

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2009

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 1-7784

**CenturyTel, Inc.**

(Exact name of registrant as specified in its charter)

Louisiana  
(State or other jurisdiction of  
incorporation or organization)

72-0651161  
(I.R.S. Employer  
Identification No.)

100 CenturyTel Drive, Monroe, Louisiana 71203  
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2009, there were 297,261,350 shares of common stock outstanding.

**CenturyTel, Inc.**

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\* All references to "Notes" in this quarterly report refer to these Notes to Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION  
Item 1. Financial Statements  
**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

|  | Three months<br>ended June 30,                               |          | Six months<br>ended June 30, |           |
|--|--|----------|------------------------------|-----------|
|  | 2009   | 2008     | 2009                         | 2008      |
|  | (Dollars, except per share amounts, and shares in thousands) |          |                              |           |
| OPERATING REVENUES   | \$ 634,469   | 658,106  | 1,270,854                    | 1,306,720 |
| OPERATING EXPENSES   |  |          |                              |           |
| Cost of services and products (exclusive of depreciation and amortization) | 235,732  | 239,626  | 470,363                      | 477,438   |
| Selling, general and administrative  | 120,742  | 106,836  | 230,587                      | 198,461   |
| Depreciation and amortization  | 128,552  | 130,954  | 256,124                      | 266,638   |
| Total operating expenses   | 485,026  | 477,416  | 957,074                      | 942,537   |
| OPERATING INCOME   | 149,443  | 180,690  | 313,780                      | 364,183   |
| OTHER INCOME (EXPENSE)   |  |          |                              |           |
| Interest expense   | (44,937)   | (49,166) | (96,969)                     | (99,288)  |
| Other income (expense)   | 7,635  | 13,204   | 5,817                        | 21,867    |
| Total other income (expense)   | (37,302)   | (35,962) | (91,152)                     | (77,421)  |
| INCOME BEFORE INCOME TAX EXPENSE   | 112,141  | 144,728  | 222,628                      | 286,762   |
| Income tax expense   | 42,813   | 52,264   | 85,920                       | 105,292   |
| NET INCOME   | 69,328   | 92,464   | 136,708                      | 181,470   |
| Less: Net income attributable to noncontrolling interests                  | (298)  | (297)    | (524)                        | (543)     |
| NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.                                | \$ 69,030  | 92,167   | 136,184                      | 180,927   |
| BASIC EARNINGS PER SHARE   | \$ .68   | .88      | 1.35                         | 1.71      |
| DILUTED EARNINGS PER SHARE   | \$ .68   | .88      | 1.35                         | 1.70      |
| DIVIDENDS PER COMMON SHARE   | \$ .70   | .0675    | 1.40                         | .135      |
| AVERAGE BASIC SHARES OUTSTANDING   | 99,414   | 103,644  | 99,270                       | 104,893   |
| AVERAGE DILUTED SHARES OUTSTANDING   | 99,450   | 103,999  | 99,297                       | 105,337   |

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)

|   | Three months<br>ended June 30, |         | Six months<br>ended June 30, |         |
|---|--------------------------------|---------|------------------------------|---------|
|   | 2009                           | 2008    | 2009                         | 2008    |
|   | (Dollars in thousands)         |         |                              |         |
| NET INCOME  | \$ 69,328                      | 92,464  | 136,708                      | 181,470 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX:   |                                |         |                              |         |
| Marketable securities:  |                                |         |                              |         |
| Unrealized holding gain (loss), net of \$193 and (\$332) tax  | -                              | 310     | -                            | (533)   |
| Reclassification adjustment for gain included in net income, net of (\$1,730) and (\$1,730) tax       | -                              | (2,776) | -                            | (2,776) |
| Derivative instruments:   |                                |         |                              |         |
| Reclassification adjustment for losses included in net income, net of \$67, \$67, \$134 and \$134 tax | 107                            | 107     | 214                          | 214     |
| Defined benefit pension and postretirement plans, net of \$1,263, (\$822), \$5,488 and (\$754) tax    | 2,026                          | (1,319) | 8,803                        | (1,209) |
| Net change in other comprehensive income (loss), net of tax   | 2,133                          | (3,678) | 9,017                        | (4,304) |
| COMPREHENSIVE INCOME  | 71,461                         | 88,786  | 145,725                      | 177,166 |
| Comprehensive income attributable to noncontrolling interests   | (298)                          | (297)   | (524)                        | (543)   |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO CENTURYTEL, INC.   | \$ 71,163                      | 88,489  | 145,201                      | 176,623 |

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

|  | June 30,<br>2009       | December 31,<br>2008 |
|--|------------------------|----------------------|
|  | (Dollars in thousands) |                      |
| <u>ASSETS</u>  |                        |                      |
| CURRENT ASSETS   |                        |                      |
| Cash and cash equivalents  | \$ 59,144              | 243,327              |
| Accounts receivable, less allowance of \$15,299 and \$16,290   | 199,100                | 230,292              |
| Materials and supplies, at average cost  | 9,384                  | 8,862                |
| Other  | 52,675                 | 72,926               |
| Total current assets   | 320,303                | 555,407              |
| NET PROPERTY, PLANT AND EQUIPMENT  |                        |                      |
| Property, plant and equipment  | 8,974,039              | 8,868,451            |
| Accumulated depreciation   | (6,187,829)            | (5,972,559)          |
| Net property, plant and equipment  | 2,786,210              | 2,895,892            |
| GOODWILL AND OTHER ASSETS  |                        |                      |
| Goodwill   | 4,015,674              | 4,015,674            |
| Other  | 764,513                | 787,222              |
| Total goodwill and other assets  | 4,780,187              | 4,802,896            |
| TOTAL ASSETS   | \$ 7,886,700           | 8,254,195            |
| <u>LIABILITIES AND EQUITY</u>  |                        |                      |
| CURRENT LIABILITIES  |                        |                      |
| Current maturities of long-term debt   | \$ 19,924              | 20,407               |
| Accounts payable   | 139,847                | 135,086              |
| Accrued expenses and other liabilities   |                        |                      |
| Salaries and benefits  | 56,507                 | 99,648               |
| Income taxes   | 20,556                 | -                    |
| Other taxes  | 52,829                 | 44,137               |
| Interest   | 73,260                 | 75,769               |
| Other  | 27,838                 | 26,773               |
| Advance billings and customer deposits   | 56,656                 | 56,570               |
| Total current liabilities  | 447,417                | 458,390              |
| LONG-TERM DEBT   | 2,899,936              | 3,294,119            |
| DEFERRED CREDITS AND OTHER LIABILITIES   | 1,353,025              | 1,333,878            |
| STOCKHOLDERS' EQUITY   |                        |                      |
| Common stock, \$1.00 par value, authorized 350,000,000 shares, issued and outstanding 101,139,762 and 100,277,216 shares | 101,140                | 100,277              |
| Paid-in capital  | 53,312                 | 39,961               |
| Accumulated other comprehensive loss, net of tax   | (114,472)              | (123,489)            |
| Retained earnings  | 3,141,334              | 3,146,255            |
| Preferred stock - non-redeemable   | 236                    | 236                  |
| Noncontrolling interests   | 4,772                  | 4,568                |
| Total stockholders' equity   | 3,186,322              | 3,167,808            |
| TOTAL LIABILITIES AND EQUITY   | \$ 7,886,700           | 8,254,195            |

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|   | Six months<br>ended June 30, |           |
|---|------------------------------|-----------|
|   | 2009                         | 2008      |
|   | (Dollars in thousands)       |           |
| OPERATING ACTIVITIES  |                              |           |
| Net income  | \$ 136,708                   | 181,470   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |           |
| Depreciation and amortization   | 256,124                      | 266,638   |
| Gain on asset disposition and liquidation of marketable securities                | -                            | (8,641)   |
| Deferred income taxes   | 25,831                       | 13,425    |
| Share-based compensation  | 9,859                        | 7,551     |
| Income from unconsolidated cellular entity  | (9,914)                      | (8,695)   |
| Distributions from unconsolidated cellular entity                                 | 9,602                        | 11,918    |
| Changes in current assets and current liabilities:                                |                              |           |
| Accounts receivable   | 31,192                       | (9,615)   |
| Accounts payable  | 4,761                        | (6,281)   |
| Accrued income and other taxes  | 31,094                       | (32,629)  |
| Other current assets and other current liabilities, net                           | (3,425)                      | (8,501)   |
| Retirement benefits   | (14,537)                     | 18,202    |
| Excess tax benefits from share-based compensation                                 | (753)                        | (74)      |
| Increase in other noncurrent assets   | 2,542                        | 2,254     |
| Decrease in other noncurrent liabilities  | (4,823)                      | (5,479)   |
| Other, net  | 7,944                        | 5,444     |
| Net cash provided by operating activities   | 482,205                      | 426,987   |
| INVESTING ACTIVITIES  |                              |           |
| Payments for property, plant and equipment  | (130,801)                    | (114,398) |
| Purchase of wireless spectrum   | -                            | (148,964) |
| Proceeds from liquidation of marketable securities                                | -                            | 34,945    |
| Proceeds from sale of nonoperating investment                                     | -                            | 4,209     |
| Other, net  | 210                          | (1,870)   |
| Net cash used in investing activities   | (130,591)                    | (226,078) |
| FINANCING ACTIVITIES  |                              |           |
| Payments of debt  | (394,666)                    | (250,225) |
| Net proceeds from issuance of long-term debt                                      | -                            | 275,000   |
| Proceeds from issuance of common stock  | 7,295                        | 6,047     |
| Repurchase of common stock  | (4,786)                      | (209,688) |
| Net proceeds from settlement of hedges  | -                            | 20,745    |
| Cash dividends  | (141,105)                    | (14,346)  |
| Excess tax benefits from share-based compensation                                 | 753                          | 74        |
| Other, net  | (3,288)                      | 982       |
| Net cash used in financing activities   | (535,797)                    | (171,411) |
| Net increase (decrease) in cash and cash equivalents                              | (184,183)                    | 29,498    |
| Cash and cash equivalents at beginning of period                                  | 243,327                      | 34,402    |
| Cash and cash equivalents at end of period  | \$ 59,144                    | 63,900    |
| Supplemental cash flow information:   |                              |           |
| Income taxes paid   | \$ 24,168                    | 136,062   |
| Interest paid (net of capitalized interest of \$572 and \$1,406)                  | \$ 98,906                    | 103,543   |

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(UNAUDITED)

|   | Six months<br>ended June 30, |           |
|---|------------------------------|-----------|
|   | 2009                         | 2008      |
|   | (Dollars in thousands)       |           |
| COMMON STOCK  |                              |           |
| Balance at beginning of period  | \$ 100,277                   | 108,492   |
| Issuance of common stock through dividend reinvestment, incentive and benefit plans | 1,043                        | 805       |
| Repurchase of common stock  | -                            | (5,904)   |
| Shares withheld to satisfy tax withholdings   | (180)                        | (48)      |
| Conversion of preferred stock into common stock                                     | -                            | 332       |
| Balance at end of period  | 101,140                      | 103,677   |
| PAID-IN CAPITAL   |                              |           |
| Balance at beginning of period  | 39,961                       | 91,147    |
| Issuance of common stock through dividend reinvestment, incentive and benefit plans | 6,252                        | 5,242     |
| Repurchase of common stock  | -                            | (91,408)  |
| Shares withheld to satisfy tax withholdings   | (4,606)                      | (1,625)   |
| Conversion of preferred stock into common stock                                     | -                            | 5,765     |
| Excess tax benefits from share-based compensation                                   | 753                          | 74        |
| Share-based compensation and other  | 10,952                       | 7,122     |
| Balance at end of period  | 53,312                       | 16,317    |
| ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX                                    |                              |           |
| Balance at beginning of period  | (123,489)                    | (42,707)  |
| Change in other comprehensive loss (net of reclassification adjustment), net of tax | 9,017                        | (4,304)   |
| Balance at end of period  | (114,472)                    | (47,011)  |
| RETAINED EARNINGS   |                              |           |
| Balance at beginning of period  | 3,146,255                    | 3,245,302 |
| Net income attributable to CenturyTel, Inc.   | 136,184                      | 180,927   |
| Repurchase of common stock  | -                            | (110,703) |
| Cash dividends declared   |                              |           |
| Common stock - \$1.40 and \$.135 per share, respectively                            | (141,099)                    | (14,172)  |
| Preferred stock   | (6)                          | (174)     |
| Balance at end of period  | 3,141,334                    | 3,301,180 |
| PREFERRED STOCK - NON-REDEEMABLE  |                              |           |
| Balance at beginning of period  | 236                          | 6,971     |
| Conversion of preferred stock into common stock                                     | -                            | (6,097)   |
| Balance at end of period  | 236                          | 874       |
| NONCONTROLLING INTEREST   |                              |           |
| Balance at beginning of period  | 4,568                        | 6,605     |
| Net income attributable to noncontrolling interests                                 | 524                          | 543       |
| Distributions to noncontrolling interests   | (320)                        | (2,307)   |
| Balance at end of period  | 4,772                        | 4,841     |
| TOTAL STOCKHOLDERS' EQUITY  | \$ 3,186,322                 | 3,379,878 |

See accompanying notes to consolidated financial statements.

**CenturyTel, Inc.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

**(1) Basis of Financial Reporting**

Our consolidated financial statements include the accounts of CenturyTel, Inc. and its majority-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, in the opinion of management, the disclosures made are adequate to make the information presented not misleading. The consolidated financial statements and footnotes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2008. As discussed in Note 2, these financial statements do not reflect our acquisition of Embarq Corporation ("Embarq") on July 1, 2009. We have evaluated subsequent events through August 7, 2009 for inclusion in this quarterly report on Form 10-Q.

The financial information for the three months and six months ended June 30, 2009 and 2008 has not been audited by independent certified public accountants; however, in the opinion of management, all adjustments necessary to present fairly the results of operations for the three-month and six-month periods have been included therein. The results of operations for the first six months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

**(2) Events Associated with the Acquisition of Embarq**

On July 1, 2009, pursuant to the terms and conditions of the Agreement and Plan of Merger, dated as of October 26, 2008 (the "Merger Agreement"), among Embarq Corporation ("Embarq"), CenturyTel and Cajun Acquisition Company, a wholly owned subsidiary of CenturyTel ("Merger Sub"), Merger Sub merged with and into Embarq, with Embarq surviving as a wholly owned subsidiary of CenturyTel (the "Merger"). The combined company has an operating presence in 33 states with approximately 7.3 million access lines and more than 2.1 million broadband customers, based on operating data as of June 30, 2009.

As a result of the Merger, each outstanding share of Embarq common stock was converted into the right to receive 1.37 shares of our common stock ("CTL common stock"), with cash paid in lieu of fractional shares. As a result of the Merger, we delivered approximately \$6.0 billion in CTL common stock (or approximately 196.1 million shares of CTL common stock) to Embarq stockholders, based on the number of Embarq shares outstanding as of June 30, 2009 and the closing price of the CTL common stock on June 30, 2009. The premium paid by us in this transaction is attributable to the strategic benefits from enhancing financial and operational scale, market diversification, leveraging combined networks and improved competitive positioning. None of the goodwill associated with this transaction will be deductible for income tax purposes.

The results of operations of Embarq will be included in our consolidated results of operations beginning July 1, 2009. CenturyTel is the accounting acquirer in this transaction. Pursuant to SFAS 141(R), the assets acquired and liabilities assumed of Embarq will be recognized at their acquisition date fair values. The allocation of the purchase price to the assets acquired and liabilities assumed of Embarq (and the related estimated lives of depreciable tangible and identifiable intangible assets) will require a significant amount of judgment. Such allocation of the purchase price will be determined based upon analysis to be performed by an independent valuation firm, which is expected to be complete by the end of 2009. The following is a preliminary allocation of the purchase price based on currently available information. Such final identification of all the intangible assets acquired and the purchase price allocation may be significantly different than that reflected below (dollars in thousands).

|                                   |    |             |
|-----------------------------------|----|-------------|
| Current assets                    | \$ | 700,000     |
| Net property, plant and equipment |    | 7,148,000   |
| Identifiable intangible assets    |    | 1,400,000   |
| Other non-current assets          |    | 38,000      |
| Current liabilities               |    | (898,000)   |
| Long-term debt                    |    | (4,887,000) |
| Other long-term liabilities       |    | (2,930,000) |
| Goodwill                          |    | 5,449,000   |
| Total purchase price              | \$ | 6,020,000   |

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The following unaudited pro forma financial information presents the combined results of CenturyTel and Embarq as though the acquisition had been consummated as of January 1, 2009 and 2008, respectively, for the two periods presented below.

|                            |      | Six months<br>ended June 30, |
|----------------------------|------|------------------------------|
|                            | 2009 | 2008                         |
|                            |      | (Dollars in thousands)       |
| Operating revenues         | \$   | 3,942,000                    |
| Net income                 |      | 476,000                      |
| Basic earnings per share   |      | 1.60                         |
| Diluted earnings per share |      | 1.68                         |

These results include certain adjustments, primarily due to increased depreciation and amortization associated with the identifiable intangible assets, increased retiree benefit costs due to the elimination of unrecognized actuarial losses, and the related income tax effects. The pro forma information does not necessarily reflect the actual results of operations had the acquisition been consummated at the beginning of the periods indicated nor is it necessarily indicative of future operating results. The pro forma information does not give effect to any potential revenue enhancements or cost synergies or other operating efficiencies that could result from the acquisition.

