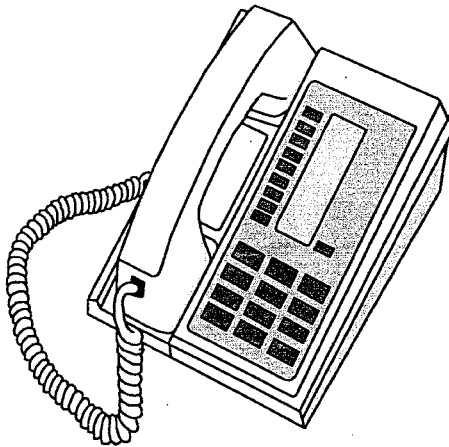


YEAR ENDING 2006
ANNUAL REPORT 2007 APR 30 A 9:24
OF PUBLIC SERVICE
COMMISSION

CenturyTel of Montana, Inc.

TELEPHONE UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

General Information

Year: 2006

1	Legal Name of Respondent:	CenturyTel of Montana, Inc.
2	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc.
3	Date of Incorporation:	October 23, 1946
4	Address to send Correspondence Concerning Report:	P. O. Box 4065 Monroe, La. 71211-4065
5	Person Responsible for This Report:	Ted M. Hankins Director of Economic Analysis
5a.	Telephone Number:	(318) 388-9416
Control Over Respondent		
1	If direct control over the respondent was held by another entity at the end of year provide the following:	
	1a. Name and address of the controlling organization or person: Pacific Corp. Holdings, Inc., owned 100% of the voting securities of Pacific Telecom, Inc. until 12/1/97 when these securities were sold to CenturyTel, Inc., P. O. Box 4065, Monroe, La. 71211-4065	
	1b. Means by which control was held: Ownership of voting securities.	
	1c. Percent Ownership: 99%	

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Glen F. Post, III Chairman & CEO	None
2	Stacey W. Goff Senior V.P, General Counsel, & Assistant Secretary	None
3	R. Stewart Ewing, Jr. Executive V.P. and CFO	None
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17		
18	Chairman of the Board: Glen F. Post, III	
19		
20		

Officers

Year: 2006

Line No.	Title of Officer (a)	Department Over Which Jurisdiction is Exercised (b)	Name and Address of Person Holding Office at Year End (c)
1	Chairman & C.E.O.	Company Wide	Glen F. Post, III
2	President & C.O.O.	"	Karen A. Puckett
3	Executive V. P. & C.F.O.	"	R. Stewart Ewing, Jr.
4	Senior Vice President	"	David D. Cole
5	Senior Vice President	"	Michael E. Maslowski
6	Senior V.P., General Council,	"	Stacey W. Goff
7	& Assistant Secretary	"	
8	Vice President & Controller	"	Neil A. Sweasy
9	Vice President & Treasurer	"	G. Clay Bailey
10	Vice President	"	Tim Walden
11	Vice President	"	Ivan Hughes
12	Vice President	"	Jeff Glover
13	Secretary	"	Kay Buchar
14	Region Vice President	Mid-West Region	Duane Ring
15	General Manager	CenturyTel of Montana, Inc.	Jeremy Ferkin
16			
17			
18			All officers are based in Monroe, La.,
19			except Duane Ring who is based in
20			LaCrosse, Wisconsin and Jeremy Ferkin
21			who is based in Kalispell, Montana.
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Total Company Balance Sheet

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		CURRENT ASSETS:		
2	1120	Cash and Equivalents	11,681,427	12,390,242
3	1180	Telecommunications Accounts Receivable - Net	3,524,885	3,207,144
4	1190	Other Accounts Receivable - Net	1,828,296	2,034,019
5	1200	Notes Receivable - Net		
6	1210	Interest and Dividends Receivable		
7	1220	Materials and Supplies	45,115	22,047
8	* 1280	Prepayments	105,868	80,488
9	^ 1290	Prepaid Rents		
10	^ 1300	Prepaid Taxes		
11	^ 1310	Prepaid Insurance		
12	^ 1320	Prepaid Directory Expenses		
13	^ 1330	Other Prepayments	105,868	80,488
14	1350	Other Current Assets		
15		Total Current Assets	17,185,591	17,733,940
16		NONCURRENT ASSETS:		
17	1401	Investments in Affiliated Companies		
18	1402	Investments in Nonaffiliated Companies		
19	1406	Nonregulated Investments	637,860	284,455
20	1407	Unamortized Debt Issuance Expense		
21	1408	Sinking Funds		
22	1410	Other Noncurrent Assets		
23	1438	Deferred Maintenance and Retirements		
24	1439	Deferred Charges	152,101	214,185
25	1500	Other Jurisdictional Assets - Net		
26		Total Noncurrent Assets	789,961	498,640
27		PROPERTY, PLANT, & EQUIPMENT:		
28	2001	Telecommunications Plant in Service	159,094,695	153,976,764
29	2002	Property Held for Future Telecommunications Use		
30	2003	Plant Under Construction - Short Term	818,789	3,399,361
31	2004	Plant Under Construction - Long Term		
32	2005	Telecommunications Plant Adjustment		
33	2006	Nonoperating Plant	2,582	2,582
34	2007	Goodwill		
35	3100	Accumulated Depreciation	(97,704,617)	(94,389,399)
36	3200	Accumulated Depreciation - Held for Future Use		
37	3300	Accumulated Depreciation - Nonoperating		
38	3400	Accumulated Amortization		
39		Net Property, Plant, & Equipment	62,211,449	62,989,308
40		TOTAL ASSETS	80,187,001	81,221,888

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		CURRENT LIABILITIES:		
42	4010	Accounts Payable	1,692,793	1,932,831
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	700,287	703,045
45	4040	Customer Deposits	76,998	53,897
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		
49	4080	Other Taxes - Accrued	2,382,813	2,577,357
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	572,873	629,549
53	4130	Other Current Liabilities		
54		Total Current Liabilities	5,425,764	5,896,679
55		LONG-TERM DEBT:		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		Total Long-Term Debt		
64		OTHER LIABILITIES AND DEFERRED CREDITS:		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	8,974,982	8,321,540
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	7,091,448	10,402,001
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		Total Other Liabilities and Deferred Credits	16,066,430	18,723,541
73		STOCKHOLDERS' EQUITY:		
74	4510	Capital Stock	6,680,000	6,680,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(130,500)	(130,500)
77	4540	Other Capital		
78	4550	Retained Earnings	52,004,291	49,911,152
79		Total Stockholders' Equity	58,694,807	56,601,668
80		TOTAL LIAB. AND STOCKHOLDERS' EQUITY	80,187,001	81,221,888

