

APR 25 2006

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.

Case No. _____ Exhibit No. 13
Date 4-12-06 Case No(s) 10-2006-0299
Date 4-12-06 Rptr KE

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.

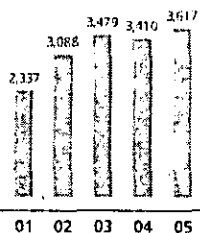
We take our relationships with our customers personally, and we work hard to retain and grow our customer base by providing the best value, solutions and customer experience in our markets. Our high-quality broadband network, our committed employee base, our excellent customer service and our financial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

Our Financial Strength

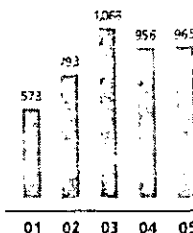
Enables Our Operational Success

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

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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

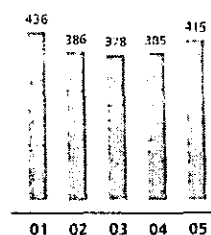
Broadband Deployment
(% of total access lines)



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:

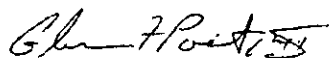
- 1) encourage network investment and broadband deployment,
- 2) ensure the universal availability of affordable communications services to customers in rural areas and
- 3) create regulatory parity among all service providers.

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

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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		
Missouri	442,138	20.0		
Alabama	261,862	11.8		
Arkansas	240,841	10.9		
Washington	176,997	8.0	70.8%	
Michigan	102,249	4.6		
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		95.2%
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		