

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 27, 2008

CenturyTel, Inc.
(Exact Name of Registrant as Specified in Charter)

Louisiana
(State or Other Jurisdiction
of Incorporation)

1-7784
(Commission File Number)

72-0651161
(IRS Employer
Identification Number)

100 CenturyTel Drive
Monroe, Louisiana
(Address of Principal Executive Offices)
(318) 388-9000

71203
(Zip Code)

Registrant's telephone number, including area code

n/a
(Former Name and Address,
If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01 Other Events

On October 27, 2008, CenturyTel, Inc. ("CenturyTel") and Embarq Corporation ("Embarq") issued a joint press release announcing the execution of an Agreement and Plan of Merger, dated as of October 26, 2008 (the "Merger Agreement"), by and among CenturyTel, Embarq and Cajun Acquisition Company ("Merger Subsidiary"). Subject to the terms and conditions set forth therein, Merger Subsidiary will merge with and into Embarq, with Embarq surviving as a wholly owned subsidiary of CenturyTel (the "Merger"). CenturyTel and Embarq also made a joint investor presentation principally concerning the Merger, which also briefly addressed results of operations of CenturyTel and Embarq for the third quarter of 2008. A copy of the joint press release and the joint investor presentation is attached hereto as Exhibits 99.1 and 99.2, respectively. In addition, a transcript of the joint investor presentation is attached hereto as Exhibit 99.3.

Also on October 27, 2008, CenturyTel distributed to its employees a letter regarding the execution of the Merger Agreement and the Merger, a copy of which letter is attached hereto as Exhibit 99.4.

The exhibits attached hereto are incorporated herein by reference and each of the foregoing descriptions of such materials is qualified in its entirety by reference to such materials.

The information required by Item 1.01, including a copy of the Merger Agreement will be filed in a separate Current Report on Form 8-K later this week. Information required by Item 2.02 has been filed in a separate Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits

<u>Exhibit No.</u>	<u>Document Designation</u>
99.1	Joint Press Release, dated October 27, 2008.
99.2	Joint Investor Presentation Materials, dated October 27, 2008.
99.3	Transcript of Joint Investor Presentation, dated October 27, 2008.
99.4	Employee Letter, dated October 27, 2008.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 27, 2008

CENTURYTEL, INC.

By: /s/ Neil A. Sweasy

Name: Neil A. Sweasy

Title: Vice President and Controller

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Joint Press Release, dated October 27, 2008.
99.2	Joint Investor Presentation Materials, dated October 27, 2008.
99.3	Transcript of Joint Investor Presentation, dated October 27, 2008.
99.4	Employee Letter, dated October 27, 2008.

Filed by CenturyTel, Inc.
Pursuant to Rule 425 under the Securities Act of 1933 and
Deemed filed under Rule 14a-12 of the Exchange Act of 1934
Subject Company: CenturyTel, Inc., File #1-7784

FOR IMMEDIATE RELEASE

Contacts:

For CenturyTel

Tony Davis
1-318-388-9525
tony.davis@centurytel.com

For EMBARQ

Analysts & Investors

Trevor Erxleben
1-866-591-1964
investorrelations@embarq.com

Media

Francisco Ybarra
1-913-345-6529
francisco.a.ybarra@embarq.com

CENTURYTEL AND EMBARQ AGREE TO MERGE

Combination Creates Leading Communications Company

Monroe, LA and Overland Park, KS – October 27, 2008 – CenturyTel, Inc. (NYSE: CTL) and Embarq Corporation (NYSE: EQ) announced today that their Boards of Directors have approved a definitive agreement under which CenturyTel will acquire EMBARQ in a tax free, stock-for-stock transaction creating one of the leading communications companies in the United States.

Under the terms of the agreement, EMBARQ shareholders will receive 1.37 CenturyTel shares for each share of EMBARQ common stock they own. Based on the closing stock price for CenturyTel on October 24, 2008, this consideration would be equivalent to \$40.42 of CenturyTel stock for each EMBARQ share, representing a premium to EMBARQ shareholders of approximately 36% over EMBARQ's closing stock price on October 24, 2008 and 11% over EMBARQ's average closing stock price during the past thirty calendar days. The transaction reflects an enterprise value of approximately \$11.6 billion, including the assumption of \$5.8 billion of EMBARQ's debt. Upon closing of the transaction, EMBARQ shareholders are expected to own approximately 66% and CenturyTel shareholders are expected to own approximately 34% of the combined company. The parties expect the transaction to be accretive to CenturyTel's free cash flow per share in 2010, the first full year following the expected closing.

This transaction combines two leading communications companies with customer-focused, industry-leading capabilities. The two companies have a combined operating presence in 33 states with approximately eight million access lines and two million broadband customers. The combined company is expected to have pro forma revenue in excess of \$8.8 billion, pro forma EBITDA of approximately \$4.2 billion, pro forma leverage of 2.1 times EBITDA and pro forma free cash flow of approximately \$1.8 billion, based on anticipated full run-rate synergies and operating results for the twelve months ended September 30, 2008.

Glen F. Post III, CenturyTel's Chairman and Chief Executive Officer, said, "This transaction is a significant win for the shareholders of CenturyTel and EMBARQ, as well as our respective employees, customers and the communities we serve. EMBARQ has invested in building a base of high-quality

assets positioned to create long-term value. We expect that bringing EMBARQ and CenturyTel together will accelerate both companies' strategic plans, diversify our revenues and provide us with the expanded networks, expertise and financial resources to build long-term value for shareholders. I am confident that the talent and dedication of CenturyTel and EMBARQ employees will enable us to quickly realize the significant potential inherent in this combination.

“In addition to bringing together the complementary assets, geographic coverage and outstanding employees of both companies, this combination unites two very similar corporate cultures that share a strong commitment to their customers, employees and communities. I look forward to working with the combined CenturyTel and EMBARQ team to continue providing outstanding service and enhanced offerings to our customers while delivering strong returns to all our shareholders.”

Tom Gerke, EMBARQ’s Chief Executive Officer, said, “In CenturyTel, we have found a terrific strategic partner, one with an outstanding history of providing quality and innovative products and services to its customers across the country. This transaction is expected to deliver immediate value to our shareholders and provide significant growth potential via a combined company that is better positioned to compete and win in an increasingly competitive marketplace. We are looking forward to joining with a partner who shares our commitment to customers, employees and the communities we serve.”

“Shareholders and consumers alike should be excited by the potential benefits this combined company will bring to the marketplace,” said William A. Owens, current non-executive Chairman of EMBARQ’s Board and future non-executive Chairman of the combined company. “This merger will join together two industry leaders in their own right to create a dynamic new competitor in the communications industry.”

Benefits of the Transaction

- **Enhanced Competitive Position:** The combined company is expected to be even more competitive, with significantly increased scale to facilitate economically attractive deployment of growth products and services including expanded IPTV, broadband and wireless data offers. The two companies have a combined operating presence in 33 states with approximately eight million access lines, two million broadband customers and approximately 400,000 video subscribers.
- **Significant Synergy Opportunities:** The transaction is expected to generate synergies of approximately \$400 million annually within the first three years of operation. Key drivers of these synergies include reduction of corporate overhead, elimination of duplicate functions, enhanced revenue opportunities and increased operational efficiencies through the adoption of best practices and capabilities from each company.
- **Financial Strength and Flexibility:** CenturyTel expects the transaction to be accretive to its 2010 free cash flow per share, the first full year following the expected closing. The pro forma combined company’s pro forma leverage is 2.1 times EBITDA for the twelve months ended September 30, 2008 including synergies on a full run-rate basis. This sound capital structure is well suited for long-term stability. It should allow ample funding for the business and the capacity to continue returning substantial capital to shareholders going forward.

Dividend Policy, Share Repurchase Program and Pro Forma Leverage

Each company plans to continue its current dividend policy through the close of the transaction. CenturyTel has suspended its current share repurchase program pending completion of this transaction. Post closing, subject to its intention to maintain an investment grade credit rating, CenturyTel expects to continue its current dividend policy and to return a substantial portion of the combined company’s free cash flow to shareholders through opportunistic share repurchase programs.

Management, Board Composition and Headquarters

The combined company's senior leadership team will be comprised of executives from both CenturyTel and EMBARQ. Glen Post will be Chief Executive Officer, Tom Gerke will assume the role of executive Vice-Chairman of the Board, Karen Puckett will be Chief Operating Officer and Stewart Ewing will serve as Chief Financial Officer.