Total Company Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,223,509	20,451,774
3	5080	Network Access Revenues (1)	19,464,686	21,112,723
4	* 5100	Long Distance Message Revenue	251,028	252,407
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	251,013	267,970
7	^ 5160	Other Long Distance Revenue	15	(15,563)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	5,255,252	4,721,840
10	^ 5230	Directory Revenue	4,002,544	3,823,485
11	^ 5240	Rent Revenue	92,003	76,925
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue (2)	353,851	68,806
14	^ 5270	Carrier Billing and Collection Revenue	806,854	752,624
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	568,872	979,711
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	44,625,603	45,559,033
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	62,863	60,659
20	6120	General Support Expense	1,011,358	1,028,018
21	6210	Central Office Switching Expense	1,605,864	958,914
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	713,871	714,001
24	6310	Information Origination/Termination Expense	9,322	1,389
25	* 6410	Cable and Wire Facilities Expense	4,878,852	4,428,861
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense (10,747)		9,402
29	6530	Network Operations Expense	1,165,521	1,985,489
30	6540	Access Expense	2,355,799	1,388,475
31	6560	Depreciation and Amortization Expense	7,479,519	9,301,035
32	6610	Marketing	1,347,242	1,337,681
33	6620	Services	3,407,930	3,097,036
34	6710	Executive and Planning	570,815	523,706
35	6720	General and Administrative	3,173,804	3,205,042
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	27,772,013	28,039,708
38	7100	Other Operating Income and Expense	269	0
39	7200	Operating Taxes	8,216,100	8,393,248
40		Net Operating Income (L.17-L.37+L.38-L.39)	8,637,759	9,126,077
41	7300	Nonoperating Income and Expense	852,079	586,604
42	7400	Nonoperating Taxes		
43	7500	Interest and Related Items	4,284	(4,396)
44	7600	Extraordinary Items		
45	7910	Effects of Juris. Ratemaking Diff. - Net		
46	7990	Nonregulated Net Income	(611,616)	(641,108)
47		NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)	10,097,170	10,358,185

^ Subaccount of the account marked with a *.

(1) Includes Interstate Prior Period Adjustments of (\$279) in 2006 and \$1,411,354 in 2005.

Includes Intrastate Prior Period Adjustments of \$139,752 in 2006 and \$170,985 in 2005.

(2) Includes Miscellaneous Prior Period Adjustments of \$10,511 in 2006 and \$13,045 in 2005.

Montana Total State Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues		
3	5080	Network Access Revenues		
4	* 5100	Long Distance Message Revenue		
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue		
7	^ 5160	Other Long Distance Revenue		
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue		
10	^ 5230	Directory Revenue		
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue		
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue		
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)		
18		OPERATING EXPENSES:		
19	6110	Network Support Expense		
20	6120	General Support Expense		
21	6210	Central Office Switching Expense		
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense		
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense		
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense		
29	6530	Network Operations Expense		
30	6540	Access Expense		
31	6560	Depreciation and Amortization Expense		
32	6610	Marketing		
33	6620	Services		
34	6710	Executive and Planning		
35	6720	General and Administrative		
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)		
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes		
40		Net Operating Income (L.17-L.37+L.38-L.39)		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	20,223,509	20,451,774
3	5080	Network Access Revenues	5,221,075	5,648,998
4	* 5100	Long Distance Message Revenue	251,026	252,407
5	^ 5110	Unidirectional Long Distance Revenue	(4,610)	
6	^ 5120	Long Distance Private Network Revenue	255,623	267,970
7	^ 5160	Other Long Distance Revenue	13	(15,563)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	4,585,476	4,176,156
10	^ 5230	Directory Revenue	4,002,544	3,823,485
11	^ 5240	Rent Revenue	62,602	76,925
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	306,570	68,806
14	^ 5270	Carrier Billing and Collection Revenue	213,760	206,940
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	568,872	979,711
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	29,712,214	29,549,624
18		OPERATING EXPENSES: (1)		
19	6110	Network Support Expense	43,606	41,828
20	6120	General Support Expense	701,547	708,871
21	6210	Central Office Switching Expense	990,950	572,710
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	463,797	449,272
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,576,438	3,255,014
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(7,455)	6,483
29	6530	Network Operations Expense	1,440,503	1,367,026
30	6540	Access Expense	526,582	646,473
31	6560	Depreciation and Amortization Expense	5,072,268	6,387,465
32	6610	Marketing	1,027,270	1,019,981
33	6620	Services	2,759,156	2,601,570
34	6710	Executive and Planning	421,687	394,528
35	6720	General and Administrative	2,312,673	2,377,159
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	19,329,022	19,828,380
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,601,094	5,712,111
40		Net Operating Income (L.17-L.37+L.38-L.39)	4,782,098	4,009,133

^ Subaccount of the account marked with a *.

- (1). Intrastate expenses include a portion of LNP expense. In any future ratemaking process, the LNP expenses will be removed to determine expenses solely on an intrastate basis. LNP investment and expenses are being recovered through a charge to the enduser as approved by the FCC.

Montana Intrastate Regulated Income Statement

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1		REVENUES:		
2	5000	Basic Local Service Revenues	19,360,977	19,636,861
3	5080	Network Access Revenues	4,683,449	4,967,516
4	* 5100	Long Distance Message Revenue	226,728	228,123
5	^ 5110	Unidirectional Long Distance Revenue		
6	^ 5120	Long Distance Private Network Revenue	226,713	243,686
7	^ 5160	Other Long Distance Revenue	15	(15,563)
8	^ 5169	Other Long Distance Revenue Settlements		
9	* 5200	Miscellaneous Revenue	142,567	137,011
10	^ 5230	Directory Revenue	82,302	81,235
11	^ 5240	Rent Revenue		
12	^ 5250	Corporate Operations Revenue		
13	^ 5260	Miscellaneous Revenue	60,265	55,776
14	^ 5270	Carrier Billing and Collection Revenue		
15	^ 5280	Nonregulated Revenue		
16	5300	Uncollectible Revenue	285,274	269,743
17		Total Revenues (L.2+L.3+L.4+L.9-L.16)	24,128,447	24,699,768
18		OPERATING EXPENSES:		
19	6110	Network Support Expense	42,797	40,904
20	6120	General Support Expense	688,521	693,216
21	6210	Central Office Switching Expense	974,545	561,919
22	6220	Operator Systems Expense		
23	6230	Central Office Transmission Expense	456,118	440,808
24	6310	Information Origination/Termination Expense		
25	* 6410	Cable and Wire Facilities Expense	3,505,307	3,176,474
26	^ 6431	Aerial Wire Expense		
27	^ 6441	Conduit Systems Expense		
28	6510	Other Property, Plant & Equipment Expense	(7,317)	6,340
29	6530	Network Operations Expense	1,413,758	1,336,836
30	6540	Access Expense	526,582	646,473
31	6560	Depreciation and Amortization Expense	4,982,472	6,255,812
32	6610	Marketing	990,876	983,845
33	6620	Services	2,537,194	2,319,900
34	6710	Executive and Planning	390,965	381,724
35	6720	General and Administrative	2,094,317	2,246,895
36	6790	Provision for Uncollectible Notes Receivable		
37		Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)	18,596,135	19,091,146
38	7100	Other Operating Income and Expense		
39	7200	Operating Taxes	5,478,284	5,565,902
40		Net Operating Income (L.17-L.37+L.38-L.39)	54,028	42,720

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2006

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	156,535,729	151,186,993
2	3100	Accumulated Depreciation	96,051,719	92,350,115
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	33,581	10,830
6	4340	Noncurrent Deferred Operating Income Taxes	8,761,200	8,697,335
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	829,631	767,000
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	52,586,022	50,917,373

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	108,583,826	104,251,293
2	3100	Accumulated Depreciation	67,095,226	64,022,521
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	24,617	7,959
6	4340	Noncurrent Deferred Operating Income Taxes	6,077,360	5,997,266
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	585,894	552,366
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	36,021,751	34,791,831

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	107,185,375	101,995,662
2	3100	Accumulated Depreciation	66,348,686	62,767,445
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	24,257	7,705
6	4340	Noncurrent Deferred Operating Income Taxes	5,999,094	5,864,067
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	559,466	527,480
9		Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)	35,421,318	33,899,335

Notes to Schedule 8

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on 2000 traffic measurements per Separations Freeze Order (i.e. allocations for 2006 are based on the 2000 traffic measurement) which are the most current factors available.