In addition to expenses incurred by CenturyTel and Embarq prior to the closing, we expect to incur approximately \$50 million in additional closing costs, including investment banker and legal fees, in connection with consummation of the merger. Such costs will be recognized as an operating expense in the third quarter of 2009. In addition, we expect to incur integration costs related to system and customer conversions (including hardware and software costs), employee-related severance costs, branding costs associated with changing the company name to CenturyLink and other integration-related costs. The specific details of these integration activities will continue to be refined. Based on current plans and information, we estimate that the aggregate non-recurring post-closing costs of the integration activities will be approximately \$370 million. Such transaction and integration costs will be expensed or capitalized based on the nature of the specific action.

Until such time as we can integrate the pension, welfare and other benefit plans of Embarq with ours, we will continue to operate those plans independently.

On July 1, 2009, in connection with the Merger Agreement, and as approved by our shareholders on January 27, 2009, we filed Amended and Restated Articles of Incorporation to (i) eliminate our time-phase voting structure, which previously entitled persons who beneficially owned shares of our common stock continuously since May 30, 1987 to ten votes per share, and (ii) increase the authorized number of shares of our common stock from 350 million to 800 million. As so amended and restated, our Articles of Incorporation provide that each share of CTL common stock is entitled to one vote per share with respect to each matter properly submitted to shareholders for their vote, consent, waiver, release or other action, and authorize the issuance of up to 800 million shares of CTL common stock. These amendments reflect changes contemplated or necessitated by the Merger Agreement and are described in detail in our joint proxy statement-prospectus filed with the Securities and Exchange Commission and first mailed to shareholders of CenturyTel and Embarq on or about December 22, 2008. In *Robert M. Garst, Sr. et al v. CenturyTel, Inc., et al*, certain of our former ten-vote shareholders challenged the effectiveness of the vote to eliminate our ten-vote share structure. We believe we followed all necessary steps to properly effect the amendments described above and are defending the case accordingly.

On January 23, 2009, Embarq amended its Credit Agreement to effect, upon completion of the merger, a waiver of the event of default that would have arisen under the Credit Agreement solely as a result of the merger and enabled the Credit Agreement, as amended, to remain in place after the merger. Previously, in connection with the merger agreement dated October 26, 2008, we had entered into a commitment letter with various lenders which provided for an



\$800 million bridge facility that would be available to, among other things, refinance borrowings under the Credit Agreement in the event a waiver of the event of default arising from the consummation of the merger could not have been obtained and other financing was unavailable. On January 23, 2009, we terminated the commitment letter. Upon entering into and terminating the commitment letter, we paid an aggregate of \$8.0 million to the lenders. Such amount has been reflected as an expense (in Other income (expense)) in the first six months of 2009.

### (3) Goodwill and Other Intangible Assets

Goodwill and other intangible assets as of June 30, 2009 and December 31, 2008 were composed of the following:

|   | June 30,<br>2009       | Dec. 31,<br>2008 |
|---|------------------------|------------------|
|   | (Dollars in thousands) |                  |
| Goodwill  | \$ 4,015,674           | 4,015,674        |
| Intangible assets subject to amortization           |                        |                  |
| Customer base                                       |                        |                  |
| Gross carrying amount                               | \$ 181,309             | 181,309          |
| Accumulated amortization                            | (43,281)               | (35,026)         |
| Net carrying amount                                 | \$ 138,028             | 146,283          |
| Other intangible assets not subject to amortization | \$ 42,750              | 42,750           |

Total amortization expense related to the intangible assets subject to amortization for the first six months of 2009 was \$8.3 million and is expected to be \$16.5 million annually from 2009 through 2011, \$16.1 million in 2012 and \$16.0 million in 2013 (excluding the effects of the acquisition of Embarq that was consummated on July 1, 2009 and as discussed further in Note 2).

### (4) Postretirement Benefits

We sponsor health care plans that provide postretirement benefits to all qualified retired employees.

Net periodic postretirement benefit cost for the three months and six months ended June 30, 2009 and 2008 included the following components:

|   | Three months<br>ended June 30, |       | Six months<br>ended June 30, |         |
|---|--------------------------------|-------|------------------------------|---------|
|   | 2009                           | 2008  | 2009                         | 2008    |
|   | (Dollars in thousands)         |       |                              |         |
| Service cost                                    | \$ 1,317                       | 1,238 | 2,526                        | 2,493   |
| Interest cost                                   | 4,899                          | 4,828 | 9,797                        | 9,802   |
| Expected return on plan assets                  | (346)                          | (581) | (693)                        | (1,180) |
| Amortization of unrecognized prior service cost | (887)                          | (651) | (1,773)                      | (1,302) |
| Net periodic postretirement benefit cost        | \$ 4,983                       | 4,834 | 9,857                        | 9,813   |

We contributed \$6.4 million to our postretirement health care plan in the first six months of 2009 and expect to contribute approximately \$13 million for the full year (excluding any additional amounts that we may contribute with respect to postretirement health care plans of Embarq).

### (5) Defined Benefit Retirement Plans

We sponsor defined benefit pension plans for substantially all employees. We also sponsored a Supplemental Executive Retirement Plan that provided certain officers with supplemental retirement, death and disability benefits. In late February 2008, our board of directors approved certain actions related to our Supplemental Executive Retirement Plan, including (i) the freezing of benefit accruals effective February 29, 2008 and (ii) amending the plan to permit participants to receive in 2009 a lump sum distribution of the present value of their accrued plan benefits based on their election, which occurred in the second quarter of 2008. We also enhanced plan termination benefits by (i) crediting each active participant with three additional years of service and (ii) crediting each participant who was not in pay status under the plan with three additional years of age in connection with calculating the present value of any lump sum distribution. We recorded an aggregate curtailment loss of approximately \$8.2 million in 2008 related to the above-described items. In addition, upon the payment of the lump sum distributions in early 2009, we also recognized a settlement loss (which is included in selling, general and administrative expense) of approximately \$7.7 million in the first quarter of 2009.

Net periodic pension expense for the three months and six months ended June 30, 2009 and 2008 included the following components:

|                                | Three months<br>ended June 30, |         | Six months<br>ended June 30, |          |
|--------------------------------|--------------------------------|---------|------------------------------|----------|
|                                | 2009                           | 2008    | 2009                         | 2008     |
|                                | (Dollars in thousands)         |         |                              |          |
| Service cost                   | \$ 3,493                       | 4,070   | 6,987                        | 8,759    |
| Interest cost                  | 6,621                          | 6,580   | 13,252                       | 13,217   |
| Expected return on plan assets | (6,964)                        | (7,946) | (13,928)                     | (16,695) |
| Curtailment loss               | -                              | 7,655   | -                            | 8,235    |
| Settlement loss                | -                              | -       | 7,711                        | -        |
| Net amortization and deferral  | 4,176                          | 759     | 8,352                        | 1,588    |
| Net periodic pension expense   | \$ 7,326                       | 11,118  | 22,374                       | 15,104   |

The amount of the 2009 contribution to our incumbent pension plans will be determined based on a number of factors, including the results of the 2009 actuarial valuation. At this time, the amount of the 2009 contribution is not known. Due principally to an accumulated positive "credit balance" under our principal incumbent pension plan, we expect our required minimum cash contributions for 2009 to be minimal. Nonetheless, we may make discretionary contributions in 2009 (including \$115 million of contributions we currently expect to make during the last half of 2009 to Embarq's acquired pension plan).

Due to change of control provisions that were triggered upon the consummation of the Embarq acquisition on July 1, 2009, certain retirees who were receiving monthly annuity payments under a supplemental executive retirement plan will now receive a lump sum distribution calculated in accordance with the provisions of the plan. A settlement expense of approximately \$8.9 million is expected to be recognized in the third quarter of 2009 as a result of these actions.

### (6) Stock-based Compensation

Statement of Financial Accounting Standards No. 123 (Revised 2004), "Share-Based Payment", requires us to recognize as compensation expense our cost of awarding employees with equity instruments by allocating the fair value of the award on the grant date over the period during which the employee is required to provide service in exchange for the award.

We currently maintain programs which allow the Board of Directors, through its Compensation Committee, to grant incentives to certain employees and our outside directors in any one or a combination of several forms, including incentive and non-qualified stock options; stock appreciation rights; restricted stock; and performance shares. As of June 30, 2009, we had reserved approximately 4.7 million shares of common stock which may be issued in connection with awards under our current incentive programs. We also offer an Employee Stock Purchase Plan whereby employees can purchase our common stock at a 15% discount based on the lower of the beginning or ending stock price during recurring six-month periods stipulated in such program.

Our outstanding restricted stock awards generally vest over a three- or five-year period (for employees) or a three-year period (for outside directors). During the first six months of 2009, 777,601 shares of restricted stock (substantially all of which have a three-year vesting period) were granted to employees at an average grant date fair value of \$27.07 per share.

Our outstanding stock options have been granted with an exercise price equal to the market price of CenturyTel's shares at the date of grant. Our outstanding options generally have a three-year vesting period and all of them expire ten years after the date of grant. The fair value of each stock option award is estimated as of the date of grant using a Black-Scholes option pricing model. No options were granted to employees during the first half of 2009.

The total compensation cost for all share-based payment arrangements for the first six months of 2009 and 2008 was \$9.9 million and \$7.6 million, respectively.

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Upon the consummation of the acquisition of Embarq Corporation on July 1, 2009 (see Note 2), the vesting schedules of certain of our restricted stock and stock option grants issued prior to 2009 were accelerated due to change of control provisions in the respective share-based compensation plans (with the exception of grants to certain officers who waived such acceleration right). As a result of accelerating the vesting schedules of these grants, we expect to record additional share-based compensation expense of approximately \$7.5 million in the third quarter of 2009 above amounts that would have been recognized absent the change of control provisions being triggered. In addition, upon the consummation of the merger, outstanding Embarq stock options and restricted stock units were converted to CenturyTel stock options and restricted stock units based on the exchange ratio stipulated in the merger agreement.

Subsequent to such acceleration of vesting and the conversion of Embarq restricted stock units into CenturyTel restricted stock units, as of July 1, 2009 there were 3.8 million shares of nonvested restricted stock and units outstanding at an average grant date fair value of \$30.36 per share.

Subsequent to the acceleration of vesting upon the consummation of the Embarq acquisition and the conversion of outstanding Embarq stock options into CenturyTel stock options, outstanding and exercisable stock options were as follows:

|             | Number<br>of options | Average<br>price | Average<br>remaining<br>contractual<br>term (in years) | Aggregate<br>intrinsic<br>value* |
|-------------|----------------------|------------------|--|----------------------------------|
| Outstanding | 10,746,000           | \$ 37.01         | 5.1  | \$ 10,223,000                    |
| Exercisable | 9,360,000            | \$ 37.19         | 4.6  | \$ 10,156,000                    |

\* Includes only those options with intrinsic value (options where the exercise price is below the market price).

Subsequent to the merger, there was \$91.4 million of total unrecognized compensation cost related to the share based payment arrangements, which we expect to recognize over a weighted average period of 2.2 years. Compensation expense for these awards will be recognized over a shorter period if the employees' service period is shorter than the vesting schedule of the respective grants.

## (7) Income Taxes

Our effective income tax rate was 38.7% and 36.8% for the six months ended June 30, 2009 and 2008, respectively. The lump sum distributions attributable to certain executive officers that were made in connection with discontinuing the Supplemental Executive Retirement Plan (see Note 5) are currently being reflected as non-deductible for income tax purposes pursuant to Internal Revenue Code Section 162(m) limitations. However, due to the consummation of the Embarq acquisition on July 1, 2009, we believe the payments could potentially be deductible. We plan to obtain a Private Letter Ruling from the Internal Revenue Service in relation to the treatment of these distributions. If a favorable ruling is received, the distributions will be treated as deductible and the income tax benefit will be recognized in the period such ruling is received. The treatment of the distributions as non-deductible resulted in the recognition of approximately \$6.7 million of income tax expense in the first quarter of 2009 above amounts that would have been recognized had such payments been deductible for income tax purposes. Such increase in income tax expense was partially offset by a \$5.8 million reduction in income tax expense caused by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards due to a law change in one of our operating states that we believe will allow us to utilize our net operating loss carryforwards in the future. Prior to the law change, such net operating loss carryforwards were fully reserved as it was more likely than not that these carryforwards would not be utilized prior to expiration. Our 2009 effective tax rate is also higher because a portion of our merger related transaction costs incurred during the first six months of 2009 are non-deductible for income tax purposes.

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## (8) Business Segments

Our operating revenues for our products and services included the following components for the periods specified below:

|                          | Three months<br>ended June 30, |         | Six months<br>ended June 30, |           |
|--------------------------|--------------------------------|---------|------------------------------|-----------|
|                          | 2009                           | 2008    | 2009                         | 2008      |
|                          | (Dollars in thousands)         |         |                              |           |
| Voice                    | \$ 207,603                     | 219,901 | 417,521                      | 440,381   |
| Network access           | 190,366                        | 207,904 | 383,210                      | 416,602   |
| Data                     | 142,923                        | 131,060 | 282,860                      | 257,832   |
| Fiber transport and CLEC | 41,764                         | 43,166  | 83,262                       | 82,799    |
| Other                    | 51,813                         | 56,075  | 104,001                      | 109,106   |
| Total operating revenues | \$ 634,469                     | 658,106 | 1,270,854                    | 1,306,720 |

We derived our voice revenues by providing local exchange telephone and retail long distance services to our customers in our local exchange service areas.

We derived our network access revenues primarily from (i) providing services to various carriers and customers in connection with the use of our facilities to originate and terminate their interstate and intrastate voice transmissions and (ii) receiving universal support funds which allows us to recover a portion of our costs under federal and state cost recovery mechanisms.

We derived our data revenues primarily by providing high-speed Internet access services ("DSL") and data transmission services over special circuits and private lines in our local exchange service areas.

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

We derived other revenues primarily by (i) leasing, selling, installing and maintaining customer premise telecommunications equipment and wiring, (ii) providing billing and collection services for third parties, (iii) participating in

the publication of local directories and (iv) offering our video services, as well as other new product offerings.

We are required to contribute to several universal service fund programs and generally include a surcharge amount on our customers' bills which is designed to recover our contribution costs. Such amounts are reflected on a gross basis in our statement of income (included in both operating revenues and expenses) and aggregated approximately \$20 million for both the six months ended June 30, 2009 and 2008.

#### (9) Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (revised), "Business Combinations" ("SFAS 141(R)"), which requires an acquiring entity to recognize all of the assets acquired and liabilities assumed in a transaction at the acquisition date fair value with limited exceptions. SFAS 141(R) also changes the accounting treatment for certain specific items, including acquisition costs, acquired contingent liabilities, restructuring costs, deferred tax asset valuation allowances and income tax uncertainties after the acquisition date. SFAS 141(R) is effective for us for all business combinations for which the acquisition date is on or after January 1, 2009. We will account for our acquisition of Embarq using the guidance of SFAS 141(R). During the first six months of 2009, we incurred approximately \$29.4 million of acquisition related expenses related to our acquisition of Embarq. Pursuant to SFAS 141(R), such costs are required to be expensed as incurred and are reflected in selling, general and administrative expense in our consolidated statement of income for the six months ended June 30, 2009.

