



We've got all the "cool" features!

About CenturyTel

CenturyTel (NYSE: CTL) is a leading provider of consumer and business communications solutions in rural areas and small to mid-size cities in 26 states and is included in the S&P 500 Index. The Company delivers advanced communications with a personal touch. Visit CenturyTel at www.centurytel.com.

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Experience CenturyTel



At CenturyTel, we strive to bring advanced communications with a personal touch to each and every customer. While advanced communications can be provided by many, we believe it's the personal touch that sets us apart. Our goal is to understand our customers' needs; then use that understanding to deliver a consistent, positive experience to every customer, every time they interact with CenturyTel.

In this report, you will read about the many different ways our customers benefit from CenturyTel – as the broadband connection to their home or business, as the network that makes their schools, hospitals and communities work, and as the communications provider that understands the needs of small-to-mid-size cities and rural areas across America.

Dear Shareholders

Our high-quality broadband network, our committed employee base, our excellent customer service and our financial strength make us a strong competitor now and in the future.

The telecommunications industry continued its rapid evolution during 2005 and will experience further innovation in 2006 and beyond. While this rapid change brings new challenges, we at CenturyTel believe these challenges are outpaced by the opportunities we will have to offer a broad array of advanced services – both to our existing customers and to new customers in new markets.

Driving change in our industry is the rapid advancement in Internet Protocol (IP) based technologies that allow telecommunications, video, wireless and other service providers to offer services they have not traditionally been able to support. These new technologies mean that CenturyTel may face greater competition – particularly in the more densely populated areas we serve. However, the advancement of IP technologies also provides us unprecedented opportunities to sell new products and services over our broadband network and to expand the geographic scope of the markets we serve.

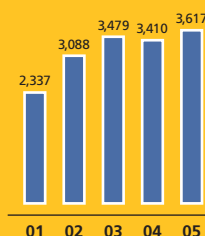
We believe we are well positioned to take advantage of these opportunities.

We take our relationships with our customers personally, and we work hard to retain and grow our customer base by providing the best value, solutions and customer experience in our markets. Our high-quality broadband network, our committed employee base, our excellent customer service and our financial strength make us a strong competitor now and in the future.

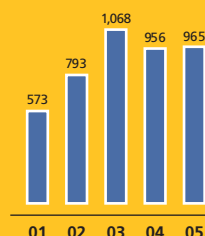
Our Financial Strength Enables Our Operational Success

CenturyTel has the financial strength that we believe will be a key requirement for companies to succeed in our rapidly changing environment. Once again, in 2005 CenturyTel delivered solid operating

Stockholders' Equity
(in millions)



Net Cash Provided by Operating Activities
(in millions)



results and further strengthened our financial position.

During the year we:

- Generated nearly \$965 million in net cash from operations;
- Returned over \$580 million of cash to shareholders through share repurchases and cash dividends;
- Invested \$384 million in network enhancements;
- Improved our financial strength and liquidity through the repayment of \$349 million in debt, decreasing debt as a percentage of total capitalization to 42.3 percent;
- Increased operating revenues 3.0 percent and diluted earnings per share 3.3 percent;
- Grew high-speed Internet connections by more than 106,000, ending 2005 with over 248,700 broadband subscribers, an increase of 74.4 percent over 2004; and
- Further secured our customer base by increasing bundle penetration from 12.2 percent to 15.5 percent of total access lines, driving further penetration of our enhanced calling features and long distance services.

CenturyTel's strong cash flows and solid capital structure provide us the financial strength and flexibility to invest in growth initiatives, to meet the challenges that lay ahead and to return capital to shareholders through share repurchases and dividends. I am pleased with our 2005 financial results, and we are committed to leveraging our financial position to continue driving shareholder value in 2006 and beyond.

We Continue to Position Our Business to Succeed in a Changing Environment

As our environment grows more competitive, we know we must improve the way we serve our customers to ensure that our customer experience is unparalleled and that the costs we incur to deliver services are competitive. We believe that excellent customer care will be a key differentiator in markets where multiple competitors sell the same product sets at similar prices. We must challenge ourselves to provide this high level of service while being the low-cost provider in our markets. We expect this effort to deliver improved market penetration and provide additional pricing flexibility.

In late 2005 we introduced a new branding initiative that emphasizes the qualities that distinguish us from other service providers. Our new tagline, "personal touch --- advanced communications" is more than a marketing campaign. It is a statement of who we are, of the way we do business, and of how we treat one another and our customers. Together with our Unifying Principles, our brand is a critical tool in helping our customers understand who we are and in helping our employees understand what is expected of them.

Our Broadband Network Is the Foundation for Our Future

CenturyTel's network is positioned to support the continued evolution that IP technology brings. Over the last five years, we have invested more than \$1.5 billion to enable broadband, extend fiber deeper into our network, start an "on-net" competitive local exchange business and create a regional fiber

Our new tagline, "personal touch --- advanced communications" is more than a marketing campaign. It is a statement of who we are, of the way we do business, and of how we treat one another and our customers.

