his affairs) in equal shares. The Account Balance of a Participant who dies leaving no spouse or children shall be paid to his estate.

IX. Form of Benefit Payment

9.01 Except as provided in Section 4.01, all payments of the Participant's Account Balance to the Participant or to the Participant’s Beneficiary shall be in the form of a lump sum cash payment.

X. Acceleration of Payments.

10.01 If at any time the Plan fails to meet the requirements of Code §409A, an amount equal to the amount required to be included in the Participant’s income as a result of the failure to comply with the requirements of Code §409A shall be paid to the Participant in one lump sum on the first day of the month following the Company's determination that the failure has occurred.

10.02 If the Plan receives a domestic relations order as defined in Code §414(p)(1)(B) and ERISA §206(d)(3)(B)(ii), the Committee shall accelerate the time of payment to an individual other than the Participant as may be necessary to fulfill such order in an amount not to exceed the Participant's Account Balance, provided that the provisions of ERISA §206(d)(3)(C) through (F) shall apply as if this Plan were governed by part 2 of Title I of ERISA.

10.03 The Committee shall accelerate the time or schedule of a payment under the Plan as may be necessary: (1) to comply with an ethics agreement between the Participant and the Federal government, or (2) to comply with applicable Federal, state, local or foreign ethics laws or conflict of interest laws; each as described in Treasury Regulations §1.409A-3(j)(4)(iii).

XI. Delay of Payments

11.01 A payment otherwise due hereunder shall be delayed to a date after the designated payment date under the following circumstances:

(a) Notwithstanding any other provision hereof, any payment which constitutes deferred compensation under Code §409A and the Treasury Regulations thereunder and which is not exempt from coverage by Code §409A and the Treasury Regulations thereunder shall commence upon termination of employment of a Participant who is a Specified Employee on the first day of the seventh month following the date of the Specified Employee’s termination of employment, or, if earlier, the date of death of the Specified Employee. Nevertheless, for all other purposes of this Agreement, a payment shall be deemed to have been made on the date it would have had the Employee not been a Specified Employee.

(b) Notwithstanding any other provision hereof, a Participant shall not have separated from service with the Employer on account of termination of employment for reasons other than death if he would not be deemed to have experienced a termination of employment under the default rules of Treasury Regulations §1.409A-1(h).

(c) Payments that would violate loan covenants or other contractual terms to which the Employer is a party, where such a violation would result in material harm to the

Employer (in such case, payment will be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation, or such violation will not cause material harm to the Employer).

(d) Payment where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law, provided that the payment shall be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law).

(e) Payments the deduction for which the Employer reasonably anticipates would be limited by the application of Code §162(m) (in such case, payment will be made at either the earliest date at which the Employer reasonably anticipates that the deduction of the payment will not be so limited or the calendar year in which the Participant separates from service).

(f) Payment may also be delayed upon such other events and conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

XII. Additional Restrictions on Benefit Payments

12.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

XIII. Administration and Interpretation

13.01 The Plan shall be administered by the Committee. The Committee 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.

13.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive.

XIV. Nature of the Plan

14.01 Benefits under the Plan shall generally be payable by the Employer from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Employer; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Employer. Participants have only an unsecured right to receive benefits under the Plan from the Employer as general creditors of the Employer. The Employer may deposit amounts in a trust established by the Employer for the purpose of funding the Employer's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Employer upon the insolvency or bankruptcy of the Employer, as provided in the trust.

XV. Employment Relationship

15.01 An employee shall be considered to be in the employment of the Employer as long as he remains an employee of either the Company, any Subsidiary of the Company, any designated affiliate, or any corporation to which substantially all of the assets and business of any of such entities are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer on any employee the right to continued employment by the Employer, or affect in any way the right of the Employer to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Committee, and its determination shall be final.

XVI. Amendment and Termination of Plan

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

(a) Within 12 months of a corporate dissolution of the Company 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 Participant's gross income in the latest of (i) the calendar year in which the termination occurs, (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture or (iii) the first calendar year in which the payment is administratively practicable.

(b) Within the 30 days preceding or the 12 months following a Change in Control Event (as defined in Treasury Regulations §1.409A-3(i)(5)) provided that Treasury Regulations §1.409A-3(j)(4)(ix)(B) is complied with.

(c) In the Company's discretion, provided that Treasury Regulations §1.409A-3(j)(4)(ix)(C) is complied with.

(d) Due to such other events and conditions as the Commissioner of the IRS may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

16.02 The Company, acting through the Compensation Committee, its Board of Directors, or any person or entity designated by the Compensation Committee or the Board of Directors, may amend this Plan. The Retirement Committee cannot amend the Plan for any reason, unless authorized to do so by the Compensation Committee or the Company's Board of Directors. Notwithstanding any other provision of this Plan, it is the intention of the Company that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to any Participant under Code §409A and Treasury Regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Plan and any amendments hereto shall be interpreted to that end and (1) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (2) the Company shall take any corrective action reasonably within its control that is necessary to avoid such adverse tax consequences. No amendments shall divest otherwise vested rights of Participants, their Beneficiaries or Spouses.

XVII. Binding Effect

17.01 This Plan shall be binding on the Company, each Subsidiary and any designated affiliate, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a designated affiliate are transferred.

XVIII. Construction

18.01 The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

18.02 The Plan shall be interpreted in a manner that does not give rise to any adverse tax consequences to any Participant under Code §409A and the Treasury Regulations and other interpretive guidance issued thereunder. Any provision of the Plan that would cause a violation of Code §409A if followed shall be disregarded.

18.03 Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

XIX. Demand For Benefits

19.01 **(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 Committee.

(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 Committee.

If special circumstances require an extension of time for processing the claim, the Committee 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 Committee expects to render its final decision.

(c) **<u>Content of Notice</u>.** The Committee 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) **<u>Review Procedure</u>.** 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 Committee 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) **<u>Decision on Review</u>.** The decision on review by the Committee will be rendered as promptly as is feasible, but not later than 60 days after the receipt of a request for review, unless the Committee 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 Committee 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: (1) specific reasons for the adverse determination, written in a clear and simple manner; (2) specific references to the pertinent plan provisions on which the determination is based; (3) 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 (4) the claimant’s right to bring an action under ERISA Section 502(a).

(f) **<u>Failure to Establish and Follow Reasonable Claims Procedure</u>.** In the case of the failure of the Committee 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.

IN WITNESS WHEREOF, CenturyTel, Inc. has executed this Plan this 10th day of December, 2007.

CENTURYTEL, INC.

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

Exhibit 10.3(d)

CENTURYTEL, INC.
SUPPLEMENTAL DEFINED BENEFIT PLAN
2008 RESTATEMENT
EFFECTIVE JANUARY 1, 2008

I. Purpose of the Plan

1.01 This Supplemental Defined Benefit Plan was established by CenturyTel, Inc. (the "Company") and its subsidiaries to provide a method for attracting and retaining key employees; to provide a method for recognizing the contributions of such personnel; and to promote executive and managerial flexibility, thereby advancing the interests of the Company and its stockholders. In addition, the Plan is intended to provide to a select group of management and highly compensated employees a more adequate level of retirement benefits in combination with the Company's general retirement program. The Plan is not intended to constitute a qualified plan under Code Section 401(a) and is designed to be exempt from the participation, vesting, funding and fiduciary responsibility rules of ERISA. The Plan is intended to comply with Code §409A. The Plan was amended and restated effective January 1, 2005. This document again restates the Plan to comply with the Final Treasury Regulations under Code §409A and to make certain other changes, effective January 1, 2008.

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 " **ACTUARIAL EQUIVALENT** " shall mean the amount of pension of a different type or payable at a different age that has the same value as computed by the actuary on the same basis as that prescribed in Section 2.2 of the Retirement Plan.

2.02 " **BENEFIT YEARS** " shall mean Years of Credited Service for benefit accrual purposes as determined under Section 2.51 of the Retirement Plan.

2.03 " **CHANGE IN CONTROL** " shall mean the occurrence of any of the following, each of which shall constitute a "Change in Control": (i) the acquisition by any person of beneficial ownership of 30% or more of the outstanding shares of the common stock, $1.00 par value per share (the "Common Stock"), of CenturyTel, Inc., or 30% or more of the combined voting power of CenturyTel, Inc.'s then outstanding securities entitled to vote generally in the election of directors; *provided, however,* that for purposes of this sub-item (i), the following acquisitions shall not constitute a Change of Control: (a) any acquisition (other than a Business Combination (as defined below) which constitutes a Change of Control under sub-item (iii) hereof) of Common Stock directly from CenturyTel, Inc., (b) any acquisition of Common Stock by CenturyTel, Inc. or its subsidiaries, (c) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by CenturyTel, Inc. or any corporation controlled by CenturyTel, Inc., or (d) any acquisition of Common Stock by any corporation pursuant to a Business Combination that does not constitute a Change of Control under sub-item (iii) hereof; or (ii) individuals who, as of January 1, 2006, constitute the Board of Directors of CenturyTel, Inc. (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; *provided, however,* that any individual becoming a director subsequent to such date whose election, or nomination for election by CenturyTel, Inc.'s shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the incumbent Board; or (iii) consummation of a reorganization, share exchange, merger or consolidation (including any such transaction involving any direct or indirect subsidiary of CenturyTel, Inc., or sale or other disposition of all or substantially all assets of CenturyTel, Inc. (a "Business Combination"); *provided, however*, that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination: (a) the individuals and entities who were the beneficial owners of CenturyTel, Inc.'s outstanding Common Stock and CenturyTel, Inc.'s voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the surviving or successor corporation, or, if applicable, the ultimate parent company thereof (the "Post-Transaction Corporation"), and (b) except to the extent that such ownership existed prior to the Business Combination, no person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either CenturyTel, Inc., the Post-Transaction Corporation or any subsidiary of either corporation) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 20% or more of the combined voting power of the then outstanding voting securities of such corporation, and (c) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or (iv) approval by the shareholders of CenturyTel, Inc. of a complete liquidation or dissolution of CenturyTel, Inc. For purposes of this Section 2.03, the term "person" shall mean a natural person or entity, and shall also mean the group or syndicate created when two or more persons act as a syndicate or other group (including, without limitation, a partnership or limited partnership) for the purpose of acquiring, holding, or disposing of a security, except that "person" shall not include an underwriter temporarily holding a security pursuant to an offering of the security.

2.04 " **CODE** " shall mean the Internal Revenue Code of 1986, as amended.

2.05 " **COMMITTEE** " shall mean the CenturyTel Retirement Committee.

2.06 " **COMPENSATION COMMITTEE** " shall mean the Compensation Committee of the Board of Directors of the Company.

2.07 " **COMPANY** " shall mean CenturyTel, Inc.

2.08 " **DISABLED** " **OR** " **DISABILITY** " shall have the meaning set forth in Treasury Regulations §1.409A-3(i)(4). Specifically, "Disabled" or "Disability" shall mean 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, a Participant is (i) unable to engage in any substantial gainful activity or (ii) receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. A Participant 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, a Participant will be deemed disabled if determined to be totally disabled by the Social Security Administration.

2.09 " **EFFECTIVE DATE** " of the original Plan was January 1, 1999 and the Effective Date of this Amended and Restated Plan shall be January 1, 2008.

2.10 " **ERISA** " shall mean the Employee Retirement Income Security Act of 1974.

2.11 " **EMPLOYER** " shall mean the Company, any Subsidiary thereof, and any affiliate designated by the Company as a participating employer under this Plan.

2.12 " **FINAL AVERAGE PAY** " shall mean a participant's Final Average Compensation as determined under Section 2.25 of the Retirement Plan, without taking into account the limitations contained in Sections 2.14(d) and (e) and 5.7 thereof.

2.13 " **NORMAL RETIREMENT DATE** " shall mean the first day of the month coincident with or next following a Participant's 65th birthday.

2.14 " **PARTICIPANT** " shall mean any officer of the Employer who is granted participation in the Plan in accordance with the provisions of Article III.

2.15 " **PLAN** " shall mean the CenturyTel, Inc. Supplemental Defined Benefit Plan.

2.16 " **RETIREMENT PLAN** " shall mean the CenturyTel Retirement Plan (as amended and restated effective December 31, 2006).

2.17 " **SOCIAL SECURITY COVERED COMPENSATION** " shall mean the amount determined pursuant to Section 2.46 of the Retirement Plan.

2.18 " **SPECIFIED EMPLOYEE** " shall mean a Participant who is a key employee of the Employer under Treasury Regulations §1.409A-1(i) because of final and binding action taken by the Board of Directors of the Company or its Compensation Committee, or by operation of law or such regulation.

2.19 " **SUBSIDIARY** " shall mean any corporation in which CenturyTel, Inc. owns, directly or indirectly through subsidiaries, at least fifty percent (50%) of the combined voting power of all classes of stock.

III. Participation

3.01 Any employee who is either one of the officers of an Employer in a position to contribute materially to the continued growth and future financial success of an Employer, or one who has made a significant contribution to the Employer's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

(a) The officer is employed on a full-time basis by the Employer and is compensated by a regular salary; and

(b) The coverage of the officer is duly approved by the Compensation Committee.

3.02 If a Participant who retired or otherwise terminated employment is rehired, he shall not again become a Participant in the Plan unless the coverage of the officer is again duly approved by the Compensation Committee.

3.03 It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management or highly compensated employees, as determined by the Compensation Committee.

IV. Normal Retirement

4.01 Subject to the provisions of Articles XII and XIII, the monthly retirement benefit payable to a Participant shall commence on his Normal Retirement Date and shall be the excess, if any, of the sum of the amounts determined pursuant to Sections 6.1(a)(1) and (a)(2) of the Retirement Plan computed without taking into account the limitations contained in Sections 2.14(d) and (e) and 5.7 thereof over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Section 6.1(a)(3) of the CenturyTel Retirement Plan, if any.

V. Late Retirement

5.01 If a Participant remains employed beyond his Normal Retirement Date, his late retirement benefit shall commence on the first day of the month coincident with or next following his actual date of separation from service, subject to the provisions of Articles XII and XIII.

5.02 A Participant's late retirement benefit shall be the excess, if any, of the sum of the amounts determined pursuant to Sections 6.1(a)(1) and (2) and 6.3 of the Retirement Plan, computed without taking into account the limitations contained in Section 2.14(d) and (e) and 5.7 thereof, over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Sections 6.1(a)(3) of the Retirement Plan, if any.

VI. Early Retirement

6.01 A Participant who has attained age 55, and who has completed 5 or more Years of Service, is eligible for early retirement. An eligible Participant's early retirement benefit shall commence on the first day of the month coincident with or next following the date he terminates employment, subject to the provisions of Articles XII and XIII.

6.02 A Participant's early retirement benefit shall be the excess, if any, of the sum of the amounts determined pursuant to Sections 6.1(a)(1) and (2) and 6.2 of the Retirement Plan, computed without taking into account the limitations contained in Sections 2.14(d) and (e) and 5.7 thereof, over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Sections 6.1(a)(3) of the Retirement Plan, if any.