In June 2008, the Financial Accounting Standards Board issued FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities". Based on this pronouncement, we have concluded that our outstanding non-vested restricted stock is a participating security and therefore should be included in the earnings allocation in computing earnings per share using the two-class method. The pronouncement is effective for us beginning in first quarter 2009 and requires us to recast our previously reported earnings per share using the methodology prescribed in FSP EITF 03-6-1. Our previously reported diluted earnings per share for the first six months 2008 (\$1.71 per share) has been recast using the guidance of FSP EITF 03-6-1 (\$1.70 per share). If our diluted earnings per share would have been calculated using the provisions of FSP EITF 03-6-1 for the full year 2008, our diluted earnings per share would have been \$3.52 per share as compared to \$3.56 per share.

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In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires noncontrolling interests to be recognized as equity in the consolidated balance sheets. In addition, net income attributable to such noncontrolling interests is required to be included in consolidated net income. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. Our financial statements as of and for the six months ended June 30, 2009 reflect our noncontrolling interests as prescribed by SFAS 160. Prior periods have been adjusted to reflect this presentation.

Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" ("SFAS 157") defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements required or permitted under other accounting pronouncements. SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used to measure fair value. These tiers include: Level 1 (defined as observable inputs such as quoted market prices in active markets); Level 2 (defined as inputs other than quoted prices in active markets that are either directly or indirectly observable); and Level 3 (defined as unobservable inputs in which little or no market data exists).

As of June 30, 2009, we held life insurance contracts with cash surrender value that are required to be measured at fair value on a recurring basis. The following table depicts these assets held and the related tier designation pursuant to SFAS 157.

| Description                                      | Balance       |                        |         |         |
|--|---------------|------------------------|---------|---------|
|  | June 30, 2009 | Level 1                | Level 2 | Level 3 |
|  |               | (Dollars in thousands) |         |         |
| Cash surrender value of life insurance contracts | \$ 95,863     | 95,863                 | -       | -       |

#### (10) Commitments and Contingencies

For a description of an inside wiring class action suit pending against CenturyTel, Inc., see the Annual Report on Form 10-K for the year ended December 31, 2008 filed by CenturyTel, Inc. For a description of certain environmental and class action retiree benefit program claims pending against Embarq or its subsidiaries, see the Annual Report on Form 10-K for the year ended December 31, 2008 and the Quarterly Report on Form 10-Q for the period ended March 31, 2009 filed by Embarq. During the second quarter of 2009, there were no material developments in any of these proceedings.

From time to time, we are involved in other proceedings incidental to our business, including administrative hearings of state public utility commissions relating primarily to rate making, actions relating to employee claims, occasional grievance hearings before labor regulatory agencies and miscellaneous third party tort actions. The outcome of these other proceedings is not predictable. However, we do not believe that the ultimate resolution of any of these other proceedings, after considering available insurance coverage, will have a material adverse effect on our financial position, results of operations or cash flows.

#### (11) Accounting for the Effects of Regulation

Through June 30, 2009, we have accounted for our regulated telephone operations (except for the properties acquired from Verizon in 2002) in accordance with the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71") under which actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to SFAS 71.

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In September 2008, we filed a petition with the FCC to convert our remaining rate-of-return study areas to price cap regulation and, to the extent necessary, requested limited waivers of certain pricing and universal service high-cost support rules related to our election. Such petition to convert to price cap regulation was approved in April 2009 with an effective date of July 1, 2009. As a result, we discontinued the accounting requirements of SFAS 71 as of July 1, 2009.

Upon the discontinuance of SFAS 71, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," requires us to write-off previously established regulatory assets and liabilities. Depreciation rates of certain assets established by regulatory authorities for our telephone operations subject to SFAS 71 have historically included a component for removal costs in excess of the related salvage value. Notwithstanding the adoption of Statement of Financial Accounting Standards No. 143 "Accounting for Asset Retirement Obligations" ("SFAS 143"), SFAS 71 required us to continue to reflect this accumulated liability for removal costs in excess of salvage value even though there was no legal obligation to remove the assets. Therefore, we did not adopt the provisions of SFAS 143 for our telephone operations subject to SFAS 71. Upon the discontinuance of SFAS 71, such accumulated liability for removal costs included in accumulated depreciation will be removed and an asset retirement obligation in accordance with SFAS 143 will be established. SFAS 101 further provides that the carrying amounts of property, plant and equipment are to be adjusted only to the extent the assets are impaired and that impairment shall be judged in the same manner as for nonregulated enterprises. We do not expect to record an impairment charge related to the carrying value of the property, plant and equipment of our regulated telephone operations as a result of the discontinuance of SFAS 71.

Upon the discontinuance of SFAS 71 in the third quarter of 2009, we expect to record a non-cash extraordinary gain in our consolidated statements of income comprised of the following components:

|   | Pre-tax<br>gain (loss) | After-tax<br>gain (loss) |
|---|------------------------|--------------------------|
|   | (Dollars in thousands) |                          |
| Elimination of removal costs embedded in accumulated depreciation | \$ 222,703             | 136,720                  |
| Establishment of asset retirement obligation                      | (989)                  | (607)                    |
| Elimination of other regulatory assets and liabilities            | (2,585)                | (1,587)                  |
| Net extraordinary gain  | \$ 219,129             | 134,526                  |

The above amounts are subject to further adjustments as we finalize our analysis of the impact of discontinuing the application of SFAS 71.

Historically, the depreciation rates we utilized for our telephone operations were based on rates established by regulatory authorities. Upon the discontinuance of SFAS 71, we will revise the lives of our property, plant and equipment to reflect the economic estimated remaining useful lives of the assets. In general, the estimated remaining useful lives of our telephone property will be lengthened as compared to the rates used that were established by regulatory authorities. Such lengthening of remaining useful lives reflects our expectations of future network utilization and capital expenditure levels required to provide service to our customers. Based on current estimates and assumptions, we expect such revisions in remaining useful lives of our assets to reduce depreciation expense by approximately \$80-90 million annually compared to depreciation expense based on depreciation rates established by regulators.

Upon the discontinuance of SFAS 71, we also will eliminate certain intercompany transactions with regulated affiliates that currently are not eliminated under the application of SFAS 71. For the first six months of 2009, approximately \$114 million of revenues (and an equal amount of corresponding costs) would have been eliminated had we not been subject to the provisions of SFAS 71. For regulatory purposes, the accounting and reporting of our telephone subsidiaries will not be affected by the discontinued application of SFAS 71.

**CenturyTel, Inc.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Overview**

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in our annual report on Form 10-K for the year ended December 31, 2008. The results of operations for the three months and six months ended June 30, 2009 are not necessarily indicative of the results of operations which might be expected for the entire year.

On July 1, 2009, we merged with Embarq Corporation in a transaction that substantially expanded the size and scope of our business. As a result of this merger, we are now an integrated communications company primarily engaged in providing an array of communications services in 33 states, including local and long distance voice, data, Internet access, broadband, and satellite video services. In certain local and regional markets, we also sell communications equipment and provide fiber transport, competitive local exchange carrier, security monitoring, and other communications, professional and business information services. We operate approximately 7.3 million access lines and serve approximately 2.1 million broadband customers, based on operating data as of June 30, 2009. For additional information on our legacy revenue sources prior to the merger, see Note 8. For additional information on the merger, see Note 2. For additional information on Embarq Corporation, which is now our wholly-owned subsidiary, see the periodic reports filed by it with the Securities and Exchange Commission.

During the second quarter and first six months of 2009, we incurred approximately \$22.5 million and \$29.4 million of acquisition related costs associated with our acquisition of Embarq. Such costs are reflected in selling, general and administrative expense in our second quarter and six months ended June 30, 2009 consolidated statements of income. As discussed in Note 2, during the first quarter of 2009 we incurred an \$8.0 million pre-tax charge (which is reflected in Other income (expense)) associated with our \$800 million bridge facility that we obtained in connection with entering into the Embarq merger agreement.

As discussed further in Note 5, upon the payment of lump sum distributions in early 2009 related to our Supplemental Executive Retirement Plan, we recognized a settlement loss of approximately \$7.7 million in the first quarter of 2009 (such amount is reflected in selling, general and administrative expense). In addition, due to Internal Revenue Code Section 162(m) limitations, a portion of the lump sum distributions made in the first quarter of 2009 are currently being reflected as non-deductible for income tax purposes and thus increased our effective income tax rate. See Note 7 for additional information. Certain merger related costs incurred during the first six months of 2009 are also non-deductible for income tax purposes and thus increased our effective income tax rate. Such increase in our effective tax rate was partially offset by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards. See "Income Tax Expense" below for additional information.

During the last several years (exclusive of acquisitions and certain non-recurring favorable adjustments), we have experienced revenue declines in our voice and network access revenues primarily due to the loss of access lines and minutes of use. In an attempt to mitigate these declines, we hope to, among other things, (i) promote long-term relationships with our customers through bundling of integrated services, (ii) provide new services, such as video and wireless broadband, and other additional services that may become available in the future due to advances in technology, wireless spectrum sales by the Federal Communications Commission (the "FCC") or improvements in our infrastructure, (iii) provide our broadband and premium services to a higher percentage of our customers, (iv) pursue acquisitions of additional communications properties if available at attractive prices, (v) increase usage of our networks and (vi) market our products to new customers.

*In addition to historical information, this management's discussion and analysis includes certain forward-looking statements that are based on current expectations only, and are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated or projected if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry (including the FCC's proposed rules regarding intercarrier compensation and the Universal Service Fund described in our prior filings with the Securities and Exchange Commission ("SEC")); our ability to effectively adjust to changes in the communications industry; our ability to successfully integrate Embarq into our operations, including realizing the anticipated benefits of the transaction and retaining and hiring key personnel; our ability to effectively manage our expansion opportunities; possible changes in the demand for, or pricing of, our products and services; our ability to successfully introduce new product or service offerings on a timely and cost-effective basis; our continued access to credit markets on favorable terms; our ability to collect our receivables from financially troubled communications companies; our ability to pay a \$2.80 per common share dividend annually, which may be affected by changes in our cash requirements, capital spending plans, cash flows or financial position; unanticipated increases in our capital expenditures; our ability to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; the effects of adverse weather; other risks referenced from time to time in this report or other of our filings with the SEC; and the effects of more general factors such as changes in interest rates, in tax rates, in accounting policies or practices, in operating, medical or administrative costs, in general market, labor or economic conditions, or in legislation, regulation or public policy. These and other uncertainties related to our business and our acquisition of Embarq are described in greater detail in Item 1A of Part II of this report. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the business or the extent to which any one or more factors may cause actual results to differ from those reflected in any forward-looking statements. You are further cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update any of our forward-looking statements for any reason.*

**RESULTS OF OPERATIONS****Three Months Ended June 30, 2009 Compared  
to Three Months Ended June 30, 2008**

Net income attributable to CenturyTel, Inc. was \$69.0 million and \$92.2 million for the second quarter of 2009 and 2008, respectively. Diluted earnings per share for the first quarter of 2009 and 2008 was \$.68 and \$.88, respectively. The decline in the number of average diluted shares outstanding is primarily attributable to share repurchases subsequent to June 30, 2008.

|   | Three months<br>ended June 30, |          |
|---|--------------------------------|----------|
|   | 2009                           | 2008     |
| (Dollars, except per share amounts,<br>and shares in thousands) |                                |          |
| Operating income  | \$ 149,443                     | 180,690  |
| Interest expense  | (44,937)                       | (49,166) |
| Other income (expense)  | 7,635                          | 13,204   |
| Income tax expense  | (42,813)                       | (52,264) |
| Net income  | 69,328                         | 92,464   |
| Less: Net income attributable to noncontrolling interests       | (298)                          | (297)    |
| Net income attributable to CenturyTel, Inc.                     | \$ 69,030                      | 92,167   |
| Basic earnings per share  | \$ .68                         | .88      |
| Diluted earnings per share                                      | \$ .68                         | .88      |
| Average basic shares outstanding                                | 99,414                         | 103,644  |
| Average diluted shares outstanding                              | 99,450                         | 103,999  |

Operating income decreased \$31.2 million (17.3%) due to a \$23.6 million (3.6%) decrease in operating revenues and a \$7.6 million (1.6%) increase in operating expenses.

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## Operating Revenues

|                          | Three months<br>ended June 30, |                |
|--------------------------|--------------------------------|----------------|
|                          | 2009                           | 2008           |
|                          | (Dollars in thousands)         |                |
| Voice                    | \$ 207,603                     | 219,901        |
| Network access           | 190,366                        | 207,904        |
| Data                     | 142,923                        | 131,060        |
| Fiber transport and CLEC | 41,764                         | 43,166         |
| Other                    | 51,813                         | 56,075         |
|                          | <u>\$ 634,469</u>              | <u>658,106</u> |

The \$12.3 million (5.6%) decrease in voice revenues is primarily due to (i) an \$8.0 million decrease due to a 6.8% decline in the average number of access lines and (ii) a \$3.4 million decrease in custom calling feature revenues primarily due to the continued migration of customers to bundled service offerings at a lower effective rate.

Access lines declined 33,500 during the second quarter of 2009 compared to a decline of 30,600 during the second quarter of 2008. We believe the decline in the number of access lines during 2009 and 2008 is primarily due to the displacement of traditional wireline telephone services by other competitive services and recent economic conditions. Based on our current retention initiatives, we estimate that our access line loss will be between 330,000 and 380,000 lines for the last half of 2009 (including anticipated access line loss from the Embarq properties acquired on July 1, 2009).

Network access revenues decreased \$17.5 million (8.4%) in the second quarter of 2009 primarily due to (i) a \$7.7 million decrease as a result of lower intrastate revenues due to a reduction in intrastate minutes (principally due to the loss of access lines and the displacement of minutes by wireless, electronic mail and other optional calling services); (ii) a \$4.1 million decrease in interstate revenues primarily due to the partial recovery of lower operating costs through revenue sharing arrangements and return on rate base; and (iii) a \$3.2 million reduction in revenues from the federal Universal Service Fund primarily due to an increase in the nationwide average cost per loop factor used by the Federal Communications Commission to allocate funds among all recipients. We believe that intrastate minutes will continue to decline in 2009, although we cannot precisely estimate the magnitude of such decrease.

Data revenues increased \$11.9 million (9.1%) substantially due to an \$11.6 million increase in DSL-related revenues primarily due to growth in the number of DSL customers.

Fiber transport and CLEC revenues decreased \$1.4 million (3.2%) primarily due to (i) a \$1.6 million decrease in CLEC revenues due to the divestiture of six CLEC markets that were consummated in the second and third quarters of 2008 and (ii) a \$1.2 million decrease due to CLEC customer disconnects. Such decreases were partially offset by a \$2.0 million increase in revenues of our incumbent fiber transport business.

Other revenues decreased \$4.3 million (7.6%) primarily due to a decrease in certain non-regulated product sales and service offerings.

## Operating Expenses

|  | Three months<br>ended June 30, |                |
|--|--------------------------------|----------------|
|  | 2009                           | 2008           |
|  | (Dollars in thousands)         |                |
| Cost of services and products (exclusive of depreciation and amortization) | \$ 235,732                     | 239,626        |
| Selling, general and administrative  | 120,742                        | 106,836        |
| Depreciation and amortization  | 128,552                        | 130,954        |
|  | <u>\$ 485,026</u>              | <u>477,416</u> |

Cost of services and products decreased \$3.9 million (1.6%) primarily due to (i) a \$2.8 million decrease in CLEC expenses primarily due to a reduction in costs due to the above-described divestiture of six CLEC markets, (ii) a \$2.4 million decrease in plant operations expenses primarily due to lower maintenance and repairs costs and (iii) a \$2.4 million decrease in access expense. Such decreases were partially offset by a \$6.2 million increase in DSL-related expenses due to growth in the number of DSL customers.

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Selling, general and administrative expenses increased \$13.9 million (13.0%) primarily due to \$22.5 million of acquisition related costs associated with our acquisition of Embarq. Such increase was partially offset by (i) a \$7.7 million curtailment loss recorded in the second quarter of 2008 related to our Supplemental Executive Retirement Plan (see Note 5) and (ii) a \$2.6 million decrease in marketing expenses.

Depreciation and amortization decreased \$2.4 million (1.8%) primarily due to a \$7.1 million reduction in depreciation expense due to certain assets becoming fully depreciated. Such decrease was partially offset by a \$4.9 million increase due to higher levels of plant in service.