CenturyTel's Unifying Principles:

Fairness -

The Golden Rule

Honesty and Integrity

Commitment

to Excellence

Positive Attitude

Respect

Faith

Perseverance

The broadband capacity we have built into our network is our principal strategic advantage in an environment where multiple service providers compete to meet a customer's complete communications needs.

network. Through these investments we have begun migrating our fiber network from a "voice-centric" TDM configuration to an IP-based system that supports a wider range of advanced services.

At year-end 2005, nearly 75 percent of our local exchange access lines were broadband capable. As technologies continue to emerge, we expect to be able to deliver IP-video over our existing facilities to a large number of customers with relatively modest amounts of additional capital investment. The broadband capacity we have built into our network is our principal strategic advantage in an environment where multiple service providers compete to meet a customer's complete communications needs.

In addition to our broadband local exchange network, we also have nearly 10,500 miles of regional fiber, more than 630 carrier points of presence and metro fiber networks in 18 markets. These fiber assets carry much of CenturyTel's internal traffic and deliver voice and data services to business and wholesale customers in 18 states. While we believe there are significant opportunities to profitably expand these businesses – our fiber and CLEC revenues increased more than 19 percent in 2005, excluding acquisitions – we also believe new technologies will allow us to leverage these networks to support broadband

services in existing markets and to serve new customers in new markets.

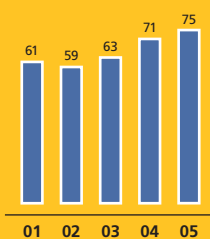
Additionally, more than two-thirds of our existing access lines are within easy reach of our fiber network. This positions CenturyTel to drive cost efficiencies in the IP environment as our different markets will be able to cost-effectively share switches, video head-ends and other centrally located network elements. At the same time, more than 155 million people live within 50 miles of either a CenturyTel service territory or a fiber network. We believe there will be significant opportunities to grow and diversify our revenues by leveraging our existing network to offer service to some portion of these new markets.

We Are Capitalizing on Today's Opportunities

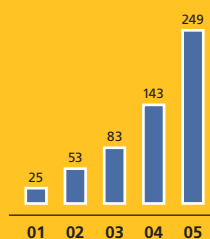
As we plan for the future of our business, we are also focused on taking advantage of the opportunities that are available to us today. We have established partnerships with wireless companies and a Direct Broadcast Satellite service provider to enable us to offer wireless and video services in our product bundles. We have also introduced switched digital television service to portions of La Crosse, Wisconsin, and the surrounding area.

We continue to utilize our flexible product bundles to drive penetration of

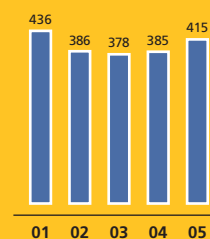
Broadband Deployment
(% of total access lines)



DSL Customers
(in thousands)



Capital Expenditures
(in millions)



broadband and other services. We believe providing bundled services with a single bill at a discounted price is a key element in customer retention. As of the end of 2005, 19.6 percent of our residential customers had purchased a Simple Choice™ product bundle from us.

Additionally, we have increased our efforts to provide our business customers with the latest in communications services to help ensure the success of their operations. For example, we recently partnered with a large university to deploy a next generation IP communication solution. This partnership allowed the university to make a smooth transition to an IP-based platform, while reducing its capital commitment.

We Are a Strong Advocate for Sensible Regulatory Policies That Promote Universal Service and Broadband Deployment

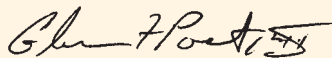
The future of telecommunications undoubtedly lies in broadband deployment and the convergence of services among various types of service providers. Unfortunately, it is just as clear that the regulatory environment has simply not kept pace with technological advancements and changes in the competitive landscape.

Our positions on the principal regulatory issues facing our industry are straightforward. We are a strong advocate for regulatory policies that: 1) encourage network investment and broadband deployment, 2) ensure the universal availability of affordable communications services to customers in rural areas and 3) create regulatory parity among all service providers. We will continue our advocacy in these areas, and

we are encouraged that rational policies will result from these efforts.

We Enthusiastically Look Toward Our Future

As we review the results of our efforts in 2005 and look ahead to 2006 and beyond, there is much of which we can be proud and even more to which we can look forward. We are excited about the potential of our broadband future and the growth opportunities that technological advancements will bring. We believe we have the network, the employees, the opportunities and the commitment to grow our business in the years ahead.



Glen F. Post, III
Chairman and CEO



We are a strong advocate for regulatory policies that:

- 1) encourage network investment and broadband deployment,
- 2) ensure the universal availability of affordable communications services to customers in rural areas and
- 3) create regulatory parity among all service providers.

Beth is looking for...

flexible technologies to meet changing needs.

capabilities that make life easier.

solutions that lower costs for the University of Missouri while improving service.

Enterprises That (Net)Work

In our communities, we are the network that makes the schools, hospitals and government services work. Distance learning, medical consultations for patients in remote locations and fast emergency response all depend on high-quality, reliable communications delivered by an experienced service provider.