William A. Owens, currently non-executive Chairman of the EMBARQ Board of Directors, will be the non-executive Chairman of the combined company and Harvey Perry will continue as non-executive Vice-Chairman.

Following the closing of the transaction, the Board of Directors of the combined company will be composed of eight current CenturyTel Board members and seven members from the current EMBARQ Board.

Corporate headquarters will be in Monroe, Louisiana. The combined company will also maintain a significant presence in Overland Park, Kansas.

The name of the combined company will be determined prior to the close of the transaction.

Approvals and Timing

The transaction is subject to regulatory approvals, including expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act as well as approvals from the Federal Communications Commission, certain state public service commissions and other customary closing conditions. The transaction is also subject to the approval of CenturyTel and EMBARQ shareholders. The companies anticipate closing this transaction in the second quarter of 2009.

CenturyTel has received commitments from Bank of America, Barclays Bank PLC, Morgan Stanley Senior Funding, Inc. and SunTrust Robinson Humphrey to refinance EMBARQ's bank debt at closing.

Advisors

Barclays Capital and Morgan Stanley are acting as CenturyTel's lead financial advisors with Banc of America Securities L.L.C., Merrill Lynch & Co., and Wachovia Capital Markets, L.L.C. acting as additional financial advisors. Wachtell, Lipton, Rosen & Katz and Jones Walker Waechter Poitevent Carrere & Denègre L.L.P. are CenturyTel's legal advisors. JP Morgan is acting as financial advisor to EMBARQ, and Cravath, Swaine & Moore L.L.P. and Morris, Nichols, Arsht & Tunnell are legal advisors.

Teleconference and Webcast

CenturyTel and EMBARQ will host a conference call with the financial community today, October 27, 2008, at 10:00 am Eastern Time / 9:00 am Central Time to discuss this morning's announcement as well as CenturyTel's and EMBARQ's third quarter financial results. The conference call will be streamed live over CenturyTel's Web site at www.centurytel.com and over EMBARQ's Web site at www.embarq.com. Interested parties can also access the call by dialing (866) 610-1072 (international: (973) 935-2840), and referencing code 70807213, ten minutes prior to the start of the call.

A digital recording of the call will be available as promptly as practicable and ending November 10, 2008 at 11:59 pm Eastern Time / 10:59 pm Central Time. The replay can be accessed by dialing (800) 642-1687 (international: (706) 645-9291) and referencing code 70807213. A replay of the call will also be available on the investor relations sections of both company's web sites.

About CenturyTel

CenturyTel (NYSE: CTL) is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through its broadband and fiber transport networks. Included in the S&P 500 Index, CenturyTel delivers advanced communications with a personal touch to customers in 25 states. Visit us at www.centurytel.com.

About EMBARQ

Embarq Corporation (NYSE: EQ), headquartered in Overland Park, Kansas, offers a complete suite of communications services. EMBARQ has operations in 18 states and is in the Fortune 500® list of America's largest corporations. For consumers, EMBARQ offers an innovative portfolio of services that includes reliable local and long distance home phone service, high-speed Internet, wireless, and satellite TV from DISH Network® -- all on one monthly bill. For businesses, EMBARQ has a comprehensive range of flexible and integrated services designed to help businesses of all sizes be more productive and communicate with their customers. This service portfolio includes local voice and data services, long distance, Business Class High Speed Internet, wireless, satellite TV from DIRECTV®, enhanced data network services, voice and data communication equipment and managed network services. For more information, visit www.embarq.com.

Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this filing, including statements as to the expected benefits of the acquisition such as efficiencies, cost savings, enhanced revenues, growth potential, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as "estimates," "expects," "projects," "plans," and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including receipt of required approvals by CenturyTel and EMBARQ stockholders and regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized or may take longer to realize than expected, the possibility that costs or difficulties related to the integration of EMBARQ operations into CenturyTel will be greater than expected, the ability of the combined company to retain and hire key personnel, the impact of regulatory, competitive and technological changes and other risk factors relating to our industry as detailed from time to time in each of CenturyTel's and EMBARQ's reports filed with the Securities and Exchange Commission (SEC). There can be no assurance that the proposed acquisition will in fact be consummated. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, CenturyTel and EMBARQ undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information

CenturyTel and EMBARQ plan to file a joint proxy statement/prospectus with the SEC. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. You will be able to obtain the joint proxy statement/prospectus, as well as other filings containing information about CenturyTel and EMBARQ, free of charge, at the website maintained by the SEC at www.sec.gov. Copies

of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, free of charge, by directing a request to CenturyTel, 100 CenturyTel Drive, Monroe, Louisiana, 71203 Attention: Corporate Secretary, or to EMBARQ, 5454 West 110th Street, Overland Park, KS, 66211, Attention: Shareholder Relations. The respective directors and executive officers of CenturyTel and EMBARQ and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding CenturyTel's directors and executive officers is available in its proxy statement filed with the SEC by CenturyTel on March 27, 2008, and information regarding EMBARQ directors and executive officers is available in its proxy statement filed with the SEC by EMBARQ on March 17, 2008. These documents can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation will be included in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

###



Filed by CenturyTel, Inc.
Pursuant to Rule 425 under the Securities Act of 1933 and
Deemed filed under Rule 14a-12 of the Exchange Act of 1934
Subject Company: CenturyTel, Inc., File #1-7784

Merger of CenturyTel and EMBARQ

October 27, 2008

Safe Harbor Language

Included in our presentation are certain estimates and other forward-looking statements. They are subject to uncertainties that could cause the actual results to differ materially. These and other important uncertainties related to our business are described in the Company's filings with the Securities and Exchange Commission. All information contained herein is current as of October 27, 2008, and is to be considered valid only as of October 27, 2008, regardless of the date reviewed.

Additional Information

CenturyTel and EMBARQ will file a joint proxy statement/prospectus with the Securities and Exchange Commission (SEC). INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. You will be able to obtain the joint proxy statement/prospectus, as well as other filings containing information about CenturyTel and EMBARQ, free of charge, at the website maintained by the SEC at www.sec.gov. Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, free of charge, by directing a request to CenturyTel, 100 CenturyTel Drive, Monroe, Louisiana, 71203 Attention: Corporate Secretary, or to EMBARQ, 5454 West 110th Street, Overland Park, KS, 66211, Attention: Corporate Secretary. The respective directors and executive officers of CenturyTel and EMBARQ and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding CenturyTel's directors and executive officers is available in its proxy statement filed with the SEC by CenturyTel on March 27, 2008, and information regarding EMBARQ directors and executive officers is available in its proxy statement filed with the SEC by EMBARQ on March 17, 2008. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Attendees

Glen F. Post, III

✦ Chairman of the Board and Chief Executive Officer, CenturyTel

Tom Gerke

✦ Chief Executive Officer, EMBARQ

Stewart Ewing

✦ Chief Financial Officer, CenturyTel

Gene M. Betts

✦ Chief Financial Officer, EMBARQ

Compelling for Shareholders of CenturyTel and EMBARQ

- ✦ Combination of CenturyTel and EMBARQ creates a leading communications company
 - ✦ Operations in 33 states with approximately 8 million access lines and 2 million broadband customers
 - ✦ Pro forma revenue of \$8.8 billion and EBITDA of \$3.8 billion ⁽¹⁾
- ✦ Enhanced financial profile
 - ✦ Accretive to free cash flow on an "as realized basis" in first full year post-closing
 - ✦ Sound capital structure with pro forma leverage of 2.1x (incl. run rate synergies) ⁽²⁾
 - ✦ Dividend payout ratio of ~50% and expectation to return substantial capital to shareholders
- ✦ Significant cost savings and operating efficiencies
 - ✦ Annual run rate synergies of approximately \$400 million
 - ✦ Ability to leverage best practices between the two companies
- ✦ Highly experienced leadership team
 - ✦ Bill Owens, Non-executive Chairman
 - ✦ Glen Post, CEO
 - ✦ Tom Gerke, Executive Vice Chairman
 - ✦ Karen Puckett, COO
 - ✦ Stewart Ewing, CFO