## Interest Expense

Interest expense decreased \$4.2 million (8.6%) in the second quarter of 2009 compared to the second quarter of 2008 primarily due to a \$1.7 million decrease due to the favorable resolution of transaction tax audit issues, a \$1.3 million decrease as a result of a decrease in average debt outstanding and a \$1.2 million reduction due to lower average interest rates.

## Other Income (Expense)

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains and losses from nonoperating asset dispositions and impairments, our share of income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$7.6 million for the second quarter of 2009 compared to \$13.2 million for the second quarter of 2008. The second quarter of 2008 included a \$4.5 million gain realized upon the liquidation of our investments in marketable securities in our SERP trust.

## Income Tax Expense

Our effective income tax rate was 38.3% and 36.2% for the three months ended June 30, 2009 and June 30, 2008, respectively. Such increase in the effective tax rate was caused by certain of our Embarq merger related integration costs which are considered non-deductible for income tax purposes.



**Six Months Ended June 30, 2009 Compared  
to Six Months Ended June 30, 2008**

Net income attributable to CenturyTel, Inc. was \$136.2 million and \$180.9 million for the first six months of 2009 and 2008, respectively. Diluted earnings per share for the first six months of 2009 and 2008 was \$1.35 and \$1.70, respectively. The decline in the number of average diluted shares outstanding is attributable to share repurchases after June 30, 2008.

|   | Six months<br>ended June 30,                                    |           |
|---|---|-----------|
|   | 2009  | 2008      |
|   | (Dollars, except per share amounts,<br>and shares in thousands) |           |
| Operating income  | \$ 313,780  | 364,183   |
| Interest expense  | (96,969)  | (99,288)  |
| Other income (expense)                                    | 5,817   | 21,867    |
| Income tax expense  | (85,920)  | (105,292) |
| Net income  | 136,708   | 181,470   |
| Less: Net income attributable to noncontrolling interests | (524)   | (543)     |
| Net income attributable to CenturyTel, Inc.               | \$ 136,184  | 180,927   |
| Basic earnings per share                                  | \$ 1.35   | 1.71      |
| Diluted earnings per share                                | \$ 1.35   | 1.70      |
| Average basic shares outstanding                          | 99,270  | 104,893   |
| Average diluted shares outstanding                        | 99,297  | 105,337   |

Operating income decreased \$50.4 million (13.8%) due to a \$35.9 million (2.7%) decrease in operating revenues and a \$14.5 million (1.5%) increase in operating expenses.

**Operating Revenues**

|                          | Six months<br>ended June 30, |           |
|--------------------------|------------------------------|-----------|
|                          | 2009                         | 2008      |
|                          | (Dollars in thousands)       |           |
| Voice                    | \$ 417,521                   | 440,381   |
| Network access           | 383,210                      | 416,602   |
| Data                     | 282,860                      | 257,832   |
| Fiber transport and CLEC | 83,262                       | 82,799    |
| Other                    | 104,001                      | 109,106   |
|                          | \$ 1,270,854                 | 1,306,720 |

The \$22.9 million (5.2%) decrease in voice revenues is primarily due to (i) a \$15.3 million decrease due to a 6.7% decline in the average number of access lines and (ii) a \$6.5 million decrease in custom calling feature revenues primarily due to the continued migration of customers to bundled service offerings at a lower effective rate.

Access lines declined 65,000 during the first six months of 2009 compared to a decline of 58,000 during the first six months of 2008. We believe the decline in the number of access lines during 2009 and 2008 is primarily due to the displacement of traditional wireline telephone services by other competitive services and recent economic conditions. Based on our current retention initiatives, we estimate that our access line loss will be between 330,000 and 380,000 lines (including anticipated access line loss from the Embarq properties acquired on July 1, 2009).

Network access revenues decreased \$33.4 million (8.0%) in the first six months of 2009 primarily due to (i) a \$17.1 million decrease as a result of lower intrastate revenues due to a reduction in intrastate minutes (principally due to the loss of access lines and the displacement of minutes by wireless, electronic mail and other optional calling services); (ii) \$8.2 million decrease in interstate revenues primarily due to the partial recovery of lower operating costs through revenue sharing arrangements and return on rate base; and (iii) a \$6.7 million reduction in revenues from the federal Universal Service Fund primarily due to an increase in the nationwide average cost per loop factor used by the Federal Communications Commission to allocate funds among all recipients. We believe that intrastate minutes will continue to decline in 2009, although we cannot precisely estimate the magnitude of such decrease.

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Data revenues increased \$25.0 million (9.7%) substantially due to a \$22.5 million increase in DSL-related revenues primarily due to growth in the number of DSL customers.

Fiber transport and CLEC revenues increased \$463,000 (0.6%) primarily due to a \$5.2 million increase in revenues of our incumbent fiber transport business. Such increase was substantially offset by a \$3.2 million decrease in CLEC revenues primarily due to the divestiture of six CLEC markets that were consummated in the second and third quarters of 2008 and a \$1.6 million decrease due to CLEC customer disconnects.

Other revenues decreased \$5.1 million (4.7%) primarily due to a decrease in certain non-regulated product sales and service offerings.

**Operating Expenses**

|  | Six months<br>ended June 30, |         |
|--|------------------------------|---------|
|  | 2009                         | 2008    |
|  | (Dollars in thousands)       |         |
| Cost of services and products (exclusive of depreciation and amortization) | \$ 470,363                   | 477,438 |
| Selling, general and administrative  | 230,587                      | 198,461 |
| Depreciation and amortization  | 256,124                      | 266,638 |
|  | \$ 957,074                   | 942,537 |

Cost of services and products decreased \$7.1 million (1.5%) primarily due to (i) a \$4.3 million decrease in CLEC expenses due to a reduction in costs as a result of the above-described divestiture of six CLEC markets, (ii) a \$3.4 million decrease in access expense, (iii) a \$3.4 million decrease in customer service related expenses; (iv) a \$2.1 million reduction in expenses associated with new product offerings and (iv) a \$1.9 million decrease in plant operations expenses primarily due to lower maintenance and repairs costs. Such decreases were partially offset by a \$10.7 million increase in DSL-related expenses due to growth in the number of DSL customers.



Selling, general and administrative expenses increased \$32.1 million (16.2%) primarily due to (i) \$29.4 million of acquisition related costs associated with our acquisition of Embarq and (ii) a \$5.2 million increase in bad debt expense. Such increases were partially offset by a \$3.7 million decrease in marketing expense.

Depreciation and amortization decreased \$10.5 million (3.9%) primarily due a \$16.7 million reduction in depreciation expense due to certain assets becoming fully depreciated. Such decrease was partially offset by an \$8.1 million increase due to higher levels of plant in service.

#### **Interest Expense**

Interest expense decreased \$2.3 million (2.3%) in the first six months of 2009 compared to the first six months of 2008 due to a \$2.6 million reduction due to lower average interest rates, a \$1.7 million decrease due to the favorable resolution of transaction tax audit issues, partially offset by a \$2.5 million increase as a result of an increase in average debt outstanding.

#### **Other Income (Expense)**

Other income (expense) includes the effects of certain items not directly related to our core operations, including gains and losses from nonoperating asset dispositions and impairments, our share of income from our 49% interest in a cellular partnership, interest income and allowance for funds used during construction. Other income (expense) was \$5.8 million for the first six months of 2009 compared to \$21.9 million for the first six months of 2008. Included in the first six months of 2009 is an \$8.0 million pre-tax charge associated with our \$800 million bridge credit facility (see Note 2 for additional information). Included in the first six months of 2008 is (i) a pre-tax gain of \$4.5 million upon the liquidation of our investments in marketable securities in our SERP trust, (ii) a pre-tax gain of approximately \$4.1 million from the sale of a nonoperating investment, and (iii) a \$3.4 million pre-tax charge related to terminating all of our existing derivative instruments in the first quarter of 2008. Our share of income from our 49% interest in a cellular partnership increased \$1.2 million in the first six months of 2009 compared to the first six months of 2008.

#### **Income Tax Expense**

Our effective income tax rate was 38.7% and 36.8% for the six months ended June 30, 2009 and June 30, 2008, respectively. The lump sum distributions attributable to certain executive officers that were made in connection with discontinuing the Supplemental Executive Retirement Plan (see Note 5) are currently being reflected as non-deductible for income tax purposes pursuant to Internal Revenue Code Section 162(m) limitations. However, due to the consummation of the Embarq acquisition on July 1, 2009, we believe the payments could potentially be deductible. We plan to obtain a Private Letter Ruling from the Internal Revenue Service in relation to the treatment of these distributions. If a favorable ruling is received, the distributions will be treated as deductible and the income tax benefit will be recognized in the period such ruling is received. The treatment of the distributions as non-deductible resulted in the recognition of approximately \$6.7 million of income tax expense in the first quarter of 2009 above amounts that would have been recognized had such payments been deductible for income tax purposes. Such increase in income tax expense was partially offset by a \$5.8 million reduction in income tax expense caused by a reduction to our deferred tax asset valuation allowance associated with state net operating loss carryforwards due to a law change in one of our operating states that we believe will allow us to utilize our net operating loss carryforwards in the future. Prior to the law change, such net operating loss carryforwards were fully reserved as it was more likely than not that these carryforwards would not be utilized prior to expiration. In addition, certain of our Embarq merger related integration costs are non-deductible for income tax purposes.

### **LIQUIDITY AND CAPITAL RESOURCES**

Excluding cash used for acquisitions, we rely on cash provided by operations to fund our operating and capital expenditures. During the last few months of 2008, we borrowed against our long-term revolving credit facility and held excess cash to provide us flexibility in the challenging economic environment. As a result, our working capital position was positive as of December 31, 2008. During the first six month of 2009, we repaid a portion of these borrowings which has resulted in a negative working capital position as of June 30, 2009, which is more representative of our typical working capital position. Our operations have historically provided a stable source of cash flow which has helped us continue our long-term program of capital improvements.

Net cash provided by operating activities was \$482.2 million during the first six months of 2009 compared to \$427.0 million during the first six months of 2008. Payments for income taxes decreased to \$24.2 million during the first six months of 2009 from \$136.1 million during the first six months of 2008 due to overpayments of 2008 taxes that enabled us to lower our first quarter 2009 estimated tax payments. The lump sum distributions associated with the discontinuance of the Supplemental Executive Retirement Plan were paid in early 2009 and aggregated approximately \$37 million. Our accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to our operations, see Results of Operations.

Net cash used in investing activities was \$130.6 million and \$226.1 million for the six months ended June 30, 2009 and 2008, respectively. Payments for property, plant and equipment were \$130.8 million in the first six months of 2009 and \$114.4 million in the first six month of 2008. The first six months of 2009 capital expenditures included approximately \$20 million related to the integration of Embarq. Our budgeted capital expenditures for the last half of 2009 are expected to be between \$525-\$575 million, which includes capital expenditures related to the Embarq properties acquired on July 1, 2009, but excludes one-time integration-related capital expenditures.

During 2008, we paid an aggregate of approximately \$149 million for 69 licenses in the Federal Communications Commission's ("FCC") auction of 700 megahertz ("MHz") wireless spectrum. We are still in the planning stages regarding the use of this spectrum. However, based on our preliminary analysis, we are considering developing wireless voice and data service capabilities based on equipment using LTE (Long-Term Evolution) technology. Given that data devices are not expected to be commercially available until 2010 and voice devices are not expected to be available until 2012, we do not expect our deployment to result in any material impact to our capital and operating budgets for 2009. We do anticipate conducting trials in 2010, followed by selective market deployments in late 2010 and early 2011.

Net cash used in financing activities was \$535.8 million during the first six months of 2009 compared to \$171.4 million during the first six months of 2008. We made \$394.7 million of debt payments (substantially all of which related to our revolving credit facility) in the first six months of 2009 primarily from cash on hand. In the first six months of 2008, we paid our \$240 million Series F Senior Notes at maturity primarily using borrowings from our credit facility. In accordance with previously announced stock repurchase programs, we repurchased 6.0 million shares (for \$209.7 million) in the first six months of 2008. We suspended our current share repurchase program pending completion of our acquisition of Embarq.

In June 2008, our Board of Directors (i) increased our annual cash dividend to \$2.80 from \$2.27 per share and (ii) declared a one-time dividend of \$.6325 per share, which was paid in July 2008, effectively adjusting the total second quarter dividend to the new \$.70 quarterly dividend rate. Following the closing of the Embarq merger, we expect to continue our current dividend practice and resume share repurchases, subject to our intention to maintain investment grade credit ratings on our senior debt and any other factors that our board in its discretion deems relevant.

In the first quarter of 2008, we received a net cash settlement of approximately \$20.7 million from the termination of all of our existing derivative instruments. See "Market Risk" below for additional information concerning the termination of these derivatives.

During 2008, we suffered a substantial loss on our pension plan assets. If our actual return on plan assets continues to be lower than our assumed rate of return, we will be required to contribute additional funds to our pension plan after 2009. For further information, see Part I, Item 3, of this report.

On July 1, 2009, we consummated the acquisition of Embarq Corporation by issuing approximately \$6.0 billion of CenturyTel common stock (valued as of June 30, 2009). We financed our merger transaction expenses with (i) available cash of the combined company and (ii) proceeds from CenturyTel's and Embarq's existing revolving credit facilities. As previously announced, Embarq amended its credit facility to enable the facility to remain in place as an \$800 million unsecured revolving credit facility after the completion of the merger through May 2011. See Note 2 for additional information.

Subsequent to the merger, we have available two revolving credit facilities, (i) a five-year, \$728 million revolving credit facility of CenturyTel which expires in December 2011 and (ii) an \$800 million unsecured revolving credit facility of Embarq which expires in May 2011. Up to \$250 million of the credit facilities can be used for letters of credit, which reduces the amount available for other extensions of credit. Available borrowings under these credit facilities are also effectively reduced by any outstanding borrowings under our commercial paper program. Our commercial paper program borrowings are effectively limited to the total amount available under the two credit facilities. As of July 31, 2009, we had approximately \$124.1 million outstanding under our credit facilities (all of which relates to CenturyTel's facility) and no amounts outstanding under our commercial paper program.



Item 3.

**CenturyTel, Inc.**

QUANTITATIVE AND QUALITATIVE  
DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates on our long-term debt obligations. We have estimated our market risk using sensitivity analysis. Market risk is defined as the potential change in the fair value of a fixed-rate debt obligation due to a hypothetical adverse change in interest rates. We determine fair value on long-term debt obligations based on a discounted cash flow analysis, using the rates and maturities of these obligations compared to terms and rates currently available in the long-term financing markets. The results of the sensitivity analysis used to estimate market risk are presented below, although the actual results may differ from these estimates.

At June 30, 2009, we estimated the fair value of our long-term debt to be \$2.7 billion based on the overall weighted average rate of our debt of 6.3% and an overall weighted maturity of 7 years compared to terms and rates currently available in long-term financing markets. Market risk is estimated as the potential decrease in fair value of our long-term debt resulting from a hypothetical increase of 63 basis points in interest rates (ten percent of our overall weighted average borrowing rate). Such an increase in interest rates would result in approximately an \$82.2 million decrease in fair value of our long-term debt at June 30, 2009. As of June 30, 2009, approximately 94% of our long-term debt obligations were fixed rate. A 100 basis point change in variable interest rates would have had a pre-tax impact of approximately \$1.8 million on our results of operations and cash flows for the six months ended June 30, 2009.

We seek to maintain a favorable mix of fixed and variable rate debt in an effort to limit interest costs and cash flow volatility resulting from changes in rates. From time to time over the past several years, we have used derivative instruments to (i) lock-in or swap our exposure to changing or variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. We do not hold or issue derivative financial instruments for trading or speculative purposes. Management periodically reviews our exposure to interest rate fluctuations and implements strategies to manage the exposure.

In January 2008, we terminated all of our existing "fixed to variable" interest rate swaps associated with the \$500 million principal amount of our Series L senior notes, due 2012. In connection with the termination of these derivatives, we received aggregate cash payments of approximately \$25.6 million, which has been reflected as a premium of the associated long-term debt and is being amortized as a reduction of interest expense through 2012 using the effective interest method. In addition, in January 2008, we also terminated certain other derivatives that were not deemed to be effective hedges. Upon the termination of these derivatives, we paid an aggregate of approximately \$4.9 million (and recorded a \$3.4 million pre-tax charge in the first quarter of 2008 related to the settlement of these derivatives). As of June 30, 2009, we had no derivative instruments outstanding.