LightCore

LightCore, our regional fiber network, connects towns and cities in 18 states. With LightCore, we strive to be the preferred provider of fiber optic services to communications carriers, large businesses and government. At year-end 2005, LightCore's total network covered nearly 10,500 lit route miles of fiber and 634 total points of presence.

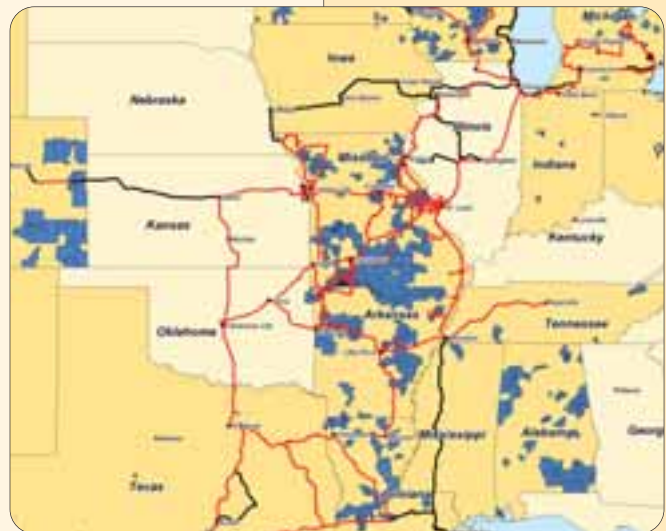
IP-Enabled

We continue to invest in expanding our Internet Protocol (IP) capabilities using our well-defined IP roadmap. Our IP-enabled network allows us to meet the high bandwidth requirements of large enterprises such as universities and medical centers. It also enables us to deliver IP-based services, such as Virtual Private Networks with converged voice and data, to our customers today while providing the platform for developing new services tomorrow.



CUSTOMER-DRIVEN INVESTMENTS

We invest in IP capabilities that enable us to meet our customers' evolving needs with proven technologies.



■ Lit Route Miles ■ Dark Route Miles
■ CenturyTel Wireline Properties

LIGHTCORE

Through LightCore, our regional fiber network, we are able to diversify our revenue streams, generate cost savings and increase control of our future transport needs.

Betty understands...

that her customer needs a reliable communications network built on proven technologies to meet the demands of a growing, multifaceted institution.



BETTY REYNOLDS, BUSINESS SALES MANAGER

Betty Reynolds, CenturyTel Business Sales Manager, and Beth Chancellor, Director of Telecommunications for the University of Missouri, worked together to develop an advanced, flexible Internet Protocol (IP) solution for the University that improves service and lowers costs. With IP technology, users can make or receive calls from any high-speed Internet connection using their local phone number while enjoying the benefits of hosted, IP-based solutions.



Jeff needs...

multiple services that work together.

a telecommunications provider to help Yogi Bear's Jellystone Park grow.

enhanced features to make every guest a happy camper.

Taking Care of Business With Advanced Solutions

Our goal is to provide the ease of use, reliability, bandwidth and scalability businesses need to thrive and grow. Our services can enable a more coordinated sales team, a more informed workforce, and a more efficient supply chain for our customers. These are the types of positive experiences we strive to deliver to the businesses we serve.

Advanced Solutions

Our advanced solutions include bandwidth services such as Ethernet, Local and Wide Area Networks; managed applications like hosted Virtual Private Networks; and advanced technologies such as Internet Protocol or IP-based PBXs, routers and switches. With this diverse portfolio, we can meet the unique needs of any business – whatever its size, location or industry.

Taking Care of Business Customers

Large or small, business customers demand quality, reliability and excellent service, all at a good value. Our skilled technicians and dedicated account managers provide the expertise and local presence that are key to enriching lives and enhancing business opportunities.



EMPOWERING BUSINESS

With our reliable network assets and broadband capabilities, we deliver tailored solutions that enable businesses to integrate multiple locations and networks, better manage their voice and data applications and ensure their employees have the information they need to succeed.



READY TO GROW

When Yogi Bear's Jellystone Park wanted to more than double its size, CenturyTel was ready. Our skilled technicians and local account managers worked side by side to provide the communications capabilities to support this one-of-a-kind campground.

Diane recognizes...

that her customer needs a fiber-based infrastructure, advanced communications and service that is personal.



DIANE SCHELLSMIDT, ACCOUNT MANAGER

Diane Schellsmidt, CenturyTel Account Manager, works with Jeff Cram, Manager of Yogi Bear's Jellystone Park in Warrens, Wisconsin, to keep more than 85,000 visitors to the campground connected each year. Jellystone Park depends on the CenturyTel team to provide the integrated, advanced communications solutions – like multiple lines, Centrex, high-speed Internet and enhanced business Voice Mail – that keep the campground running smoothly.



Jeff wants...

reliable service at a good value.

a provider who makes it easy.

access to proven technologies.

Service That Fits Your Lifestyle

Many customers first experience CenturyTel in their home. We provide the advanced communications that enable people to live and work where and how they choose. Since communications services must be tailored to fit individual lifestyles, we strive to be helpful, accessible and accommodating.