VII. Disability

7.01 A Participant who becomes Disabled prior to retirement or termination of service will be entitled to a disability benefit equal to the excess, if any, of the sum of the amounts determined pursuant to Sections 6.1(a)(1) and (2) and 6.4 of the Retirement Plan, computed without taking into account the limitations contained in Sections 2.14(d) and (e) and 5.7 thereof, over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Sections 6.1(a)(3) of the Retirement Plan, if any.

7.02 A Participant's disability benefit shall commence on his Normal Retirement Date, provided that if the Participant's Disability was caused by or contributed to by mental disorders or medical or surgical treatment of mental disorders, his disability benefit shall commence on the later of his 55 th birthday or 2 years after he became mentally Disabled, subject to the provision of Articles XII and XIII.

VIII. Death Benefit for Spouse

8.01 A spouse of a Participant shall be entitled to a benefit computed in accordance with Section 8.02 if the Participant dies before the Annuity Starting Date as defined in the Retirement Plan and if the requirements of (a) and (b) below are satisfied:

(a) the Participant had earned a nonforfeitable right to benefits under the Retirement Plan, and

(b) the Participant was legally married to the surviving spouse at death and was so married for the year preceding death.

8.02 The monthly death benefit payable to the spouse of a Participant shall be the excess of an amount determined pursuant to Section 6.1(a)(1) and (2) of the Retirement Plan, computed without taking into account the limitations contained in Section 2.14(d) and (e) and 5.7 thereof, over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Section 6.1(a)(3) of the Retirement Plan, if any. The benefit payable to a spouse who qualifies for a spouse's benefit under Section 8.01 shall be further reduced as follows:

(a) If at death the Participant is age 55 or over, or actively employed by the Company with 30 or more Years of Service under the Retirement Plan, the benefit of the spouse shall be the amount payable to the spouse as beneficiary of the survivor annuity portion of the joint and survivor annuity under Section 11.01 with respect to the Participant, determined as though the Participant had retired on the first day of the month in which death occurs. On the death of a Participant with 30 or more Years of Service under the Retirement Plan before age 55, the Participant shall be assumed to be age 55 for purposes of this subparagraph (a).

(b) If the Participant does not meet the requirements of (a) above, at death, the benefit of the spouse shall be the amount payable to the spouse as beneficiary under the survivor annuity portion of the joint and survivor annuity under Section 11.01 with respect to the Participant, determined as though the Participant had separated from service on the date of death, if not already separated, and had survived until age 55.

8.03 Subject to the provisions of Articles XII and XIII, benefits for a spouse under Section 8.02(a) shall commence as of the last day of the month following the first day of the month coinciding with or following the date of death of the Participant, and benefits under Section 8.02(b) shall commence on the last day of the month following the first day of the month coinciding with or following the later of the date of death of the Participant or the date on which the Participant would have attained age 55, subject to the provisions of Articles XII and XIII.

8.04 If a Participant has no surviving spouse at the date of his or her death, no death benefit shall be paid under this Plan.

IX. Reemployment

9.01 If a Participant who retired or otherwise terminated employment for any reason and commenced receiving benefits under the Plan is later rehired by the Company, benefit payments shall continue as if the Participant had not been rehired. If the Participant is again approved for coverage by the Compensation Committee under Section 3.02, the Participant's benefits upon his subsequent retirement or termination of employment for any reason shall be determined as follows:

(a) If a Participant retires on his Normal Retirement Date, the monthly retirement benefit shall be determined pursuant to Article IV, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(b) If a Participant remains employed beyond his Normal Retirement Date, the late retirement benefit payable to a Participant upon his late retirement shall be determined pursuant to Article V, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(c) If a Participant retires prior to his Normal Retirement Date and is eligible for early retirement according to Section 6.01, the early retirement benefit payable to a Participant shall be determined pursuant to Section 6.02, reduced by the Actuarial Equivalent of the benefit payments the Participant previously received.

(d) The benefit payable under paragraphs (a) through (c) above shall not be less than the amount he received from his previous retirement or from his previous termination of employment for any reason.

(e) The benefit payable under paragraphs (a) through (c) shall be in the same form as the Participant was receiving.

X. Termination of Service; Change in Control

10.01 If a Participant voluntarily or involuntarily terminates employment prior to death, disability or retirement, he shall be entitled only to his vested accrued benefits at the time of termination and shall be vested in such accrued benefits in accordance with the following schedule:

Years of Service	Vested
less than 5	0%
5 or more	100%

10.02 A Participant's vested accrued benefit shall be equal to the excess of an amount determined pursuant to Sections 6.1(a)(1) and (2) and 6.6 of the Retirement Plan, computed without taking into account the limitations contained in Sections 2.14(d) and (e) and 5.7 thereof, over the amount so determined taking into account such limitations; the resulting benefit shall be further reduced by the amount determined pursuant to Sections 6.1(a)(3) and 6.6 of the Retirement Plan, if any. Payment of the amount so determined shall commence on the first day of the month following the Participant's 55 th birthday, subject to the provisions of Articles XII and XIII. Nonvested accrued benefits shall be forfeited.

10.03 **(a)** Notwithstanding anything to the contrary in this Plan or in any applicable law or regulation, upon the earlier of (i) the occurrence of a Change in Control, (ii) the date that any person or entity submits an offer or proposal to the Company that results in or leads to a Change in Control (whether by such person or any other person) or (iii) the date of the public announcement of a Change in Control or an offer, proposal or proxy solicitation that results in or leads to a Change in Control (whether by the person or entity making such announcement or any other person) (the earliest of such dates being hereinafter referred to as the "Effective Date"), the Accrued Benefit of each Participant (other than any Participant whose service as an employee was terminated prior to full vesting of his Accrued Benefit under Section 10.01) and the benefits conferred under this Section shall automatically vest and thereafter may not be adversely affected in any matter without the prior written consent of the Participant. Notwithstanding anything to the contrary in this Plan, upon the occurrence of a Change in Control any Participant who is then employed by the Company or its subsidiaries ("Active Participants") shall have an irrevocable right to receive, and the Company shall be irrevocably obligated to pay, a lump sum cash payment in an amount determined pursuant to this Section if during a period commencing upon the Effective Date and ending on the third anniversary of the occurrence of the Change in Control, the Active Participant voluntarily or involuntarily separates from service ("Termination"). The lump sum cash payment payable to Active Participants under this Section (the "Lump Sum Payment") shall be paid on the first day of the month following the date of Termination, subject to the provisions of Articles XII and XIII.

(b) The amount of each Lump Sum Payment shall be determined as follows:

(i) With respect to any Active Participant who, after giving effect to the terms of subsection (b)(iv) below, is eligible as of the date of Termination to receive benefits under Articles IV or V of this Plan, the Lump Sum Payment shall equal the Present Value (as defined below) of the stream of payments to which such participant would have otherwise been entitled to receive immediately upon Termination in accordance with Articles IV or V of this Plan (assuming such benefits are paid in the form of a lifetime annuity), based upon such participant's Final Average Pay, Social Security Covered Compensation and Benefit Years as of the date of Termination, after giving effect to the terms of subsection (b)(iv) below.

(ii) With respect to any Active Participant who, after giving effect to the terms of subsection (b)(iv) below, is not eligible as of the date of Termination to receive benefits under Articles IV, V or VI of this Plan, the Lump Sum Payment shall equal the product of (A) the Present Value, calculated as of age 65, of the stream of payments to which such Participant would have otherwise been entitled to receive at age 65 in accordance with the terms of this Plan based on the same assumptions and terms set forth in subsection (b)(i) above, multiplied times (B) such discount factor as is necessary to reduce the amount determined under subsection (b)(ii)(A) above to its Present Value, it being understood that in calculating such discount factor, no discount shall be applied to reflect the possibility that such Participant may die prior to attaining age 65.

(iii) With respect to any Active Participant who, after giving effect to the terms of subsection (b)(iv) below, is eligible as of the date of Termination to receive benefits under Article VI of the Plan, the Lump Sum Payment shall equal the greater of (A) the Present Value of the stream of payments to which such participant would have otherwise been entitled to receive immediately upon Termination in accordance with Article VI of this Plan, based upon the assumptions and terms set forth in subsection (b)(i) above, or (B) the Present Value, calculated as of age 65, of the stream of payments to which such Participant would otherwise be entitled to receive at age 65 in accordance with this Plan, determined in the same manner and subject to the same assumptions and terms set forth in subsection (b)(ii) above.

(iv) In calculating the Lump Sum Payment due to any Active Participant under this Section, the number of years of Benefit Years of the Active Participant shall be deemed to equal the number of years determinable under the other Sections of this Plan plus three years and the Active Participant's age shall be deemed to equal his actual age plus three years; provided, however, that in no event shall the provisions of this subsection be applicable if the application thereof will reduce the Active Participant's Lump Sum Payment from the amount that would otherwise be payable with the addition of less than three years of service, age or both.

(v) As used in this Section with respect to any amount, the "Present Value" of such amount shall mean the discounted value of such amount that is determined by making customary present value calculations in accordance with generally accepted actuarial principles, provided that (A) the discount interest rate applied in connection therewith shall equal the interest rate quoted by the Bloomberg Municipal AAA General Obligation 5-Year Index (as of the close of business on the first business day of the calendar quarter in which such present value calculations are made) or, in the event such index is no longer published, any similar index for comparable municipal securities and (B) the mortality table applied in connection therewith shall be the mortality table prescribed by the Commissioner of Internal Revenue under §417(e)(3)(A)(ii)(I) of the Code or any successor table prescribed by such organization.

(c) Notwithstanding anything to the contrary in this Plan, upon the occurrence of a Change in Control Event as defined in Reg. §1.409A-3(i)(5), each Participant who has already begun to receive periodic payments under this Plan ("Retired Participants") shall have an irrevocable and unconditional right to receive, and the Company shall be irrevocably and unconditionally obligated to pay, a lump sum payment in an amount equal to the present value of the Participant's future stream of payments which would otherwise be payable under this Plan. Such lump sum payment shall be paid on the first day of the month following the date of the Change of Control Event. The Company shall offer to assist such Participant in purchasing at such Participant's cost an annuity for the benefit of such Participant.

(d) Notwithstanding anything to the contrary in this Plan, upon the occurrence of Change in Control Event as defined in Reg. §1.409A-3(i)(5), any Participant (other than a Retired Participant) who is then a former employee of the Company or its subsidiaries whose accrued benefit is vested under Section 10.01 ("Inactive Participants") shall have an irrevocable and unconditional right to receive, and the Company shall be irrevocably and unconditionally obligated to pay, a lump sum payment in an amount determined in the manner provided in subsection (b)(ii) or (iii), as applicable; provided, however, that no Inactive Participant will be entitled to the benefits of subsection (b)(iv). Such lump sum payment shall be paid on the first day of the month following the date of the Change of Control Event.

XI. Form of Benefit Payment

11.01 The normal form of benefit payment for a Participant who is not married on his benefit commencement date is an annuity payable monthly for the lifetime of the Participant or in the case of a Participant who is married on his benefit commencement date, the normal form of benefit payment is an Actuarially Equivalent annuity payable monthly for the lifetime of the Participant and a survivor annuity payable monthly to the spouse (if living) upon the Participant's death which is 50% of the amount of the amount of the annuity payable during the lifetime of the Participant, in each case payable in accordance with the Company's standard payroll practices with payments commencing as of the first day of the month following the Participant's benefit commencement date.

11.02 A Participant may, before any annuity payment has been made, elect the optional form of payment which is the Actuarial Equivalent of a Participant's basic monthly pension, which shall begin on his benefit commencement date. The optional form of payment is as follows:

Alternative Joint and Survivor Annuity.

(a) Under an Alternative Joint and Survivor Annuity, a reduced amount shall be payable to the Participant for his lifetime. The beneficiary, whether or not the Participant's spouse, if surviving at the Participant's death, shall be entitled to receive thereafter a lifetime survivor benefit in an amount equal to 100% of the reduced amount that had been payable to the Participant. If the beneficiary is not the Participant's spouse who is entitled to a 50% survivor annuity under Section 11.01, the Participant may elect that the survivor annuity be 50% of the reduced amount payable to the Participant.

(b) The reduced amount payable to the retired Participant shall be the Actuarial Equivalent of the amount determined under Articles IV, V, VI, VII, VIII or X, as the case may be. The appropriate actuarial factor shall be determined for any Participant and his beneficiary as of the commencement date of the Participant's benefit.

(c) If the Participant designates any individual other than his spouse as his beneficiary, the annual amount of the Participant's annuity under the Alternative Joint and Survivor Annuity shall not be less than 50% of the annual benefit calculated as a single life annuity, and the beneficiary's survivor annuity under the Alternative Joint and Survivor Annuity shall be reduced to the extent necessary to reflect any adjustment required by this paragraph (c) in the amount of the Participant's annuity under the Alternative Joint and Survivor Annuity.

XII. Acceleration of Payments.

12.01 Notwithstanding any other provision of this Plan, if the single sum value of the Participant's, Beneficiary's or Spouse's benefit under the Plan and all other plans that would be treated as a single plan with this Plan pursuant to Treasury Regulations §1.409A-1(c)(2) does not exceed the applicable dollar amount under Code §402(g)(1)(B) ($15,500 in 2008), then such amount shall be paid in one lump sum to the person entitled to payment on the date the first annuity payment would otherwise be paid under this Plan. Such payment is mandatory but shall only occur if the Participant's interest under the Plan (as determined in accordance with Treasury Regulations §1.409A-1(c)(2)) is terminated and liquidated in its entirety in conjunction with the payment.

12.02 If at any time the Plan fails to meet the requirements of Code §409A, an amount equal to the amount required to be included in the Participant's income as a result of the failure to comply with the requirements of Code §409A shall be paid to the Participant in one lump sum on the first day of the month following the Company's determination that the failure has occurred.

12.03 If the Plan receives a domestic relations order as defined in Code §414(p)(1)(B) and ERISA §206(d)(3)(B)(ii), the Committee shall accelerate the time or schedule of a payment to an individual other than the Participant in order to fulfill such order, provided that the provisions of ERISA §206(d)(3)(C) through (F) shall apply as if this Plan were governed by Part 2 of Title I of ERISA.

12.04 The Committee shall accelerate the time or schedule of a payment under the Plan as may be necessary: (1) to comply with an ethics agreement between the Participant and the Federal government, or (2) to comply with applicable Federal, state, local or foreign ethics laws or conflict of interest laws; each as described in Treasury Regulations §1.409A-3(j)(4)(iii).

XIII. Delay of Payments

13.01 A payment otherwise due hereunder shall be delayed to a date after the designated payment date under the following circumstances:

(a) Notwithstanding any other provision hereof, payments which constitute deferred compensation under Code §409A and the Treasury Regulations thereunder and which are not exempt from coverage by Code §409A and the Treasury Regulations thereunder shall commence upon termination of employment of a Participant who is a Specified Employee on the first day of the seventh month following the date of the Specified Employee's termination of employment, 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 estate or spouse, as the case may be, 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 Agreement, the payments shall be deemed to have commenced on the date they would have had the Employee not been a Specified Employee.

(b) Notwithstanding any other provision hereof, a Participant shall not have separated from service with the Employer on account of termination of employment for reasons other than death if he would not be deemed to have experienced a termination of employment under the default rules of Treasury Regulations §1.409A-1(h).