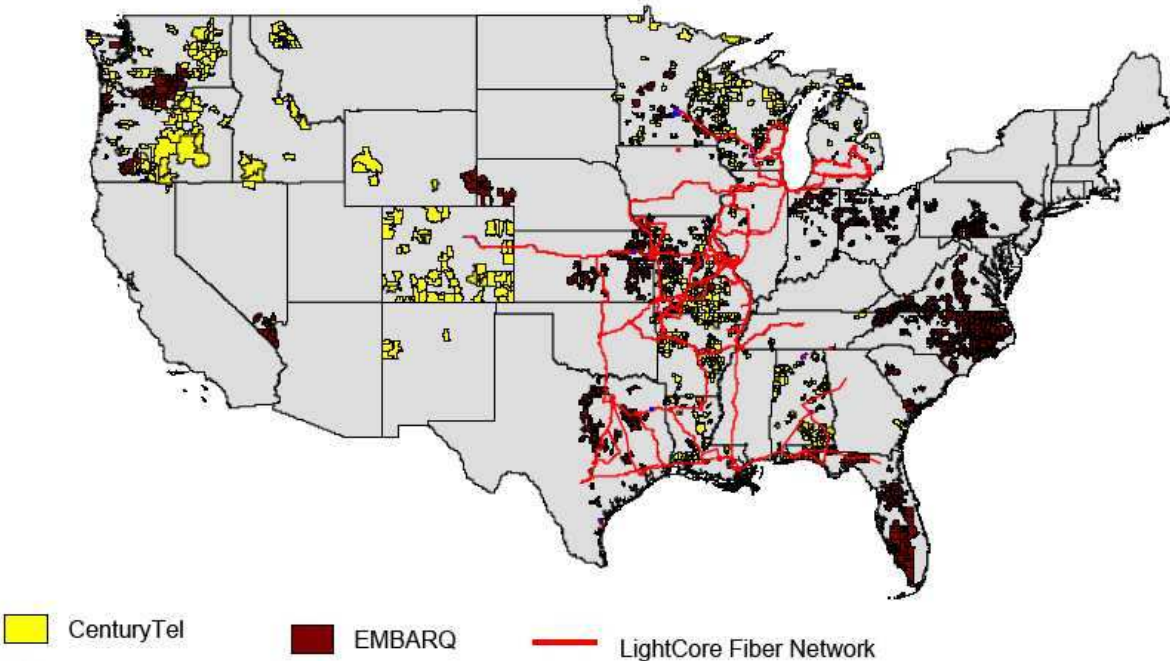
1. Data as of September 30, 2008 for CenturyTel and EMBARQ
2. Includes ~\$400 million of anticipated run rate synergies

Transaction Summary

Transaction Structure:	All stock combination
Exchange Ratio:	1.37 shares of CenturyTel stock per share of EMBARQ stock
Pro Forma Ownership:	34% CenturyTel shareholders / 66% EMBARQ shareholders
Transaction Value:	\$11.6 billion, including net debt of \$5.8 billion as of 09/30/08
Estimated Synergies:	Approximately \$400 million of annual run rate synergies
Estimated Transaction Multiples:	4.5x / 3.9x LTM EBITDA (before / after run rate synergies) 6.0x / 4.7x LTM Free Cash Flow (before / after run rate synergies)
Financing:	\$800 million of committed financing to refinance EMBARQ bank debt facilities and for general corporate purposes
Pro Forma Leverage:	2.1x (incl. run rate synergies) / 2.3x (excluding synergies)
Dividend Policy:	Annual dividend of \$2.80 per share, approximately 50% pay-out ratio
Closing Conditions:	HSR, FCC, Certain State Regulatory Approvals and CenturyTel and EMBARQ shareholder approvals and other customary conditions

A Leading Communications Company

- ◆ Operations in 33 states
- ◆ Approximately 8 million access lines, 2 million broadband customers and 97k fiber miles



Premier Communications Company

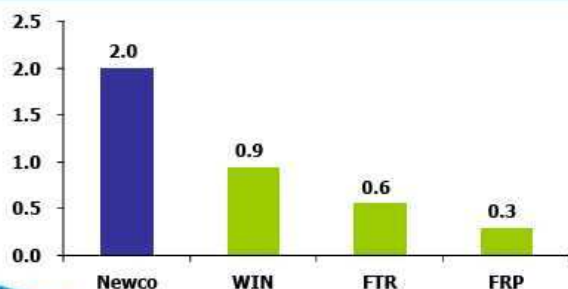
Access Lines (millions) ⁽¹⁾



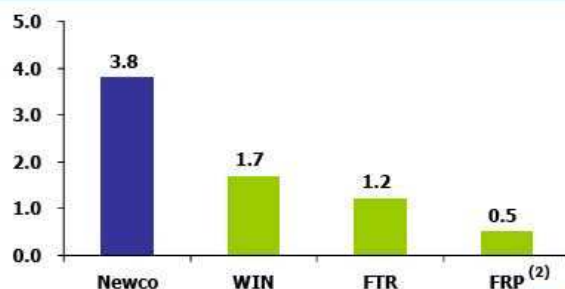
LTM Revenue (\$ billions) ⁽¹⁾



Broadband Customers (millions) ⁽¹⁾



LTM EBITDA (\$ billions) ⁽¹⁾



1. Data as of September 30, 2008 for CenturyTel and EMBARQ and June 30, 2008 for WIN, FTR and FRP

2. FairPoint statistics pro forma for VZ Northern New England transaction

Key Pro Forma Metrics

As of September 30, 2008

(as of 09/30/08, \$ in millions)	CenturyTel ⁽¹⁾	EMBARQ	Pro Forma w/o Synergies
Access Lines (000s)	2,041	5,853	7,894
Broadband Customers (000s)	628	1,388	2,016
Penetration	30.8%	23.7%	25.5%
LTM Revenue	\$2,613	\$6,222	\$8,835
LTM EBITDA	\$1,246	\$2,598	\$3,844
EBITDA Margin %	47.7%	41.8%	43.5%
Capital Expenditures	\$327	\$795	\$1,122
Net Debt	\$3,086	\$5,757	\$8,843
Net Leverage	2.48x	2.22x	2.30x

(1) Results pro forma for Madison River acquisition

Clear, Achievable Synergies

Operating Cost Savings	<ul style="list-style-type: none">✦ Headquarters / Corporate✦ Network and Operational Efficiencies✦ IT Support✦ Increased Purchasing Power✦ Advertising	~ \$300 million annually
Capex Synergies	<ul style="list-style-type: none">✦ Increased purchasing power	~ \$30 million annually
Other Synergies	<ul style="list-style-type: none">✦ Increased broadband penetration✦ Introduction of new products	~ \$75 million annually
Integration Expenses	<ul style="list-style-type: none">✦ Realization of synergies✦ Network integration	~ \$275 million (one-time)

Governance

- ◆ Glen Post – CEO; Tom Gerke – Executive Vice Chairman; Karen Puckett – COO; and Stewart Ewing – CFO
- ◆ Bill Owens – Non-executive Chairman and Harvey Perry – Non-executive Vice Chairman
- ◆ Headquarters in Monroe, Louisiana
- ◆ Significant operating presence in Overland Park, Kansas
- ◆ 15 member board
 - ◆ 8 current CenturyTel directors
 - ◆ 7 current EMBARQ directors
- ◆ Name and brand of combined company to be determined prior to close

Great Strategic Combination

- ✦ **Significantly enhances financial and operational scale**
 - ✦ ~ 8 million access lines and 2 million broadband customers
 - ✦ \$8.8 billion of revenue and \$3.8 billion of EBITDA

- ✦ **Enhances shareholder value and financial flexibility**
 - ✦ Significant synergies
 - ✦ Accretive in the first full year post-closing
 - ✦ Expectation of returning substantial capital to shareholders
 - ✦ Sound capital structure

- ✦ **Combined company well positioned strategically and competitively**
 - ✦ Diversification of markets and revenue
 - ✦ Leverage of core, high-quality network resources
 - ✦ Customer service and marketing efficiencies through integrated systems
 - ✦ Improved competitive positioning



Exhibit 99.3

Filed by CenturyTel, Inc.
Pursuant to Rule 425 under the Securities Act of 1933 and
Deemed filed under Rule 14a-12 of the Exchange Act of 1934
Subject Company: CenturyTel, Inc., File #1-7784

CENTURYTEL / EMBARQ

Moderator: Tony Davis October 27, 2008 10:00 a.m. EST

Operator: Good morning ladies and gentleman thank you for standing by. Welcome to today's conference call and Webcast to discuss the merger of CenturyTel and EMBARQ.