We are also exposed to market risk from changes in the fair value of our pension plan assets. While our pension plan asset returns have been positive for the first six months of 2009, the loss on our incumbent pension plan assets was approximately 28% for 2008. If our actual return on plan assets continues to be significantly lower than our 8.25% expected return assumption, our net periodic pension expense will increase in the future and we will be required to contribute additional funds to our pension plans after 2009.

Certain shortcomings are inherent in the method of analysis presented in the computation of fair value of financial instruments. Actual values may differ from those presented if market conditions vary from assumptions used in the fair value calculations. The analysis above incorporates only those risk exposures that existed as of June 30, 2009.

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Item 4.

**CenturyTel, Inc.**

CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to provide reasonable assurances that information required to be disclosed by us in the reports we file under the Securities Exchange Act of 1934 is timely recorded, processed, summarized and reported as required. Our Chief Executive Officer, Glen F. Post, III, and our Chief Financial Officer, R. Stewart Ewing, Jr., have evaluated our disclosure controls and procedures as of June 30, 2009. Based on that evaluation, Messrs. Post and Ewing concluded that our disclosure controls and procedures have been effective in providing reasonable assurance that they have been timely alerted of material information required to be filed in this report. Since the date of Messrs. Post's and Ewing's most recent evaluation, we did not make any change to our internal control over financial reporting that materially affected, or that we believe is reasonably likely to materially affect, our internal control over financial reporting. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and contingencies, and there can be no assurance that any design will succeed in achieving its stated goals. Because of inherent limitations in any control system, misstatements due to error or fraud could occur and not be detected.

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**CenturyTel, Inc.**Item 1. Legal Proceedings.

See Note 11 to the financial statements included in Part I, Item 1, of this report.

Item 1A. Risk Factors.

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

***Risks Related to Our Business***

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

Our business generates a substantial portion of its revenues by delivering voice and data services over access lines. We have experienced substantial access line losses over the past several years due to a number of factors, including increased competition and wireless and broadband substitution. We expect to continue to experience access line losses in our markets for an unforeseen period of time. Our inability to retain access lines could adversely impact our revenues, earnings and cash flow from operations.

***Weakness in the economy and credit markets may adversely affect our future results of operations.***

To date, our operations and liquidity has not been materially impacted by recent weaknesses in the credit markets; however, these weaknesses may negatively impact our operations in the future if overall borrowing rates increase. In addition, if the economy and credit markets continue to remain weak, it may impact our ability to collect receivables from our customers and other communications companies. This weakness may also cause our customers to reduce or terminate their receipt of service offerings from us. Economic weakness could also negatively affect our vendors. Such events would negatively impact our results of operations. We cannot predict with certainty the impact to us of any further deterioration or weakness in the overall economy and credit markets.

We are also exposed to market risk from changes in the fair value of our pension plan assets. Should our actual return on plan assets continue to be significantly lower than our 8.25% expected return assumption, our net periodic pension expense and our required cash contribution to our pension plan will increase in future periods. Such events would negatively impact our results of operations and cash flow.

***We face competition, which we expect to intensify and which may reduce market share and lower profits.***

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

Our competitive position could be weakened in the future by strategic alliances or consolidation within the communications industry or the development of new technologies. Our ability to compete successfully will depend on how well we market our products and services and on our ability to anticipate and respond to various competitive and technological factors affecting the industry, including changes in regulation (which may affect us differently from our competitors), changes in consumer preferences or demographics, and changes in the product offerings or pricing strategies of our competitors.

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

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

***We could be harmed by rapid changes in technology.***

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

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

The telephone industry has recently experienced a decline in access lines and intrastate minutes of use, which, coupled with the other changes resulting from competitive, technological and regulatory developments, could materially adversely affect our core business and future prospects. As explained in greater detail in our Annual Report on 10-K for the year ended December 31, 2008, our access lines (excluding the effect of acquisitions) have decreased over the last several years, and we expect this trend to continue. We have also earned less intrastate revenues in recent years due to reductions in intrastate minutes of use (partially due to the displacement of minutes of use by wireless, electronic mail and other optional calling services). We believe that our intrastate minutes of use will continue to decline, although the magnitude of such decrease is uncertain.

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

Recently, we broadened our services and products by offering satellite television services as part of our bundled product and service offerings. Our reliance on other companies and their networks to provide these services could constrain our flexibility and limit the profitability of these new offerings. We provide facilities-based digital video services to select markets and may initiate other new service or product offerings in the future, including new offerings exploiting the 700 MHz spectrum that we purchased in 2008. We anticipate that these new offerings will generate lower profit margins than many of our traditional services. We cannot assure you that our recent or future diversification efforts will be successful.

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

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

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

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

Following our recent Embarq merger, we may continue to expand our operations through additional acquisitions and new product and service offerings, some of which involve complex technical, engineering, and operational challenges. Our future success depends, in part, upon our ability to manage our expansion opportunities, which pose substantial challenges for us to integrate new operations into our existing business in an efficient and timely manner, to successfully monitor our operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. We cannot assure you that our expansion or acquisition opportunities will be successful, or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

***Network disruptions or system failures could adversely affect our operating results and financial condition.***

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

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

Disruptions or system failures may cause interruptions in service or reduced capacity for customers. If service is not restored in a timely manner, agreements with our customers or service standards set by state regulatory commissions could obligate us to provide credits or other remedies. If network security is breached, confidential information of our customers or others could be lost or misappropriated, and we may be required to expend additional resources modifying network security to remediate vulnerabilities. The occurrence of any disruption or system failure may result in a loss of business, increase expenses, damage our reputation, subject us to additional regulatory scrutiny or expose us to civil litigation and possible financial losses that may not be fully covered through insurance, any of which could have a material adverse effect on our results of operations and financial condition.

***We face hurricane and other natural disaster risks, which can disrupt our operations and cause us to incur substantial additional capital costs.***

A substantial number of our access lines are located in Florida, Alabama, Louisiana, Texas, North Carolina, and South Carolina, and our operations there are subject to the risks associated with severe tropical storms, hurricanes and tornadoes, including downed telephone lines, power-outages, damaged or destroyed property and equipment, and work interruptions.

Although we maintain property and casualty insurance and may under certain circumstances be able to seek recovery of some additional costs through increased rates, only a portion of our additional costs directly related to such hurricanes and natural disasters have historically been recoverable. We cannot predict whether we will continue to be able to obtain insurance for hazard-related damages or, if obtainable and carried, whether this insurance will be adequate to cover our losses. In addition, we expect any insurance of this nature to be subject to substantial deductibles and to provide for premium adjustments based on claims. Any future hazard-related costs and work interruptions could adversely affect our operations and our financial condition.

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

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

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

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

***We may not own or have a license to use all technology that may be necessary to expand our product offerings, either of which could adversely affect our business and profitability.***

We may need to obtain the right to use certain patents from third parties to be able to offer new products and services. If we cannot license or otherwise obtain rights to use any required technology from a third party on reasonable terms, our ability to offer new IP-based products and services, including VoIP, or other new offerings may be restricted, made more costly or delayed. Our inability to implement IP-based or other new offerings on a cost-effective basis could impair our ability to successfully meet increasing competition from companies offering voice or integrated communications services. Our inability to deploy new technologies could also prevent us from successfully diversifying, modifying or bundling our service offerings and result in accelerated loss of access lines and revenues or otherwise adversely affect our business and profitability.

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

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

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

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

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

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

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*We depend on key members of our senior management team.*

Our success depends largely on the skills, experience and performance of a limited number of senior officers. Competition for senior management in our industry is intense and we may have difficulty retaining our current senior managers or attracting new ones in the event of terminations or resignations. For a discussion of similar concerns relating to the Embarq merger, see below “Risks Related to our Acquisition of Embarq on July 1, 2009 – Following the merger, we may be unable to retain key employees.”

*We could be affected by certain changes in labor matters.*

As of July 1, 2009, over 30% of our employees were members of 47 separate bargaining units represented by two different unions. From time to time, our labor agreements with these unions lapse, and we typically negotiate the terms of new agreements. We cannot predict the outcome of these negotiations. We may be unable to reach new agreements, and union employees may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. In addition, new labor agreements may impose significant new costs on us, which could impair our financial condition or results of operations in the future. Moreover, our post-employment benefit offerings cause us to incur costs not faced by many of our competitors, which could ultimately hinder our competitive position.

#### ***Risks Related to our Acquisition of Embarq on July 1, 2009***

*We expect to incur substantial expenses related to the integration of Embarq.*

We expect to incur substantial expenses in connection with integrating the business, policies, procedures, operations, technologies and systems of Embarq with ours. There are a large number of systems that must be integrated, including management information, purchasing, accounting and finance, sales, billing, payroll and benefits, fixed asset and lease administration systems and regulatory compliance. In addition, we expect to incur integration costs related to employee severance programs and branding initiatives associated with changing the Company’s name to CenturyLink. As explained in our other recent reports filed with the Securities and Exchange Commission, there are a number of factors beyond our control that could affect the total amount or timing of our expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. These expenses could, particularly in the near term, exceed the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings and revenue enhancements related to the integration of the businesses. These integration expenses likely will result in us taking significant charges against earnings following the completion of the merger, but the amount and timing of such charges are uncertain at present.

*We may be unable to successfully integrate our legacy business and Embarq’s business and realize the anticipated benefits of the merger.*

The merger combined two companies which previously operated as independent public companies. As a result of the merger, we will be required to devote significant management attention and resources to integrating the business practices and operations of the two companies. Potential difficulties that we may encounter in the integration process include the following:

- the inability to successfully combine our legacy business and Embarq’s business in a manner that permits us to achieve the cost savings and operating synergies anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;
- lost revenues or opportunities as a result of current or potential customers or strategic partners of either of the two companies deciding to delay or forego business with the combined company;
- complexities associated with managing the combined businesses;

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- integrating personnel from the two predecessor companies while maintaining focus on providing consistent, high quality products and customer service;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management’s attention caused by integrating the companies’ operations.

It is possible that the integration process could result in the diversion of management’s attention, disruptions in our ongoing businesses, or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, vendors and employees or our ability to achieve the anticipated benefits of the merger, or could reduce the earnings or otherwise adversely affect our business and financial results.

*Following the merger, we may be unable to retain key employees.*

Our success will depend in part upon our ability to retain key employees. Key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with us following the merger. Accordingly, no assurance can be given that we will be able to retain key employees to the same extent as in the past.

*In connection with completing the merger, we have launched branding initiatives that are likely to involve substantial costs and may not be favorably received by customers.*

Upon completion of the merger, we changed our brand name to CenturyLink, although we will continue for an interim period to use the “CenturyTel” and “Embarq” brand names and will not formally change our name until we receive shareholder approval in 2010. We will incur substantial capital and operating costs in rebranding our products and services. There is no assurance that we will be able to achieve name recognition or status under our new brand that is comparable to the recognition and status previously enjoyed. The failure of these initiatives could adversely affect our ability to attract and retain customers after the merger, resulting in reduced revenues.

*In connection with approving the merger, the Federal Communications Commission has imposed conditions that could increase our future capital costs and limit our operating flexibility.*

In connection with approving the merger, the Federal Communications Commission issued a publicly-available order that imposed a comprehensive set of conditions on our operations over the next one to three years. Among other things, these conditions commit us (i) to make broadband service available to all of our residential and single line business customers within three years of the closing, (ii) to meet various targets regarding the speed of our broadband services, (iii) to enhance the wholesale service levels in our legacy markets to match the service levels in Embarq’s markets and (iv) to forbear for one year from altering the current status of any facility providing “unbundled” access to our network or to request any new pricing flexibility for special access services in our markets. Although most of these commitments largely correspond to our business strategies, they could increase our overall future capital or operating costs or limit our flexibility to deploy capital in response to changing market conditions. Moreover, if for any reason we fail to meet any of these commitments, the Federal Communications Commission could assess penalties or fines or impose additional orders regulating our operations.

*Restrictions in Embarq’s patent agreement with its former parent company could adversely affect our ability to engage in certain transactions or operations.*

Embarq’s 2006 patent agreement with Sprint Nextel Corporation includes certain limitations on acquisitions that could prohibit certain new companies that we acquire, or operations that are integrated with new acquisitions, from having the benefit of the patent agreement with Sprint Nextel. Although we believe that Embarq will retain its benefits as a licensee under the patent agreement following its recent merger with us, it is possible that Sprint Nextel could allege that under certain circumstances the integration of Embarq and CenturyTel terminates Embarq’s rights to use some or all of the patents governed by the patent agreement. The benefits of the patent agreement do not extend to CenturyTel, as the parent corporation of Embarq, or any companies under common control with Embarq. These limitations may make it more difficult or expensive to integrate part of our operations with Embarq, or alternatively increase our costs to gain access to technology if the benefits of the patent agreement terminate. Divestitures of certain assets and operations historically owned by Embarq could also be restricted because the benefits of the agreement would continue to apply only if divested operations or assets are isolated from the other members of the corporate group making the acquisition and only if the business is conducted in substantially the same manner and in substantially the same geographic area that it was conducted before the divestiture. These limitations may make certain assets less attractive to a potential acquirer and could reduce the value that an acquirer would be willing to pay for the assets.

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*In connection with completing the merger, we assumed various contingent liabilities and a sizable underfunded pension plan of Embarq, which could negatively impact our future financial position or performance.*

Upon consummating the merger, Embarq became our wholly-owned subsidiary and remains responsible for all of its pre-closing contingent liabilities, including Embarq's previously-disclosed risks arising under its tax sharing agreement with Sprint Nextel Corporation, its retiree benefit litigation, and various environmental claims. Embarq also remains responsible for benefits under its existing defined benefit pension plan, which as of the acquisition date was in an underfunded position. If any of these matters give rise to material liabilities, our consolidated operating results or financial position will be negatively affected.

#### ***Risks Related to Our Regulatory Environment***

##### ***Our revenues could be materially reduced or our expenses materially increased by changes in regulations, including those recently proposed by the chairman of the FCC.***

The majority of our revenues are substantially dependent upon regulations which, if changed, could result in material revenue reductions. Laws and regulations applicable to us and our competitors have been and are likely to continue to be subject to ongoing changes and court challenges, which could also affect our revenues.

*Risk of loss or reduction of network access charge revenues or support fund payments.* A significant portion of our revenues are derived from access charge revenues that are paid to us by long distance carriers based largely on rates set by federal and state regulatory bodies. In particular, the FCC regulates tariffs for interstate access and subscriber line charges, both of which are components of our revenues. The FCC has been considering comprehensive reform of its intercarrier compensation rules for several years. Any reform eventually adopted by the FCC will likely involve significant changes in the access charge system and could potentially result in a significant decrease or elimination of access charges altogether. In addition, our financial results could be harmed if carriers that use our access services become financially distressed or bypass our networks, either due to changes in regulation or other factors. Furthermore, access charges currently paid to us could be diverted to competitors who enter our markets or expand their operations, either due to changes in regulation or otherwise.

We receive a substantial portion of our revenues from the federal Universal Service Fund ("USF"), and, to a lesser extent, intrastate support funds. These governmental programs are reviewed and amended from time to time, and we cannot assure you that they will not be changed or impacted in a manner adverse to us. For several years, the FCC and a federal-state joint board established by Congress have considered comprehensive reforms of the federal USF contribution and distribution rules. During this period, various parties have objected to the size of the USF or questioned the continued need to maintain the program in its current form. Over the past few years, our high cost support fund revenues have decreased due to increases in the nationwide average cost per loop factor used to determine payments to program participants, as well as declines in the overall size of the high cost support fund. Pending judicial appeals and congressional proposals create additional uncertainty regarding our future receipt of support payments. In addition, the number of eligible telecommunications carriers receiving support payments from this program has increased substantially in recent years, which, coupled with other factors, has placed additional financial pressure on the amount of money that is available to provide support payments to all eligible recipients, including us.

On November 5, 2008, the FCC issued a document that, among other things, requested public comment on the reform proposal, including a draft proposal of the FCC chairman designed to comprehensively redefine and reform the FCC's intercarrier compensation rules and the federal USF rules. The draft proposes to reduce intrastate and interstate access rates and local reciprocal compensation rates to levels substantially below those currently charged by us. The draft also proposes changes to USF rules that would mandate broadband deployment, freeze the level of certain USF support payments, and expand various USF programs, the combined effect of which would adversely impact local exchange carriers by limiting the amount of USF revenues available to them and increasing their operating costs. It is currently unclear what action the FCC may take with respect to the draft proposals. Adoption of the previous FCC chairman's original proposal could result in a material adverse impact on the results of our operations.