(c) Payments that would violate loan covenants or other contractual terms to which the Employer is a party, where such a violation would result in material harm to the Employer (in such case, payment will be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation, or such violation will not cause material harm to the Employer).

(d) Payment where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law, provided that the payment shall be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law).

(e) Payments the deduction for which the Employer reasonably anticipates would be limited by the application of Code §162(m) (in such case, payment will be made at either the earliest date at which the Employer reasonably anticipates that the deduction of the payment will not be so limited or the calendar year in which the Participant separates from service).

(f) Payment may also be delayed upon such other events and conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

XIV. Additional Restrictions on Benefit Payments

14.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

XV. Administration and Interpretation

15.01 The Plan shall be administered by the Committee. The Committee 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.

15.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive.

XVI. Nature of the Plan

16.01 Benefits under the Plan shall generally be payable by the Employer from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Employer; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Employer. Participants have only an unsecured right to receive benefits under the Plan from the Employer as general creditors of the Employer. The Employer may deposit amounts in a trust established by the Employer for the purpose of funding the Employer's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Employer upon the insolvency or bankruptcy of the Employer, as provided in the trust.

XVII. Employment Relationship

17.01 An employee shall be considered to be in the employment of the Company and its subsidiaries as long as he remains an employee of either the Company, any Subsidiary of the Company, or any corporation to which substantially all of the assets and business of the Company are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer on any employee the right to continued employment by the Company or a Subsidiary of the Company, or affect in any way the right of the Company or such Subsidiary to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Committee, and its determination shall be final.

XVIII. Amendment and Termination of Plan

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

(a) Within 12 months of a corporate dissolution of the Company 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 Participant's gross income in the latest of (i) the calendar year in which the termination occurs, (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture or (iii) the first calendar year in which the payment is administratively practicable.

(b) Within the 30 days preceding or the 12 months following a Change in Control Event (as defined in Treasury Regulations §1.409A-3(i)(5)) provided that Treasury Regulations §1.409A-3(j)(4)(ix)(B) is complied with.

(c) In the Company's discretion, provided that Treasury Regulations §1.409A-3(j)(4)(ix)(C) is complied with.

(d) Due to such other events and conditions as the Commissioner of the IRS may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

18.02 The Company, acting through the Compensation Committee, its Board of Directors, or any person or entity designated by the Compensation Committee or the Board of Directors, may amend this Plan. The Retirement Committee cannot amend the Plan for any reason, unless authorized to do so by the Compensation Committee or the Company's Board of Directors. Notwithstanding any other provision of this Plan, it is the intention of the Company that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to any Participant under Code §409A and Treasury Regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Plan and any amendments hereto shall be interpreted to that end and (1) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (2) the Company shall take any corrective action reasonably within its control that is necessary to avoid such adverse tax consequences. No amendments shall divest otherwise vested rights of Participants, their Beneficiaries or Spouses.

XIX. Binding Effect

19.01 This Plan shall be binding on the Company, each Subsidiary and any designated affiliate, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a designated affiliate are transferred.

XX. Construction

20.01 The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

20.02 The Plan shall be interpreted in a manner that does not give rise to any adverse tax consequences to any Participant under Code §409A and the Treasury Regulations and other interpretive guidance issued thereunder. Any provision of the Plan that would cause a violation of Code §409A, if followed, shall be disregarded.

20.03 Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

XXI. Demand For Benefits

21.01 (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 Committee.

(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 Committee.

If special circumstances require an extension of time for processing the claim, the Committee 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 Committee expects to render its final decision.

(c) Content of Notice .

The Committee 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 Committee 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 Committee will be rendered as promptly as is feasible, but not later than 60 days after the receipt of a request for review, unless the Committee 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 Committee 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: (1) specific reasons for the adverse determination, written in a clear and simple manner; (2) specific references to the pertinent plan provisions on which the determination is based; (3) 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 (4) 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 Committee 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.

IN WITNESS WHEREOF, CenturyTel, Inc. has executed this Plan this 10th day of December, 2007.

CENTURYTEL, INC

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

AMENDED AND RESTATED
CHANGE OF CONTROL AGREEMENT

AMENDED AND RESTATED CHANGE OF CONTROL AGREEMENT (this "Agreement"), dated effective January 1, 2008 (the "Restatement Date"), between CenturyTel, Inc., a Louisiana corporation (the "Company"), and Glen F. Post, III (the "Employee").

W I T N E S S E T H:

WHEREAS , the Company and Employee entered into a change of control agreement (the "Original Agreement") dated effective as of February 22, 2000 (the "Agreement Date");

WHEREAS , in connection with entering into the Original Agreement, the Board of Directors of the Company (the "Board") determined that (i) it was in the best interests of the Company and its shareholders to take steps designed to retain the services of the Employee and to assure the full dedication of the Employee, free from personal distraction, in the event of an actual or pending change of control of the Company, and (ii) the Original Agreement accomplished these and other related objectives; and

WHEREAS , in order to ensure that the Original Agreement complies with Section 409A of the Internal Revenue Code of 1986 and the regulations promulgated thereunder by the U.S. Department of the Treasury (the "Treasury Regulations"), the Board has determined that it is necessary and appropriate to amend and restate (i) various provisions in Article III of the Original Agreement relating to the payment of benefits thereunder and (ii) certain other related provisions and definitions;

NOW , **THEREFORE** , the parties agree to amend and restate the Original Agreement so that it reads in its entirety as follows:

ARTICLE I
CERTAIN DEFINITIONS

1.1 **Affiliate.** "Affiliate" (and variants thereof) shall mean a Person that controls, or is controlled by, or is under common control with, another specified Person, either directly or indirectly.

1.2 **Beneficial Owner.** "Beneficial Owner" (and variants thereof), with respect to a security, shall mean a Person who, directly or indirectly (through any contract, understanding, relationship or otherwise), has or shares (i) the power to vote, or direct the voting of, the security, or (ii) the power to dispose of, or direct the disposition of, the security.

1.3 **Cause.** (a) "Cause" shall mean:

(i) conviction of a felony;

(ii) habitual intoxication during working hours;

(iii) habitual abuse of or addiction to a controlled dangerous substance; or

(iv) the willful and continued failure of the Employee to perform substantially the Employee's duties with the Company or its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or the Employee's termination of employment for Good Reason) for a period of 15 days after a written demand for substantial performance is delivered to the Employee by the Board which specifically identifies the manner in which the Board believes that the Employee has not substantially performed the Employee's duties.

(b) For purposes of this Section 1.3, no act or failure to act on the part of the Employee shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith and without reasonable belief that the Employee's action or omission was in the best interests of the Company or its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company or its Affiliates shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company or its Affiliates. Any termination by the Company or any of its Affiliates of the Employee's employment during the Employment Term (as defined in Section 1.8) shall not be deemed to be for Cause unless the Employee's action or inaction meets the foregoing standard and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in subparagraph (a) above, and specifying the particulars thereof in detail.

(c) No action or inaction shall be deemed the basis for Cause unless the Employee is terminated therefor within 120 days after such action or omission is known to the Chairman of any committee of the Board.

(d) In the event that the existence of Cause shall become an issue in any action or proceeding between the Company and the Employee, the Company shall, notwithstanding the finding of the Board referenced above, have the burden of establishing that the actions or inactions deemed the basis for Cause did in fact occur and do constitute Cause and that the Company has satisfied the procedural requirements of this provision. The satisfaction of the Company's burden shall require clear and convincing evidence. Any purported termination of employment of the Employee by the Company which does not meet each and every substantive and procedural requirement of this provision shall be treated for all purposes under this Agreement as a termination of employment without Cause.

1.4 **Change of Control.** "Change of Control" shall mean:

(a) the acquisition by any Person of Beneficial Ownership of 30% or more of the outstanding shares of the Company's Common Stock, $1.00 par value per share (the "Common Stock"), or 30% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; *provided, however,* that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control:

(i) any acquisition (other than a Business Combination which constitutes a Change of Control under Section 1.4(c) hereof) of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company or its subsidiaries,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(iv) any acquisition of Common Stock by any corporation pursuant to a Business Combination that does not constitute a Change of Control under Section 1.4(c) hereof; or

(b) individuals who, as of the Restatement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the Restatement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(c) consummation of a reorganization, share exchange, merger or consolidation (including any such transaction involving any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); *provided, however,* that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination,

(i) the individuals and entities who were the Beneficial Owners of the Company's outstanding common stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect Beneficial Ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the Post-Transaction Corporation (as defined in Section 1.11 hereof), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no Person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either the Company, the Post-Transaction Corporation or any subsidiary of either corporation) Beneficially Owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 20% or more of the combined voting power of the then outstanding voting securities of such corporation, and

(iii) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.5 **Code.** "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.6 **Company.** "Company" shall mean CenturyTel, Inc. and shall include any successor to or assignee of (whether direct or indirect, by purchase, share exchange, merger, consolidation or otherwise) all or substantially all of the assets or business of the Company that assumes and agrees to perform this Agreement by operation of law or otherwise.

1.7 **Disability.** "Disability" shall mean a condition that would entitle the Employee to receive benefits under the long-term disability insurance policy applicable to the Company's officers at the time either because the Employee is totally disabled or partially disabled, as such terms are defined in the policy then in effect. If the Company has no long-term disability plan in effect, "Disability" shall occur if (a) the Employee is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Employee or his legal representatives so certifies in writing, and (c) the Board determines that the Employee has become disabled.

1.8 **Employment Term.** "Employment Term" shall mean the period commencing on the date of a Change of Control and ending on the third anniversary of such date.

1.9 **Good Reason.** (a) Any act or failure to act by the Company or its Affiliates specified in this Section 1.9 shall constitute "Good Reason" unless the Employee shall otherwise expressly agree in a writing that specifically refers to this Section 1.9:

(i) Any failure of the Company or its Affiliates to provide the Employee with a position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Employee holds an equivalent position with, and exercises substantially equivalent authority, duties and responsibilities on behalf of, the Post-Transaction Corporation;

(ii) The assignment to the Employee of any duties inconsistent in any material respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3.1(b) of this Agreement, or any other action that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that the Company remedies within 10 days after its receipt of written notice thereof from the Employee;

(iii) A material increase in the Employee's responsibilities or duties without a commensurate increase in total compensation;

(iv) Any failure by the Company to comply with and satisfy Sections 4.1 (c) or (d) of this Agreement;

(v) Any failure by the Company or its Affiliates to comply with any of the other provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Company remedies within 10 days after its receipt of written notice thereof from the Employee;

(vi) Any directive requiring the Employee to be based at any office or location other than as provided in Section 3.1(b)(ii) hereof or requiring the Employee to travel on business to a substantially greater extent than required immediately prior to the Change of Control; or

(vii) Any purported termination of the Employee's employment otherwise than as expressly permitted by this Agreement.

(b) For purposes of this Section 1.9, any good faith determination of "Good Reason" made by the Employee shall be conclusive and binding for all purposes, unless the Company establishes by clear and convincing evidence that the Employee did not have any reasonable basis for such determination.

(c) No action or inaction by the Company shall be deemed the basis for Good Reason unless the Employee asserts his right hereunder to terminate employment with Good Reason prior to the first anniversary of the date on which the Employee obtained actual knowledge of such act or omission. Except as otherwise provided in the prior sentence, neither the Employee's continued employment with the Company or its Affiliates nor any delay in the Employee's assertion of his rights to terminate employment with Good Reason shall be deemed to constitute a waiver of any of the Employee's rights hereunder.

(d) Anything in this Agreement to the contrary notwithstanding, a resignation by the Employee for any reason during the 30-day period immediately following the first anniversary of the Change of Control shall be deemed to be a termination for Good Reason and the Employee shall be entitled to receive all payments and benefits hereunder associated therewith.

1.10 **Person.** "Person" shall mean a natural person or entity, and shall also mean the group or syndicate created when two or more Persons act as a syndicate or other group (including, without limitation, a partnership or limited partnership) for the purpose of acquiring, holding, or disposing of a security, except that "Person" shall not include an underwriter temporarily holding a security pursuant to an offering of the security.

1.11 **Post-Transaction Corporation.** Unless a Change of Control results from a Business Combination (as defined in Section 1.4(c) hereof), "Post-Transaction Corporation" shall mean the Company after the Change of Control. If a Change of Control results from a Business Combination, "Post-Transaction Corporation" shall mean the corporation or other entity resulting from the Business Combination unless, as a result of such Business Combination, an ultimate parent corporation controls such resulting entity, the Company or all or substantially all of the Company's assets either directly or indirectly, in which case "Post-Transaction Corporation" shall mean such ultimate parent corporation.

1.12 **Specified Employee. "** Specified Employee" shall mean the Employee if the Employee is a key employee under Treasury Regulations Section 1.409A-1(i) because of final and binding action taken by the Board or its Compensation Committee, or by operation of law or such regulation.

ARTICLE II
STATUS OF CHANGE OF CONTROL AGREEMENTS

Notwithstanding any provisions thereof, as of the Restatement Date, this Agreement amends and restates the Original Agreement and supersedes any and all prior agreements between the Company and the Employee that provide for severance benefits in the event of a Change of Control of the Company, as defined therein.

ARTICLE III
CHANGE OF CONTROL BENEFITS

3.1 **Employment Term and Capacity after Change of Control.** (a) This Agreement was originally effective as of the Agreement Date and has been in effect continuously thereafter. Commencing on January 1, 2002 and each January 1 thereafter, the term of this Agreement has been and shall automatically be extended for one additional year unless, not later than June 30 of the preceding year, the Company shall have given written notice that it does not wish to extend this Agreement; *provided, further,* that, notwithstanding any such non-extension notice by the Company, if a Change of Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect through the third anniversary of the Change of Control, subject to any earlier termination of the Employee's status as an employee pursuant to this Agreement; *provided* , *further* , that in no event shall any termination of this Agreement result in any forfeiture of rights that accrued prior to the date of termination.

(b) During the Employment Term, the Company hereby agrees to continue the Employee in its employ, subject to the terms and conditions of this Agreement. During the Employment Term, (i) the Employee's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Change of Control and (ii) the Employee's services shall be performed during normal business hours at the location of the Company's principal executive office at the time of the Change of Control, or the office or location where the Employee was employed immediately preceding the Change of Control or any relocation of any such site to a location that is not more than 35 miles from its location at the time of the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Employee holds an equivalent position with, and exercises substantially equivalent authority, duties and responsibilities on behalf of, the Post-Transaction Corporation.

3.2 **Compensation and Benefits.** During the Employment Term, the Employee shall be entitled to the following compensation and benefits:

(a) Base Salary . The Employee shall receive an annual base salary ("Base Salary"), which shall be paid in at least monthly installments. The Base Salary shall initially be equal to 12 times the highest monthly base salary that was paid or is payable to the Employee, including any base salary which has been earned but deferred by the Employee, by the Company and its Affiliates with respect to any month in the 12-month period ending with the month that immediately precedes the month in which the Change of Control occurs. During the Employment Term, the Employee's Base Salary shall be reviewed at such time as the Company undertakes a salary review of his peer employees (but at least annually), and, to the extent that salary increases are granted to his peer employees of the Company (or have been granted during the immediately preceding 12-month period to his peer employees of any Affiliate of the Company), the Employee shall be granted a salary increase commensurate with any increase granted to his peer employees of the Company and its Affiliates. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced during the Employment Term (whether or not any increase in Base Salary occurs) and, if any increase in Base Salary occurs, the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased from time to time.