At this time all participants have been placed in a listen only mode and the floor will be open for your questions following the presentation. If you would like to ask a question at that time, please press star one on your touch tone phone.

If at any point your question has been answered, you may remove yourself from the queue by pressing the pound key. If you should require operator assistance please press start zero. As a reminder this conference is being recorded.

It is now my pleasure to turn the floor over to Mr. Tony Davis, Vice President, Investor Relations of CenturyTel. Please go ahead sir.

Tony Davis: Thank you Chris. Good morning everyone and welcome to our conference call today to discuss the combination of CenturyTel and EMBARQ which was announced earlier today. As you also probably notice each company also issued third quarter 2008 earnings releases this morning as well.

The main purpose of today's call is to discuss the announced transaction. However, we will also cover third quarter results briefly on this call. We will

be using a slide presentation during the call when discussing the merger and this presentation is available both on CenturyTel's and EMBARQ's Web site.

At the conclusion of our prepared remarks this morning we will open the call for Q&A regarding the transaction. During today's call references will be made to certain non GAAP financial measures. Each company has reconciled those measures to GAAP figures in their respective earnings release. And those reconciliations are available on each company's web site, at www.CenturyTel.com and www.EMBARQ.com.

Your hosts for today's call are Glen Post, Chairman and Chief Executive Officer of CenturyTel and Tom Gerke Chief Executive also of EMBARQ. Joining them on our call today are Stewart Ewing, CenturyTel's Executive Vice President, and Chief Financial Officer, and Gene Betts EMBARQ's Chief Financial Officer.

Certain forward looking statements may be made today during the call particularly as they pertain to guidance for fourth quarter and full year 2008. Selected information regarding 2008 and the effects of this transaction described herein and other outlooks in our businesses.

Please review our Safe Harbor language found in our press releases and in our SEC filings which describe factors that could cause our actual results to differ materially from those projected by us in these forward looking statements. With that at this time I'll turn the call over to Glen Post. Glen?

Glen Post:

Thank you Tony, good morning everyone and thank you for joining us on such short notice this morning.

This is an exciting day for us and I'm looking forward to taking you through the (inaudible) bits of the CenturyTel EMBARQ combination. But as Tony mentioned first Stewart and Gene are going to make a few remarks regarding the third quarter 2008 results, released earlier today by CenturyTel and EMBARQ. Stewart?

Stewart Ewing:

Thank you Glen, good morning everyone. As a reminder all of my comments this morning regarding CenturyTel's actual results for third quarter 2008.

And guidance for the remainder of 2008 exclude the non-recurring items detailed on the financial schedules of the company in the press release. And any non-recurring items that may occur in the fourth quarter.

Also since I will only cover a few highlights this morning, I encourage you to read our press release and our 10-Q when it is filed. As usual you can call Tony Davis with any follow up questions.

CenturyTel achieved solid financial results for the third quarter. Operating revenues and diluted earnings per share for the third quarter were at or near the top of our prior guidance for the quarter.

Operating revenues were \$650.1 million or about eight percent lower than the \$708.3 million in third quarter a year ago. Primarily due to the recognition of \$42.2 million of prior (inaudible) revenue settlements in third quarter 2007. Excluding those settlements operating revenues declined less than two and a half percent.

Revenue increases of approximately \$18 million were primarily driven by continued growth in our high speed internet customer base. Along with modest revenue growth from our video service offerings.

However, excluding the 2007 revenue settlements mentioned earlier. These increases will more than offset the revenue declines of approximately \$34 million. Primarily attributable to lower access revenues and access line losses.

Operating expenses decreased \$12.6 million or 2.6 percent from \$481.9 million in third quarter 2007 to \$469. Three million in third quarter 2008. Primarily as a result of lower personnel related costs and lower depreciation expense that more than offset costs associated with growth in our high speed internet customer base.

For third quarter 2008 we generated an operating cash flow margin of 47 ½ percent, compared to a normalized 48.2 percent in third quarter 2007. Diluted earnings per share excluding non-recurring items was 82 cents for the quarter,

or one cent below the top end of our previous guidance and first call consensus of 83 cents per share.

However I do want to point out that CenturyTel's earnings from its interest in an unconsolidated wireless partnership were approximately \$4 million lower for third quarter than we had anticipated due to 2007 audit adjustments recorded by the partnership's general partner late in the third quarter.

Excluding these 2007 audit adjustments diluted earnings per share for the third quarter would have been approximately two and a half cents higher. We generated over \$140.5 million in free cash flow during the quarter and ended the quarter with \$259 million of cash and cash equivalents.

During the quarter we returned approximately \$273.3 million to shareholders through share repurchases and dividends and we ended the quarter with \$246 million remaining under our \$750 million share repurchase authorization.

We continued to see solid demand for broadband services, as we added nearly 20,600 high speed internet customers during the quarter. And business demand for higher bandwidth Ethernet services remained strong.

Our high speed internet penetration of our enabled lines was 35 percent and our broadband enablement increased to nearly 88 percent of total access lines as of the end of the quarter.

Now turning to CenturyTel's guidance for fourth quarter and full year 2008. For fourth quarter 2008 we anticipate total revenues of \$635 million to \$645 million and diluted earnings per share of 78 cents to 83 cents.

And we expect full year 2008 diluted earnings per share to be in the range of \$3.28 cents to \$3.33 cents. Fourth quarter and full year diluted earnings per share guidance are based on shares outstanding as of September 30th 2008.

With that I will turn the call over to Gene. Gene?

Gene Betts:

Thanks Stewart and good morning everyone. EMBARQ demonstrated the stability of our cash flow in the third quarter despite continued head wind

from the economy. Like the last few quarters the economic slowdown is evident in our revenue numbers but we continue to diligently manage expenses and capital.

As a result we are again raising our cash flow outlook for the year. In total third quarter revenue declined 4.3 percent from last year to \$1.53 billion. One factor affecting this comparison is the decision we made earlier this year to begin winding down our wireless business.

Naturally revenue has been hurt by that decision but wireless dilution has improved substantially. In the third quarter dilution declined to just \$1 million compared to \$21 million one year ago.

Most of the top line pressure we're experiencing is in the voice revenue category, which is, which in the third quarter was impacted by the loss of 169,000 access lines. Compared to last year's third quarter absolute line losses increased by 39,000. Roughly consistent with the year-over-year comparisons in the first two quarters of the year.

The primary issue continues to be reduced new orders, rather than disconnects. As previously indicated the decline in gross adds has been accompanied by a reduction in the number of new service addresses. Which we will subsequently refer to as NSA as an acronym, that we have been required to bill. This has resulted in significantly lower CapEx and contributed to the ongoing stability of our cash flow.

Moving from voice to data, revenues surpassed \$200 million for the first time in the third quarter growing 3.6 percent from the prior year. In wholesale we're seeing a bit slower growth in wireless back (hold) but business data continues to grow at a relatively steady rate.

High speed internet revenue meanwhile grew 11 percent year-over-year to \$138 million in the quarter. Net subscriber additions totaled 24,000 consistent with the number we reported in the second quarter but below the prior year level.

Similar to access lines the economy is having an impact on our HSI subscriber metrics. Gross adds have been most affected but we also saw an increase in economic disconnects year-over-year.

Finally our video results were very strong this quarter. In fact the 45,000 net adds we posed this quarter was almost twice as many as we've added in any other quarter in our history. As a result our video base grew to 284,000 at the end of the period. Which means almost eight percent of our customers now have a bundle that includes EMBARQ home phone and Dish Network TV services.

Despite the decline in the revenue we generated solid recurring income again this quarter. In addition the completion of our \$500 million share repurchase program contributed to a significant year-over-year increase in our earnings per share.

Operating income was \$353 million this quarter, which was negatively impacted by \$66 million in charges related to a reduction in our workforce. Of that total \$49 million is reflected in cost of service and \$17 million in SG&A.

Going forward we expect this action to result in annual savings of approximately \$70 million per year. We won't be up to the full quarterly run rate of those savings in the fourth quarter. But will see the full effect next year.