(B) Authorized by Montana Public Commission, Docket 6522, Order Number 4409.

Note: Rate Base Components are calculated using an average of beginning and end of year balances.

Statement of Cash Flows

Year: 2006

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	Increase/(decrease) in Cash & Cash Equivalents		
2	Cash Flows from Operating Activities:		
3	Net Income		10,097,170
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	7,479,519	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	(673,439)	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	(112,018)	
11	Change in Materials, Supplies & Inventories - Net	(23,068)	
12	Change in Operating Payables & Accrued Liabilities - Net	(240,038)	
13	Change in Other Assets & Deferred Credits - Net	(25,380)	
14	Change in Other Liabilities & Deferred Credits - Net	(230,877)	
15	Other (explained on back of this page)	(1,983,672)	
16	Total Adjustments		4,191,027
17	Net Cash Provided by/(Used in) Operating Activities		14,288,197
18	Cash Inflows/Outflows From Investing Activities:		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(6,701,660)	
20	AFUDC & Capital Lease Related Acquisitions)		
21	Proceeds from Disposals of Property, Plant & Equipment		
22	Investments In & Advances to Affiliates		
23	Proceeds from Repayment of Advances		
24	Other Investing Activities (explained on back of this page)	(291,321)	
25	Net Cash Provided by/(Used in) Investing Activities		(6,992,981)
26	Cash Flows from Financing Activities:		
27	Net Incr./((Decr.) in Short-Term Debt, Original maturity <= 3 mo.		
28	Advances from Affiliates		
29	Repayment of Advances from Affiliates		
30	Proceeds from Issuances of Long-Term Debt		
31	Repayment of Long-Term Debt		
32	Payment of Capital Lease Obligations		
33	Proceeds from Issuing Common Stock/Parent Co. Equity Investment		
34	Repurchase of Treasury Shares		
35	Dividends Paid	(8,004,031)	
36	Other Financing Activities (explained on back of this page)		
37	Net Cash Provided by Financing Activities		(8,004,031)
38	Effect of Exchange Rate Changes on Cash		
39	Net Increase/(Decrease) in Cash & Cash Equivalents		(708,815)
40	Cash & Cash Equivalents at Beginning of Period		12,390,242
41	Cash & Cash Equivalents at End of Period		11,681,427

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year:2006

Line No.	Name of Affiliate or Company (a)	Account 1160 Temporary Investments (b)	Account 1180 Telecom. Accounts Receivable (c)	Account 1181 Accts. Rec. Allowance (d)	Account 1190 Other Accounts Receivable (e)	Account 1191 Accounts Receivable Allow. - Other (f)	Account 1200 Notes Receivable (g)	Account 1201 Notes Receivable Allowance (h)	Account 1210 Interest and Dividends Receivable (i)	Account 1401 Investments in Affil. Companies (j)	Account 1402 Investments in Nonaffil. Companies (k)
1	NECA				309,005						
2	TUECA				1,048,095						
3	All Other Connecting Companies				695,966						
4											
5											
6											
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25											
26											
27											
28											
29	Aggregate of all balances		3,852,143	(713,661)	161,633						
30	Totals		3,852,143	(713,661)	2,214,699						

Net Plant in Service - Detail

Year: 2006

Line No.	Account (a)	Description (b)	Beginning of Year Balance (c)	Additions (d)	Retirements (e)	Sales & Transfers (f)	End of Year Account 2001 Balance (g)	Year End Accumulated Depreciation (h)	End of Year Net Plant Balance (i)
1	* 2110	Land and Support Assets	7,307,222	184,281	50,713	(6,610)	7,434,180	4,963,540	2,470,640
2	^ 2111	Land	467,745				467,745		467,745
3	^ 2112	Motor Vehicles	1,489,142	81,383	41,934	(14,416)	1,514,175	1,404,227	109,948
4	^ 2113	Aircraft							
5	^ 2114	Special Purpose Vehicles	559,107	72,478			631,585	517,145	114,440
6	^ 2115	Garage Work Equipment	3,634,717				3,634,717	2,281,143	1,353,574
7	^ 2116	Other Work Equipment	26,963				26,963	16,704	10,259
8	^ 2121	Buildings	231,319			(230)	231,089	230,888	201
9	^ 2122	Furniture	898,229	30,420	8,779	8,036	927,906	513,433	414,473
10	^ 2123	Office Equipment							
11	^ 2124	General Purpose Computers							
12	^ 2211	Analog Electronic Switching	28,077,594	3,756,639	529,446		31,304,787	26,487,904	4,816,883
13	^ 2212	Digital Electronic Switching							
14	^ 2215	Electro-Mechanical Switching							
15	^ 2220	Operator Systems							
16	^ 2231	Radio Systems	35,926		29,668		6,258	(34,152)	40,410
17	^ 2232	Circuit Equipment	34,779,544	2,839,088	2,938,567	(4,489)	34,675,576	21,435,534	13,240,042
18	* 2310	Information Orig & Term Equip							
19	^ 2311	Station Apparatus							
20	^ 2321	Customer Premises Wiring							
21	^ 2341	Large Private Branch Exchanges							
22	^ 2351	Public Telephone Term. Equip.							
23	^ 2362	Other Terminal Equipment							
24	^ 2411	Poles	1,395,958	21,106	15,238	(2,830)	1,398,996	1,381,632	17,364
25	* 2420	Cable and Wire Facilities	80,162,586	2,852,584	558,058	39,201	82,496,313	42,549,239	39,947,074
26	^ 2421	Aerial Cable	10,690,717	129,486	104,477	20,256	10,735,982	10,495,460	240,522
27	^ 2422	Underground Cable	1,708,124	22,563	5,685	(1,197)	1,723,805	752,575	971,230
28	^ 2423	Buried Cable	67,724,734	2,700,535	447,896	20,142	69,997,515	31,264,562	38,732,953
29	^ 2424	Submarine Cable	5,831				5,831	3,462	2,369
30	^ 2425	Deep Sea Cable							
31	^ 2426	Intrabuilding Network Cable	33,180				33,180	33,180	
32	^ 2431	Aerial Wire	404,456				404,456	404,456	
33	^ 2441	Conduit Systems	1,813,478	(404,758)		(34,591)	1,374,129	516,464	857,665
34		Totals	153,976,764	9,248,940	4,121,690	(9,319)	159,094,695	97,704,617	61,390,078

^ Subaccount of the account marked with a *

Analysis of Plant Held for Future Use

Year: 2006

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1	N/A						
2							
3							
4							
5							
6							
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26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Average Cost of Long Term Debt