(b) Annual Bonus . In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Term, an annual cash bonus (the "Bonus") in an amount at least equal to the average of the annual bonuses paid to the Employee with respect to the three fiscal years that immediately precede the year in which the Change of Control occurs under the Company's annual bonus plan, or any comparable bonus under a successor plan; *provided, however*, that if the Company has never paid an annual bonus for a full year to the Employee, the Employee shall be awarded a Bonus in an amount at least equal to the target bonus for which the Employee is eligible for the fiscal year in which the Change of Control occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus. Each such Bonus shall be paid after the end of the fiscal year and no later than the 15 th day of the third month of the fiscal year next following the fiscal year for which the Bonus is awarded, unless the Employee shall timely elect to defer the receipt of such Bonus pursuant to the CenturyTel, Inc. Supplemental Dollars & Sense Plan. For purposes of determining the value of any annual bonuses paid to the Employee in any year preceding the year in which the Change of Control occurs, all cash and stock bonuses earned by the Employee shall be valued as of the date of the grant.

(c) Fringe Benefits . The Employee shall be entitled to fringe benefits (including, but not limited to, any cash payments made in lieu thereof) commensurate with those provided to his peer employees of the Company and its Affiliates, but in no event shall such fringe benefits be less favorable than the most favorable of those provided by the Company and its Affiliates for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(d) Expenses . The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in accordance with the most favorable agreements, policies, practices and procedures of the Company and its Affiliates in effect for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to his peer employees of the Company and its Affiliates.

(e) Benefit Plans . (i) The Employee shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to his peer employees of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Employee with incentive opportunities (measured with respect to both regular and special incentive opportunities to the extent that any such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its Affiliates for the Employee under any agreements, plans, practices, policies and programs as in effect at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(ii) The Employee and his family shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription drug, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to his peer employees of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Employee and his family with benefits, in each case, less favorable than the most favorable of those agreements, plans, practices, policies and programs in effect for the Employee and his family at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee and his family, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(iii) Without limiting the generality of the Company's obligations under this subsection (e), the Company shall comply with all of its obligations under the benefit plans, practices, policies and programs of the Company and its Affiliates that arise in connection with a Change of Control of the Company, including without limitation all obligations that require the Company to (A) fully vest participants under the Company's qualified or non-qualified retirement plans, (B) fully vest employees meeting certain age and service requirements with post-retirement medical, dental and life insurance, or (C) extend the benefits described in Section 3.5.

(f) Office and Support Staff . The Employee shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, commensurate with those provided to his peer employees of the Company and its Affiliates.

(g) Vacation . The Employee shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its Affiliates as in effect for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to his peer employees of the Company and its Affiliates.

(h) Indemnification . If, in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board with rights to indemnification from the Company (or from any other party to such agreement), the Employee shall, by virtue of this Agreement, be entitled to the same rights to indemnification as are provided to the Board pursuant to such agreement. Otherwise, the Employee shall be entitled to indemnification rights on terms no less favorable to the Employee than those available under any Company indemnification agreements or the articles of incorporation, bylaws or resolutions of the Company at any time after the Change of Control to his peer employees of the Company. Such indemnification rights shall be with respect to all claims, actions, suits or proceedings to which the Employee is or is threatened to be made a party that arise out of or are connected to his services at any time prior to the termination of his employment, without regard to whether such claims, actions, suits or proceedings are made, asserted or arise during or after the Employment Term.

(i) Directors and Officers Insurance . If, in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board with continued coverage following the Change of Control under one or more directors and officers liability insurance policies, then the Employee shall, by virtue of this Agreement, be entitled to the same rights to continued coverage under such directors and officers liability insurance policies as are provided to the Board, and the Company shall take any steps necessary to give effect to this provision. Otherwise, the Company shall agree to cover the Employee under any directors and officers liability insurance policies as are provided generally at any time after the Change of Control to his peer employees of the Company.

3.3 **Obligations upon Termination after a Change of Control.**

(a) Termination by Company for Reasons other than Death, Disability or Cause or by the Employee for Good Reason . If, after a Change of Control and during the Employment Term, the Company or any of its Affiliates terminates the Employee's employment, as defined in Treasury Regulations 1.409A-1(h)(1) ("Separation from Service"), other than for Cause, death or Disability, or the Employee terminates employment for Good Reason, subject to Section 3.6,

(i) Subject to the six-month delay rule in Section 3.3(d), if applicable, the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination an amount equal to three times the sum of (i) the amount of Base Salary in effect pursuant to Section 3.2(a) hereof at the date of termination, plus (ii) the greater of (x) the average of the annual bonuses paid or to be paid to the Employee with respect to the immediately preceding three fiscal years or (y) the target Bonus for which the Employee is eligible for the fiscal year in which the date of termination occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus; *provided, however*, that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to the fiscal year in which termination occurs, such lump sum payment shall be reduced by an amount equal to such percentage times the bonus component of the lump sum payment (which reduction amount shall be deferred in accordance with such election);

(ii) the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination, but in no case later than the 15th day of the third month following the end of the fiscal year of the Company in which the termination occurs, an amount calculated by multiplying the annual bonus that the Employee would have earned with respect to the entire fiscal year in which termination occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus, by the fraction obtained by dividing the number of days in such year through the date of termination by 365; *provided, however,* that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to the fiscal year in which termination occurs, such lump sum payment shall be reduced by an amount equal to such percentage times the lump sum payment (which reduction amount shall be deferred in accordance with such election);

(iii) if, at the date of termination, the Company shall not yet have paid to the Employee (or deferred in accordance with any effective deferral election by the Employee) an annual bonus with respect to a fully completed fiscal year, the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination but in no case after the 15 th day of the third month following the end of the fiscal year of the Company in which the termination occurs, an amount determined as follows: (i) if the Board (acting directly or indirectly through any committee or subcommittee) shall have already determined the amount of such annual bonus, such amount shall be paid, and (ii) if the Board shall not have already determined the amount of such annual bonus, the amount to be paid shall be the greater of the amount provided under Section 3.2(b) hereof or the annual bonus that the Employee would have earned with respect to such completed fiscal year, based solely upon the actual level of achievement of the objective performance goals established with respect to such bonus and assuming the achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus; *provided, however,* that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to such completed fiscal year, such lump sum payment shall be reduced by an amount equal to such percentage times the lump sum payment (which reduction amount shall be deferred in accordance with such election); *provided, further,* that any payment under this subsection (iii) (or any payment under any other provision of this Agreement calculated by reference to prior or target bonus amounts) shall be payable notwithstanding any provision to the contrary set forth in any bonus plan or program of the Company;

(iv) for a period of three years following the date of termination of employment, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy (the "Continuation Period"), the Company shall at its expense continue on behalf of the Employee and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits (including any benefit under any individual benefit arrangement that covers medical, dental or hospitalization expenses not otherwise covered under any general Company plan) provided (x) to the Employee at any time during the one-year period prior to the Change in Control or at any time thereafter or (y) to other similarly-situated employees who continue in the employ of the Company or its Affiliates during the Continuation Period. If the Employee is a Specified Employee governed by Section 3.3 (d), to the extent that any benefits provided to the Employee under this Section 3.3(a)(iv) are taxable to the Employee, then, with the exception of medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Employee pursuant to this Section 3.3(a)(iv) during the six month period following the date of termination shall be limited to the amount specified by Code Section 402(g)(1)(B) for the year in which the termination occurred. Employee shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the date of termination. The coverage and benefits (including deductibles and costs) provided in this Section 3.3(a)(iv) during the Continuation Period shall be no less favorable to the Employee and his dependents and beneficiaries than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) or (y) above; *provided, however,* in the event of the disability of the Employee during the Continuation Period, disability benefits shall, to the maximum extent possible, not be paid for the Continuation Period but shall instead commence immediately following the end of the Continuation Period. For purposes of determining eligibility (but not the time of commencement of benefits) of the Employee for retiree benefits pursuant to such plans, practices, programs and policies, the Employee shall be considered to have remained employed until three years after the date of termination and to have retired on the last day of such period. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Employee than the coverages and benefits required to be provided hereunder. At the end of the Continuation Period, the Employee shall have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company that relates specifically to the Employee unless such assignment is inconsistent with the terms of any split dollar arrangement with the Employee. The Employee will be eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at the end of the Continuation Period or earlier cessation of the Company's obligation under the foregoing provisions of this Section 3.3(a)(iv) (or, if the Employee shall not be so eligible for any reason, the Company will provide equivalent coverage).

(v) the Company at its cost shall provide to the Employee outplacement assistance by a reputable firm specializing in such services for the period beginning with the termination of employment and ending upon the lapse of the Employment Term; and

(vi) the Company shall discharge its obligations under all other applicable sections of this Article III, including Sections 3.4, 3.5, 3.6 and 3.7.

To the extent that the amounts payable under Section 3.3(a) (iv) and (v), Section 3.6(g) and Section 3.7 are deemed to be reimbursements and other separation payments under Treasury Regulations Section 1.409A-1(b)(9)(v), they shall not be deemed to provide for the deferral of compensation governed by Code Section 409A. If they do constitute deferral of compensation governed by Code Section 409A, they shall be deemed to be reimbursements or in-kind benefits governed by Treasury Regulations Section 1.409A-3(i)(1)(iv). If the previous sentence applies, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during the Employee's taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year, (ii) the reimbursement of an eligible expense must be made on or before the last day of the Employee's taxable year following the taxable year in which the expense was incurred and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

The payments and benefits provided in this Section 3.3(a) and under all of the Company's employee benefit and compensation plans shall be without regard to any plan amendment made after any Change of Control that adversely affects in any manner the computation of payments and benefits due the Employee under such plan or the time or manner of payment of such payments and benefits. After a Change of Control no discretionary power of the Board or any committee thereof shall be used in a way (and no ambiguity in any such plan shall be construed in a way) which adversely affects in any manner any right or benefit of the Employee under any such plan. If the Employee becomes entitled to receive benefits under this Section 3.3(a), the Company shall not be required to make any cash severance payment under any other severance or salary continuation policy, plan, agreement or arrangement in favor of other officers or employees of the Company or its Affiliates unless such other policy, plan, agreement or arrangement expressly provides to the contrary in a provision that specifically states that it is intended to override the limitation of this sentence.

(b) Death; Disability; Termination for Cause; or Voluntary Termination . If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated (i) by reason of the Employee's death or Disability, (ii) by the Company for Cause or (iii) voluntarily by the Employee other than for Good Reason, this Agreement shall terminate without further obligation to the Employee or the Employee's legal representatives (other than the timely payment or provision of those already accrued to the Employee, imposed by law or imposed pursuant to employee benefit or compensation plans, programs, practices, policies or agreements maintained by the Company or its Affiliates).

(c) Notice of Termination . Any termination by the Company for Cause or by reason of the Employee's Disability, or by the Employee for Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 4.2 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated and (iii) if the effective date of the termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice), provided that the effective date for any termination by reason of the Employee's Disability shall be the 30th day after the giving of such notice, unless prior to such 30th day the Employee shall have resumed the full-time performance of his duties. The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause, Disability or Good Reason shall not waive any right of the Employee or the Company, respectively, hereunder or preclude the Employee or the Company, respectively, from asserting such fact or circumstance in enforcing the Employee's or the Company's rights hereunder.

(d) Six Month Delay for Specified Employees . Notwithstanding any other provision hereof, payments hereunder which constitute deferred compensation under Code Section 409A and the Treasury Regulations thereunder and which are not exempt from coverage by Code Section 409A and the Treasury Regulations thereunder shall commence, if Employee is then a Specified Employee and payment is triggered by his Separation from Service, on 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 estate or spouse, as the case may be, shall be paid in a lump sum the amount that the Specified Employee would have been paid hereunder over the preceding six months (or, if earlier, the months preceding the date of death) but for the fact that he was a Specified Employee. Nevertheless, for all other purposes of this Agreement, the payments shall be deemed to have commenced on the date they would have had the Employee not been a Specified Employee, and payment of any remaining benefits shall be made as otherwise scheduled hereunder.

3.4 **Accrued Obligations and Other Benefits.** It is the intent of this Agreement that upon termination of employment for any reason following a Change of Control the Employee or his legal representatives be entitled to receive promptly, and in addition to any other benefits specifically provided, (a) the Employee's Base Salary through the date of termination to the extent not theretofore paid, (b) any accrued vacation pay, to the extent not theretofore paid, and (c) any other amounts or benefits required to be paid or provided or which the Employee or his legal representatives are entitled to receive under any plan, program, policy, practice or agreement of the Company, including without limitation all payments required to be made under the Company's supplemental executive retirement plan.

3.5 **Stock Options and Other Incentives.** The foregoing benefits provided for in this Article III are intended to be in addition to the value or benefit of any stock options, restricted stock, performance shares or similar awards, the exercisability, vesting or payment of which is accelerated or otherwise enhanced upon a Change of Control pursuant to the terms of any stock option, incentive or other similar plan or agreement heretofore or hereafter adopted by the Company or the Post-Transaction Corporation; *provided, however*, that, upon any termination of the Employee other than for Cause within three years following a Change of Control, all of the Employee's then-outstanding vested stock options, whether granted before or during the Employment Term, shall remain exercisable until the later of the 190th day after the termination date or the end of the exercise period provided for in the applicable option agreement or plan as then in effect, but in no event shall such exercise period continue after the date on which such options would have expired if the Employee had remained an employee of the Company, the Post-Transaction Corporation or one of their respective Affiliates.

3.6 **Excise Tax Provision.** (a) Notwithstanding any other provisions of this Agreement, if a Change of Control occurs during the original or extended term of this Agreement, in the event that any payment or benefit received or to be received by the Employee in connection with the Change of Control or the termination of the Employee's employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in the Change of Control or any Person Affiliated with the Company or such Person) (all such payments and benefits, including without limitation the payments and benefits under Sections 3.3(a), 3.4(b), 3.4(c), 3.5 and 3.7 hereof, being hereinafter called "Payments") would be subject (in whole or in part) to an excise tax imposed by section 4999 of the Code or any interest or penalties are incurred by the Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Company shall pay to the Employee at the time specified in paragraph (d) below an additional amount (the "Gross-up Payment") such that the net amount retained by the Employee, after deduction of any Excise Tax on the Payments and all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation any federal, state and local income or payroll tax and any Excise Tax, imposed upon the Gross-up Payment provided for by this paragraph (a), but before deduction of any federal, state and local income or payroll tax on the Payments, shall be equal to the Payments. Notwithstanding any other provision hereof, the Gross-Up Payments (including any additional Gross-up Payment pursuant to Section 3.6(e)) must be paid no later than the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes, as required by Treasury Regulations Section 1.409A-3(i)(1)(v).