Bundles That Fit

We offer communications services – such as reliable local service and calling features, long distance, high-speed Internet access, digital television, home security and, in the future, wireless – in our Simple Choice™ bundles. Our customers recognize the value in selecting a combination of services and enhanced calling features they want and the convenience of receiving just one bill. In 2005, our high-speed Internet connections increased 74 percent, and the number of customers using Simple Choice™ bundles increased 22 percent over 2004.

Technologies That Fit

Using strategic partnerships, we continue to expand our communications capabilities with satellite television and wireless service offerings. We also continue to evaluate new technologies – such as our recently launched switched digital television service – to ensure our services enable our customers to live the lifestyles they choose.



SECURING YOUR LIFESTYLE

Our home security service enables customers to protect their most important treasures. Our state-of-the-art monitoring facility is an Underwriters Laboratories-approved Central Monitoring Station that meets rigorous national standards. In 2005, CenturyTel earned the Central Station Alarm Association's "Five Diamond Certification," held by fewer than five percent of central station operators.



ENTERTAINING CHOICES

In 2005, we expanded our CenturyTel|DISH satellite television service to substantially all our markets. Now more customers have access to entertainment choices.

Dennis realizes...

that his customer is looking for a service provider who offers the right set of solutions – like fast and easy access to e-mail and the Internet – at the right value.



DENNIS DEROUSSEAU, BUSINESS SYSTEMS TECHNICIAN

Dennis Derosseau, CenturyTel Business Systems Technician, works hard to ensure that Jeff Holthaus and other residential customers have the bandwidth they need to communicate however they choose. We have aggressively deployed broadband services over the past several years so that approximately 75 percent of our customers now have access to high-speed Internet as well as a broad range of other services.



Falon loves...

connecting people with the services they need.

reliable advanced communications that support her work.

helping others by volunteering.

A Partner at Your Service and at Your Side

Our customers experience CenturyTel not only as a provider of communications services, but also as a partner in their community. Our employees live, work and are active citizens in the towns and cities we serve.

Building Strong Communities

We provide reliable and high-quality communications networks that are vital to strong communities. We also support the causes that our communities and employees care about through corporate giving and sponsorships. Our employees serve on the boards of local non-profit agencies, donate resources and volunteer for local concerns.

Responding to Hurricane Katrina

In response to the victims of Hurricane Katrina, we worked with Louisiana officials and the United Way to expand a 2-1-1 call center in northern Louisiana, making it operational in just four hours to assist callers from throughout the state. Our employees donated goods, installed phone lines at shelters, helped crews restore power and much more. These efforts are all part of making every customer experience one that shows we care.

Jason supports...

his community and understands it relies on the expertise of companies like CenturyTel to help those in need during times of emergency and throughout the year.



JASON EWING, CUSTOMER ACCOUNT MANAGER

Jason Ewing, CenturyTel Customer Account Manager, worked with the United Way to immediately expand the 2-1-1 call center in Monroe, Louisiana, so that it could accept calls from New Orleans and other stricken Louisiana cities following Hurricanes Katrina and Rita. Community volunteers like Falon Moore, deeply moved by the hurricane tragedies, staffed the call center, connecting storm victims with the services they desperately needed.



CENTURYTEL CARES

To help victims of Hurricane Katrina, CenturyTel and its employees donated money, clothing, supplies, time and thousands of long distance calling cards to evacuees.



OUR COMMUNITIES NEEDED US

Before Hurricane Katrina hit land, CenturyTel employees from across the country were deployed to Louisiana, Mississippi and Alabama to prepare to restore essential services.



Mayor Nedra Reed knows...

her city is a wonderful place to live and work.

Forks, Washington, needs advanced communications to grow.

communications providers are vital partners to rural communities.

A Voice for Small-to-Mid-Size Cities

We are committed to rural areas and small-to-mid-size cities across the United States. As the leading broadband provider in the markets we serve, we believe that the basic principles of fairness, affordability and access are vital to our customers' long-term success and the future of rural America.

Investing for the Future

Advanced communications are fundamental to economic development. We make significant investments in our network to support local economies and enable innovations like Internet Protocol based services. To ensure our customers have continued access to advanced technologies, we actively support the principles of universal service to key policy makers.

The Security of a Dial Tone

While headlines focus on advanced technologies, there are still people in rural areas and small cities who count on basic dial tone for security and peace of mind. That's the reality behind the principles of universal service. We are committed to providing affordable, high-quality and reliable service to our customers in all our markets, large and small.



CENTURYTEL

1930 **75** 2005
YEARS

75 YEARS OF SERVICE

We trace our origins to 1930 when we served 75 customers in rural Louisiana. Today we provide advanced communications with a personal touch to customers in 26 states.

Jeffrey appreciates...

cities like Forks, Washington; population 3,000 – one of the many rural and small-to-mid-size cities across the country that CenturyTel is proud to serve.