Year: 2006

Line No.	Description (a)	Issue Date (b)	Maturity Date (c)	Principal Amount (d)	Gross Proceeds (e)	Net Proceeds (f)	Net Per \$100 (g)	Outstanding Per Balance Sheet (h)	Yield to Maturity (i)	Annual Net Cost (j)	Amortization of Premium or Discount (k)	Total Cost (%) (l)
1	N/A											
2												
3												
4												
5												
6												
7												
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26												
27												
28												
29												
30	Total											

Year: 2006

Cost of Preferred Stock

Line No.	Description (a)	Date of Issuance (b)	Method of Offering (c)	Call Redemption Price (d)	Par Value Of Issue (e)	Gross Proceeds Amounts (f)	Net Proceeds Amounts (g)	Net Proceeds Per \$100 (h)	Cost of Money (i)	Principal Outstanding (j)	Annual Cost (k)	Embedded Cost (l)
1	Preferred Stock 5% cumulative	12/50	Private	None	\$100	(A)	(A)	(A)	(A)	50,000	1,125	0
2	authorized & outstanding, 500											
3	shares of \$100 par value.											
4	(includes 390 held in treasury)											
5												
6	Serial Preferred 10% cumulative	12/71	Private	None	\$100	(A)	(A)	(A)	(A)	180,000	6,000	0
7	authorized 100,000 shares of											
8	\$100 par value; 1,800 shares											
9	issued.											
10	(includes 1200 held in treasury)											
11												
12												
13												
14												
15												
16												
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22												
23												
24												
25												
26												
27												
28												
29												
30	Totals (Sum L.1 to L.29)									230,000	7,125	

(A) No Preferred Stock transactions took place in the reporting year.

Analysis of Common Stock

Year: 2006

Line No.	(a)	Avg. Number of Shares Outstanding (b)	Book Value (per share) (c)	Earnings (per share) (d)	Dividends (per share) (e)	Retention Ratio (f)	Market Price High (g)	Market Price Low (h)	Price/Earnings Ratio (i)
1	Year Ended December 31:	96,000		105.18		(A)	(A)		(A)
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		597.44						
10	February		598.44						
11	March		598.61	25.69					
12	April		596.75						
13	May		597.83						
14	June		599.39	25.21					
15	July		598.70						
16	August		599.55						
17	September		600.01	29.53					
18	October		597.79						
19	November		598.89						
20	December		513.43	24.74					
21									
22									
23									

(A) Not Applicable, Common Stock not publicly traded.

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year: 2006

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reacquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reacquisition (g)
1	N/A						
2							
3							
4							
5							
6							
7							
8							
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10							
11							
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26							
27							
28							
29							
30	Totals (Sum L.1 to L.29)						

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	Network Support Expense	16,623	6,931	212	39,097		62,863
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense	16,623	6,931	212	39,097		62,863
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense	151,002	63,705	148,585	648,067		1,011,359
8	^	Land and Building Expense			79,131	317,830		396,961
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense	151,002	63,705	69,454	330,237		614,398
12	*	Central Office Switching Expense	591,600	244,556	734	85	768,889	1,605,864
13	^	Analog Electronic Expense	164	72		85		321
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense	591,436	244,484	734		768,889	1,605,543
16	^	Operator Systems Expense						
17	*	Central Office Transmission Expense					2,359	2,359
18	^	Radio Systems Expense					2,359	2,359
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense	314,911	129,864	18	276,040		720,833
21	^	Station Apparatus Expense	309,520	127,627	18	274,346		711,511
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense	5,391	2,237		1,694		9,322
26	^	Poles Expense	2,078,731	858,822	484,448	1,456,852		4,878,853
27	^	Aerial Cable Expense	2,431	1,018	228,219	226		231,894
28	^	Underground Cable Expense	345,334	143,078	56	196,102		684,570
29	^	Buried Cable Expense	3,443	1,300		1,174		5,917
30	^	Submarine Cable Expense	1,727,135	713,245	256,080	1,259,337		3,955,797
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense	306	147	93			546
34		Subtotals	3,152,785	1,303,844	633,997	2,420,128	771,248	8,282,002

^ Subaccount of the account marked with a *.

Total Company Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	^	Maintenance Expense	82	34		13		129
36		Other Property Expenses	22,051	12,131	2,660	(47,589)		(10,747)
37	*	Network Operations Expense	1,242,114	415,348	3,283	421,051		2,081,796
38	^	Power Expense	251,098					251,098
39	^	Network Administration Expense	286,439	116,971	324	102,943		506,677
40	^	Testing Expense	219,817	100,170	867	86,893		407,747
41	^	Plant Operations Expense	339,602	127,727	817	76,549		544,695
42	^	Engineering Expense	145,158	70,480	1,275	154,666		371,579
43		Access Expense	1,439,524			7,479,519		1,439,524
44		Depreciation - Telecomm. Plant in Service						7,479,519
45		Depreciation-Prop. for Future Telecom. Use						
46		Amortization Expense - Tangible						
47		Amortization Expense - Intangible						
48		Amortization - Other						
49	*	Marketing	552,135	247,731	1,401	545,975		1,347,242
50	^	Product Management	151,047	67,732	256	88,960		307,995
51	^	Sales	401,088	179,999	1,145	273,000		855,232
52	^	Product Advertising				184,015		184,015
53		Call Completion Services				6,390		6,390
54		Number Services				288,482		288,482
55		Customer Services	1,188,628	640,291	15,012	1,269,127		3,113,058
56		Executive	157,676	255,018	107	158,014		570,815
57		Planning						
58		Accounting and Finance	246,416	130,857	665	279,668		657,606
59		External Relations	104,343	46,821	3,238	79,169		233,571
60		Human Relations	114,960	64,847	4,684	93,144		277,635
61		Information Management	373,502	176,872	10,035	914,009		1,474,418
62		Legal	46,976	31,841	2,697	120,342		201,856
63		Procurement	8,838	4,878	13	3,474		17,203
64		Research and Development						
65		Other General and Administrative	7,337	28,988	5	275,184		311,514
66		Provision for Uncollectible Notes Receivable						
67		Totals	8,657,367	3,359,501	677,797	14,306,100	771,248	27,772,013

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
			NOT APPLICABLE					
1	*	Network Support Expense						
2	^	Motor Vehicle Expense						
3	^	Aircraft Expense						
4	^	Special Purpose Vehicles Expense						
5	^	Garage Work Equipment Expense						
6	^	Other Work Equipment Expense						
7	*	General Support Expense						
8	^	Land and Building Expense						
9	^	Furniture and Artworks Expense						
10	^	Office Equipment Expense						
11	^	General Purpose Computers Expense						
12	*	Central Office Switching Expense						
13	^	Analog Electronic Expense						
14	^	Digital Electronic Expense						
15	^	Electro-Mechanical Expense						
16		Operator Systems Expense						
17	*	Central Office Transmission Expense						
18	^	Radio Systems Expense						
19	^	Circuit Equipment Expense						
20	*	Information Origination/Termination Expense						
21	^	Station Apparatus Expense						
22	^	Large Private Branch Exchange Expense						
23	^	Public Telephone Terminal Equipment Exp.						
24	^	Other Terminal Equipment Expense						
25	*	Cable and Wire Facilities Expense						
26	^	Poles Expense						
27	^	Aerial Cable Expense						
28	^	Underground Cable Expense						
29	^	Buried Cable Expense						
30	^	Submarine Cable Expense						
31	^	Deep Sea Cable Expense						
32	^	Intrabuilding Network Cable Expense						
33	^	Aerial Wire Expense						
34		Subtotals						

^ Subaccount of the account marked with a *.