(b) For purposes of determining whether any of the Payments and the Gross-up Payment (collectively, the "Total Payments") will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) shall be treated as subject to the Excise Tax, except to the extent that in the opinion of tax counsel selected by the Company's independent auditors ("Auditors") and reasonably acceptable to the Employee ("Tax Counsel") such Total Payments (in whole or in part) do not constitute "parachute payments", or such "excess parachute payments" (in whole or in part) are not subject to the Excise Tax and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. The Auditors shall perform the calculations in conformance with the foregoing provisions and within 15 business days of the date that any Payments are made under this Agreement shall provide the Employee with a detailed written statement setting forth the manner in which the Total Payments are calculated and the basis for such calculations, including without limitation any opinions or other advice the Company has received from Tax Counsel, the Auditors or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

(c) For purposes of determining the amount of the Gross-up Payment, the Employee shall be deemed to pay federal income taxes at the highest marginal rates of federal income taxation applicable to individuals in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Employee's residence in the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes, taking into account any limitations applicable to individuals subject to federal income tax at the highest marginal rates.

(d) The initial Gross-up Payment, if any, as determined pursuant to this Section 3.6, shall be paid to the Employee within five days of the receipt of the Auditors' determination. If the Auditors determine that no Excise Tax is payable by the Employee, the Company shall cause the Auditors to furnish the Employee with an opinion that failure to report any Excise Tax on the Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty.

(e) If it is established pursuant to a final determination of a court or Internal Revenue Service proceeding or the written opinion of Tax Counsel that the Excise Tax is less than the amount taken into account hereunder at the time the Gross-up Payment is made, the Employee shall repay to the Company within 30 days of the Employee's receipt of notice of such final determination or opinion the portion of the Gross-up Payment attributable to such reduction (plus the portion of the Gross-up Payment attributable to the Excise Tax, federal, state and local income tax and Excise Tax imposed on the portion of the Gross-up Payment being repaid by the Employee if such repayment results in a reduction of Excise Tax or federal, state and local income tax), plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing, in the event any portion of the Gross-up Payment to be refunded to the Company has been paid to any federal, state and local tax authority, the payment thereof (and related amounts) shall not be required until actual refund or credit of such portion has been made to the Employee, and interest payable to the Company shall not exceed the interest received or credited to the Employee by such tax authority for the period that it held such portion. The Employee and the Company shall endeavor to mutually agree upon the course of action to be pursued (and the method of allocating the expense thereof) if the Employee's claim for refund or credit is denied. If it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding or the written opinion of Tax Counsel that the Excise Tax exceeds the amount taken into account hereunder at the time the Gross-up Payment is made (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-up Payment), the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest or penalties payable with respect to such excess), as determined by the Auditors, within 30 days of the Company's receipt of notice of such final determination or opinion.

(f) In the event of any controversy with the Internal Revenue Service (or other taxing authority) with regard to the Excise Tax, the Employee shall permit the Company to control issues relating to the Excise Tax (at its expense), provided that such issues do not potentially materially adversely affect the Employee, but the Employee shall control any other issues. In the event that the issues are interrelated, the Employee and the Company shall in good faith cooperate so as not to jeopardize resolution of either issue, but if the parties cannot agree, the Employee shall make the final determination with regard to the issues. In the event of any conference with any taxing authority as to the Excise Tax or associated income taxes, the Employee shall permit a representative of the Company to accompany the Employee, and the Employee and the Employee's representative shall cooperate with the Company and its representative. The Company and the Employee shall promptly deliver to each other copies of any written communications, and summaries of any verbal communications, with any taxing authority regarding the Excise Tax covered by this Section 3.6.

(g) The Company shall be responsible for all charges of the Tax Counsel and the Auditors. The timing of any payments pursuant to this subsection (g) shall be governed by Section 3.3(a)

(h) Notwithstanding any other provision in this Agreement to the contrary, if it is determined by the Auditors that the gross-up provisions in this Section 3.6 as they relate to the accelerated vesting of nonqualified stock options or restricted stock issued by the Company would be the sole reason precluding the use by the Company of the pooling of interests method of accounting, then the tax gross-up provisions of this Section 3.6 shall not apply to such nonqualified stock options or restricted stock as the case may be, unless the Gross-up Payment can be altered, modified or delayed to allow it to be paid without precluding the use of the pooling of interest method of accounting. The Company will use its best efforts to alter, modify, or delay the payment so that the Gross-up Payment can be made.

3.7 **Legal Fees.** The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and other expenses (including expert witness and accounting fees) which the Employee may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Employee or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Employee about the amount or timing of any payment pursuant to this Agreement) or which the Employee may reasonably incur in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided under this Agreement. The timing of any payments pursuant to this Section 3.7 shall be governed by Section 3.3(a).

3.8 **Set-Off; Mitigation.** After a Change of Control, the obligations of the Company and its Affiliates to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or its Affiliates may have against the Employee or others other than the Company's right to reduce welfare benefits under the circumstances described in Section 3.3(a)(iv). It is the intent of this Agreement that in no event shall the Employee be obligated to seek other employment or take any other action to mitigate the amounts or benefits payable to the Employee under any of the provisions of this Agreement.

3.9 **Certain Pre-Change-of-Control Terminations.** Notwithstanding any other provision of this Agreement, the Employee's employment shall be deemed to have been terminated following a Change of Control by the Company without Cause (and the Employee shall be entitled to receive all payments and benefits associated therewith) if the Employee's employment is terminated by the Company or any of its Affiliates without Cause prior to a Change of Control (whether or not a Change of Control actually occurs) and such termination (i) was at the request or direction of a third party who has taken steps designed to effect a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) occurred after discussions with a third party regarding a possible Change of Control transaction commenced and such discussions produced (whether before or after such termination) either a preliminary or definitive agreement with respect to such a transaction or a public announcement of the pending transaction (whether or not a Change of Control actually occurs). If the Employee takes the position that the foregoing sentence applies and the Company disagrees, the Company shall have the burden of proof in any such dispute.

ARTICLE IV
MISCELLANEOUS

4.1 **Binding Effect; Successors.**

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Employee and shall not be assignable by the Employee without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution, which shall inure to the benefit of the Employee's legal representatives.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, share exchange, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Employee.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Employee.

(e) The obligations of the Company and the Employee which by their nature may require either partial or total performance after the expiration of the term of the Agreement shall survive such expiration.

4.2 **Notices.** All notices hereunder must be in writing and shall be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

CenturyTel, Inc.
100 CenturyTel Drive
Monroe, Louisiana 71203
Attn: General Counsel

If to the Employee, to:

Glen F. Post, III
100 CenturyTel Drive
Monroe, Louisiana 71203
(or, if the Employee is no longer employed at such address,
to the Employee's last known principal residence reflected in
the Company's records)

or such other address as to which any party hereto may have notified the other in writing.

4.3 **Governing Law.** This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 **Withholding.** The Employee agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 **Amendment and Compliance with Law.** No provision of this Agreement may be modified or amended except by an instrument in writing signed by both parties. Notwithstanding any other provision of this Agreement, it is the intention of the parties to this Agreement that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to the Employee under Code Section 409A and Treasury Regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Agreement and any amendments hereto shall be interpreted to that end and (i) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (ii) the parties shall take any corrective action reasonably within their control that are necessary to avoid such adverse tax consequences.

4.6 **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 Employee and the Company 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 shall be valid and enforced to the fullest extent permitted by law.

4.7 **Waiver of Breach.** Except as expressly provided herein to the contrary, the failure by any party to enforce any of its rights hereunder shall not be deemed to be a waiver of such rights, unless such waiver is an express written waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 **Remedies Not Exclusive.** No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation, including without limitation the right to claim interest with respect to any payment not timely made hereunder.

4.9 **Company's Reservation of Rights.** The Employee acknowledges and understands that (i) the Employee is employed at will by either the Company or one of its Affiliates (the "Employer"), (ii) the Employee serves at the pleasure of the board of directors of the Employer, and (iii) the Employer has the right at any time to terminate the Employee's status as an employee, or to change or diminish his status during the Employment Term, subject to the rights of the Employee to claim the benefits conferred by this Agreement. Notwithstanding any other provisions of this Agreement to the contrary, this Agreement shall not entitle the Employee or his legal representatives to any severance or other benefits of any kind prior to a Change of Control or to any such benefits if Employee is not employed by the Company or one of its Affiliates on the date of a Change of Control, except in each case for those rights afforded under Section 3.9.

4.10 **Non-exclusivity of Rights.** Subject to Section 4.9, nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Employee may qualify, nor shall anything herein limit or otherwise restrict such rights as the Employee may have under any contract or agreement with the Company or any of its Affiliates. The Employee shall not be obligated to furnish a release of any rights or claims against the Company or its Affiliates as a condition of receiving benefits hereunder.

4.11 **Confidentiality.** Upon receipt of the payments or benefits contemplated by Section 3.3 hereof, the Employee agrees to refrain for a period of three years from divulging any non-public, confidential or proprietary information concerning the Company or its Affiliates to any Person other than the Company, its Affiliates or their respective officers, directors or advisors, provided that this obligation shall lapse prior to the end of such three-year period with respect to any information that (i) is or becomes generally available to the public other than as a result of a breach of this Section 4.11, (ii) is or becomes available to the Employee on a non-confidential basis from a source other than the Company or its representatives, provided that such source is not known by the Employee to have violated any confidentiality agreement with the Company in connection with such disclosure, or (iii) is acquired or developed independently by the Employee without violating this Section 4.11.

4.12 **Demand for Benefits.** Unless otherwise provided herein, the payment or payments due hereunder shall be paid to the Employee without the need for demand, and to a beneficiary upon the receipt of the beneficiary's address and social security number. Nevertheless, the Employee or a Person claiming to be a beneficiary who claims entitlement to a benefit can file a claim for benefits hereunder with the Company. Unless otherwise provided herein, the Company shall accept or reject the claim within five business days of its receipt. If the claim is denied, the Company shall give the reason for denial in a written notice that refers to the provision of this Agreement that forms the basis of the denial. If any additional information or material is necessary to perfect the claim, the Company will identify these items in writing and explain why such additional information is necessary.

4.13 **Authority.** The Company represents and warrants that (i) the Original Agreement was duly authorized by the Shareholder Relations Committee of the Board and the Compensation Committee of the Board on February 21, 2000 and by the Board on February 22, 2000, (ii) this Agreement was duly authorized by the Compensation Committee of the Board on October 17, 2007 and by the Board on November 14, 2007, and (iii) no other corporate proceedings are necessary to authorize the Company's execution, delivery and performance of this Agreement.

4.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

4.15 **Interpretation.** Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

IN WITNESS WHEREOF , the Company and the Employee have caused this Amended and Restated Change in Control Agreement to be executed as of the Restatement Date.

CENTURYTEL, INC.

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

EMPLOYEE:

/s/ Glen F. Post, III
Glen F. Post, III

Exhibit 10.4(b)

FORM OF
AMENDED AND RESTATED
CHANGE OF CONTROL AGREEMENT

AMENDED AND RESTATED CHANGE OF CONTROL AGREEMENT (this "Agreement"), dated effective January 1, 2008 (the "Restatement Date"), between CenturyTel, Inc., a Louisiana corporation (the "Company"), and ___________ (the "Employee").

W I T N E S S E T H:

WHEREAS , the Company and Employee entered into a change of control agreement (the "Original Agreement") dated effective as of February 22, 2000 (the "Agreement Date");

WHEREAS , in connection with entering into the Original Agreement, the Board of Directors of the Company (the "Board") determined that (i) it was in the best interests of the Company and its shareholders to take steps designed to retain the services of the Employee and to assure the full dedication of the Employee, free from personal distraction, in the event of an actual or pending change of control of the Company, and (ii) the Original Agreement accomplished these and other related objectives; and

WHEREAS , in order to ensure that the Original Agreement complies with Section 409A of the Internal Revenue Code of 1986 and the regulations promulgated thereunder by the U.S. Department of the Treasury (the "Treasury Regulations"), the Board has determined that it is necessary and appropriate to amend and restate (i) various provisions in Article III of the Original Agreement relating to the payment of benefits thereunder and (ii) certain other related provisions and definitions;

NOW , **THEREFORE** , the parties agree to amend and restate the Original Agreement so that it reads in its entirety as follows:

ARTICLE I
CERTAIN DEFINITIONS

1.1 **Affiliate.** "Affiliate" (and variants thereof) shall mean a Person that controls, or is controlled by, or is under common control with, another specified Person, either directly or indirectly.

1.2 **Beneficial Owner.** "Beneficial Owner" (and variants thereof), with respect to a security, shall mean a Person who, directly or indirectly (through any contract, understanding, relationship or otherwise), has or shares (i) the power to vote, or direct the voting of, the security, or (ii) the power to dispose of, or direct the disposition of, the security.

1.3 **Cause.** (a) "Cause" shall mean:

(i) conviction of a felony;

(ii) habitual intoxication during working hours;

(iii) habitual abuse of or addiction to a controlled dangerous substance; or

(iv) the willful and continued failure of the Employee to perform substantially the Employee's duties with the Company or its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or the Employee's termination of employment for Good Reason) for a period of 15 days after a written demand for substantial performance is delivered to the Employee by the Board which specifically identifies the manner in which the Board believes that the Employee has not substantially performed the Employee's duties.

(b) For purposes of this Section 1.3, no act or failure to act on the part of the Employee shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith and without reasonable belief that the Employee's action or omission was in the best interests of the Company or its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company or its Affiliates shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company or its Affiliates. Any termination by the Company or any of its Affiliates of the Employee's employment during the Employment Term (as defined in Section 1.8) shall not be deemed to be for Cause unless the Employee's action or inaction meets the foregoing standard and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in subparagraph (a) above, and specifying the particulars thereof in detail.

(c) No action or inaction shall be deemed the basis for Cause unless the Employee is terminated therefor within 120 days after such action or omission is known to the Chief Executive Officer of the Company.

(d) In the event that the existence of Cause shall become an issue in any action or proceeding between the Company and the Employee, the Company shall, notwithstanding the finding of the Board referenced above, have the burden of establishing that the actions or inactions deemed the basis for Cause did in fact occur and do constitute Cause and that the Company has satisfied the procedural requirements of this provision. The satisfaction of the Company's burden shall require clear and convincing evidence. Any purported termination of employment of the Employee by the Company which does not meet each and every substantive and procedural requirement of this provision shall be treated for all purposes under this Agreement as a termination of employment without Cause.

1.4 **Change of Control.** "Change of Control" shall mean:

(a) the acquisition by any Person of Beneficial Ownership of 30% or more of the outstanding shares of the Company's Common Stock, $1.00 par value per share (the "Common Stock"), or 30% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; *provided, however,* that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control:

(i) any acquisition (other than a Business Combination which constitutes a Change of Control under Section 1.4(c) hereof) of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company or its subsidiaries,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(iv) any acquisition of Common Stock by any corporation pursuant to a Business Combination that does not constitute a Change of Control under Section 1.4 (c) hereof; or

(b) individuals who, as of the Restatement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the Restatement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(c) consummation of a reorganization, share exchange, merger or consolidation (including any such transaction involving any direct or indirect subsidiary of the Company), or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); *provided, however,* that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination,

(i) the individuals and entities who were the Beneficial Owners of the Company's outstanding common stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect Beneficial Ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the Post-Transaction Corporation (as defined in Section 1.11 hereof), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no Person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either the Company, the Post-Transaction Corporation or any subsidiary of either corporation) Beneficially Owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 20% or more of the combined voting power of the then outstanding voting securities of such corporation, and

(iii) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.5 **Code.** "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.6 **Company.** "Company" shall mean CenturyTel, Inc. and shall include any successor to or assignee of (whether direct or indirect, by purchase, share exchange, merger, consolidation or otherwise) all or substantially all of the assets or business of the Company that assumes and agrees to perform this Agreement by operation of law or otherwise.