JEFFREY WITTENBORN, PLANT TECHNICIAN

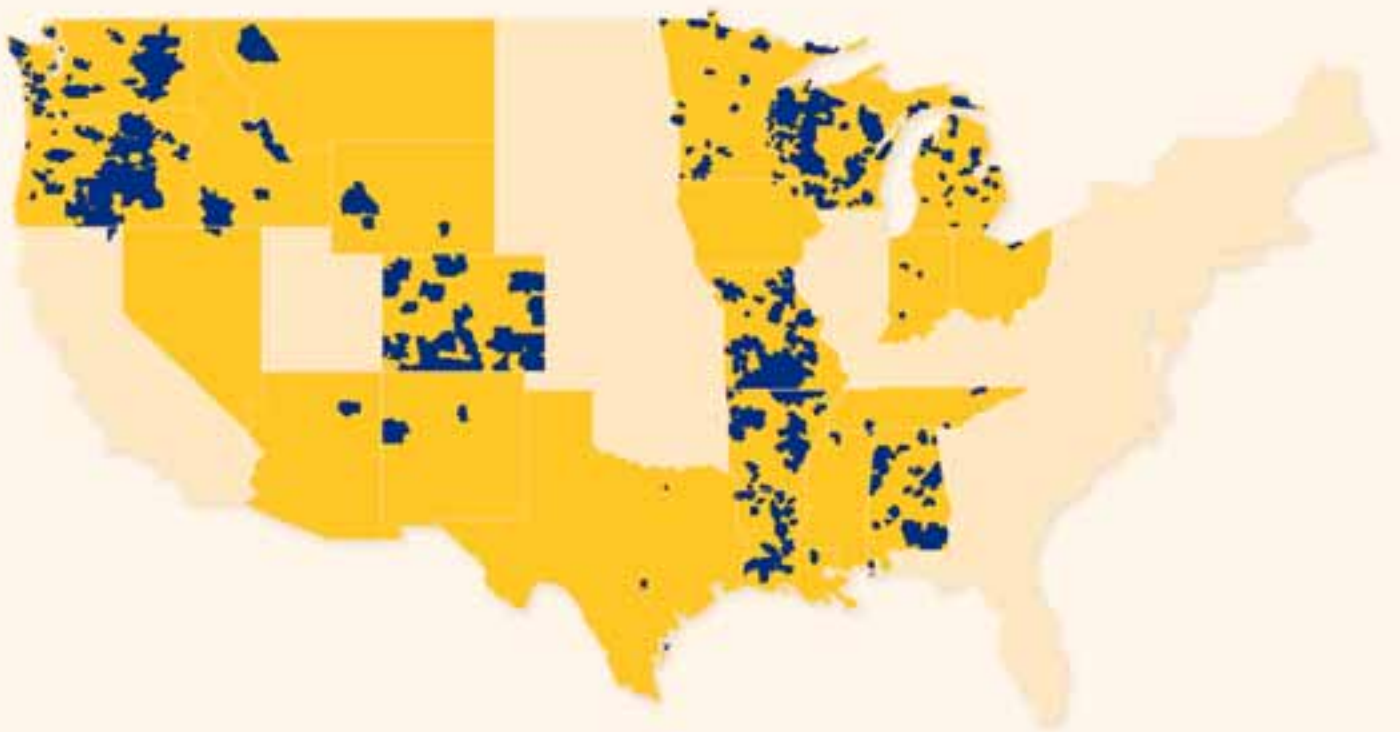
Jeffrey Wittenborn, CenturyTel Plant Technician, works with city officials in Forks, Washington, to bring advanced communications services to the residents and businesses of this beautiful community, located on the forks of the Calawah, Soleduck and Bogachiel rivers on the Pacific Coast. We installed a fiber optic ring just outside Forks and donated our former central office building to be redeveloped into a technology center for the community.

SPEAKING UP

John Jones (center), Vice President of Government Relations, leads CenturyTel's efforts in Washington, D.C. and at the state level to advance the Company's positions on regulatory and competitive issues in a rapidly changing telecommunications environment.



Access Lines



*LightCore operates in four states where we don't have access lines.

State	Total Access Lines December 31, 2005	Percent	Top 5	Top 12
Wisconsin	444,089	20.1	70.8%	
Missouri	442,138	20.0		
Alabama	261,862	11.8		
Arkansas	240,841	10.9		
Washington	176,997	8.0		
Michigan	102,249	4.6	95.2%	
Louisiana	96,329	4.3		
Colorado	92,046	4.2		
Ohio	76,529	3.5		
Oregon	71,968	3.2		
Montana	62,170	2.8		
Texas	40,976	1.8		
Minnesota	29,013	1.3		
Tennessee	25,847	1.2		
Mississippi	23,621	1.1		
New Mexico	6,176	0.3		
Wyoming	5,992	0.3		
Idaho	5,667	0.2		
Indiana	5,163	0.2		
Iowa	2,019	0.1		
Arizona	1,904	0.1		
Nevada	553	0.0		
	2,214,149	100.0		