Total State Expense Matrix

Line No.	Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
35	6441	Conduit Systems Expense	NOT APPLICABLE					
36	6510	Other Property Expenses						
37	6530	Network Operations Expense						
38	6531	Power Expense						
39	6532	Network Administration Expense						
40	6533	Testing Expense						
41	6534	Plant Operations Expense						
42	6535	Engineering Expense						
43	6540	Access Expense						
44	6561	Depreciation - Telecomm. Plant in Service						
45	6562	Depreciation-Prop. for Future Telecom. Use						
46	6563	Amortization Expense - Tangible						
47	6564	Amortization Expense - Intangible						
48	6565	Amortization - Other						
49	6610	Marketing						
50	6611	Product Management						
51	6612	Sales						
52	6613	Product Advertising						
53	6621	Call Completion Services						
54	6622	Number Services						
55	6623	Customer Services						
56	6711	Executive						
57	6712	Planning						
58	6721	Accounting and Finance						
59	6722	External Relations						
60	6723	Human Relations						
61	6724	Information Management						
62	6725	Legal						
63	6726	Procurement						
64	6727	Research and Development						
65	6728	Other General and Administrative						
66	6790	Provision for Uncollectible Notes Receivable						
67		Totals						

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2006

1	Plan Name			
2	Defined Benefit Plan? _____ X _____		Defined Contribution Plan? _____	
3	Actuarial Cost Method? _____		IRS Code: _____	
4	Annual Contribution by Employer: _____		Is the Plan Over Funded? _____	
5				
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation	See Note (A) Below		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	Funded Status			
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41				
42	Montana Intrastate Costs:			
43	Pension Costs	530,604	588,032	10.82%
44	Pension Costs Capitalized	(21,224)	(23,521)	-10.82%
45	Accumulated Pension Asset (Liability) at Year End			
46	Number of Company Employees:			
47	Covered by the Plan	135	150	11.11%
48	Not Covered by the Plan			
49	Active	135	150	11.11%
50	Retired	87	86	-1.15%
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 10 of CenturyTel, Inc's 2006 Proxy Statement.

Other Post Employment Benefits (OPEBS)

	Item	Current Year	Last Year	% Change
1	Regulatory Treatment:			
2	Commission authorized - most recent			
3	Docket number: _____			
4	Order number: _____			
5	Amount recovered through rates			
6	Weighted-average Assumptions as of Year End	See Note (A) Below		
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13				
14				
15	Describe any Changes to the Benefit Plan:			
16				
17	TOTAL COMPANY			
18	Change in Benefit Obligation			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	Change in Plan Assets			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	Funded Status			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	Components of Net Periodic Benefit Costs			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost	726,855	588,032	-19.10%
47	Accumulated Post Retirement Benefit Obligation			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other _____			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other _____			
55	TOTAL			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 10 of CenturyTel, Inc.'s 2006 Proxy Statement.

Other Post Employment Benefits (OPEBS) Continued

Year: 2006

	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	135	150	11.11%
3	Not Covered by the Plan			
4	Active	135	150	11.11%
5	Retired	85	83	-2.35%
6	Spouses/Dependants covered by the Plan	15	12	-20.00%
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Ccosts			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other _____			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

Payments for Services to Persons Other Than Employees

Year: 2006

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Automotive Rentals	Vehicle Maintenance & Rental	260,010	260,010	189,905
2	Flathead Janitorial, Inc.	Janitorial Services	105,156	105,156	72,943
3	Montana Dept. of Revenue	Public Service Reg. Fee and			
4		Consumer Council Fee	65,963	65,963	65,963
5	Montana Telecomm. Assoc.	Dues & Fees	55,920	55,920	40,843
6	One Call Locators, Ltd.	Locating & Utility Services	222,073	222,073	162,790
7	The Berry Company	Advertising	132,911	132,911	101,345
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
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42					
43					
44					
45					
46					
47					
48					
49	Total		842,033	842,033	633,789

Subscriber Line Usage Data

Year:2006

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	217,652,131	80.47%	236,003,593	81.08%
3	Interstate, IntraLATA	14,680	0.01%	16,356	0.01%
4	Total Interstate Usage	217,666,811	80.48%	236,019,949	81.09%
5	Intrastate, InterLATA	16,113,072	5.96%	17,014,986	5.85%
6	Intrastate, IntraLATA	36,683,187	13.56%	38,025,575	13.06%
7	Total Intrastate Usage	52,796,259	19.52%	55,040,561	18.91%
8	Total Toll Usage	270,463,070	100.00%	291,060,510	100.00%
9	Centrex				
10	Local				
11	Total Minutes	270,463,070	100.00%	291,060,510	100.00%

Year: 2006

Central Office and Access Line Statistics

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifetime Customers (f)	Residential LMS Customers (g)	Single Line Business (h)	Multi-Line Business (i)	Customer Owned Coin (j)	Company Owned Coin (k)	Other (l)	% of Lines w/ T. Tone (m)	Total Access Lines (n)
1	Bigfoot	Digital	3,396		1,681	538		272	332		5	428		4,433
2	Columbia Falls	Digital	3,791		1,826	1,444		285	374		12	1,114		5,576
3	Elmo	Digital	787		337	247		28	24			5		844
4	Finley Point	Digital	500		141	105		17	7		1	1		526
5	Hungry Horse	Digital	932		414	581		73	56		7	70		1,138
6	Kalispell	Digital	17,430		8,400	8,420		1,578	3,213		54	7,262		29,537
7	Lakeside	Digital	1,216		538	145		80	91		2	173		1,562
8	Marion	Digital	342		179	33		22	10			9		383
9	McGregor Lake	Digital	151		9	9		6	19			15		191
10	Ohney	Digital	124		54	45		17	6			21		168
11	Polson	Digital	3,517		1,444	1,931		309	529		9	1,004		5,368
12	Somers	Digital	762		376	119		49	54		1	37		903
13	Swan Lake	Digital	219		66	5		7	9		1	1		236
14	Whitefish	Digital	5,713		2,593	1,543		462	829		17	1,659		8,680
15	Yellow Bay	Digital	318		136	27		10	5		1	8		342
16														
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32														
33	Total		39,198		18,185	15,192		3,215	5,558		110	11,806		59,887

NOTE: Additional blank schedules are being provided for your convenience.