Year-to-date operating income totaled \$1.22 billion approximately seven percent from \$1.13 billion in the first three quarters of '07. Operating margin is also much improved from the prior year level increasing by more than 200 basis points for the year to date period.

We completed the \$500 million stock buyback program we announced in January. Repurchasing \$2.2 million shares for \$100 million during this quarter. In total we were able to repurchase \$11.8 million shares under the program which represents more than seven and a half percent of total shares outstanding at the beginning of '08.

Although diluted EPS was impacted by non-recurring charges in both the current and prior year period. The buyback helped drive an increase of 10 percent to \$1.11 cents year-to-date diluted EPS has increased 21 percent year-over-year to a total of \$3.88 cents.

3Q CapEx was \$170 million and for the year-to-date it was \$526 million representing just 12.2 percent of Telecom Revenue. In total we now expect CapEx to be less than \$710 million down from our prior outlook of \$740 million.

Within that total we expect NSA requirements to be more than \$100 million below the 2007 level and more than \$150 million below 2006. Lower capital requirements combined with solid reoccurring profitability resulted in cash flow before dividends of \$242 million in 3Q and total of \$802 million over the first three quarters of the year. These amounts represent significant improvements from 2007 levels.

In closing, our update our full year expectations starting with access lines we've changed our outlook slightly in light of recent trends. In the fourth quarter we believe absolute line losses will continue to be somewhat higher than prior year levels similar to what we've seen over the first three quarters in 2008.

That could be the case in the early part of 2009 as well but over time we expect improvement in both cyclical and secular trends. Given higher line losses we are lowering our revenue outlook for 2008 as well. We now expect revenue for the telecommunications segment to be in the \$5.6 to \$5.70 billion range.

I know that earlier we improved our outlook for capital expenditures to less than \$710 million at most that would be 12.5 percent of Telecom revenue based on our new outlook. Finally, if given the reduction capital spending in our own growing expense trends we are raising the expectation for cash flow before dividends to a range of \$1.01 to \$1.03 billion.

It is important to note those numbers include the \$66 million in charges we occurred this quarter without those special charges we would expect cash flow

to \$1.05 to \$1.07 billion this year. With that I will turn the call over to Glen, so he can tell you more about the transaction we announced today.

Glen Post:

Thank you Gene, if you're viewing the slide presentation that are available both (inaudible) Web sites, I will begin on slide four. Let me talk about today's strategic announcement, let me begin by saying that combining Century Tel and EMBARQ great strategic sense, now this combination brings together two leading communication companies with a customer focus industry leading capabilities, it reinforces both companies strategic plans, diversifies our revenues, and provides us with expanded networks, expertise, and financial resources to build long term shareholder value.

As a combined company we will be even more competitive but significantly increased scale. Now the new companies combined operating presence in 33 states with approximately \$8 million access lines, \$2 million (bald) bank customers, and 400,000 video subscribers. Additionally we expect to help pro bono revenues in excess of \$8.8 billion and EBITDA \$4.2 billion, as I said September 30th, 2008 including anticipated synergies on a full run rate basis.

Post closing we also expect to maintain an investment, gain credit rating, given the capacity to invest in the business. At the same time reward our shareholders. We expect to maintain our dividend payout ratio of about 50 percent and to continue returning substantial capital to shareholders over time.

We expect to generate synergies of about \$400 million annually within the first three years of operation. We'll discuss the synergy in a bit more detail later on. But the key drivers of these synergies include the reduction of corporate overhead, the elimination of duplicate functions, enhanced revenue opportunities and increased operational efficiencies through the adoption of best practices and capabilities, from each of our companies.

We will have an experienced leadership team comprised of management from both companies, with great depth in industry and a track record of success. With Bill Owens, non-executive Chairman, I will continue to serve as Chief Executive Officer, Tom Gerke will be Executive Vice Chairman, Karen

Puckett Chief Operating Officer and Stewart Ewing Chief Financial Officer. We believe that working together we can ensure a really smooth integration.

If you turn to slide five this slide outlines the terms of the transaction. EMBARQ shareholders will receive a fixed exchange ratio of 1.37 CenturyTel shares. For each share of EMBARQ common stock (inaudible).

Based on CenturyTel's closing stock price last Friday, EMBARQ shareholders will receive \$40.42 cents of CenturyTel stock for each EMBARQ share. This represents the multiple of 3.9 times the last 12 months EBITDA after run rate synergies. And 4.6 times the last 12 months free cash flow on the same basis.

The transaction has an enterprise value of approximately \$11.6 billion which includes a (inaudible) of approximately \$5.8 billion of EMBARQ debt. We have obtained a commitment to refinance EMBARQ's bank debt, and really at the end of the day we expect to have pro former leverage of 2.1 times last 12 months EBITDA including run rate synergies.

Upon closing of the transaction CenturyTel shareholders will own approximately 34 percent EMBARQ shareholders will own approximately 66 percent of the combined company. The transaction which we expect to close in the second quarter of 2009 is subject to approval of CenturyTel and EMBARQ shareholders, as well as Federal and certain state regulators.

Turning to slide six, you can see the highly complementary assets and geographic coverage of the two companies. CenturyTel's footprint is shown in yellow and EMBARQ's footprint is shown in red. The red lines represent CenturyTel's fiber network that's highly complementary to a large portion of the CenturyTel and EMBARQ footprints.

The combined company will be even more competitive with significantly increased scale to facilitate economically attractive deployment of growth products and services including expanded IPTV, broadband and wireless data offers.

Slide seven puts into context the pro forma metrics I mentioned earlier. You will see from this slide that we will be one of the leading communications companies with more than 2.5 times the access lines. And trailing 12 months of revenue the mid-sized peer group shown here. And more than double the broadband customers in trading 12 months of EBITDA for those same peers. So as shown here this transaction greatly strengthens our competitive position throughout the country.

Slide eight shows some of the key combined metrics of our two companies before we factor in the synergies. I won't go through each one but as I mentioned earlier we believe that this combination gives us greater scale and financial strength to drive the business forward. And deliver long term shareholder value.

Slide nine provides a breakdown of the primary sources of our synergies. So you can see that we expect to achieve approximately three fourth of the synergies from operating cost savings. The rest coming from CapEx and other synergies. The acquisition and integration cost for this combination are estimated to be approximately \$275 million which we expect incur over an estimated three year period.

Slide ten, outlines several governance matters. First the combined company's single leadership team who will exist of executives from both CenturyTel and EMBARQ. As said I will continue to serve as Chief Executive Officer, Tom Gerke will be Executive Vice Chairman, Karen Puckett and Stewart Ewing of CenturyTel will continue serving as Chief Operating Officer and Chief Financial Officer respectively.

Bill Owens currently non executive Chairman of the EMBARQ board of directors will be the non Executive Chairman of the combined company and Harvey Perry will continue as non Executive Vice President. Non Executive Vice Chairman excuse me.

Having worked in the same industry together for many years we know each other well and have tremendous respect for the work that each company has done. The key to our success has been tremendous efforts of our employees

around the country. We believe this combination will result in enhanced career opportunities for many employees from both CenturyTel and EMBARQ.

We will forward, look forward to leveraging the talents and strengths of both of our teams to drive continued growth and success for all of our stakeholders.

The combined company's board of directors will consist of fifteen members eight of whom will come from the CenturyTel board and seven members from the current EMBARQ board. The corporate headquarters will remain in Munroe Louisiana and we will also maintain a significant presence in Overland Park Kansas.

While making the key decisions about how we will combine the operations of CenturyTel and EMBARQ have not yet been made. We do expect a smooth transition. In the coming weeks we will appoint a transition team made up of representatives of both companies. And in addition the name of the combined company will be determined prior to the close of the transaction.

I'd now like to turn the call over to Tom to say a few words, Tom?

Tom Gerke:

Thanks Glen, I certainly share your substantial enthusiasm for this transition and echo your many favorable comments. This transaction will benefit our customers and our shareholders. Glen together we'll be much stronger than operating alone.

Our board and management team have been evaluating the best course of action to deliver value to the EMBARQ shareholders. And our board is determined that combining with CenturyTel achieves that goal.

This transaction offers EMBARQ shareholders a premium for their shares today and at the same time allows them to participate in what we believe will be significant growth potential from this combination. We are uniting two very similar corporate cultures that share a strong commitment to our customers, our employees and our communities, we look forward to working together to continue providing outstanding service, and enhanced offerings to our customers.