Financial Highlights

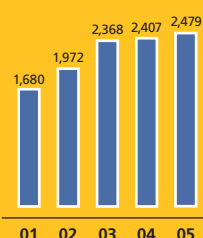
Dollars, except per share amounts, and shares in thousands	2005	2004	2003	2002	2001	5-year CAGR ⁽¹⁾
Operating revenues from continuing operations	\$2,479,252	2,407,372	2,367,610	1,971,996	1,679,504	12.1%
Operating income from continuing operations	\$ 736,403	753,953	750,396	575,406	425,305	13.8%
Depreciation and amortization	\$ 531,931	500,904	503,652	450,197	440,404	8.6%
Income from continuing operations, as adjusted⁽²⁾	\$ 334,479	337,244	344,707	193,533	195,408	15.3%
Net income	\$ 334,479	337,244	344,707	801,624	343,031	7.6%
Net income, as adjusted⁽²⁾	\$ 334,479	337,244	344,707	801,624	399,297	3.8%
Diluted earnings per share from continuing operations, as adjusted⁽²⁾⁽³⁾	\$ 2.49	2.41	2.35	1.35	1.37	16.5%
Diluted earnings per share, as adjusted⁽²⁾⁽³⁾	\$ 2.49	2.41	2.35	5.56	2.81	4.9%
Dividends per common share	\$ 0.24	0.23	0.22	0.21	0.20	4.8%
Average diluted shares outstanding	136,087	142,144	148,779	144,408	142,307	(0.8%)
Number of common shareholders	4,482	4,720	4,613	5,181	5,460	(4.7%)
Total assets	\$7,762,707	7,796,953	7,895,852	7,770,408	6,318,684	4.0%
Long-term debt	\$2,376,070	2,762,019	3,109,302	3,578,132	2,087,500	(4.9%)
Stockholders' equity	\$3,617,273	3,409,765	3,478,516	3,088,004	2,337,380	12.2%
Telephone access lines	2,214,149	2,313,626	2,376,118	2,414,564	1,797,643	4.2%
DSL customers	248,706	142,575	83,465	52,858	25,485	115.4%

(1) Five-year compounded annual growth rate.

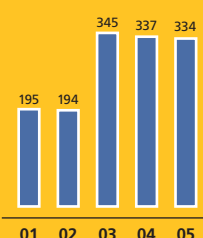
(2) As adjusted to reflect the effect of eliminating goodwill amortization in accordance with SFAS 142 for periods prior to 2002.

(3) Reflects the application of Emerging Issues Task Force No. 04-8 to all periods presented.

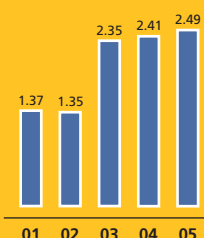
Operating Revenues from Continuing Operations
(in millions)



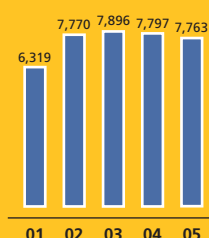
Income from Continuing Operations, as Adjusted
(in millions)



Diluted EPS from Continuing Operations, as Adjusted



Total Assets
(in millions)



Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
CenturyTel, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CenturyTel, Inc. and its subsidiaries as of December 31, 2005 and 2004, and the related statements of income, comprehensive income, cash flows and stockholders' equity for each of the years in the three-year period ended December 31, 2005 (not presented herein, but included in the Company's 2006 Proxy

Statement); and in our report dated March 13, 2006, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying selected condensed consolidated financial statements of CenturyTel, Inc. is fairly stated in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

KPMG LLP
Shreveport, Louisiana
March 13, 2006

2005 Financial Information

The following pages of CenturyTel's Annual Report contain selected condensed consolidated financial statements. Full financial statements, along with certifications required under the Sarbanes-Oxley Act of 2002, the New York Stock Exchange rules and management's discussion and analysis of financial condition and results of operations, are provided in our 2006 Proxy Statement ("Proxy Statement") and 2005 Annual Report on Form 10-K ("Form 10-K") filed with the Securities and Exchange Commission. The Proxy Statement will be mailed to shareholders.

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

In addition to historical information, this Annual Report includes certain forward-looking statements that are subject to uncertainties that could cause our actual results to differ materially from such statements. Please refer to our Form 10-K for the year ended December 31, 2005 for a description of these and other uncertainties related to our business.

Consolidated Statements of Income

Year ended December 31,

Dollars, except per share amounts,
and shares in thousands

	2005	2004	2003
Operating Revenues	\$2,479,252	2,407,372	2,367,610
Operating Expenses			
Cost of services and products (exclusive of depreciation and amortization)	821,929	755,413	739,210
Selling, general and administrative	388,989	397,102	374,352
Depreciation and amortization	531,931	500,904	503,652
Total operating expenses	1,742,849	1,653,419	1,617,214
Operating Income	736,403	753,953	750,396
Other Income (Expense)			
Interest expense	(201,801)	(211,051)	(226,751)
Income from unconsolidated cellular entity	4,910	7,067	6,160
Other income (expense)	(1,742)	(2,597)	2,154
Total other income (expense)	(198,633)	(206,581)	(218,437)
Income Before Income Tax Expense	537,770	547,372	531,959
Income tax expense	203,291	210,128	187,252
Net Income	\$ 334,479	337,244	344,707
Basic Earnings per Share	\$ 2.55	2.45	2.40
Diluted Earnings per Share	\$ 2.49	2.41	2.35
Dividends per Common Share	\$ 0.24	0.23	0.22
Average Basic Shares Outstanding	130,841	137,215	143,583
Average Diluted Shares Outstanding	136,087	142,144	148,779