Central Office and Switch Information

Year: 2006

Line No.	Wire Center (a)	Office Configuration (Host, Remote, Stand alone) (b)	Type of Switch (c)	Switch Vendor/ Manufacturer (d)	Switch Model No. (e)	Switch Line Capacity (f)	Year Deployed (g)
1	<i>Bigfoot</i>	Remote	Digital	Nortel	Dual RSC	11,252	1985
2	<i>Columbia Falls</i>	Remote	Digital	Nortel	Dual RSC	12,672	1988
3	<i>Elmo</i>	Remote	Digital	Nortel	RLCM	1,856	1990
4	<i>Finley Point</i>	Remote	Digital	Nortel	RLCM	1,216	1990
5	<i>Hungry Horse</i>	Remote	Digital	Nortel	RSC	2,560	1989
6	<i>Kalispell</i>	Host	Digital	Nortel	DMS100	57,064	1981
7	<i>Lakeside</i>	Remote	Digital	Nortel	RSC	4,316	1990
8	<i>Marion</i>	Remote	Digital	Alcatel	LS2000	600	1999
9	<i>McGregor Lake</i>	Remote	Digital	Nortel	RLCM	640	1995
10	<i>Olney</i>	Remote	Digital	Alcatel	LS2000	732	1999
11	<i>Polson</i>	Remote	Digital	Nortel	Dual RSCS	10,592	1993
12	<i>Somers</i>	Remote	Digital	Nortel	RSC	2,680	1995
13	<i>Swan Lake</i>	Remote	Digital	Alcatel	LS2000	800	1999
14	<i>Whitefish</i>	Remote	Digital	Nortel	Dual RSCS	23,324	1994
15	<i>Yellow Bay</i>	Remote	Digital	Nortel	RLCM	640	1989
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Construction Budget - Montana

Year: 2007

Line No.	Description (a)	2,007 (b)
1	Central Office Assets:	
2	MTKLSLADD ADSL ADDITIONAL CAPACITY - E.123424	642,432
3		
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26		
27	Total Switching and Central Office Projects over \$500,000	642,432
28	Miscellaneous Central Office Projects not over \$500,000	504,878
29	Total Central Office Budget (Total of Line 27 & Line 28)	1,147,310
30	Other Projects over \$500,000:	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over \$500,000	
42	Miscellaneous projects not over \$500,000	3,365,704
43	Total Construction Budget (Total of Lines 29, 41 & 42)	4,513,014

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	167,353	257,085	-34.90%
2	2210	Central Office Assets	762,824	4,321,496	-82.35%
3	2220	Operator Systems	0	0	
4	2230	Central Office Transmission	2,623,831	3,290,898	-20.27%
5	2310	Information/Termination Assets	218	0	
6	2410	Cable and Wire Facilities Assets	2,651,688	4,078,361	-34.98%
7	2680	Amortizable Tangible Assets		0	
8	2690	Intangibles		0	
9		Total Construction Expenditures	6,205,914	11,947,840	-48.06%

Montana Employee Counts

Year: 2006

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	4	4
2	Supervisors & Superintendants	9	6
3	Comm. Technicians	11	9
4	Plant Technicians	20	21
5	Cable Technicians	5	5
6	Engineers/Drafting	11	10
7	Facility & Test Board Technicians	6	3
8	Special Apparatus Technicians	10	9
9	Commercial & General	49	43
10	Secretaries	5	4
11	LAN Administrator	1	1
12	Plant Support Technicians	6	9
13			
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43	Totals (Sum of Lines 1 through 42)	137	124

Compensation of Top 10 Montana Based Employees

Year: 2006

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. The company is submitting the information on Schedule 27 under separate cover subject to the protective order currently in place.						
2							
3							
4							
5							
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8							
9							
10							
11	Totals (Sum L.1 to L.10)						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	N/A						
	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensations of Top 10 Montana based employees.						
2							
3							
4							
5							
6	Totals (Sum L.1 to L.5)						

Montana Composite Statistics

Year: 2006

Line No.	Account No.	Description (a)	Amount (b)
1		Plant (Intrastate Only) (000 Omitted)	
2	2001	Plant in Service	108,584
3	2003 - 2004	Construction Work in Progress	1,466
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	25
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(67,095)
9	4360.2	Contributions in Aid of Construction	
10		NET BOOK COSTS	42,980
11		Revenues & Expenses (Intrastate Only) (000 Omitted)	
12	5000 - 5300	Operating Revenues	29,712
13	6560	Depreciation & Amortization Expenses	5,072
14		Federal & State Income Taxes	4,177
15		Other Taxes	1,424
16		Other Operating Expenses	14,257
17		TOTAL Operating Expenses	24,930
18		Net Operating Income	4,782
19		Other Income	
20		Other Deductions	
21		NET INCOME	4,782
22		Access Lines in Service (Intrastate Only)	
23		Residential Access Lines	39,198
24		Business Access Lines	8,773
25		PBX Access Lines	3,019
26		Other Access Lines	8,897
27		Total Number of Access Lines	59,887
28		Average Number of Calls Per Access Line	
29		Local Calls	52,796,259
30		Toll Calls (Intra- or Interstate)	270,463,070
31		Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)	4,516
32		Other Statistics (Intrastate Only)	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line (Line 2 divided by line 27)	1.81

Depreciation - Montana Intrastate Regulated

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1	2112	Motor Vehicles	16.20%	223,971
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	9.38%	57,483
5	2121	Buildings	3.04%	110,495
6	2122	Furniture	8.19%	2,208
7	2123.1	Office Support Equipment	13.06%	7,554
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	17.26%	161,283
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	254,900
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	9.39%	34
16	2232	Circuit DDS		
17	2232	Circuit Digital	9.39%	3,294,466
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	11.29%	4,911
22	2421	Aerial Cable Metallic	9.32%	99,731
23	2421	Aerial Cable Nonmetallic	9.32%	112,047
24	2422	Underground Cable Metallic	3.41%	52,399
25	2422	Underground Cable Nonmetallic	3.41%	6,117
26	2423	Buried Cable Metallic	4.43%	2,760,649
27	2423	Buried Cable Nonmetallic	4.43%	291,632
28	2424	Submarine Cable Metallic	3.30%	192
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic		
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	5,591
33	2441	Conduit Systems	2.37%	33,856
34				
35		COMPOSITE TOTAL		7,479,519
36	<p>Please list the Montana Public Service Commission Docket Order No. approving these depreciation rates</p> <p>Docket Number <u>83.9.88</u> Order Number <u>5052</u></p>			
37				
38				
39				
40				

THIS SCHEDULE IS REPORTED FOR TOTAL MONTANA AND AGREES WITH SCHEDULE 4, LINE 31.

Amortization - Montana Intrastate Regulated

Year: 2006

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense \$ (d)
1		N/A		
2				
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34				
35		COMPOSITE TOTAL		
36	Please list the Montana Public Service Commission Docket Order No. approving these amortization rates			
37				
38				
39	Docket Number _____ Order Number _____			
40				

Montana Regulatory Capital Structure & Costs

Year: 2006

Line No.	Description (a)	% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
Commission Accepted - Most Recent				
1	Docket Number <u>97.7.32</u>			
2	Order Number <u>5638C</u>			
3				
4	Common Equity			
5	Preferred Stock			
6	Long Term Debt			
7	Other			
8	Total			
Actual at Year End				
12	Common Equity 58,464,807	99.61%	13.700%	13.647%
13	Preferred Stock 230,000	0.39%	8.913%	0.035%
14	Long Term Debt			
15	Other			
16	Total 58,694,807	100.00%		13.681%

Network Access - Charges and Revenues

Year: 2006

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	526,582	19,464,686
2			
3	Montana - Intrastate	526,582	5,221,075
4			
5	Montana - Intrastate Regulated	526,582	5,221,075
6			
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13			