The combination will possess excellent network assets, numerous areas of strength that complement each other and will drive efficiencies, improve product offerings and increased customer satisfaction. And it will deliver a management team committed to driving efficiencies and all the while staying focused on customer satisfaction and customer services and products.

Glen I look forward to participating on the leadership team to help collectively drive increased profitability and growth in the years ahead. With that I'll turn it back to you.

Glen Post:

Thank you Tom. We're going to look at slide eleven now. In summary we are very excited about this combination to increase the company of impressive scale on a combined basis we expect to have approximately eight million access lines, two million broadband customers and 400,000 video subscribers. We expect the combined company to generate approximately \$8.8 billion in revenue and \$3.8 billion of EBITDA.

But this transaction is not just about getting bigger. It's about increasing shareholder value. We expect to realize substantial synergies, both through increased operational efficiencies and enhanced revenue opportunities. The transaction is expected to be free cash flow per share created the first full year after closing.

The combined company will have pro forma leverage of approximately 2.1 times EBITDA, including synergies on full run rate basis. This strong capital structure should provide us the financial flexibility to fund our operational needs going forward, as well as return substantial capital to our shareholders through both dividends and opportunistic share repurchases.

In addition to its financial strength, the combined company will be strategically and competitively well positioned. Both of our companies have excellent net worth, so we believe we can leverage to drive increased revenues to roll out new products, both to our large consumer base and well as EMBARQ's diverse mix of business and enterprise customers. (Inaudible) integrated systems should allow us to realize significant customer service and

marketing efficiencies, both to reduce our operating costs and improve our customer satisfaction.

In summary, this combination creates a larger, financially stronger company which should be well positioned to significantly increase shareholder value, both the in the near term and well into the future. That concludes our prepared remarks and we would be happy to take a few questions. Operator, if you would please, provide instructions for the Q&A session.

Operator: The floor is now open for questions. At this time if you have a question or a comment please press star 1 on your touch-tone phone. If at any point your question is answered, you may remove yourself from the queue by pressing the pound key. We do ask that that while you pose your question, that you pick up your handset to provide optimal sound quality. Thank you. Our first question is coming from Jason Armstrong with Goldman Sachs.

Jason Armstrong: Thanks. Good morning and congratulations. There's going to be just a couple of quick ones. On, first, just on the thought process here, urban versus rural (inaudible), maybe you could just walk us through your comfort level with operating in urban areas (inaudible) which steps outside the traditional framework we've seen before with you. You know maybe how did you think of doing a deal that has a lot more urban exposure versus sticking to some of the more rural deals you've done before. And then second question I guess just a data point, can you give us what the break fee is for this, for this deal? Thanks.

Male: First of all, customary break up fees in this transaction, Jason. Regarding how we see the urban assets, we believe that first of all, that EMBARQ's already incurred a lot of the initial competitive impacts of the cable companies rolling out the voice-over IP product. They've lost potential market share in these urban markets. We believe with our, our little different approach to market strategy that we can be effective in driving penetration of especially broadband services in urban markets and well as the rural areas.

Now we, we're going to focus more on direct mail versus mass media. It's been EMBARQ's approach. We'll be more aggressive, more on finance with

the business. They haven't done a bad job, it's just a different approach to the markets. I think we'll take what's been undertaken previously in each market. We'll be (inaudible) cable and speed, with our all-out focus on broadband, our think fast message. We'll plan to launch an aggressive pure broadband service offering. These markets, especially in the college towns we think will be very effective. We'll be more aggressive in expanding our distribution channels, especially door-to-door in our prepaid markets. Some of the markets.

So we – also we'll go into more pure pricing structure. And we were surprised based on the competitive requirements in each market. We'll build more, with our – back to all the systems we have the ability to quickly change prices and then to target pricing and bundles in certain areas, in certain individual markets and market areas and regionals, regions. We think it will be very effective, especially competing in all these other markets. So we're not concerned about that. We believe we can compete. Especially when you look, they've already taken on again the onslaught of the initial competitive surge from the cable companies.

Jason Armstrong: And (inaudible) if you think about overlaying a lot of these things on the EMBARQ territory, you know one of the things that you had done that was different from a lot of your peers is buy spectrum in the most recent spectrum auction and talk about overlaying a lot of your footprint with a real sort of facilities based wireless strategy. How does this play into the EMBARQ footprint?

Glen Post: Well Jason, we believe that the 700 megahertz spectrum is, is certainly viable and can drive real value. Of course, our approach there has been to not (inaudible) product, it will be a really, a broadband play driving wireless broadband data. We believe there will be an opportunity to trade spectrum from some of the markets we already have. We think there will be possibly opportunities to carve out and building out spectrum that other carriers have today, would perhaps not want to build out in our markets. So we think there will be opportunities there to prospect and to build out and trade (inaudible). So we still think it's a viable investment and can drive value for shareholders

long term and certainly can improve the (inaudible) for our customers. So we plan to continue to pursue that opportunity in these additional markets.

Jason Armstrong: OK, great, and just back to the break fee. You said, you know your word was "customary" and I think a lot of people sort of think of that in the 2.5 percent of total deal size range. IS that what we should be thinking about, or is there any sort of specific number you can attach to it?

Glen Post: That detail will be filed later today, Jason. So we'll just say it's pretty normal course.

Jason Armstrong: OK

Glen Post: But later this week, rather.

Jason Armstrong: Great.

Operator: Your next question comes from Simon Flannery with Morgan Stanley.

Simon Flannery: Thanks a lot and if I can add my congratulations. Can you talk a little bit about the approval process and the timelines? I think you said second quarter. What, how many states do you think you'll need approval in as well as shareholder approvals and does the, sort of political cycle sort of risk timing on that?

And then on clustering. I note from the very helpful map that you put in on page six that in some places like the Pacific Northwest and parts of the Midwest you seem to be you know setting up some pretty nice clusters here. But it, maybe you can give us a sense more on sort of access line or percent of base. How many of these are in places where you can really start to put in things like the technical, maintenance staff and so forth and really integrate them tightly, not just at the head office level. Thanks.

Tom Gerke: Simon, Tom Gerke let me take your first part and then turn it back to Glen. I think the tall pole in the tent, if you will, will be the state regulatory approval process. That's what we expect. We'd estimate about 16 of the 33 is our current estimate. We're going to continue to compare our diligence and

review, but 16 state approvals as well as FCC and DOJ approval. We think the time frame second quarter fits comfortably within a six to eight month time period. Frankly, Glen and I will be doing everything possible to work together to beat that and we think we have a chance, but that's our current estimate. The election cycle, I don't think that measurably impacts this in terms of the state PUC approvals, so that's where we think it's key. Glen's team and my team have very excellent relationships with the state regulators. We're both represent ongoing operators who are very committed to these markets. We both bring investment grade balance sheets to the table, and so we think we have the set of facts and conditions that not only should receive approval but should be welcomed by these regulators as they review the transaction.

Glen Post: And Simon, regarding the clusters. We have some excellent clustering opportunities here from this combination of our companies. The Midwest area, the Southeast area and the Western properties, we expect to have four or five excellent clusters in the 1.5 – 2 million access line range and this is going to fit very well. It's going – if you look at the maps, there's great clusters here. States contiguous in most cases, many areas. We'll headquarter in some of our largest states as we operate, as we set up these regional operations.

Simon Flannery: OK thank you.

Operator: Your next question comes from Michael Nelson with Stanford Group.

Michael Nelson: Thanks for taking my question. If I could maybe, two quick questions. The first one's for (Tom). You know as you looked to sell the company, was this a competitive bidding process and were there any other bidders?

And then a completely separate question for Glen. Can you discuss the proposed regulatory changes that we're hearing about now with the FCC on inter-carrier compensation and USS subsidies and any way to handicap the potential changes and the impact to your business.

Male: I'll go first. The board engaged as you would expect in a very robust process rather than getting in any details now that will obviously be described in the proxy. But rest assured we looked at all of our strategic alternatives.

We made sure that we understood the various alternatives and then went through very diligent process of weighing all of the relevant factors and then reached a conclusion, and with great satisfaction, that we think Glen and his company are going to be a great combination, a great fit for all the reasons we're discussing today.