Consolidated Balance Sheets

December 31,

Dollars in thousands	2005	2004
Assets		
Current Assets		
Cash and cash equivalents	\$ 158,846	167,215
Accounts receivable	236,714	232,580
Materials and supplies, at average cost	6,998	5,361
Other	20,458	14,691
Total current assets	423,016	419,847
Net Property, Plant and Equipment	3,304,486	3,341,401
Goodwill and Other Assets		
Goodwill	3,432,649	3,433,864
Other	602,556	601,841
Total goodwill and other assets	4,035,205	4,035,705
Total Assets	\$7,762,707	7,796,953
Liabilities and Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 276,736	249,617
Accounts payable	104,444	141,618
Accrued expenses and other current liabilities	316,133	249,523
Advance billings and customer deposits	48,917	50,860
Total current liabilities	746,230	691,618
Long-Term Debt	2,376,070	2,762,019
Deferred Credits and Other Liabilities	1,023,134	933,551
Stockholders' Equity		
Common stock, \$1.00 par value, authorized 350,000,000 shares, issued and outstanding 131,074,399 and 132,373,912 shares	131,074	132,374
Paid-in capital	129,806	222,205
Accumulated other comprehensive loss, net of tax	(9,619)	(8,334)
Retained earnings	3,358,162	3,055,545
Preferred stock – non-redeemable	7,850	7,975
Total stockholders' equity	3,617,273	3,409,765
Total Liabilities and Equity	\$7,762,707	7,796,953

Consolidated Statements of Cash Flow

Year ended December 31,

Dollars in thousands	2005	2004	2003
Operating Activities			
Net Income	\$ 334,479	337,244	344,707
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	531,931	500,904	503,652
Deferred income taxes	69,530	74,374	128,706
Income from unconsolidated cellular entity	(4,910)	(7,067)	(6,160)
Changes in current assets and current liabilities	27,001	58,322	160,984
Retirement benefits	(16,815)	26,954	(14,739)
(Increase) decrease in noncurrent assets	1,973	(34,740)	(42,880)
Increase (decrease) in noncurrent liabilities	2,638	(6,220)	(6,151)
Other, net	18,912	6,060	(155)
Net cash provided by operating activities	964,739	955,831	1,067,964
Investing Activities			
Payments for property, plant and equipment	(414,872)	(385,316)	(377,939)
Acquisitions, net of cash acquired	(75,453)	(2,000)	(86,243)
Investment in debt security	–	(25,000)	–
Distributions from unconsolidated cellular entity	2,339	8,219	1,104
Other, net	6,594	(9,214)	(1,560)
Net cash used in investing activities	(481,392)	(413,311)	(464,638)
Financing Activities			
Payments of debt	(693,345)	(179,393)	(432,258)
Proceeds from issuance of debt	344,173	–	–
Repurchase of common stock	(551,759)	(401,013)	–
Settlement of equity units	398,164	–	–
Proceeds from issuance of common stock	50,374	29,485	33,980
Settlement of interest rate hedge contracts	(7,357)	–	22,315
Cash dividends	(31,862)	(31,861)	(32,017)
Other, net	(104)	4,296	4,174
Net cash used in financing activities	(491,716)	(578,486)	(403,806)
Net increase (decrease) in cash and cash equivalents	(8,369)	(35,966)	199,520
Cash and cash equivalents at beginning of year	167,215	203,181	3,661
Cash and Cash Equivalents at End of Year	\$ 158,846	167,215	203,181



CenturyTel Management (left to right):

Front: Michael E. Maslowski, Senior Vice President and Chief Information Officer | Karen A. Puckett, President and Chief Operating Officer | Glen F. Post, III, Chairman of the Board and Chief Executive Officer

Back: Stacey W. Goff, Senior Vice President, General Counsel and Corporate Secretary | David D. Cole, Senior Vice President – Operations Support | R. Stewart Ewing, Jr., Executive Vice President and Chief Financial Officer

Leading the Experience

Our management team is committed to delivering the best possible experience to every CenturyTel customer while generating positive financial results for our shareholders. Highlights of our performance in 2005 include:

- Grew the number of customers using our premier Simple Choice™ bundle by 22.1 percent over 2004.
- Increased the number of DSL connections by 106,100, reaching 15.1 percent penetration of DSL-enabled lines.
- Added more than 100,000 long distance lines, reaching 52.5 percent penetration of total access lines.
- Expanded our markets for satellite television and wireless services.
- Acquired 16 metro fiber markets, expanding our fiber network by more than 1,000 route miles and 100 points of presence.
- Grew LightCore revenues by 23.4 percent to \$65.5 million, driven primarily by growth in wholesale customer revenues.
- Grew operating revenues to \$2.479 billion in a very challenging competitive and regulatory environment.
- Repurchased 3.5 million shares of common stock for \$114 million and, in total, returned more than \$145 million to our shareholders through dividends and share repurchases.
- Invested \$438 million to repurchase 12.9 million shares of common stock to mitigate the dilutive effect of our Equity Unit settlement.
- Repaid nearly \$350 million in debt.
- Launched a brand initiative committed to delivering a personal touch in every interaction with every customer, from sales and installation to service and billing.
- Supported the communities where we live and work through ongoing corporate giving and employee volunteerism.
- Positioned the Company for future growth by continuing to aggressively deploy broadband service – by the end of 2005, approximately 75 percent of access lines were DSL-enabled.