Affiliate Transactions - Products & Services Provided to Utility

Year: 2006

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Utility (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Service Group, Inc.	Management, Accounting, Operating and Miscellaneous Services	Contract Year - 2003	7,189,461		7,189,461
2						
3	CenturyTel, Inc.	"	Contract Year - 2003	373,306		373,306
4	CenturyTel of Washington, Inc.	"	Contract Year - 2003	205,586		205,586
5	Centurytel Holdings, MO, Inc.	"	Contract Year - 2002	50,944		50,944
6	CenturyTel of Midwest Kendall	"	Contract Year - 2003	32,030		32,030
7	CenturyTel of Ohio, Inc.	"	Contract Year - 2003	29,814		29,814
8	CenturyTel Supply, Inc.	Warehouse	Contract Year - 2003	285,599		285,599
9						
10	All Other	"		27,343		27,343
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28						
29						
30	TOTAL			\$8,194,083		\$8,194,083

Affiliate Transactions - Products & Services Provided by Utility

Year: 2006

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Broadband Services, Inc.	Management, Billing & Coll., Operating, DSL & Miscellaneous Services.	Contract Year - 2001	2,792,539	36.1%	2,792,539
2						
3						
4	CenturyTel Long Distance, Inc.	"	Contract Year - 2001	1,703,843	22.0%	1,703,843
5	CenturyTel of Midwest Michigan, Inc.	"	Contract Year - 2003	51,356	0.7%	51,356
6	CenturyTel of Wisconsin, Inc.	"	"	69,323	0.9%	69,323
7	CenturyTel of Idaho, Inc.	"	"	208,592	2.7%	208,592
8	CenturyTel of Russellville	"	"	81,471	1.1%	81,471
9	CenturyTel of Jacksonville	"	"	57,898	0.7%	57,898
10	Spectra	"	"	202,008	2.6%	202,008
11	CenturyTel - Tel USA Wisconsin	"	"	97,431	1.3%	97,431
12	CenturyTel - GTE Wisconsin	"	"	114,076	1.5%	114,076
13	CenturyTel of Michigan, Inc.	"	"	101,692	1.3%	101,692
14	CenturyTel of Ohio, Inc.	"	"	128,799	1.7%	128,799
15	CenturyTel of Washington, Inc	"	"	262,368	3.4%	262,368
16	CenturyTel of Eastern Oregon, Inc	"	"	50,582	0.7%	50,582
17	CenturyTel of Oregon, Inc.	"	"	66,582	0.9%	66,582
18	CenturyTel of The Gem State - Idaho	"	"	99,471	1.3%	99,471
19	CenturyTel of Eagle, Inc	"	"	300,399	3.9%	300,399
20	CenturyTel of Wyoming, Inc.	"	"	179,138	2.3%	179,138
21	C.T. of The Midwest-WI., Inc-N. West	"	"	122,863	1.6%	122,863
22	C.T. of The Midwest-WI., Inc-Cencom	"	"	51,993	0.7%	51,993
23	Kendall Telephone, Inc.	"	"	123,335	1.6%	123,335
24	CenturyTel of Minnesota, Inc.	"	"	51,267	0.7%	51,267
25	CenturyTel of Northern Alabama	"	"	97,092	1.3%	97,092
26	CenturyTel of Southern Alabama	"	"	111,926	1.4%	111,926
27	CenturyTel of Southwest Missouri	"	"	328,148	4.2%	328,148
28	CenturyTel of Central Missouri	"	"	118,349	1.5%	118,349
29	All Other	"	"	155,879	2.0%	155,879
30	TOTAL			\$7,728,420	100.00%	\$7,728,420

Montana Intrastate Regulated Earned Rate of Return

Year: 2006

Line No.	Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1				
2	2001 Plant in Service	107,185,375	101,995,662	5.09%
3	2002 Prop. Held for Future Telecommunications Use			
4	3100-3200 (Less) Accumulated Depreciation	(66,348,686)	(62,767,445)	-5.71%
5	Plant in Service	40,836,689	39,228,217	4.10%
6				
7	Additions			
8	1220 Materials & Supplies	24,257	7,705	214.82%
9	1280 Prepayments			
10	Other Additions	559,466	527,480	6.06%
11	TOTAL Additions	583,723	535,185	9.07%
12				
13	Deductions			
14	4100 Current Deferred Operating Income Taxes			
15	4320 Unamortized Operating Investment Tax Credits			
16	4340 Noncurrent Deferred Operating Income Taxes	5,999,094	5,864,067	2.30%
17	Customer Advances for Construction			
18	Other Deductions			
19	TOTAL Deductions	5,999,094	5,864,067	2.30%
20	TOTAL Rate Base	35,421,318	33,899,335	4.49%
21				
22	Net Earnings	54,028	42,720	26.47%
23				
24	Rate of Return on Average Rate Base	0.153%	0.126%	21.04%
25				
26	Rate of Return on Average Equity	13.700%	17.700%	-22.60%
27				
28	Major Normalizing Adjustments & Commission			
29	Ratemaking adjustments to Utility Operations			
30				
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42				
43	Adjusted Rate of Return on Average Rate Base			
44				
45	Adjusted Rate of Return on Average Equity			

Other Taxes Paid

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	1,135,302	1,137,602
2	Montana Public Service Commission Tax	55,705	48,862
3	Montana Consumer Counsel Tax	32,603	17,101
4	911 Emergency Telephone Fee	366,289	358,388
5	Montana Telecommunications Access Service (TDD)	73,685	71,887
6	Montana Corporate License Tax	610,000	716,000
7	Personal Property Tax		
8	Real Property Tax	1,835,379	1,977,380
9			
10			
11			
12	Total	4,108,963	4,327,220

SCHEDULE 37

Universal Service Funds Received

Year: 2006

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	N/A	
14	Funds received from Federal Sources	2,185,926	666,300
15			
16			
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23			
24	Total	2,185,926	666,300

(10) POSTRETIREMENT BENEFITS

We sponsor health care plans (which use a December 31 measurement date) that provide postretirement benefits to all qualified retired employees.

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In May 2004, the Financial Accounting Standards Board issued Financial Statement Position EAS 1003 which provides accounting guidance to sponsors of postretirement health care plans that are impacted by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). We believe that certain drug benefits offered under our postretirement health care plans will qualify for subsidy under Medicare Part D. In the third quarter of 2004, we estimated that the effect of the Act on us would not be material and reflected the effects of the Act as of the December 31, 2004 measurement date. As of this date, we estimated that the reduction in our accumulated benefit obligation attributable to prior service cost was approximately \$7 million and reflected such amount as an actuarial gain.

In 2005, 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,	2006	2005	2004
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 353,942	305,720	311,421
Service cost	6,982	6,289	6,404
Interest cost	18,980	16,718	17,585
Participant contributions	1,583	1,637	1,362
Plan amendments	(7,978)	23,289	2,529
Direct subsidy receipts	717	-	-
Actuarial (gain) loss	319	16,391	(18,185)
Benefits paid	(17,128)	(16,102)	(15,396)
<u>Benefit obligation at end of year</u>	<u>\$ 357,417</u>	<u>353,942</u>	<u>305,720</u>
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 29,545	29,570	29,877
Return on assets	3,280	1,440	2,377
Employer contributions	12,800	13,000	11,350
Participant contributions	1,583	1,637	1,362
Benefits paid	(17,128)	(16,102)	(15,396)
<u>Fair value of plan assets at end of year</u>	<u>\$ 30,080</u>	<u>29,545</u>	<u>29,570</u>

Net periodic postretirement benefit cost for 2006, 2005 and 2004 included the following components:

Year ended December 31,	2006	2005	2004
	(Dollars in thousands)		
Service cost	\$ 6,982	6,289	6,404
Interest cost	18,980	16,718	17,585
Expected return on plan assets	(2,437)	(2,440)	(2,465)
Amortization of unrecognized actuarial loss	3,719	2,916	3,611
Amortization of unrecognized prior service credit	(855)	(1,876)	(3,648)
Net periodic postretirement benefit cost	\$ 26,389	21,607	21,487

The following table sets forth the amounts recognized as liabilities for postretirement benefits at December 31, 2006, 2005 and 2004.