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*Risks posed by state regulations.* We are also subject to the authority of state regulatory commissions which have the power to regulate intrastate rates and services, including local, in-state long-distance and network access services. Our LECs that continue to be subject to "rate of return" regulation for intrastate purposes remain subject to the powers of state regulatory commissions to conduct earnings reviews and reduce our service rates. LECs governed by alternative regulatory plans could also under certain circumstances be ordered to reduce rates or could experience rate reductions following the lapse of plans currently in effect. Our business could also be materially adversely affected by the adoption of new laws, policies and regulations or changes to existing state regulations. In particular, we cannot assure you that we will succeed in obtaining or maintaining all requisite state regulatory approvals for our operations without the imposition of conditions on our business, which could have the effect of imposing material additional costs on us or limiting our revenues.

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

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

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

##### ***We are subject to significant regulations that limit our flexibility.***

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

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

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

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

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

For a more thorough discussion of the regulatory issues that may affect our business, see Item 1 of the Annual Reports on Form 10-K for the year ended December 31, 2008 that we and Embarq filed with the Securities and Exchange Commission.

#### ***Other Risks***

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

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

In connection with executing our business strategies, we expect to continue to evaluate the possibility of acquiring additional communications assets, and we may elect to finance future acquisitions by incurring additional indebtedness. Moreover, to respond to competitive challenges, we may be required to raise substantial additional capital to finance new product or service offerings, including capital necessary to finance any new offerings exploiting the 700MHz spectrum that we purchased in 2008. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. We cannot assure you that we will be able to obtain additional financing on terms acceptable to us or at all. If we are able to obtain additional financing, our credit ratings could be adversely affected. As a result, our borrowing costs would likely increase, our access to capital may be adversely affected and our ability to satisfy our obligations under our indebtedness could be adversely affected.

***We cannot assure you that we will be able to continue paying dividends at the current rate.***

We plan to continue our current dividend practices. However, you should be aware that our shareholders may not receive the same dividends for reasons that may include any of the following factors:

- we may not have enough cash to pay such dividends due to changes in our cash requirements, capital spending plans, cash flow or financial position;
- while our dividend practices involve the distribution of a substantial portion of our cash available to pay dividends, our board of directors could change its practices at any time;
- the actual amounts of dividends distributed and the decision to make any distribution will remain at all times entirely at the discretion of our board of directors;
- the effects of regulatory reform, including any changes to intercarrier compensation and the Universal Service Fund rules;
- our ability to maintain investment grade credit ratings on our senior debt;

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- the amount of dividends that we may distribute is limited by restricted payment and leverage covenants in our credit facilities and, potentially, the terms of any future indebtedness that we may incur; and
- the amount of dividends that we may distribute is subject to restrictions under Louisiana law.

Our board is free to change or suspend our dividend practices at any time. Our common shareholders should be aware that they have no contractual or other legal right to dividends.

***Our current dividend practices could limit our ability to pursue growth opportunities.***

The current practice of our board of directors to pay an annual \$2.80 per common share dividend reflects an intention to distribute to our shareholders a substantial portion of our free cash flow. As a result, we may not retain a sufficient amount of cash to finance a material expansion of our business in the future. In addition, our ability to pursue any material expansion of our business, through acquisitions or increased capital spending, will depend more than it otherwise would on our ability to obtain third party financing. We cannot assure you that such financing will be available to us at all, or at an acceptable cost.

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

As a holding company, substantially all of our income and operating cash flow is dependent upon the earnings of our subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, us. As a result, we rely upon our subsidiaries to generate the funds necessary to meet our obligations, including the payment of amounts owed under our long-term debt. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts owed by us or, subject to limited exceptions for tax-sharing purposes, to make any funds available to us to repay our obligations, whether by dividends, loans or other payments. Certain of our subsidiaries may be restricted under loan agreements or regulatory orders from transferring funds to us, including certain loan provisions that restrict the amount of dividends that may be paid to us. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors. The footnotes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 describe these matters in additional detail.

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

Our articles of incorporation provide for a classified board of directors, which limits the ability of an insurgent to rapidly replace the board. In addition, a number of other provisions in our agreements and organizational documents and various provisions of applicable law may delay, defer or prevent a future takeover of CenturyTel unless the takeover is approved by our board of directors. This could deprive our shareholders of any related takeover premium.

***We face other risks.***

The list of risks above is not exhaustive, and you should be aware that we face various other risks discussed in this or other reports filed by us or Embarq with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In August 2007, our board of directors authorized a \$750 million share repurchase program which expires on August 31, 2009, unless extended by the board. Through June 30, 2009, we had repurchased approximately 13.2 million shares for \$503.9 million under this program. In the Fall of 2008, we suspended repurchases pending completion of the Embarq merger, which we completed on July 1, 2009.

During the second quarter of 2009, we withheld 27,308 shares of stock at an average price of \$27.84 per share to pay taxes due upon vesting of restricted stock for certain of our employees.



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

At our annual meeting of shareholders on May 7, 2009, the shareholders elected four Class III directors to serve until 2012.

The following number of votes were cast for or were withheld from the following nominees:

| <u>Class III Nominees</u> | <u>For</u>  | <u>Withheld</u> |
|---------------------------|-------------|-----------------|
| Fred R. Nichols           | 109,473,932 | 5,198,905       |
| Harvey P. Perry           | 111,305,252 | 3,367,585       |
| Jim D. Reppond            | 110,935,768 | 3,737,069       |
| Joseph R. Zimmer          | 109,443,669 | 5,229,168       |

The Class I and Class III directors whose terms continued after the meeting were:

| <u>Class I</u>         | <u>Class II</u>   |
|------------------------|-------------------|
| Williams R. Boles, Jr. | Virginia Boulet   |
| W. Bruce Hanks         | Calvin Czeschin   |
| C.G. Melville, Jr.     | James B. Gardner  |
| Glen F. Post, III      | Gregory J. McCray |

As discussed in further detail in our Current Report on Form 8-K filed with the Securities and Exchange Commission on July 1, 2009, our board appointed seven new directors (each of whom served as a director of Embarq prior to July 1, 2009) and four of our directors resigned, in each case effective July 1, 2009 in connection with our merger with Embarq.

The following represents the votes cast by the shareholders to ratify the appointment of KPMG LLP as our independent auditor for 2009:

|         |             |
|---------|-------------|
| For     | 108,015,842 |
| Against | 6,131,170   |
| Abstain | 525,825     |

The following represents the votes cast by the shareholders for the proposal to require a majority vote to elect directors:

|                  |            |
|------------------|------------|
| For              | 61,100,761 |
| Against          | 42,776,042 |
| Abstain          | 904,117    |
| Broker non-votes | 9,891,917  |

The following represents the votes cast by the shareholders for the proposal regarding executive compensation:

|                  |            |
|------------------|------------|
| For              | 43,588,566 |
| Against          | 58,837,692 |
| Abstain          | 2,354,662  |
| Broker non-votes | 9,891,917  |

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The following represents the votes cast by the shareholders for the proposal regarding network management practices:

|                  |            |
|------------------|------------|
| For              | 28,366,133 |
| Against          | 64,679,395 |
| Abstain          | 11,735,392 |
| Broker non-votes | 9,891,917  |

For additional information on each of these matters voted upon, see our proxy statement dated March 30, 2009 filed with the Securities and Exchange Commission on April 3, 2009.

Item 6. Exhibits

- 2.1 Agreement and Plan of Merger, dated as of October 26, 2008, among CenturyTel, Inc., Embarq Corporation and Cajun Acquisition Company (incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on October 30, 2008).
- 3.1 Amended and Restated Articles of Incorporation of CenturyTel, Inc., dated as of July 1, 2009 (incorporated by reference to Exhibit 3.1 of Amendment No. 3 to the Registration Statement on Form 8-A filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on July 1, 2009).
- 3.2 Bylaws of CenturyTel, Inc., as amended and restated through July 1, 2009 (incorporated by reference to Exhibit 3.2 of Amendment No. 3 to the Registration Statement on Form 8-A filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on July 1, 2009).
- 3.3\* Corporate Governance Guidelines of CenturyTel, Inc., as amended through July 1, 2009.
- 3.4\* Charter of the Nominating and Corporate Governance Committee of the Board of Directors of CenturyTel, Inc., as amended through July 1, 2009.
- 4.1\*\* \$750 Million Five-Year Revolving Credit Facility, dated December 14, 2006, between CenturyTel, Inc. and the lenders named therein.
- 4.2 Indebtedness of Embarq Corporation.
  - a. Indenture, dated as of May 17, 2006, by and between Embarq Corporation and J.P. Morgan Trust Company, National Association, a national banking association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32732) with the Securities and Exchange Commission on May 18, 2006).
  - b. 6.738% Global Note due 2013 of Embarq Corporation (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K for the year ended December 31, 2006 filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 9, 2007).

- c. 7.082% Global Note due 2016 of Embarq Corporation (incorporated by reference to Exhibit 4.3 to the Annual Report on Form 10-K for the year ended December 31, 2006 filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 9, 2007).
- d. 7.995% Global Note due 2036 of Embarq Corporation (incorporated by reference to Exhibit 4.4 to the Annual Report on Form 10-K for the year ended December 31, 2006 filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 9, 2007).
- e. Credit Agreement, dated May 10, 2006, by and among Embarq Corporation (as borrower), Citibank, N.A. (as administrative agent), and the other parties named therein (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on May 11, 2006).

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- f. Amendment No. 1, dated January 23, 2009, to Credit Agreement, dated May 10, 2006, by and among Embarq Corporation, Citibank, N.A. (as administrative agent), and the other parties named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on January 23, 2009).

10.1\*\*\* Qualified Employee Benefit Plans of CenturyTel, Inc. (excluding several narrow-based qualified plans that cover union employees or other limited groups of employees).

- a. CenturyTel Dollars & Sense 401(k) Plan and Trust, as amended and restated through December 31, 2006 (incorporated by reference to Exhibit 10.1(a) of the Annual Report on Form 10-K for the year ended December 31, 2006 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on March 1, 2007), as amended by the First Amendment and the Second Amendment thereto, each dated December 31, 2007 (incorporated by reference to Exhibit 10.1(a) of the Annual Report on Form 10-K for the year ended December 31, 2007 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 29, 2008), as amended by the Third Amendment thereto dated November 20, 2008 (incorporated by reference to Exhibit 10.1(a) to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 27, 2009), as amended by the Fourth Amendment thereto dated June 30, 2009.
- b. CenturyTel Union 401(k) Plan and Trust, as amended and restated through December 31, 2006 (incorporated by reference to Exhibit 10.1(b) of the Annual Report on Form 10-K for the year ended December 31, 2006 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on March 1, 2007), as amended by the First Amendment thereto dated May 29, 2007 (incorporated by reference to Exhibit 10.1(b) of the Quarterly Report on Form 10-Q filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on May 7, 2008), as amended by the Second Amendment thereto dated December 31, 2007 (incorporated by reference to Exhibit 10.1(b) of the Annual Report on Form 10-K for the year ended December 31, 2007 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 29, 2008), as amended by the Third Amendment thereto dated November 20, 2008 (incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 27, 2009), as amended by the Fourth Amendment thereto dated June 30, 2009.
- c. CenturyTel Retirement Plan, as amended and restated through December 31, 2006 (incorporated by reference to Exhibit 10.1(c) of the Annual Report on Form 10-K for the year ended December 31, 2006 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on March 1, 2007), as amended by Amendment No. 1 thereto dated April 2, 2007 (incorporated by reference to Exhibit 10.1(c) of the Quarterly Report on Form 10-Q filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on May 7, 2008), as amended by Amendment No. 2 thereto dated as of December 31, 2007 (incorporated by reference to Exhibit 10.1(c) of the Annual Report on Form 10-K for the year ended December 31, 2007 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 29, 2008), as amended by Amendment No. 3 thereto dated October 24, 2008 (incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on February 27, 2009), as amended by Amendment No. 4 dated June 30, 2009.

10.2\* Stock-based Incentive Plans and Agreements of CenturyTel, Inc.

- a. 1983 Restricted Stock Plan, as amended and restated through May 28, 2009.
- b. Form of Restricted Stock Agreement, pursuant to the 2005 Directors Stock Plan and dated as of May 8, 2009, entered into between CenturyTel, Inc. and each of its outside directors on such date who remain on the board as of the date hereof.
- c. Form of Restricted Stock Agreement, pursuant to the 2005 Directors Stock Plan and dated as of May 8, 2009, entered into between CenturyTel, Inc. and each of its outside directors who retired on July 1, 2009.

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- d. Form of Restricted Stock Agreement, pursuant to the 2005 Directors Stock Plan and dated as of July 2, 2009, entered into between CenturyTel, Inc. and each of its outside directors named to the board on July 1, 2009.
- e. Restricted Stock Agreement, pursuant to the 2005 Directors Stock Plan and dated as of July 2, 2009, entered into between CenturyTel, Inc. and William A. Owens in payment of Mr. Owens' 2009 supplemental chairman's fees.

10.3\* Amended and Restated CenturyTel 2001 Employee Stock Purchase Plan, dated as of June 30, 2009.

10.4 Form of Indemnification Agreement entered into by CenturyTel, Inc. and each of its directors as of July 1, 2009 (incorporated by reference to Exhibit 99.3 of the Current Report on Form 8-K filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on July 1, 2009).

10.5\* Form of Indemnification Agreement entered into by CenturyTel, Inc. and each of its officers as of July 1, 2009.

10.6\*\*\* Certain Material Agreements and Plans of Embarq Corporation.

- a. Employment Agreement, dated as of March 3, 2008, between Thomas A. Gerke and Embarq Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 4, 2008).
- b. Amendment to the Employment Agreement among Thomas A. Gerke, Embarq Corporation and CenturyTel, Inc. dated October 26, 2008 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on October 26, 2008).
- c. Amendment 2008-2 to the Employment Agreement between Embarq Corporation and Thomas A. Gerke, dated December 20, 2008 (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by Embarq Corporation (File No. 001-32372) on February 13, 2009).
- d. Agreement Regarding Special Compensation and Post Employment Restrictive Covenants, dated December 12, 1995, by and between Sprint Corporation and Dennis G. Huber (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on October 30, 2008).
- e. Amendment 2008-1 to the Employment Agreement between Embarq Corporation and Dennis G. Huber, dated December 22, 2008 (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by Embarq Corporation (File No. 001-32372) on February 13, 2009).
- f. Embarq Corporation 2006 Equity Incentive Plan, as amended and restated (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-8 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on July 1, 2009).
- g. Form of 2007 Award Agreement for executive officers of Embarq Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the

- h. Embarq Corporation 2008 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to the Registration Statement on Form S-8 filed by CenturyTel, Inc. (File No. 001-07784) with the Securities and Exchange Commission on July 1, 2009).
- i. Form of 2008 Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 4, 2008).

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- j. Form of 2009 Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32732) with the Securities and Exchange Commission on March 5, 2009).
- k. Form of Stock Option Award Agreement (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on March 4, 2008).
- l. Amendment to Outstanding RSUs granted in 2007 and 2008 under the Embarq Corporation 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by Embarq Corporation (File No. 001-32372) on February 13, 2009).
- m. Form of 2006 Award Agreement between Embarq Corporation and Richard A. Gephardt (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on August 1, 2006), as amended by the amendment thereto dated June 26, 2009.
- n. Amended and Restated Executive Severance Plan, including Form of Participation Agreement entered into between Embarq Corporation and William E. Cheek (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by Embarq Corporation (File No. 001-32372) with the Securities and Exchange Commission on October 30, 2008).
- o. Embarq Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2009 (incorporated by reference to Exhibit 10.27 to the Annual Report on Form 10-K for the year ended December 31, 2008 filed by Embarq Corporation (File No. 001-32372) on February 13, 2009).
- p. Summary of Embarq Corporation 2009 Short-Term Incentive Program (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed by Embarq Corporation (File No. 001-32732) with the Securities and Exchange Commission on May 7, 2009).

11\* Computations of Earnings Per Share.

21\* Subsidiaries of CenturyTel, Inc.

31.1\* Certification of the Chief Executive Officer of CenturyTel, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2\* Certification of the Chief Financial Officer of CenturyTel, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32\* Certification of the Chief Executive Officer and Chief Financial Officer of CenturyTel, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* Exhibit filed herewith.

\*\* Exhibit refiled to correct certain section references.