Glen Post:

And Michael, regarding the FCC order. Look, we're disappointed in what, in the proposal best, what we've seen, we haven't seen the whole order. But what we've heard and know about it, we're disappointed. There are many moving parts yet. It's really impossible to determine the actual impact. We are very concerned though if the current proposal were to pass it would have significant impact on local rates for customers in rural markets and smaller cities across the country. That's our major concern we'd have.

We're going to continue to correspond and work with the, within our industry group, the CEOs and the mid-sized sector and with the FCC and other constituencies to try to work through this and be sure that it's not, does not end up being an order that's approved that really hurts customers in rural America. And that's what could happen here and that's our biggest concern. But there are a lot of moving parts, as I said, and we'll know more in the weeks ahead.

Michael Nelson:

Thanks. Congratulations and good luck.

Glen Post:

Thank you.

Male:

And Glen, I would add on that last topic with the uncertainty that you mentioned. One thing that's true is combined, we're better positioned to deal with it, whatever it is. We're still going to advocate because we have a good set of facts, and we think there needs to be a much better focus on rural America. That's the part of the United States where broadband, or you know information highway is not fully extended yet, and we're best positioned to take care of that, so we'll strongly advocate it, but I also think that this transaction today improves our ability to address any decision that does come.

Operator:

Your next question comes from David Barden with Bank of America.

David Barden:

Hey, guys, thanks for taking a question. Congrats. A couple, if I could, the first one is maybe just a follow up on that question, guys. Could each of you share with us the percentage of revenues that are currently interstate intrastate access, and the average rate which you enjoy on that. I think that would help us do our math to kind of get a sense as to what the potential impact could be depending on what the outcome of the SEC rules is.

The second, if I could, on the synergies and the merger costs, is it fair to assume that these kind of happen in a smooth way over the three years, or are we looking at some low hanging fruits, and lots of the synergies and benefits and costs kind of coming relatively quickly.

I think the last thing I want to just touch on, Glen, I want to be clear. It kind of sounded like you were suggesting like Century Tel wants to extrapolate kind of a wireless build strategy across the entire eight million lines combined company footprint. Are the kind of costs and strategies that you're contemplating there, embedded in this synergy number? Is this synergy number net of those new strategies, or is that just kind of a status quo synergy number. Thanks.

Glen Post:

On the last question first, they are a more status quo synergy number, and we don't have any plans right now to acquire any additional spectrum, but opportunistically, we will follow our varied discipline process. We believe we can buy spectrum and bill it out and earn returns that are attractive in driving shareholder value. We will do that. If the prices are too high, they'll ask too much, we will not do it. Oh course, we're going to pursue the LPE, our plans with the LPE technology, and the 700 mega-hertz spectrum, which also AT&T and Verizon, we expect them to follow that path. And we'll see how this will be rolling out toward the end of 2009 and early 2010, so there will be very little expenditures between now and 2010, and we'll just see how this plays out in the months ahead.

It is extremely attractive spectrum, some of the best spectrum that's available anywhere, and we think it's valuable because of its characteristics.

Stewart, do you want to talk about...

Stewart Ewing: David, on the synergies, course there are some synergies that can come fairly quickly, however, a good part of the synergies will come as we do the systems conversions, which again we expect to take 24 months to possibly 36 months.

(Male): Regarding the (inaudible) interstate and intrastate, we're not really prepared to talk about that today, David. We can get that information to you. We'll see how this thing goes in the next few weeks. We're working on this as we speak. As I said the slowly moving parts, it's really difficult to determine where this thing is headed right now, but we will be back with you on this as this thing develops.

David Barden: Got you. OK guys, thanks. Good luck.

Operator: Your next question comes from Tim Horan with Oppenheimer Funds.

Tim Horan: Hi guys, a couple of questions, to Tom, mostly. Tom, given that you're twice the size of Century Tel, maybe you can walk through the thinking of why your management team, or management controller, you actually be acquiring Century Tel as opposed to getting acquired. Was it more of EBITDA issue?

And secondly to you Tom, and then I just had follow up. You know Century Tel stock is down quite a bit this morning, are you worried at all that maybe someone might make a hostile bid for Century Tel, and what kind of protections do you have in case that happens? Thanks.

Tom Gerke: Yes, first we've often said that industry consolidation makes sense that we would be willing to consider it, but one of the threshold requirements was that it would be accretive and beneficial to both sets of shareholders and we believe that's exactly the type of arrangement that we have here. I think that the management team that's put together that will be a— Glen and I talked a lot about this— truly selecting the best athletes to fill out the team, but I think when you look at the experience that Glen brings to the table, and the focus as COO, (Karen Pucket), I think that this is a phenomenal leadership, and when you blend them together, that's the best of the best, is a better approach than thinking about one particular set of management versus the other.

And in terms of the commitment, both boards spent substantial time looking through all the relevant factors, and this wasn't a hurried decision by any stretch, and people spent a lot of time thinking about it and focusing on why this was the best. We have the normal protections that exist, but both companies, I believe, are fully committed to the deal, and seeing it through.

Tim Horan: Just to play devil's advocate on the two risks, if someone does come in to try and make a hostile on Century, given how much they've traded down today you know what protections do you have on that, and or, maybe Century Tel can comment on that.

And then, secondly, back to the regulatory risks, Century Tel does get substantially more subsidies than you do, if there were to be major changes on the regulatory front, would that kind of trigger any macro clauses or can you discuss some of those. Thank you, thanks.

Tom Gerke: Yes, first we've often said that industry consolidation makes sense that we would be willing to consider it, but one of the threshold requirements was that it would be accretive and beneficial to both sets of shareholders and we believe that's exactly the type of arrangement that we have here. I think that the management team that's put together that will be a— Glen and I talked a lot about this— truly selecting the best athletes to fill out the team, but I think when you look at the experience that Glen brings to the table, and the focus as COO, (Karen Pucket), I think that this is a phenomenal leadership, and when you blend them together, that's the best of the best, is a better approach than thinking about one particular set of management versus the other.

And in terms of the commitment, both boards spent substantial time looking through all the relevant factors, and this wasn't a hurried decision by any stretch, and people spent a lot of time thinking about it and focusing on why this was the best. We have the normal protections that exist, but both companies, I believe, are fully committed to the deal, and seeing it through.

Tim Horan: Just to play devil's advocate on the two risks, if someone does come in to try and make a hostile on Century, given how much they've traded down today

you know what protections do you have on that, and or, maybe Century Tel can comment on that.

And then, secondly, back to the regulatory risks, Century Tel does get substantially more subsidies than you do, if there were to be major changes on the regulatory front, would that kind of trigger any macro clauses or can you discuss some of those. Thank you, thanks.

Tom Gerke: Well first on the second one, in terms of the regulatory, actually this order is sufficiently vague, is unpublished, has enough different components, it treats different classifications differently, so there's the potential, but I would emphasize on that point, that the two companies combined, are in the best position on a go forward basis. I think that's you know the key one. And then again, on the protections, it'll be filed promptly, the agreement will be there. All of the normal protections that you would expect in a deal where both parties signed up with a full commitment to seeing it through, will be in the agreement.

Tim Horan: Thank you.

Glen Post: Regarding the (inaudible) issue, I'm not going to speculate what may or may not happen here, but we know this is a great investment for our company, for our shareholders. It has created a free cash flow, the first cash flow for a year. We paid a fair price (for) (EMBARQ), I'm confident this will drive shareholder value over time, and we're very pleased with this transaction.

Tim Horan: Thanks Glen.

Operator: Your next question comes from Michael Rollins with Citi Investment Research.

Michael Rollins: Great, thanks, good morning. Tom, just wanted to follow up on a couple of comments that you made. You know I was just wondering – you mentioned that it was a well throughout process, but why today?

You know it's – I guess the question is, if there is a possibility for regulatory change and if all the details are not known today, can you talk a little bit more

about what one of you were you thinking to go today, versus possibly waiting a week or 10 days, for some clarity to be shed on that front.

And the second comment that you made is that the two companies would be better off combined than separately. In your opinion, which company is better off today, heading into the possibility of regulatory change and how did that feed into your decision making process?

Thanks. For the Board's, excuse me, decision making process. Thanks.

Glen Post:

I think the focus is for a long time in this sector, there've been lots of different reasons why industry consolidation hasn't occurred and there's you know unlimited different reasons for it not to occur.