1.7 **Disability.** "Disability" shall mean a condition that would entitle the Employee to receive benefits under the long-term disability insurance policy applicable to the Company's officers at the time either because the Employee is totally disabled or partially disabled, as such terms are defined in the policy then in effect. If the Company has no long-term disability plan in effect, "Disability" shall occur if (a) the Employee is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Employee or his legal representatives so certifies in writing, and (c) the Board determines that the Employee has become disabled.

1.8 **Employment Term.** "Employment Term" shall mean the period commencing on the date of a Change of Control and ending on the third anniversary of such date.

1.9 **Good Reason.** (a) Any act or failure to act by the Company or its Affiliates specified in this Section 1.9 shall constitute "Good Reason" unless the Employee shall otherwise expressly agree in a writing that specifically refers to this Section 1.9:

(i) Any failure of the Company or its Affiliates to provide the Employee with a position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Employee holds an equivalent position with, and exercises substantially equivalent authority, duties and responsibilities on behalf of, either the Post-Transaction Corporation or the Company;

(ii) The assignment to the Employee of any duties inconsistent in any material respect with the Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3.1(b) of this Agreement, or any other action that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that the Company remedies within 10 days after its receipt of written notice thereof from the Employee;

(iii) A material increase in the Employee's responsibilities or duties without a commensurate increase in total compensation;

(iv) Any failure by the Company to comply with and satisfy Sections 4.1 (c) or (d) of this Agreement;

(v) Any failure by the Company or its Affiliates to comply with any of the other provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Company remedies within 10 days after its receipt of written notice thereof from the Employee;

(vi) Any directive requiring the Employee to be based at any office or location other than as provided in Section 3.1(b)(ii) hereof or requiring the Employee to travel on business to a substantially greater extent than required immediately prior to the Change of Control; or

(vii) Any purported termination of the Employee's employment otherwise than as expressly permitted by this Agreement.

(b) For purposes of this Section 1.9, any good faith determination of "Good Reason" made by the Employee shall be conclusive and binding for all purposes, unless the Company establishes by clear and convincing evidence that the Employee did not have any reasonable basis for such determination.

(c) No action or inaction by the Company shall be deemed the basis for Good Reason unless the Employee asserts his right hereunder to terminate employment with Good Reason prior to the first anniversary of the date on which the Employee obtained actual knowledge of such act or omission. Except as otherwise provided in the prior sentence, neither the Employee's continued employment with the Company or its Affiliates nor any delay in the Employee's assertion of his rights to terminate employment with Good Reason shall be deemed to constitute a waiver of any of the Employee's rights hereunder.

(d) Anything in this Agreement to the contrary notwithstanding, a resignation by the Employee for any reason during the 30-day period immediately following the first anniversary of the Change of Control shall be deemed to be a termination for Good Reason and the Employee shall be entitled to receive all payments and benefits hereunder associated therewith.

1.10 **Person.** "Person" shall mean a natural person or entity, and shall also mean the group or syndicate created when two or more Persons act as a syndicate or other group (including, without limitation, a partnership or limited partnership) for the purpose of acquiring, holding, or disposing of a security, except that "Person" shall not include an underwriter temporarily holding a security pursuant to an offering of the security.

1.11 **Post-Transaction Corporation.** Unless a Change of Control results from a Business Combination (as defined in Section 1.4(c) hereof), "Post-Transaction Corporation" shall mean the Company after the Change of Control. If a Change of Control results from a Business Combination, "Post-Transaction Corporation" shall mean the corporation or other entity resulting from the Business Combination unless, as a result of such Business Combination, an ultimate parent corporation controls such resulting entity, the Company or all or substantially all of the Company's assets either directly or indirectly, in which case "Post-Transaction Corporation" shall mean such ultimate parent corporation.

1.12 **Specified Employee. "** Specified Employee" shall mean the Employee if the Employee is a key employee under Treasury Regulations Section 1.409A-1(i) because of final and binding action taken by the Board or its Compensation Committee, or by operation of law or such regulation.

ARTICLE II
STATUS OF CHANGE OF CONTROL AGREEMENTS

Notwithstanding any provisions thereof, as of the Restatement Date, this Agreement amends and restates the Original Agreement and supersedes any and all prior agreements between the Company and the Employee that provide for severance benefits in the event of a Change of Control of the Company, as defined therein.

ARTICLE III
CHANGE OF CONTROL BENEFITS

3.1 **Employment Term and Capacity after Change of Control.** (a) This Agreement was originally effective as of the Agreement Date and has been in effect continuously thereafter. Commencing on January 1, 2002 and each January 1 thereafter, the term of this Agreement has been and shall automatically be extended for one additional year unless, not later than June 30 of the preceding year, the Company shall have given written notice that it does not wish to extend this Agreement; *provided*, *further*, that, notwithstanding any such non-extension notice by the Company, if a Change of Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect through the third anniversary of the Change of Control, subject to any earlier termination of the Employee's status as an employee pursuant to this Agreement; *provided* , *further* , that in no event shall any termination of this Agreement result in any forfeiture of rights that accrued prior to the date of termination.

(b) During the Employment Term, the Company hereby agrees to continue the Employee in its employ, subject to the terms and conditions of this Agreement. During the Employment Term, (i) the Employee's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Change of Control and (ii) the Employee's services shall be performed during normal business hours at the location of the Company's principal executive office at the time of the Change of Control, or the office or location where the Employee was employed immediately preceding the Change of Control or any relocation of any such site to a location that is not more than 35 miles from its location at the time of the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with the Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control the Employee holds an equivalent position with, and exercises substantially equivalent authority, duties and responsibilities on behalf of, either the Post-Transaction Corporation or the Company.

3.2 **Compensation and Benefits.** During the Employment Term, the Employee shall be entitled to the following compensation and benefits:

(a) Base Salary. The Employee shall receive an annual base salary ("Base Salary"), which shall be paid in at least monthly installments. The Base Salary shall initially be equal to 12 times the highest monthly base salary that was paid or is payable to the Employee, including any base salary which has been earned but deferred by the Employee, by the Company and its Affiliates with respect to any month in the 12-month period ending with the month that immediately precedes the month in which the Change of Control occurs. During the Employment Term, the Employee's Base Salary shall be reviewed at such time as the Company undertakes a salary review of his peer employees (but at least annually), and, to the extent that salary increases are granted to his peer employees of the Company (or have been granted during the immediately preceding 12-month period to his peer employees of any Affiliate of the Company), the Employee shall be granted a salary increase commensurate with any increase granted to his peer employees of the Company and its Affiliates. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced during the Employment Term (whether or not any increase in Base Salary occurs) and, if any increase in Base Salary occurs, the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased from time to time.

(b) Annual Bonus. In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Term, an annual cash bonus (the "Bonus") in an amount at least equal to the average of the annual bonuses paid to the Employee with respect to the three fiscal years that immediately precede the year in which the Change of Control occurs under the Company's annual bonus plan, or any comparable bonus under a successor plan; *provided, however*, that if the Company has never paid an annual bonus for a full year to the Employee, the Employee shall be awarded a Bonus in an amount at least equal to the target bonus for which the Employee is eligible for the fiscal year in which the Change of Control occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus. Each such Bonus shall be paid after the end of the fiscal year and no later than the 15 th day of the third month of the fiscal year next following the fiscal year for which the Bonus is awarded, unless the Employee shall timely elect to defer the receipt of such Bonus pursuant to the CenturyTel, Inc. Supplemental Dollars & Sense Plan. For purposes of determining the value of any annual bonuses paid to the Employee in any year preceding the year in which the Change of Control occurs, all cash and stock bonuses earned by the Employee shall be valued as of the date of the grant.

(c) Fringe Benefits. The Employee shall be entitled to fringe benefits (including, but not limited to, any cash payments made in lieu thereof) commensurate with those provided to his peer employees of the Company and its Affiliates, but in no event shall such fringe benefits be less favorable than the most favorable of those provided by the Company and its Affiliates for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(d) Expenses. The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in accordance with the most favorable agreements, policies, practices and procedures of the Company and its Affiliates in effect for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to his peer employees of the Company and its Affiliates.

(e) Benefit Plans. (i) The Employee shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to his peer employees of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Employee with incentive opportunities (measured with respect to both regular and special incentive opportunities to the extent that any such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its Affiliates for the Employee under any agreements, plans, practices, policies and programs as in effect at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(ii) The Employee and his family shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription drug, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to his peer employees of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Employee and his family with benefits, in each case, less favorable than the most favorable of those agreements, plans, practices, policies and programs in effect for the Employee and his family at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee and his family, those provided generally at any time after the Change of Control to his peer employees of the Company and its Affiliates.

(iii) Without limiting the generality of the Company's obligations under this subsection (e), the Company shall comply with all of its obligations under the benefit plans, practices, policies and programs of the Company and its Affiliates that arise in connection with a Change of Control of the Company, including without limitation all obligations that require the Company to (A) fully vest participants under the Company's qualified or non-qualified retirement plans, (B) fully vest employees meeting certain age and service requirements with post-retirement medical, dental and life insurance, or (C) extend the benefits described in Section 3.5.

(f) Office and Support Staff. The Employee shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, commensurate with those provided to his peer employees of the Company and its Affiliates.

(g) Vacation. The Employee shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its Affiliates as in effect for the Employee at any time during the one-year period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to his peer employees of the Company and its Affiliates.

(h) Indemnification. If, in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board with rights to indemnification from the Company (or from any other party to such agreement), the Employee shall, by virtue of this Agreement, be entitled to the same rights to indemnification as are provided to the Board pursuant to such agreement. Otherwise, the Employee shall be entitled to indemnification rights on terms no less favorable to the Employee than those available under any Company indemnification agreements or the articles of incorporation, bylaws or resolutions of the Company at any time after the Change of Control to his peer employees of the Company. Such indemnification rights shall be with respect to all claims, actions, suits or proceedings to which the Employee is or is threatened to be made a party that arise out of or are connected to his services at any time prior to the termination of his employment, without regard to whether such claims, actions, suits or proceedings are made, asserted or arise during or after the Employment Term.

(i) Directors and Officers Insurance. If, in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board with continued coverage following the Change of Control under one or more directors and officers liability insurance policies, then the Employee shall, by virtue of this Agreement, be entitled to the same rights to continued coverage under such directors and officers liability insurance policies as are provided to the Board, and the Company shall take any steps necessary to give effect to this provision. Otherwise, the Company shall agree to cover the Employee under any directors and officers liability insurance policies as are provided generally at any time after the Change of Control to his peer employees of the Company.

3.3 **Obligations upon Termination after a Change of Control.**

(a) Termination by Company for Reasons other than Death, Disability or Cause or by the Employee for Good Reason. If, after a Change of Control and during the Employment Term, the Company or any of its Affiliates terminates the Employee's employment, as defined in Treasury Regulations 1.409A-1(h)(1) ("Separation from Service"), other than for Cause, death or Disability, or the Employee terminates employment for Good Reason, subject to Section 3.6,

(i) Subject to the six-month delay rule in Section 3.3(d), if applicable, the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination an amount equal to three times the sum of (i) the amount of Base Salary in effect pursuant to Section 3.2(a) hereof at the date of termination, plus (ii) the greater of (x) the average of the annual bonuses paid or to be paid to the Employee with respect to the immediately preceding three fiscal years or (y) the target Bonus for which the Employee is eligible for the fiscal year in which the date of termination occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus; *provided, however*, that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to the fiscal year in which termination occurs, such lump sum payment shall be reduced by an amount equal to such percentage times the bonus component of the lump sum payment (which reduction amount shall be deferred in accordance with such election);

(ii) the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination, but in no case later than the 15th day of the third month following the end of the fiscal year of the Company in which the termination occurs, an amount calculated by multiplying the annual bonus that the Employee would have earned with respect to the entire fiscal year in which termination occurs, assuming achievement at the target level of the objective performance goals established with respect to such bonus and achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus, by the fraction obtained by dividing the number of days in such year through the date of termination by 365; *provided, however,* that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to the fiscal year in which termination occurs, such lump sum payment shall be reduced by an amount equal to such percentage times the lump sum payment (which reduction amount shall be deferred in accordance with such election);

(iii) if, at the date of termination, the Company shall not yet have paid to the Employee (or deferred in accordance with any effective deferral election by the Employee) an annual bonus with respect to a fully completed fiscal year, the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination but in no case after the 15 th day of the third month following the end of the fiscal year of the Company in which the termination occurs, an amount determined as follows: (i) if the Board (acting directly or indirectly through any committee or subcommittee) shall have already determined the amount of such annual bonus, such amount shall be paid, and (ii) if the Board shall not have already determined the amount of such annual bonus, the amount to be paid shall be the greater of the amount provided under Section 3.2(b) hereof or the annual bonus that the Employee would have earned with respect to such completed fiscal year, based solely upon the actual level of achievement of the objective performance goals established with respect to such bonus and assuming the achievement of 100% of any subjective performance goals or criteria otherwise applicable with respect to such bonus; *provided, however,* that, if the Employee has in effect a deferral election with respect to any percentage of the annual bonus which would otherwise become payable with respect to such completed fiscal year, such lump sum payment shall be reduced by an amount equal to such percentage times the lump sum payment (which reduction amount shall be deferred in accordance with such election); *provided, further,* that any payment under this subsection (iii) (or any payment under any other provision of this Agreement calculated by reference to prior or target bonus amounts) shall be payable notwithstanding any provision to the contrary set forth in any bonus plan or program of the Company;

(iv) for a period of three years following the date of termination of employment, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy (the "Continuation Period"), the Company shall at its expense continue on behalf of the Employee and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits (including any benefit under any individual benefit arrangement that covers medical, dental or hospitalization expenses not otherwise covered under any general Company plan) provided (x) to the Employee at any time during the one-year period prior to the Change in Control or at any time thereafter or (y) to other similarly-situated employees who continue in the employ of the Company or its Affiliates during the Continuation Period. If the Employee is a Specified Employee governed by Section 3.3(d), to the extent that any benefits provided to the Employee under this Section 3.3(a)(iv) are taxable to the Employee, then, with the exception of medical insurance benefits, the value of the aggregate amount of such taxable benefits provided to the Employee pursuant to this Section 3.3(a)(iv) during the six month period following the date of termination shall be limited to the amount specified by Code Section 402(g)(1)(B) for the year in which the termination occurred. Employee shall pay the cost of any benefits that exceed the amount specified in the previous sentence during the six month period following the date of termination, and shall be reimbursed in full by the Company during the seventh month after the date of termination. The coverage and benefits (including deductibles and costs) provided in this Section 3.3(a)(iv) during the Continuation Period shall be no less favorable to the Employee and his dependents and beneficiaries than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) or (y) above; *provided, however,* in the event of the disability of the Employee during the Continuation Period, disability benefits shall, to the maximum extent possible, not be paid for the Continuation Period but shall instead commence immediately following the end of the Continuation Period. For purposes of determining eligibility (but not the time of commencement of benefits) of the Employee for retiree benefits pursuant to such plans, practices, programs and policies, the Employee shall be considered to have remained employed until three years after the date of termination and to have retired on the last day of such period. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Employee than the coverages and benefits required to be provided hereunder. At the end of the Continuation Period, the Employee shall have assigned to him, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company that relates specifically to the Employee unless such assignment is inconsistent with the terms of any split dollar arrangement with the Employee. The Employee will be eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at the end of the Continuation Period or earlier cessation of the Company's obligation under the foregoing provisions of this Section 3.3(a)(iv) (or, if the Employee shall not be so eligible for any reason, the Company will provide equivalent coverage).