We believe we have the network, the employees, the opportunities and the commitment to grow our business in the years ahead.

CenturyTel Leadership

Directors

Glen F. Post, III (1*, 6)

Chairman of the Board and
Chief Executive Officer,
CenturyTel
Monroe, Louisiana
Joined Board: 1985

Harvey P. Perry (1)

Vice Chairman of the Board and
Retired Telephone Executive
Monroe, Louisiana
Joined Board: 1990

William R. Boles, Jr. (5*)

Executive Officer, Director and
Practicing Attorney,
The Boles Law Firm
Monroe, Louisiana
Joined Board: 1992

Virginia Boulet (2, 3*)

Special Counsel,
Adams and Reese, LLP
New Orleans, Louisiana
Joined Board: 1995

Calvin Czeschin (1, 5, 6)

President and Chief Executive Officer,
Yelcot Telephone Company and
Ultimate Auto Group
Mountain Home, Arkansas
Joined Board: 1974

James B. Gardner (1, 2*, 4, 6*)

Senior Managing Director,
SAMCO Capital Markets
Dallas, Texas
Joined Board: 1981

W. Bruce Hanks (5)

Consultant,
Graham, Bordelon and Co., Inc.
Monroe, Louisiana
Joined Board: 1992

Gregory J. McCray (5)

Chief Executive Officer,
Antenova Limited
Moline, Illinois
Joined Board: 2005

C. G. Melville, Jr. (3, 4*)

Private Investor
New Orleans, Louisiana
Joined Board: 1968

Fred Nichols (2, 4)

Retired Cable Executive
Tyler, Texas
Joined Board: 2003

Jim D. Reppond (1, 3)

Retired Telephone Executive
Mountain Home, Arkansas
Joined Board: 1986

Joseph R. Zimmer (2)

Retired Investment Banker
Greenwich, Connecticut
Joined Board: 2003

Executive Officers

Glen F. Post, III

Chairman of the Board and
Chief Executive Officer

Karen A. Puckett

President and
Chief Operating Officer

R. Stewart Ewing, Jr.

Executive Vice President and
Chief Financial Officer

David D. Cole

Senior Vice President –
Operations Support

Stacey W. Goff

Senior Vice President, General
Counsel and Corporate Secretary

Michael E. Maslowski

Senior Vice President and
Chief Information Officer

Committees

- (1) Executive
- (2) Audit
- (3) Nominating and
Corporate Governance
- (4) Compensation
- (5) Risk Evaluation
- (6) Special Pricing

*Denotes chairperson

Shareholder Information

Further Information

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

Tony Davis
Vice President of Investor Relations
CenturyTel, Inc.
100 CenturyTel Drive
Monroe, Louisiana 71203
800.833.1188 Telephone
318.388.9064 Fax
tony.davis@centurytel.com

Dividend Reinvestment Plan

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

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

CenturyTel participates in the National Association of Investors' Corporation (NAIC) BetterInvesting Low-Cost Investment Plan.

This Report includes certain forward-looking statements that are subject to uncertainties that could cause CenturyTel's actual results to differ materially. A description of these uncertainties and other information regarding forward-looking statements is contained in CenturyTel's 2005 Annual Report on Form 10-K.

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Annual Meeting

CenturyTel's annual meeting of shareholders will be held Thursday, May 11, 2006, at 2 p.m. Central Time at the following location:

Corporate Headquarters
100 CenturyTel Drive
Monroe, Louisiana 71203

Trading and Dividend Information

	High	Low	Close	Dividends Declared
2005				
1st Quarter	\$35.47	\$32.31	\$32.84	\$.0600
2nd Quarter	35.00	29.55	34.63	.0600
3rd Quarter	36.50	33.20	34.98	.0600
4th Quarter	35.28	31.14	33.16	.0600

	High	Low	Close	Dividends Declared
2004				
1st Quarter	\$33.40	\$26.20	\$27.49	\$.0575
2nd Quarter	30.32	26.22	30.04	.0575
3rd Quarter	34.47	29.79	34.24	.0575
4th Quarter	35.54	31.00	35.47	.0575

CenturyTel, Inc. Stock

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

Projected Dividend Dates*

	Record Date	Payment Date
1st Quarter	March 6, 2006	March 17, 2006
2nd Quarter	June 5, 2006	June 16, 2006
3rd Quarter	September 4, 2006	September 15, 2006
4th Quarter	November 27, 2006	December 8, 2006

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



personal touch ■ advanced communications

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