\*\*\* Portions of Exhibits 10.1(a), 10.1(b), 10.1(c) and 10.6(m) filed herewith.

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**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 thereunto duly authorized.

**CenturyTel, Inc.**

Date: August 7, 2009

/s/ Neil A. Sweasy  
Neil A. Sweasy  
Vice President and Controller  
(Principal Accounting Officer)

## CenturyTel, Inc.

**CORPORATE GOVERNANCE GUIDELINES**

(as amended through July 1, 2009)

**1. Director Qualifications**

The Board will have a majority of independent directors. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' independence qualifications, as well as consideration of diversity, age, character, judgment, skills and experience in the context of the needs of the Board at that time. All directors must meet any additional qualifications established under the Company's organizational documents. It is the general sense of the Board that no more than two management directors should serve on the Board.

Nominees for directorship will be selected in accordance with the qualifications, criteria and procedures described in these guidelines and the Company's bylaws, as well as the policies and principles in the Committee's charter and any selection guidelines or criteria adopted thereunder. The invitation to join the Board should be extended on behalf of the full Board by the Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board.

The Board expects directors who change the job or responsibility they held when they were elected to the Board to volunteer to resign from the Board. It is not the sense of the Board that in every such instance the director should necessarily leave the Board. There should, however, be an opportunity for the Board, following a review by the Nominating and Corporate Governance Committee, to determine the continued appropriateness of Board membership under the circumstances.

No director may serve on more than two other unaffiliated public company boards, unless this prohibition is waived by the Board. No director may serve on the board of a company or organization that competes with the Company or is otherwise likely to raise a significant conflict of interest, unless such service is approved by the Board. Directors should advise the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. No director may be appointed or nominated to a new term if he or she would be age 75 or older at the time of the election or appointment.

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating and Corporate Governance Committee will review each director's continuation on the Board at least once every three years. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

Directors will be deemed to be "independent" if (i) the Board affirmatively confirms that neither the director nor any organization with which the director is affiliated receives any payments from the Company other than Permissible Directors Compensation (as defined below) and (ii) none of the disqualifying events or conditions specified in Rule 303A.02(b) of the NYSE Listed Company Manual apply to the director. For purposes hereof, "Permissible Directors Compensation" means (i) director and committee fees, (ii) reimbursement for an annual physical, continuing education, travel and other out-of-pocket expenses in accordance with the Company's applicable policies and (iii) a pension or other form of deferred compensation for prior service, provided such compensation is not contingent in any way on continued service. The Board may make determinations or interpretations under this paragraph, provided that they are consistent with the foregoing standards.

Once the Board has determined that a director is independent, the director may not engage in any transaction with the Company, either directly or indirectly through an immediate family member or related entity, without such transaction being approved by the Board.

**2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the extent permitted by law and the Company's by-laws and any indemnification agreements, and to exculpation as provided by state law and the Company's articles of incorporation.

Directors are expected to (i) attend the annual shareholders meeting, (ii) attend Board meetings and meetings of committees on which they serve, and (iii) spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future at least once a year, preferably in an off-site planning session dedicated primarily to such issues.

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

If a director wishes to resign, retire or not to stand for reelection at the end of his or her current term, the director will notify the Chair of the Nominating and Corporate Governance Committee in writing, with a copy to the Secretary. Unless otherwise determined by the Board, when a management director retires or ceases to be an active employee for any other reason, that director will be considered to have resigned concurrently from the Board.

**3. Board Committees**

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. All of the members of these committees will be independent directors, as defined in Section 1 above.

Committee members will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Any appointments or removals of committee members will be made by the Board in accordance with the Company's bylaws.

Each key committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each key committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with members of the committee and others specified in the committee's charter, will develop the committee's agenda.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Each committee may meet in executive session as often as it deems appropriate, and shall have the power to obtain and review any information that the committee deems necessary to perform the functions described in its charter.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

**4. Chairman; Lead Outside Director**

The Board shall elect from among its members a Chairman. The Chairman may be a director who also has executive responsibilities, including the CEO (an "Executive Chair"), or may be one of the Company's independent directors (a "Non-Executive Chair"). The Board believes it is in the best interests of the Company for the Board to remain flexible with respect to whether to elect an Executive Chair or a Non-Executive Chair so that the Board may provide

for succession planning and respond effectively to changes in circumstances.

The Chairman's responsibilities include:

- (a) presiding at meetings of the Board;
- (b) overseeing the management, development and functioning of the Board;
- (c) in consultation with the CEO (if different), planning and organizing the activities of the Board and the schedule for Board meetings; and
- (d) in consultation with the CEO (if different), establishing the agendas for Board meetings.

The non-management directors will meet in executive session at least quarterly in conjunction with regularly-scheduled Board meetings and will, subject to the other terms of this paragraph, elect from among the independent directors a lead outside director at least annually. The lead outside director may call additional meetings of the non-management directors at any time. At all times during which the Chairman is a Non-Executive Chair, all of the functions and responsibilities of the lead outside director shall be performed by the Non-Executive Chair.

The lead outside director's responsibilities include:

- (a) coordinating, developing an agenda for, and presiding at each meeting of the non-management directors; and
- (b) providing direction to the CEO on the quality, quantity, and timeliness of the flow of information from management that is necessary for the non-management directors to perform their duties effectively and responsibly, with the understanding that the non-management directors will receive any information requested on their behalf by the lead outside director.

## 5. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting of the executive officers of the Company and such other Company personnel as the Board or the CEO may designate.

## 6. Director Compensation

The Nominating and Corporate Governance Committee shall review annually director compensation and benefits, and recommend any proposed changes to the Board for approval, subject to the terms, conditions and exceptions set forth in the committee's charter. The Nominating and Corporate Governance Committee will consider whether directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, or if the Company makes substantial charitable contributions to organizations with which a director (or one of the director's immediate family members) is affiliated.

## 7. Director Orientation and Continuing Education

The Nominating and Corporate Governance Committee shall maintain an Orientation Program for new directors. All new directors must participate in the Company's Orientation Program, which should be conducted as soon as practicable after new directors are elected or appointed. This orientation may include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its corporate compliance programs (which include its code of business conduct and ethics), its principal officers, and its internal and independent auditors. All other directors are also invited to attend the Orientation Program.

The Company will also maintain a Continuing Education Program for directors, pursuant to which it will endeavor to periodically update directors on industry, technological and regulatory developments, and to provide adequate resources to support directors in understanding the Company's business and matters to be acted upon at board and committee meetings.

## 8. CEO Evaluation and Management Succession

The Nominating and Corporate Governance Committee will conduct an annual review of the CEO's performance. The Nominating and Corporate Governance Committee will provide a report of its findings to the Board of Directors (with appropriate recusals of the CEO and other management directors, as necessary) to enable the Board to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The Nominating and Corporate Governance Committee should report periodically to the Board on succession planning. The entire Board will consult periodically with the Nominating and Corporate Governance Committee regarding potential successors to the CEO. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## 9. Annual Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance, which will be discussed with the full Board. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve. The Nominating and Corporate Governance Committee will also, no less than annually, review these guidelines and recommend any proposed changes to the Board for approval.

## 10. Recoupment of Compensation

In addition to any other remedies available to the Company and subject to applicable law, if the Board or any committee of the Board determines that any bonus, incentive payment, commission, equity award or other compensation awarded to or received by an executive officer was based on any financial or operating result that was impacted by the executive officer's knowing or intentional fraudulent or illegal conduct, the Board or a Board committee may recover from the executive officer the compensation it considers appropriate under the circumstances. The Board has sole discretion to make any and all determinations under this paragraph.

## 11. Standards of Business Conduct and Ethics

All of the Company's directors, officers and employees are required to abide by the Company's long-standing Corporate Compliance Program, which includes standards of business conduct and ethics. The Company's program and related procedures cover all areas of professional conduct, including employment policy, conflicts of interests, protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of the Company's business.

Any waiver of the Company's policies, principles or guidelines relating to business conduct or ethics for executive officers or directors may be made only by the Audit Committee, and will be promptly disclosed as required by applicable law or stock exchange regulations.

\* \* \* \* \*

- Originally adopted by the Nominating and Corporate Governance Committee and the Board of Directors on February 17, 2003 and February 25, 2003, respectively.
- Sections 1, 3, 6 and 7 amended by the Nominating and Corporate Governance Committee and the Board of Directors on November 18, 2003 and November 20, 2003, respectively.
- Sections 1, 3 and 9 amended by the Nominating and Corporate Governance Committee and the Board of Directors on February 19, 2004 and February 25, 2004, respectively.
- Section 1 amended by the Nominating and Corporate Governance Committee and the Board of Directors on February 18, 2005 and February 22, 2005, respectively.
- Sections 1, 2, 4, 5, 8 and 9 amended by the Nominating and Corporate Governance Committee and the Board of Directors on February 16, 2006 and February 21, 2006, respectively.
- Section 1 (last sentence of the fourth paragraph) amended by the Nominating and Corporate Governance Committee and the Board of Directors on August 17, 2007 and August 21, 2007, respectively.
- Sections 1 and 2 amended, Sections 4 and 10 added, and former Sections 4 to 9 renumbered, in each case by both the Nominating and Corporate Governance Committee and the Board of Directors on June 30, 2009.

**CenturyTel, Inc.**

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**CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE  
COMMITTEE OF THE BOARD OF DIRECTORS**

(as amended through July 1, 2009)

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**I. PURPOSE**

The Nominating and Corporate Governance Committee is appointed by the Board principally to (1) assist the Board by identifying individuals qualified to serve as directors and officers of the Company, and to recommend to the Board nominees for such positions, (2) monitor the composition of the Board and its committees, (3) recommend to the Board a set of corporate governance guidelines applicable to the Company and (4) lead the Board in its annual review of the Board's performance.

**II. COMPOSITION**

The Committee shall consist of at least three directors, each of whom will be appointed and replaced by the Board in accordance with the Company's bylaws. Each member of the Committee shall meet the independence requirements of the New York Stock Exchange. The Committee's chairperson shall be designated by the Board. The Committee may form and delegate authority to subcommittees when appropriate.

**III. MEETINGS**

The chairperson of the Committee will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency of, and the agenda for, each meeting.

**IV. AUTHORITY AND RESPONSIBILITIES**

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

1. The Committee shall lead the search for individuals qualified to serve as directors, and to recommend to the Board a slate of directors to be elected annually by the shareholders. In connection therewith, the Committee (i) shall consider candidates submitted by shareholders in accordance with the Company's bylaws, (ii) shall monitor the performance and contributions of incumbent directors and (iii) may, to the extent it deems necessary or appropriate, develop and recommend to the Board specific criteria for selecting director nominees. The Committee shall also recommend to the Board a slate of officers to be elected annually by the Board and individuals to fill vacancies as the need arises.
2. The Committee shall monitor the operation of the Board's committees. In connection therewith, the Committee (i) shall recommend to the Board a slate of directors to be elected annually to serve as committee members and directors to fill committee vacancies as needed and (ii) may recommend to the Board changes in committee structure and operations, including the creation and elimination of committees.
3. The Committee shall, no less than annually, review and reassess the adequacy of the corporate governance guidelines applicable to the Company and recommend any proposed changes to the Board for approval.
4. The Committee shall receive comments from all directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board.
5. The Committee may make recommendations to the Board concerning the size and composition of the Board, the term of membership of directors, and the frequency, content and structure of Board meetings.
6. The Committee shall review and oversee any director orientation or continuing director education programs established by the Company.
7. The Committee shall conduct an annual review of the CEO's performance, and report its findings to the Board. The Committee shall also periodically report to the Board on succession planning for the senior executive officers. If the CEO dies or becomes disabled and the Board of Directors does not name an interim CEO within 72 hours of being advised thereof, then the Committee shall have the power to appoint one of the Company's executive officers or directors (other than those serving on the Committee) as an interim CEO until the Board can elect a new CEO.
8. The Committee shall review annually director compensation and benefits (except that the Compensation Committee shall administer the Company's director stock plans), and recommend any proposed changes to the Board for approval.
9. The Committee shall make regular reports to the Board.
10. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director or officer candidates and may, to the extent it deems necessary or appropriate, retain independent legal, financial or other advisors. The Committee shall approve related fees and other retention terms.
11. The Committee shall also discharge any additional functions that may be assigned to it in the Company's corporate governance guidelines or delegated or assigned to it by the Board from time to time, including (i) considering questions of conflict of interest of directors or executive officers, (ii) reviewing the functions and responsibilities of the senior officers and (iii) considering significant corporate governance issues or shareholder relations issues that may arise from time to time.
12. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review its own performance.

\* \* \* \* \*



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- Originally adopted and approved by the Committee and the Board on January 30, 2003 and February 25, 2003, respectively.
  - Sections II and IV amended by the Committee and the Board on February 19, 2004 and February 25, 2004, respectively.
  - Items 7, 8 and 11 of Section IV amended by each of the Committee and the Board on June 30, 2009.

EXECUTION COPY

\$750,000,000

AMENDED AND RESTATED FIVE-YEAR REVOLVING CREDIT AGREEMENT

Dated as of

December 14, 2006

among

CENTURYTEL, INC.,

THE LENDERS NAMED HEREIN,

JPMORGAN CHASE BANK, N.A.

as Administrative Agent,

WACHOVIA BANK, N.A.,

as Syndication Agent,

BANK OF AMERICA, N.A., BANK OF TOKYO-MITSUBISHI UFJ TRUST COMPANY,  
SUNTRUST BANK, COBANK, ACB, LEHMAN BROTHERS BANK, FSB,  
REGIONS BANK and WILLIAM STREET COMMITMENT CORPORATION,

as Co-Documentation Agents

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J.P. MORGAN SECURITIES INC.

As Joint Bookrunners and Co-Lead Arrangers

WACHOVIA CAPITAL MARKETS, LLC

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AMENDED AND RESTATED CREDIT AGREEMENT (this “Agreement”), dated as of December 14, 2006, among CENTURYTEL, INC., a Louisiana corporation (the “Borrower”), the several banks and other financial institutions or entities from time to time parties to this Agreement (the “Lenders”), WACHOVIA BANK, N.A., as syndication agent (in such capacity, the “Syndication Agent”), BANK OF AMERICA, N.A., BANK OF TOKYO-MITSUBISHI UFJ TRUST COMPANY, SUNTRUST BANK, COBANK, ACB, LEHMAN BROTHERS BANK, FSB, REGIONS BANK and WILLIAM STREET COMMITMENT CORPORATION, as co-documentation agents (in such capacity, the “Co-Documentation Agents”), and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Borrower entered into the Credit Agreement, dated as of March 7, 2005 (the “Existing Credit Agreement”), with the several banks and other financial institutions or entities parties thereto, the syndication agent and co-documentation agents named therein and JPMorgan Chase Bank, N.A., as administrative agent;

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement as provided in this Agreement, which Agreement shall become effective upon the satisfaction of the conditions precedent set forth in Section 5.1 hereof; and

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement and which remain outstanding or evidence repayment of any of such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of the Borrower outstanding thereunder;

NOW, THEREFORE, in consideration of the above premises, the parties hereto hereby agree that, effective on the Effective Date (as defined below), the Existing Credit Agreement shall be amended and restated in its entirety as follows:

**SECTION 1**

**DEFINITIONS.**

**1.1. Certain Defined Terms.**

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“**ABR**” means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof: “**Prime Rate**” shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank in connection with extensions of credit to debtors). Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

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“**ABR Loan**” means any Loan the rate of interest applicable to which is based upon the ABR.

“**Acquisitions**” means the acquisition by the Borrower or its Subsidiaries of at least a majority of the capital stock or all or substantially all of the Property of another Person, division of another Person or other business unit of another Person, whether or not involving a merger or consolidation of such Person, *provided* that such Person or Property is used or useful in the same or a similar line of business as set forth on Schedule 4.17 hereto (or any reasonable extensions or expansions thereof).

“**Adjusted Consolidated Net Worth**” means, as of the date of determination, Consolidated Net Worth minus (i) deferred assets other than prepaid insurance, prepaid taxes, prepaid interest, extraordinary retirements, and deferred charges where such deferred charges are considered by Tribunals when setting rates, (ii) patents, copyrights, trademarks, trade names, franchises, experimental expense, goodwill (other than goodwill arising from the purchase of capital stock or assets of a Person engaged in the business described on Schedule 4.17) and similar intangible or intellectual property, and (iii) unamortized debt discount and expense (other than debt discount and expense of the Companies located in jurisdictions where such items are considered by Tribunals when setting rates).