(v) the Company at its cost shall provide to the Employee outplacement assistance by a reputable firm specializing in such services for the period beginning with the termination of employment and ending upon the lapse of the Employment Term; and

(vi) the Company shall discharge its obligations under all other applicable sections of this Article III, including Sections 3.4, 3.5, 3.6 and 3.7.

To the extent that the amounts payable under Section 3.3(a) (iv) and (v), Section 3.6(g) and Section 3.7 are deemed to be reimbursements and other separation payments under Treasury Regulations Section 1.409A-1(b)(9)(v), they shall not be deemed to provide for the deferral of compensation governed by Code Section 409A. If they do constitute deferral of compensation governed by Code Section 409A, they shall be deemed to be reimbursements or in-kind benefits governed by Treasury Regulations Section 1.409A-3(i)(1)(iv). If the previous sentence applies, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided during the Employee's taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year, (ii) the reimbursement of an eligible expense must be made on or before the last day of the Employee's taxable year following the taxable year in which the expense was incurred and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

The payments and benefits provided in this Section 3.3(a) and under all of the Company's employee benefit and compensation plans shall be without regard to any plan amendment made after any Change of Control that adversely affects in any manner the computation of payments and benefits due the Employee under such plan or the time or manner of payment of such payments and benefits. After a Change of Control no discretionary power of the Board or any committee thereof shall be used in a way (and no ambiguity in any such plan shall be construed in a way) which adversely affects in any manner any right or benefit of the Employee under any such plan. If the Employee becomes entitled to receive benefits under this Section 3.3(a), the Company shall not be required to make any cash severance payment under any other severance or salary continuation policy, plan, agreement or arrangement in favor of other officers or employees of the Company or its Affiliates unless such other policy, plan, agreement or arrangement expressly provides to the contrary in a provision that specifically states that it is intended to override the limitation of this sentence.

(b) Death; Disability; Termination for Cause; or Voluntary Termination . If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated (i) by reason of the Employee's death or Disability, (ii) by the Company for Cause or (iii) voluntarily by the Employee other than for Good Reason, this Agreement shall terminate without further obligation to the Employee or the Employee's legal representatives (other than the timely payment or provision of those already accrued to the Employee, imposed by law or imposed pursuant to employee benefit or compensation plans, programs, practices, policies or agreements maintained by the Company or its Affiliates).

(c) Notice of Termination . Any termination by the Company for Cause or by reason of the Employee's Disability, or by the Employee for Good Reason, shall be communicated by a Notice of Termination to the other party given in accordance with Section 4.2 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated and (iii) if the effective date of the termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice), provided that the effective date for any termination by reason of the Employee's Disability shall be the 30th day after the giving of such notice, unless prior to such 30th day the Employee shall have resumed the full-time performance of his duties. The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause, Disability or Good Reason shall not waive any right of the Employee or the Company, respectively, hereunder or preclude the Employee or the Company, respectively, from asserting such fact or circumstance in enforcing the Employee's or the Company's rights hereunder.

(d) Six Month Delay for Specified Employees . Notwithstanding any other provision hereof, payments hereunder which constitute deferred compensation under Code Section 409A and the Treasury Regulations thereunder and which are not exempt from coverage by Code Section 409A and the Treasury Regulations thereunder shall commence, if Employee is then a Specified Employee and payment is triggered by his Separation from Service, on 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 estate or spouse, as the case may be, shall be paid in a lump sum the amount that the Specified Employee would have been paid hereunder over the preceding six months (or, if earlier, the months preceding the date of death) but for the fact that he was a Specified Employee. Nevertheless, for all other purposes of this Agreement, the payments shall be deemed to have commenced on the date they would have had the Employee not been a Specified Employee, and payment of any remaining benefits shall be made as otherwise scheduled hereunder.

3.4 **Accrued Obligations and Other Benefits.** It is the intent of this Agreement that upon termination of employment for any reason following a Change of Control the Employee or his legal representatives be entitled to receive promptly, and in addition to any other benefits specifically provided, (a) the Employee's Base Salary through the date of termination to the extent not theretofore paid, (b) any accrued vacation pay, to the extent not theretofore paid, and (c) any other amounts or benefits required to be paid or provided or which the Employee or his legal representatives are entitled to receive under any plan, program, policy, practice or agreement of the Company, including without limitation all payments required to be made under the Company's supplemental executive retirement plan.

3.5 **Stock Options and Other Incentives.** The foregoing benefits provided for in this Article III are intended to be in addition to the value or benefit of any stock options, restricted stock, performance shares or similar awards, the exercisability, vesting or payment of which is accelerated or otherwise enhanced upon a Change of Control pursuant to the terms of any stock option, incentive or other similar plan or agreement heretofore or hereafter adopted by the Company or the Post-Transaction Corporation; *provided, however*, that, upon any termination of the Employee other than for Cause within three years following a Change of Control, all of the Employee's then-outstanding vested stock options, whether granted before or during the Employment Term, shall remain exercisable until the later of the 190th day after the termination date or the end of the exercise period provided for in the applicable option agreement or plan as then in effect, but in no event shall such exercise period continue after the date on which such options would have expired if the Employee had remained an employee of the Company, the Post-Transaction Corporation or one of their respective Affiliates.

3.6 **Excise Tax Provision.** (a) Notwithstanding any other provisions of this Agreement, if a Change of Control occurs during the original or extended term of this Agreement, in the event that any payment or benefit received or to be received by the Employee in connection with the Change of Control or the termination of the Employee's employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in the Change of Control or any Person Affiliated with the Company or such Person) (all such payments and benefits, including without limitation the payments and benefits under Sections 3.3(a), 3.4(b), 3.4(c), 3.5 and 3.7 hereof, being hereinafter called "Payments") would be subject (in whole or in part) to an excise tax imposed by section 4999 of the Code or any interest or penalties are incurred by the Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Company shall pay to the Employee at the time specified in paragraph (d) below an additional amount (the "Gross-up Payment") such that the net amount retained by the Employee, after deduction of any Excise Tax on the Payments and all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation any federal, state and local income or payroll tax and any Excise Tax, imposed upon the Gross-up Payment provided for by this paragraph (a), but before deduction of any federal, state and local income or payroll tax on the Payments, shall be equal to the Payments. Notwithstanding any other provision hereof, the Gross-Up Payments (including any additional Gross-up Payment pursuant to Section 3.6(e)) must be paid no later than the end of the Employee's taxable year next following the Employee's taxable year in which the Employee remits the related taxes, as required by Treasury Regulations Section 1.409A-3(i)(1)(v).

(b) For purposes of determining whether any of the Payments and the Gross-up Payment (collectively, the "Total Payments") will be subject to the Excise Tax and the amount of such Excise Tax, (i) the Total Payments shall be treated as "parachute payments" within the meaning of section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of section 280G(b)(1) shall be treated as subject to the Excise Tax, except to the extent that in the opinion of tax counsel selected by the Company's independent auditors ("Auditors") and reasonably acceptable to the Employee ("Tax Counsel") such Total Payments (in whole or in part) do not constitute "parachute payments", or such "excess parachute payments" (in whole or in part) are not subject to the Excise Tax and (ii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. The Auditors shall perform the calculations in conformance with the foregoing provisions and within 15 business days of the date that any Payments are made under this Agreement shall provide the Employee with a detailed written statement setting forth the manner in which the Total Payments are calculated and the basis for such calculations, including without limitation any opinions or other advice the Company has received from Tax Counsel, the Auditors or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

(c) For purposes of determining the amount of the Gross-up Payment, the Employee shall be deemed to pay federal income taxes at the highest marginal rates of federal income taxation applicable to individuals in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Employee's residence in the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes, taking into account any limitations applicable to individuals subject to federal income tax at the highest marginal rates.

(d) The initial Gross-up Payment, if any, as determined pursuant to this Section 3.6, shall be paid to the Employee within five days of the receipt of the Auditors' determination. If the Auditors determine that no Excise Tax is payable by the Employee, the Company shall cause the Auditors to furnish the Employee with an opinion that failure to report any Excise Tax on the Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty.

(e) If it is established pursuant to a final determination of a court or Internal Revenue Service proceeding or the written opinion of Tax Counsel that the Excise Tax is less than the amount taken into account hereunder at the time the Gross-up Payment is made, the Employee shall repay to the Company within 30 days of the Employee's receipt of notice of such final determination or opinion the portion of the Gross-up Payment attributable to such reduction (plus the portion of the Gross-up Payment attributable to the Excise Tax, federal, state and local income tax and Excise Tax imposed on the portion of the Gross-up Payment being repaid by the Employee if such repayment results in a reduction of Excise Tax or federal, state and local income tax), plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. Notwithstanding the foregoing, in the event any portion of the Gross-up Payment to be refunded to the Company has been paid to any federal, state and local tax authority, the payment thereof (and related amounts) shall not be required until actual refund or credit of such portion has been made to the Employee, and interest payable to the Company shall not exceed the interest received or credited to the Employee by such tax authority for the period that it held such portion. The Employee and the Company shall endeavor to mutually agree upon the course of action to be pursued (and the method of allocating the expense thereof) if the Employee's claim for refund or credit is denied. If it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding or the written opinion of Tax Counsel that the Excise Tax exceeds the amount taken into account hereunder at the time the Gross-up Payment is made (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-up Payment), the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest or penalties payable with respect to such excess), as determined by the Auditors, within 30 days of the Company's receipt of notice of such final determination or opinion.

(f) In the event of any controversy with the Internal Revenue Service (or other taxing authority) with regard to the Excise Tax, the Employee shall permit the Company to control issues relating to the Excise Tax (at its expense), provided that such issues do not potentially materially adversely affect the Employee, but the Employee shall control any other issues. In the event that the issues are interrelated, the Employee and the Company shall in good faith cooperate so as not to jeopardize resolution of either issue, but if the parties cannot agree, the Employee shall make the final determination with regard to the issues. In the event of any conference with any taxing authority as to the Excise Tax or associated income taxes, the Employee shall permit a representative of the Company to accompany the Employee, and the Employee and the Employee's representative shall cooperate with the Company and its representative. The Company and the Employee shall promptly deliver to each other copies of any written communications, and summaries of any verbal communications, with any taxing authority regarding the Excise Tax covered by this Section 3.6.

(g) The Company shall be responsible for all charges of the Tax Counsel and the Auditors. The timing of any payments pursuant to this subsection (g) shall be governed by Section 3.3(a)

(h) Notwithstanding any other provision in this Agreement to the contrary, if it is determined by the Auditors that the gross-up provisions in this Section 3.6 as they relate to the accelerated vesting of nonqualified stock options or restricted stock issued by the Company would be the sole reason precluding the use by the Company of the pooling of interests method of accounting, then the tax gross-up provisions of this Section 3.6 shall not apply to such nonqualified stock options or restricted stock as the case may be, unless the Gross-up Payment can be altered, modified or delayed to allow it to be paid without precluding the use of the pooling of interest method of accounting. The Company will use its best efforts to alter, modify, or delay the payment so that the Gross-up Payment can be made.

3.7 **Legal Fees.** The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and other expenses (including expert witness and accounting fees) which the Employee may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Employee or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Employee about the amount or timing of any payment pursuant to this Agreement) or which the Employee may reasonably incur in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided under this Agreement. The timing of any payments pursuant to this Section 3.7 shall be governed by Section 3.3(a).

3.8 **Set-Off; Mitigation.** After a Change of Control, the obligations of the Company and its Affiliates to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or its Affiliates may have against the Employee or others other than the Company's right to reduce welfare benefits under the circumstances described in Section 3.3(a)(iv). It is the intent of this Agreement that in no event shall the Employee be obligated to seek other employment or take any other action to mitigate the amounts or benefits payable to the Employee under any of the provisions of this Agreement.

3.9 **Certain Pre-Change-of-Control Terminations.** Notwithstanding any other provision of this Agreement, the Employee's employment shall be deemed to have been terminated following a Change of Control by the Company without Cause (and the Employee shall be entitled to receive all payments and benefits associated therewith) if the Employee's employment is terminated by the Company or any of its Affiliates without Cause prior to a Change of Control (whether or not a Change of Control actually occurs) and such termination (i) was at the request or direction of a third party who has taken steps designed to effect a Change of Control or otherwise arose in connection with or in anticipation of a Change of Control or (ii) occurred after discussions with a third party regarding a possible Change of Control transaction commenced and such discussions produced (whether before or after such termination) either a preliminary or definitive agreement with respect to such a transaction or a public announcement of the pending transaction (whether or not a Change of Control actually occurs). If the Employee takes the position that the foregoing sentence applies and the Company disagrees, the Company shall have the burden of proof in any such dispute.

ARTICLE IV
MISCELLANEOUS

4.1 **Binding Effect; Successors.**

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Employee and shall not be assignable by the Employee without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution, which shall inure to the benefit of the Employee's legal representatives.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, share exchange, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Employee.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Employee.

(e) The obligations of the Company and the Employee which by their nature may require either partial or total performance after the expiration of the term of the Agreement shall survive such expiration.

4.2 **Notices.** All notices hereunder must be in writing and shall be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

CenturyTel, Inc.
100 CenturyTel Drive
Monroe, Louisiana 71203
Attn: General Counsel

If to the Employee, to:

________________.
100 CenturyTel Drive
Monroe, Louisiana 71203
(or, if the Employee is no longer employed at such address,
to the Employee's last known principal residence reflected in
the Company's records)

or such other address as to which any party hereto may have notified the other in writing.

4.3 **Governing Law.** This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 **Withholding.** The Employee agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 **Amendment and Compliance with Law.** No provision of this Agreement may be modified or amended except by an instrument in writing signed by both parties. Notwithstanding any other provision of this Agreement, it is the intention of the parties to this Agreement that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to the Employee under Code Section 409A and Treasury Regulations and other interpretive guidance issued thereunder, including that issued after the date hereof (collectively, "Section 409A"). This Agreement and any amendments hereto shall be interpreted to that end and (i) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (ii) the parties shall take any corrective action reasonably within their control that are necessary to avoid such adverse tax consequences.

4.6 **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 Employee and the Company 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 shall be valid and enforced to the fullest extent permitted by law.