December 31,	2006	2005	2004
	(Dollars in thousands)		
Benefit obligation	\$ (357,417)	(353,942)	(305,720)
Fair value of plan assets	30,080	29,545	29,570
Unamortized prior service credit	-	(1,726)	(26,891)
Unrecognized net actuarial loss	-	82,660	68,185
Accrued benefit cost	\$ (327,337)	(243,463)	(234,856)

In accordance with SFAS 158, the unamortized prior service credit (\$8.8 million as of December 31, 2006) and unrecognized net actuarial loss (\$78.4 million as of December 31, 2006) components have been reflected as a \$69.6 million net reduction (\$40.1 million after-tax) 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 2007 are (i) (\$2.0 million) for the prior service credit and (ii) \$3.2 million for the net actuarial loss. See Note 1 for additional information.

Assumptions used in accounting for postretirement benefits as of December 31, 2006 and 2005 were:

	2006	2005
Determination of benefit obligation		
Discount rate	5.75%	5.5
Healthcare cost increase trend rates (Medical/Prescription Drug)		
Following year	8.0/11.0%	9.0/14.0
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	2010/2015
Determination of benefit cost		
Discount rate	5.50%	5.75
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, 2006 and 2005 by asset category are as follows:

	2006	2005
Equity securities	60.1%	60.2
Debt securities	27.9	31.4
Other	12.0	8.4
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	\$ 243	(312)
Effect on postretirement benefit obligation	\$ 3,775	(4,729)

We expect to contribute approximately \$16.7 million to our postretirement benefit plan in 2007.

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)			
2007	\$ 18,067	(1,327)	16,740
2008	\$ 20,120	(1,576)	18,544
2009	\$ 22,242	(1,814)	20,428
2010	\$ 24,393	(1,801)	22,592
2011	\$ 26,152	(1,533)	24,619
2012-2016	\$ 141,920	(2,781)	139,139

(11) DEFINED BENEFIT AND OTHER RETIREMENT PLANS

We sponsor defined benefit pension plans for substantially all employees. We also sponsor 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,	2006	2005	2004
	(Dollars in thousands)		
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 460,599	418,630	390,833
Service cost	17,679	15,332	14,175
Interest cost	25,935	23,992	23,156
Plan amendments	(3,827)	31	428
Actuarial loss	6,789	28,016	16,304
Settlements	(13,232)	-	-
Benefits paid	(19,641)	(25,402)	(26,266)
<u>Benefit obligation at end of year</u>	<u>\$ 474,302</u>	<u>460,599</u>	<u>418,630</u>
Change in plan assets			
Fair value of plan assets at beginning of year	\$ 407,367	363,981	348,308
Return on plan assets	46,297	25,453	35,892
Employer contributions	31,503	43,335	6,047
Benefits paid	(32,874)	(25,402)	(26,266)
<u>Fair value of plan assets at end of year</u>	<u>\$ 452,293</u>	<u>407,367</u>	<u>363,981</u>

Net periodic pension expense for 2006, 2005 and 2004 included the following components:

Year ended December 31,	2006	2005	2004
	(Dollars in thousands)		
Service cost	\$ 17,679	15,332	14,175
Interest cost	25,935	23,992	23,156
Expected return on plan assets	(32,706)	(29,225)	(28,195)
Settlements	3,344	-	1,093
Recognized net losses	9,670	6,328	5,525
Net amortization and deferral	19	289	279
<u>Net periodic pension expense</u>	<u>\$ 23,941</u>	<u>16,716</u>	<u>16,033</u>

The following table sets forth the combined plans' funded status and amounts recognized in our consolidated balance sheet at December 31, 2006, 2005 and 2004.

December 31,	2006	2005	2004
	(Dollars in thousands)		
Benefit obligation	\$ (474,302)	(460,599)	(418,630)
Fair value of plan assets	452,293	407,367	363,981
Unrecognized transition asset	-	(396)	(648)
Unamortized prior service cost	-	3,109	3,618
Unrecognized net actuarial loss	-	123,879	98,479
Net amount recognized	\$ (22,009)	73,360	46,800

In accordance with SFAS 158, the unrecognized transition asset (\$144,000 as of December 31, 2006), unamortized prior service credit (\$989,000 as of December 31, 2006) and unrecognized net actuarial loss (\$104.1 million as of December 31, 2006) components have been reflected as a \$102.9 million net reduction (\$63.4 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 2007 are (i) (\$144,000) for the transition asset; (ii) \$165,000 for the prior service cost and (iii) \$5.9 million for the net actuarial loss.

Amounts recognized on the balance sheet consist of:

December 31,	2006	2005
	(Dollars in thousands)	
Pension asset (reflected in Other Assets)*	\$ 16,187	73,360
Accrued expenses and other current liabilities*	(1,412)	-
Other deferred credits*	(36,784)	-
Additional minimum pension liability (reflected in Deferred Credits and Other Liabilities)	-	(11,662)
Accumulated Other Comprehensive Loss	-	11,662
Net amount recognized	\$ (22,009)	73,360

* For 2006, 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, 2006 and 2005 was \$407.2 million and \$392.3 million, respectively.

Assumptions used in accounting for the pension plans as of December 2006 and 2005 were:

	2006	2005
Determination of benefit obligation		
Discount rate	5.8 %	5.5
Weighted average rate of compensation increase	4.0 %	4.0
Determination of benefit cost		
Discount rate	5.5 %	5.75
Weighted average rate of compensation increase	4.0 %	4.0
Expected long-term rate of return on 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, 2006 and 2005 by asset category are as follows:

	2006	2005
Equity securities	71.7%	69.5
Debt securities	25.8	28.0
Other	2.5	2.5
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 2007 contribution will be determined based on a number of factors, including the results of the 2007 actuarial valuation report. At this time, the amount of the 2007 contribution is not known.

Our estimated future projected benefit payments under our defined benefit pension plans are as follows: 2007 - \$24.3 million; 2008 - \$27.1 million; 2009 - \$29.0 million; 2010 - \$31.4 million; 2011 - \$33.9 million; and 2012-2016 - \$199.5 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, 2005 and 2004 was \$7.9 million, \$7.3 million, and \$8.1 million, respectively. At December 31, 2006, the ESOP owned an aggregate of 3.4 million shares of CenturyTel common stock. After 2006, our contribution to the ESOP will be discontinued.

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 \$8.6 million in 2006, \$8.5 million in 2005 and \$9.1 million in 2004. Our matching contribution to the 401(k) Plans will increase in 2007, but such increase will be less than the reduction from the discontinuance of the ESOP contributions mentioned above.