And so, we've looked at the potential for the synergies, the time to realize those and weighed that against the fact that there's – as we've said, not numerous times, not only substantial uncertainty, but even once the – first the decision may be very narrow and then whatever decision is there, in all likelihood will get appealed, as many of the FCC orders do.

So, the time until there will would be a real clarity on this could be you know very far down the road. And then in terms of which company is best suited on an individual basis, there are at -within the USF section of this, there're potential commitments or a person would have to, either as we understand it, again, it's unpublished, step up to a commitment to build out broadband or run the risk that someone else might come in and over bid them and so form of reverse option.

That's not all fully determined yet, so in that case, Glen as a little further footprint build-out and in that case, you know I would say that he probably have an advantage, with respect to the access and different markets, we probably have the advantage.

There's potential for rate of return and price cap carriers to be treated differently. There's a different mix there and Glen is – company is in the process of moving to price cap, but hasn't completed that process and probably has some flexibility that other carriers don't have.

So I think when you put all the mix in and the opportunity that this deal presents and the ability to start achieving synergies now, that was the mix that the – that the board considered and the overall view of the transaction, when they looked at all the factors.

Michael Rollins: Thank you.

Operator: Your next question comes from Chris King with Stifel Nicolaus.

Chris King: Good morning guys and congratulations. Just two quick questions – first of all I just wanted to clarify that there's no evaluation collar associated with the – with the deal, I don't believe there is, but just wanted to confirm that with you.

And secondly, with respect to your pro forma capital structure, as you guys pointed out, you're still going to have relatively low leverage and a pretty good looking balance sheet, obviously given the current situation in the capital markets.

You guys may not be ready to comment on this yet, but any thought, at least initially as to what your ideal pro forma or capital structure might be.

Would you be comfortable kind of maintain a two-times leverage going forward or would you look to increase that in any way, shape or form you know certainly again, depending on what the capital market's environment might look like a year or two from now? Thanks.

Glen Post: Chris first, there's no evaluation collar involved here. And regarding our pro forma of capital structure, you know we – we're not ready to state a target here. We do expect to return substantial amount of cash to shareholders over time.

But we'll be within our target or our goal of remaining investment grade as far as credit ratings are concerned. So that would be the key factor that we'll be looking to there.

But it positions us extremely well for the future to make – to have the flexibility to make creative investments that in strategic acquisitions and to bring more cash to shareholders over time.

Chris King: Thank you.

Operator: Your next question comes from Frank Louthan with Raymond James.

Frank Louthan: Great, thank you. Real quick, is – are there any – I saw that the bank (convenience) to refinance the EMBARQ – are there any other change of control provisions on the CenturyTel side of the key needs to refinance and that's it?

Glen Post: Yes, there are no other changes of control provisions in-fact CenturyTel.

Frank Louthan: OK great, thank you.

Operator: Your next question comes from Chris Larsen with Credit Suisse.

Chris Larsen: Actually, my questions have more or less been answered. But at what point, how far out do you feel that you need to go before you get back on the acquisition train again? Is it two years out, three years out?

Glen Post: Chris, obviously, we won't jump back in immediately, but you know it depends on the opportunity and the requirements for the conversion of customer basis and that kind of think. I think within a year of so, we'd be ready to look at possibilities of other acquisition opportunities.

So, I don't think it will be a, you know long time, because we have facilities in place and we have – especially with our systems, we'll be converting quickly to our systems from – our back office systems from EMBARQ, which we think we have some of the back offices in customer care, billing systems, in our sector.

And we'll be ready quickly to consider other – other acquisition opportunities in the months ahead.

Chris Larsen: Thanks and congratulations again.

Glen Post: Thank you Chris.

Operator: Your last question comes from Batya Levi with UBS.

Batya Levi: Hi, thanks a lot. Just one question on margins – looking at the performing margins for the Performa Company, including the synergies, I think you will still be somewhat lower than your peers and I want to ask what you think some of the differences are.

Do you think you can continue to drive margins to your peers' level over time? Thanks.

Glen Post: You know overlooking there of course if the combination of EMBARQ and CenturyTel's margins and we do expect to be able to drive margins overtime.

However, as you know the whole mix of revenue mix in our industry is changing to – from the more access revenue local exchange revenue to the more of the data revenues.

Where we do have inherently lower – lower margins, however, we expect to be able to drive the revenue growth and these new services overtime. And a key factor in – when you compare CenturyTel's margins to our peer companies is that we're still in a fast 71 at CenturyTel.

If you take – if you assume we were – we're moving past 71, we would actually – our margin would improve about three percentage points.

In addition to that, we have our regional fiber operations and our IPTV operations that have that we – other companies do not have that have inherently lower margins today. So, those are some of the factors you're seeing in those differences in our margins versus other companies.

Gene Betts: Glen if I could have – this is Gene Betts. If you're looking at combining EMBARQ's numbers, you need to be careful to remove EMBARQ logistics, which is nearly a half billion of revenue, basically you now it's just distribution.

When you remove that, our merger from 300 basis points higher than with logistics in it, so be careful that you've got apples to apples there when you do the modeling.

Batya Levi: OK, thanks.

Operator: We have reached our allotted time for questions. Mr. Post, do you have any closing remarks?

Glen Post: Yes, just again, we're, we're very pleased with this transaction, we believe long-term – it's going to be very good for shareholders. It's accreted a free cash flow per share as an equity deal in the first year.

We expect over – expect \$400 million of synergies, it improved our competitive position, we're able to level our – both companies very high quality network asset, especially our 17,000 mile regional fiber-network that connects – will connect many of our states now and we will have opportunities to expand.

We're better positioned financially to take advantage of future investment opportunities and return cash to shareholders as well.

So, we're pleased, very pleased with this transaction, we're looking forward to working the EMBARQ, their management team, their leadership team and their employees to complete this transaction.

And we appreciate your participation today in this call and look forward to speaking with you in the future.

Gene Betts: Glen thank you and I echo your comments.

Operator: Thank you. This does conclude today's conference call and Webcast, please disconnect your lines at this time and have a wonderful day.

END

FINAL
CenturyTel Employee Letter

10.27.08

Dear CenturyTel Employee:

I am pleased to announce that earlier today CenturyTel and EMBARQ reached an agreement where CenturyTel will acquire EMBARQ in a tax free, stock-for-stock transaction that will create one of the leading communications companies in the United States. Together, we will have an operating presence in 33 states with approximately eight million access lines, two million broadband customers and 250,000 video subscribers.

This transaction combines two communications companies with customer-focused, industry-leading capabilities. Bringing CenturyTel and EMBARQ together diversifies our revenues and provides us with expanded networks, talent and financial resources. In this currently difficult economic environment, we are truly excited to have this opportunity to create a stronger, more diverse company with the ability to deliver an expanded range of products and services to our customers.

We know EMBARQ well, and we have worked alongside them to address matters of importance to our industry. Its complete suite of communications services includes reliable voice, high-speed Internet, wireless and satellite television services. We also share with EMBARQ and its dedicated employees a strong commitment to serving our customers and communities.

The key to the success of our business has been – and will continue to be – you, our valued employees. I believe this transaction enhances the long-term stability of the combined company and will result in enhanced opportunities for many employees from both CenturyTel and EMBARQ. I look forward to working with you and, following the closing, our new colleagues from EMBARQ as we continue to deliver industry leading results.

We anticipate closing this transaction in mid-year 2009, subject to receipt of the necessary approvals from both companies' shareholders and regulators. In the interim, I am sure you will have many questions and we are committed to making every effort to keep you up-to-date on important developments. Attached is a copy of the press release we issued this morning that will provide further details about the transaction.

Many of the key decisions about how we will integrate CenturyTel and EMBARQ have not yet been made, but we expect a smooth transition. I can tell you that our corporate headquarters will remain in Monroe and I will continue to serve as Chief Executive Officer. Stewart Ewing will continue to serve as Chief Financial Officer and Karen Puckett will continue to serve as Chief Operating Officer.

This transaction will likely create some interest by the media and other third parties. As always, it is important for us to speak with one voice. If you receive any inquiries from the media or other questions from outside CenturyTel, please forward them to Tony Davis at 318-388-9525.

I hope you share my enthusiasm about this exciting transaction. I want to thank all of you for your continued diligence, support and focus on providing our customers with the world class service that they have come to expect.