4.7 **Waiver of Breach.** Except as expressly provided herein to the contrary, the failure by any party to enforce any of its rights hereunder shall not be deemed to be a waiver of such rights, unless such waiver is an express written waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 **Remedies Not Exclusive.** No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation, including without limitation the right to claim interest with respect to any payment not timely made hereunder.

4.9 **Company's Reservation of Rights.** The Employee acknowledges and understands that (i) the Employee is employed at will by either the Company or one of its Affiliates (the "Employer"), (ii) the Employee serves at the pleasure of the board of directors of the Employer, and (iii) the Employer has the right at any time to terminate the Employee's status as an employee, or to change or diminish his status during the Employment Term, subject to the rights of the Employee to claim the benefits conferred by this Agreement. Notwithstanding any other provisions of this Agreement to the contrary, this Agreement shall not entitle the Employee or his legal representatives to any severance or other benefits of any kind prior to a Change of Control or to any such benefits if Employee is not employed by the Company or one of its Affiliates on the date of a Change of Control, except in each case for those rights afforded under Section 3.9.

4.10 **Non-exclusivity of Rights.** Subject to Section 4.9, nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Employee may qualify, nor shall anything herein limit or otherwise restrict such rights as the Employee may have under any contract or agreement with the Company or any of its Affiliates. The Employee shall not be obligated to furnish a release of any rights or claims against the Company or its Affiliates as a condition of receiving benefits hereunder.

4.11 **Confidentiality.** Upon receipt of the payments or benefits contemplated by Section 3.3 hereof, the Employee agrees to refrain for a period of three years from divulging any non-public, confidential or proprietary information concerning the Company or its Affiliates to any Person other than the Company, its Affiliates or their respective officers, directors or advisors, provided that this obligation shall lapse prior to the end of such three-year period with respect to any information that (i) is or becomes generally available to the public other than as a result of a breach of this Section 4.11, (ii) is or becomes available to the Employee on a non-confidential basis from a source other than the Company or its representatives, provided that such source is not known by the Employee to have violated any confidentiality agreement with the Company in connection with such disclosure, or (iii) is acquired or developed independently by the Employee without violating this Section 4.11.

4.12 **Demand for Benefits.** Unless otherwise provided herein, the payment or payments due hereunder shall be paid to the Employee without the need for demand, and to a beneficiary upon the receipt of the beneficiary's address and social security number. Nevertheless, the Employee or a Person claiming to be a beneficiary who claims entitlement to a benefit can file a claim for benefits hereunder with the Company. Unless otherwise provided herein, the Company shall accept or reject the claim within five business days of its receipt. If the claim is denied, the Company shall give the reason for denial in a written notice that refers to the provision of this Agreement that forms the basis of the denial. If any additional information or material is necessary to perfect the claim, the Company will identify these items in writing and explain why such additional information is necessary.

4.13 **Authority.** The Company represents and warrants that (i) the Original Agreement was duly authorized by the Shareholder Relations Committee of the Board and the Compensation Committee of the Board on February 21, 2000 and by the Board on February 22, 2000, (ii) this Agreement was duly authorized by the Compensation Committee of the Board on October 17, 2007 and by the Board on November 14, 2007, and (iii) no other corporate proceedings are necessary to authorize the Company's execution, delivery and performance of this Agreement.

4.14 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

4.15 **Interpretation.** Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

IN WITNESS WHEREOF , the Company and the Employee have caused this Amended and Restated Change in Control Agreement to be executed as of the Restatement Date.

CENTURYTEL, INC.

By: ______________________________
Glen F. Post
Chairman of the Board,
President and Chief Executive Officer

EMPLOYEE:

____

Exhibit 10.4(d)

CENTURYTEL, INC.
BONUS LIFE INSURANCE PLAN
FOR
EXECUTIVE OFFICERS

I. PURPOSE OF THE PLAN

Effective January 1, 2006, this Bonus Life Insurance Plan is 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 replace 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. Life Insurance Premium Bonuses will be paid by the Employer with respect to 2 new Insurance Policies purchased or to be 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 or to be 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, such Executive Officer or such Officer’s Assignee or both can become a participant in the Plan by agreeing to participate, provided the Insurer’s underwriting standards then in effect permit it to issue the Insurance Policies providing death benefits with respect to such Executive Officer.

II. DEFINITIONS

Annual Salary means the then current annualized base salary plus targeted bonus of an Executive Officer.

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.

Compensation Committee means the Compensation Committee of the Board of Directors of CenturyTel, Inc.

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 (i) unable to engage in any substantial gainful activity or (ii) 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.

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.

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 premiums payable to the Insurer for the benefit of an Executive Officer (i) with respect to both Insurance Policies until the Executive Officer’s retirement on or after such Officer’s Normal Retirement Date and (ii) with respect to the Employer Provided Policy only upon an Executive Officer’s retirement on or after such Officer’s Normal Retirement Date. Prior to the commencement of premium payments for the benefit of an Executive Officer with respect to each Insurance Policy, the Plan Administrator shall 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 specified time (or pursuant to a fixed schedule) requirement of Internal Revenue Code Section 409A(a)(2)(A)(iv) and proposed Treasury Regulations Section 1.409A-3(g) with respect to any deferral of compensation. 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 then current 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. Notwithstanding the above, if the Insurer refuses to underwrite an increase in death benefits to account for increases in an Executive Officer’s Annual Salary, the Life Insurance Premium Bonuses shall also not increase and the amount of death benefit under the Insurance Policies and the Plan shall be frozen at the then existing amounts.

Normal Retirement Date means, unless otherwise approved by the Plan Administrator, the date on which an Executive Officer goes from active to retirement status if such Executive Officer has at least reached such Officer’s 55th birthday and has at least 10 years of continuous, full time service.

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

Plan Administrator means the Compensation Committee, 100 CenturyTel Drive, Monroe, LA 71203.

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.

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.

3.2 **Executive Officer Provided Benefit** 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 agree to comply with all of such Executive Officer's and Assignee's obligations under the Plan and agree that such Executive Officer or Assignee must allocate premiums to investment vehicles under the Insurance Policies in the percentages selected by the Plan Administrator from time to time, and that such Executive Officer or Assignee must transfer funds among investment vehicles at such times as the Plan Administrator may direct. Furthermore, each Executive Officer and Assignee agrees that such Executive Officer or 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 Normal Retirement Date, 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, TERMINATION AND WAIVER

Subject to the provisions of any Change of Control agreement or provision, in its sole discretion, the Employer, acting through the Compensation Committee, 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.

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** In the event that an Executive Officer or such Officer's successors ("Claimant") claims that the Employer Provided Benefits were or are not being paid hereunder, the Claimant can file a claim for benefits with the Plan Administrator. The Plan Administrator shall accept or reject the claim within 30 days of its receipt. If the claim is denied, the Plan Administrator shall describe in reasonable detail the reason for the denial in a written notice calculated to be understood by the Claimant, referring to the Plan provisions that form the basis of the denial. If any additional information or material is necessary to perfect the claim, the Plan Administrator will identify these items and explain why such additional material is necessary. If the Plan Administrator neither accepts or rejects the claim within 30 days, the claim shall be deemed denied. Upon the denial of a claim, the Claimant may file a written appeal of the denied claim to the Plan Administrator within 60 days of the denial. The Claimant shall have the opportunity to be represented by counsel and to be heard at a hearing. The Claimant shall have the opportunity to review pertinent documents and the opportunity to submit issues and argue against the denial in writing. The decision upon the appeal must be made before the later of (i) 60 days after receipt of the request for review, or (ii) 30 days after the hearing. The Plan Administrator must set a date for such a hearing within 30 days after receipt of the appeal. If the appeal is denied, the denial shall be in writing. If an initial claim is denied, and the Claimant is ultimately successful upon appeal, all subsequent reasonable attorney's fees and costs of Claimant, including the filing of the appeal with the Plan Administrator and any subsequent litigation shall be paid by the Employer unless the failure of the Employer to pay the Employer Provided Benefits is caused by reasons beyond its control, including insolvency, bankruptcy or any judicial, regulatory or contractual impediments.

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.

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 (i) 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 (ii) appoint agents, counsel or other representatives to render advise 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 (i) 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 (ii) 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 1st day of January, 2006.

CENTURYTEL, INC.

By: /s/ R. Stewart Ewing, Jr.
Print Name: R. Stewart Ewing, Jr.
Title: EVP & CFO

CENTURYTEL, INC.
SUBSIDIARIES OF THE REGISTRANT
AS OF DECEMBER 31, 2007

Subsidiary	State of incorporation or formation
Actel, LLC	Delaware
Century Marketing Solutions, LLC	Louisiana
CenturyTel Acquisitions, LLC	Louisiana
CenturyTel Arkansas Holdings, Inc.	Arkansas
CenturyTel Fiber Company II, LLC	Louisiana
CenturyTel Holdings, Inc.	Louisiana
CenturyTel Holdings Alabama, Inc.	Alabama
CenturyTel Holdings Missouri, Inc.	Missouri
CenturyTel Broadband Services, LLC	Louisiana
CenturyTel Broadband Wireless, LLC	Louisiana
CenturyTel Investments, LLC	Louisiana
CenturyTel Investments of Texas, Inc.	Delaware
CenturyTel Long Distance, LLC	Louisiana
CenturyTel Midwest - Michigan, Inc.	Michigan
CenturyTel of Adamsville, Inc.	Tennessee
CenturyTel of Alabama, LLC	Louisiana
CenturyTel of Arkansas, Inc.	Arkansas
CenturyTel of Central Arkansas, LLC	Arkansas
CenturyTel of Central Indiana, Inc.	Indiana
CenturyTel of Central Louisiana, LLC	Louisiana
CenturyTel of Central Wisconsin, LLC	Delaware
CenturyTel of Chatham, LLC	Louisiana
CenturyTel of Chester, Inc.	Iowa
CenturyTel of Claiborne, Inc.	Tennessee
CenturyTel of Colorado, Inc.	Colorado
CenturyTel of Cowiche, Inc.	Washington
CenturyTel of Eagle, Inc.	Colorado
CenturyTel of East Louisiana, LLC	Louisiana
CenturyTel of Eastern Oregon, Inc.	Oregon
CenturyTel of Evangeline, LLC	Louisiana
CenturyTel of Fairwater-Brandon-Alto, LLC	Delaware
CenturyTel of Forestville, LLC	Delaware
CenturyTel of Idaho, Inc.	Delaware
CenturyTel of Inter Island, Inc.	Washington
CenturyTel of Lake Dallas, Inc.	Texas
CenturyTel of Larsen-Readfield, LLC	Delaware
CenturyTel of Michigan, Inc.	Michigan
CenturyTel of Minnesota, Inc.	Minnesota
CenturyTel of Missouri, LLC	Louisiana
CenturyTel of Monroe County, LLC	Wisconsin
CenturyTel of Montana, Inc.	Oregon
CenturyTel of Mountain Home, Inc.	Arkansas
CenturyTel of North Louisiana, LLC	Louisiana
CenturyTel of North Mississippi, Inc.	Mississippi
CenturyTel of Northern Michigan, Inc.	Michigan
CenturyTel of Northern Wisconsin, LLC	Delaware
CenturyTel of Northwest Arkansas, LLC	Delaware
CenturyTel of Northwest Louisiana, Inc.	Louisiana
CenturyTel of Northwest Wisconsin, LLC	Delaware
CenturyTel of Odon, Inc.	Indiana
CenturyTel of Ohio, Inc.	Ohio
CenturyTel of Ooltewah-Collegedale, Inc.	Tennessee
CenturyTel of Oregon, Inc.	Oregon
CenturyTel of Port Aransas, Inc.	Texas
CenturyTel of Postville, Inc.	Iowa
CenturyTel of Redfield, Inc.	Arkansas
CenturyTel of Ringgold, LLC	Louisiana
CenturyTel of San Marcos, Inc.	Texas
CenturyTel of South Arkansas, Inc.	Arkansas
CenturyTel of Southeast Louisiana, LLC	Louisiana
CenturyTel of Southern Wisconsin, LLC	Louisiana
CenturyTel of Southwest Louisiana, LLC	Louisiana
CenturyTel of the Gem State, Inc.	Idaho
CenturyTel of the Midwest-Kendall, LLC	Delaware
CenturyTel of the Midwest-Wisconsin, LLC	Delaware
CenturyTel of the Northwest, Inc.	Washington
CenturyTel of the Southwest, Inc.	New Mexico
CenturyTel of Upper Michigan, Inc.	Michigan
CenturyTel of Washington, Inc.	Washington
CenturyTel of Wisconsin, LLC	Louisiana
CenturyTel of Wyoming, Inc.	Wyoming
CenturyTel Security Systems Holding Company, LLC	Louisiana
CenturyTel Service Group, LLC	Louisiana
CenturyTel Solutions, LLC	Louisiana
CenturyTel Supply Group, Inc.	Louisiana
CenturyTel TeleVideo, Inc.	Louisiana
CenturyTel/Teleview of Wisconsin, Inc.	Wisconsin
Coastal Long Distance Services, LLC	Georgia

Coastal Utilities, Inc.	Georgia
Gallatin River Communications, LLC	Delaware
Gulf Communications, LLC	Delaware
Gulf Long Distance, LLC	Alabama
Gulf Telephone Company	Alabama
Madison River Communications Corp.	Delaware
Madison River Communications, LLC	Delaware
Madison River Long Distance Solutions, LLC	Delaware
Mebtel, Inc.	North Carolina
Mebtel Long Distance Solutions, LLC	North Carolina
Spectra Communications Group, LLC	Delaware
Telephone USA of Wisconsin, LLC	Delaware

Certain of the Company's smaller subsidiaries have been intentionally omitted from this exhibit pursuant to rules and regulations of the Securities and Exchange Commission.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors

CenturyTel, Inc.:

We consent to incorporation by reference in the Registration Statements (No. 333-91361 and No. 333-84276) on Form S-3, the Registration Statements (No. 33-60061, No. 333-37148, No. 333-60806, No. 333-105090 and No. 333-124854) on Form S-8, and the Registration Statements (No. 33-48956 and No. 333-17015) on Form S-4 of CenturyTel, Inc. of our reports dated February 29, 2008, with respect to the consolidated balance sheets of CenturyTel, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2007, and related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2007 which reports appear in the December 31, 2007 annual report on Form 10-K of CenturyTel, Inc.

Our report on the consolidated financial statements includes an explanatory paragraph regarding the Company's change in the method of accounting for uncertain tax positions in 2007 and share-based payments and pension and postretirement benefits in 2006.

/s/ KPMG LLP

February 29, 2008

Exhibit 31.1

CERTIFICATIONS

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

1. I have reviewed this annual report on Form 10-K 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 (the registrant's fourth fiscal quarter of 2007) 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: February 29, 2008

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

Exhibit 31.2

CERTIFICATIONS

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

1. I have reviewed this annual report on Form 10-K 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 (the registrant's fourth fiscal quarter of 2007) 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: February 29, 2008

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

Exhibit 32

CenturyTel, Inc.

February 29, 2008

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549

Re: CenturyTel, Inc.
Certification of Contents of Form 10-K for the year ending December 31, 2007 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-K for the year ended December 31, 2007 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-K 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