“**Administrative Agent**” is defined in the introduction to this Agreement.

“**Affiliate**” of any Person means any other individual or entity that directly or indirectly controls, or is controlled by, or is under common control with, such Person, and, for purposes of this definition only, “control,” “controlled by,” and “under common control with” mean possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Stock, by contract, or otherwise).

“**Agents**” means the Administrative Agent, the Syndication Agent and the Co-Documentation Agents.

“**Agreement**” means this Five-Year Revolving Credit Agreement, as the same may be amended, supplemented, modified or restated from time to time.

“**Applicable Margin**” means, at the time of any determination thereof, for purposes of all Eurodollar Loans, the margin of interest over the Eurodollar Rate which is applicable at the time of any determination of interest rates under this Agreement, which Applicable Margin shall be adjusted based on the Senior Unsecured Long-Term Debt Rating, as determined as of the last day of the immediately preceding fiscal quarter of the Borrower, as follows:

| Senior Unsecured<br>Long-Term Debt Rating | Applicable Margin |
|---|-------------------|
| A- or A3 or better                        | 25.0 basis points |
| BBB+ or Baal                              | 35.0 basis points |
| BBB or Baa2                               | 45.0 basis points |
| BBB- or Baa3                              | 55.0 basis points |
| Below BBB- or Baa3                        | 75.0 basis points |

“**Application**” means an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to open a Letter of Credit.

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“**Approved Fund**” is defined in Section 11.18(b)(ii).

“**Assignee**” is defined in Section 11.18(b)(i).

“**Assignment and Assumption**” means an Assignment and Assumption, substantially in the form of Exhibit D.

“**Attributable Debt**” means, in respect of any sale and leaseback transaction, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the sole option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest

implicit in such transaction, determined in accordance with GAAP.

"Available Commitment" means as to any Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Commitment then in effect over (b) the aggregate principal amount of Revolving Extensions of Credit made by such Lender.

"Board" means the Board of Governors of the Federal Reserve System of the United States.

"Borrower" is defined in the introduction to this Agreement.

"Borrowing" means a borrowing consisting of simultaneous Loans from each of the Lenders distributed ratably among the Lenders in accordance with their respective Commitments.

"Borrowing Date" means the Business Day upon which the proceeds of any Borrowing are to be made available to the Borrower.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash Equivalents" means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof ( provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) dollar denominated time deposits and certificates of deposit of (i) any Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition, (d) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations and (e) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to investments of the character described in the foregoing subdivisions (a) through (d).

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"CLO" is defined in Section 11.18(b)(ii).

"Code" means the Internal Revenue Code of 1986, as amended, together with rules and regulations promulgated thereunder.

"Co-Documentation Agents" is defined in the introduction to this Agreement.

"Commitment" means, as to any Lender, the obligation of such Lender to make Loans and participate in Letters of Credit in an aggregate principal amount not to exceed the amount set forth under the heading "Commitment" opposite such Lender's name on Schedule 1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Commitments is \$750,000,000.

"Commitment Fee" is defined in Section 2.4(a).

"Commitment Fee Percentage" is defined in Section 2.4(a).

"Commitment Period" means the period from and including the Effective Date to the Termination Date.

"Commitment Utilization Percentage" means on any day the percentage equivalent of a fraction (a) the numerator of which is the Used Commitment and (b) the denominator of which is the aggregate amount of the Total Commitments. Notwithstanding the foregoing, the Commitment Utilization Percentage shall be deemed to be 100% if any Loans or Letters of Credit remain outstanding after the Commitments hereunder have been terminated.

"Companies" means, collectively, the Borrower and its Subsidiaries and "Company" means any of the same.

"Conduit Lender" means any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.10, 2.12, 2.20, 6.7 or 11.21 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Confidential Information Memorandum" means the Confidential Information Memorandum dated November 2006 and furnished to certain Lenders.

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"Consolidated Net Worth" means, as of the date of determination, the amount of stated capital plus (or minus, in the case of a deficit) the capital surplus and earned surplus of the Companies, as calculated in accordance with GAAP (but treating Minority Interests in Subsidiaries as liabilities and excluding the contra-equity account resulting from the Borrower's obligations under its employee stock ownership plan commitments). For purposes of this Agreement, Consolidated Net Worth shall exclude the effect of FASB Statements No. 101 ("Regulated Enterprises-Accounting for the Discontinuation of Application of FASB Statement No. 71"), 106 ("Employers' Accounting for Postretirement Benefits Other than Pensions"), 142 ("Goodwill and Other Intangible Assets") and 144 ("Accounting for the Impairment or Disposal of Long-Lived Assets") of the Financial Accounting Standards Board.

"Consolidated Total Funded Debt" means, as of the date of determination, the aggregate principal amount of all Funded Debt of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Current Date" means any date after November 15, 2006.

"Current Financials" means the consolidated Financial Statements of the Companies for the fiscal year ended December 31, 2005, and the nine months ended September 30, 2006.

"Debt" means (without duplication), for any Person, all obligations, contingent or otherwise (including, without limitation, contingent obligations in connection with letters of credit), which in accordance with GAAP should be classified upon such Person's balance sheet as liabilities, but in any event including, without limitation, whether or not such obligations in accordance with GAAP should be classified as liabilities, (a) liabilities secured (or for which the holder of such Debt has an existing Right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by such Person or a Subsidiary thereof (whether or not the liability secured thereby shall have been assumed), (b) obligations which have been or under GAAP should be capitalized for financial reporting purposes, (c) all guaranties, endorsements, and other contingent obligations with respect to Debt of others, including, but not limited to, any obligations to purchase, sell, or furnish property or services intended by a Company primarily for the purpose of enabling such other Person to make payment of any of such Person's Debt, or to otherwise assure the holder of any of such Debt against loss with respect thereto, and (d) liabilities under any Swap Agreement.

"Debt Rating" means the public debt rating by S&P and Moody's for that class of non-credit enhanced, senior unsecured debt with an original term of longer than one year issued by the Borrower which has the lowest rating of all classes of non-credit enhanced, senior unsecured debt with an original term of longer than one year issued by the Borrower.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, fraudulent

transfer or conveyance, suspension of payments, or similar Laws from time to time in effect affecting the Rights of creditors generally.

“Default” means the occurrence of any event which with the giving of notice or the passage of time or both would become an Event of Default.

“Dollars” and “\$” means dollars in lawful currency of the United States.

“EBITDA” means for any period, consolidated net income of the Companies for such period plus, without duplication and to the extent reflected as a charge in the statement of such consolidated net income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or write-off of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with indebtedness (including the Loans), (c) depreciation and amortization, (d) any extraordinary or nonrecurring non-cash expenses or losses, (e) any non-cash charges resulting from requirements to mark-to-market Swap Agreements and (f) non-cash expenses or losses which result from the implementation of FASB statement of Financial Accounting Standards No. 142 (“Goodwill and Other Intangible Assets”) and 144 (“Accounting for the Impairment or Disposal of Long-Lived Assets”), and minus, (a) to the extent included in the statement of such consolidated net income for such period, any extraordinary, unusual or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such consolidated net income for such period, gains on the sales of assets outside of the ordinary course of business) and (b) any cash payments made during such period in respect of items described in clause (d), (e) or (f) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were reflected as a charge in the statement of consolidated net income, all as determined on a consolidated basis.

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“Effective Date” means the date on which the conditions set forth in Section 5.1 shall have been satisfied, which date is December 14, 2006.

“Eligible Reinvestment” means (i) any acquisition (whether or not constituting a capital expenditure, but not constituting an Acquisition) of assets or any business (or any substantial part thereof) used or useful in the same or a similar line of business as set forth on Schedule 4.17 hereto (or any reasonable extensions or expansions thereof) and (ii) any Acquisition.

“Environmental Law” means any Law that relates to the environment or handling or control of Hazardous Substances.

“Equity Units” means (i) the \$500,000,000 aggregate principal amount of equity units issued by the Borrower on April 29, 2002 and (ii) any subsequent offering of equity units issued by the Borrower the structure, terms and conditions of which are substantially similar to the offering referred to in clause (i) above.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

“ERISA Affiliate” means any company or trade or business (whether or not incorporated) which, for purposes of Title IV of ERISA, is a member of a group of which Borrower is a member and which is under common control with Borrower within the meaning of section 414 of the Code.

“Eurocurrency Reserve Requirements” mean, for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Tribunal having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

“Eurodollar Base Rate” means, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such screen), the “Eurodollar Base Rate” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

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“Eurodollar Loan” means any Loan the rate of interest applicable to which is based upon the Eurodollar Rate.

“Eurodollar Rate” means, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

“Eurodollar Tranche” means the collective reference to Eurodollar Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Event of Default” means any of the events described in Section 8, provided there has been satisfied any requirement in connection therewith for the giving of notice, lapse of time, or happening of any further condition, event, or act.

“Excess Utilization Day” means each day on which the Commitment Utilization Percentage equals or exceeds 50%.

“Existing Credit Agreement” is defined in the recitals to this Agreement.

“Federal Funds Effective Rate” means, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by JPMorgan Chase Bank from three federal funds brokers of recognized standing selected by it.

“Financial Officer” means the chief financial officer, treasurer or controller of the Borrower.

“Financial Report Certificate” means a certificate substantially in the form of Exhibit C.

“Financial Statements” means balance sheets, income statements, statements of stockholders’ equity, and statements of cash flow prepared in comparative form to the corresponding period of the preceding fiscal year.

“Funded Debt” with respect to any Person, shall mean and include, as of any date as of which the amount thereof is to be determined, (a) indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) liabilities secured (or for which the holder thereof has an existing Right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by such Person or a Subsidiary thereof (whether or not the liability secured thereby shall have been assumed), (f) obligations of such Person which have been or under GAAP should be capitalized for financial reporting purposes, and (g) Attributable Debt of such Person, but excluding (i) indebtedness secured by or borrowed against the cash surrender value of life insurance policies up to the amount of such cash surrender value and (ii) an amount equal to 80% of the outstanding principal amount of indebtedness under the Equity Units.

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“Funding Office” means the office of the Administrative Agent specified in Section 11.6 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.



“GAAP” means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board which are applicable as of the date of the Financial Statements in question.

“Guaranty” means by any particular Person, all obligations of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person (the “primary obligor”) in any manner whether directly or indirectly, including, without limitation of the generality of the foregoing, obligations incurred through an agreement, contingent or otherwise, by such particular Person (i) to purchase such Debt or obligation or any property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Debt or obligation or (y) to maintain working capital or equity capital or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of the primary obligor to make payment of the Debt or obligation or (iv) otherwise to assure the owner of the Debt or obligation of the primary obligor against loss in respect thereof.

“Hazardous Substance” means any hazardous or toxic waste, pollutant, contaminant, or substance.

“Increased Facility Activation Notice” means a notice substantially in the form of Exhibit E.

“Increased Facility Closing Date” means any Business Day designated as such in an Increased Facility Activation Notice.

“Indemnified Parties” is defined in Section 11.21.

“Interest Payment Date” means (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period (d) as to any Loan (other than any Loan that is an ABR Loan), the date of any repayment or optional prepayment made in respect thereof and (e) as to any Loan, the date of any mandatory prepayment in respect thereof.

“Interest Period” means, as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not later than 11:00 A.M., New York City time, on the date that is three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

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(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period that would extend beyond the Termination Date unless the Borrower acknowledges that it will be responsible for any breakage costs owing under Section 2.12 resulting from repayment on the Termination Date;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) subject to clause (ii) above, the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

“Issuing Lenders” means JPMorgan Chase Bank, N.A. and Wachovia Bank, N.A. or any respective affiliate thereof, in its capacity as issuer of any Letter of Credit. Each reference herein to “the Issuing Lender” shall be deemed to be a reference to the relevant Issuing Lender with respect to the relevant Letter of Credit.

“Laws” means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees, judgments, or opinions of any Tribunal.

“L/C Commitment” is \$150,000,000.

“L/C Obligations” means, at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

“L/C Participants” means the collective reference to all Lenders other than the Issuing Lenders.

“Lenders” means those lenders signatory hereto and other financial institutions which from time to time become party hereto pursuant to the provisions of this Agreement.

“Letters of Credit” is defined in Section 3.1(a).

“Lien” means any lien, mortgage, security interest, pledge, assignment, charge, title retention agreement, or encumbrance of any kind, and any other Right of or arrangement with any creditor to have his claim satisfied out of any property or assets, or the proceeds therefrom, prior to the general creditors of the owner thereof.

“Litigation” means any action conducted, pending, or threatened by or before any Tribunal.

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“Loan Papers” means (i) this Agreement, certificates delivered pursuant to this Agreement, and exhibits and schedules hereto, (ii) any notes, security documents, guaranties, and other agreements in favor of the Agents and the Lenders, or any or some of them, ever delivered in connection with this Agreement, and (iii) all renewals, extensions, or restatements of, or amendments or supplements to, any of the foregoing.

“Loans” is defined in Section 2.1(a).

“Majority Lenders” means at any time the Lenders holding at least 51% of the then aggregate Revolving Extensions of Credit or, if no Revolving Extensions of Credit are outstanding, the Lenders having at least 51% of the Available Commitments.

“Margin Stock” means “margin stock” within the meaning of Regulations T, U, or X of the Board.

“Material Adverse Effect” means any set of one or more circumstances or events which, individually or collectively, will result in any of the following: (a) a material and adverse effect upon the validity or enforceability of any Loan Paper, (b) a material and adverse effect on the consolidated financial condition of the Companies represented in the later of the Current Financials or the most recent audited consolidated Financial Statements, (c) a Default or (d) the issuance of an accountant’s report on the Companies’ consolidated Financial Statements containing an explanatory paragraph about the entity’s ability to continue as a going concern (as defined in accordance with Generally Accepted Auditing Standards).

“Material Agreement” of any Person means any material written or oral agreement, contract, commitment, or understanding to which such Person is a party, by which such Person is directly or indirectly bound, or to which any assets of such Person may be subject, and which is not cancelable by such Person upon 30 days or less notice without liability for further payment other than nominal penalty, and which requires such Person to pay more than 1 percent of Consolidated Net Worth during any 12-month period.

“Minority Interest” means, with respect to any Subsidiary, an amount determined by valuing preferred stock held by Persons other than the Borrower and its wholly-owned Subsidiaries at the voluntary or involuntary liquidating

value of such preferred stock, whichever is greater, and by valuing common stock or partnership interests held by Persons other than the Borrower and its wholly-owned Subsidiaries at the book value of capital and surplus applicable thereto on the books of such Subsidiary adjusted, if necessary, to reflect any changes from the book value of common stock required by the foregoing method of valuing Minority Interest attributable to preferred stock.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in sections 3(37) or 4001(a)(3) of ERISA or section 414 of the Code to which any Company or any ERISA Affiliate is making, or has made, or is accruing, or has accrued, an obligation to make contributions.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents proceeds received by the Company in respect of any disposition of assets as contemplated by Section 7.7(g), net of (a) direct costs (including, without limitation, legal, accounting and investment banking fees, and sales commissions), (b) taxes paid or payable as a result thereof and (c) the amount necessary to retire any Debt secured by a Permitted Lien on the related Property (unless the purchaser of the assets has assumed the obligations to repay such Debt); it being understood that “Net Cash Proceeds” shall include, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by any such Company in any disposition of assets.

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“New Lender” is defined in Section 2.1(c).

“New Lender Supplement” is defined in Section 2.1(c).

“Non-Excluded Taxes” is defined in Section 2.20(a).

“Non-U.S. Lender” is defined in Section 2.20(d).

“Note” means a promissory note of the Borrower, in substantially the form of Exhibit A hereto, with the blanks appropriately completed, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Loans made by such Lender to the Borrower, together with all modifications, extensions, renewals, and rearrangements thereof.

“Obligation” means all present and future indebtedness, obligations, and liabilities, and all renewals, extensions, and modifications thereof, owed to the Agents and the Lenders, or any or some of them, by the Borrower, arising pursuant to any Loan Paper, together with all interest thereon and costs, expenses, and attorneys’ fees incurred in the enforcement or collection thereof.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Paper.

“Participant” is defined in Section 11.18(b).

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereof, established pursuant to ERISA.

“Permitted Liens” means (a) any Lien securing Debt incurred for the purchase or capital lease of one or more assets, if such Lien encumbers only the assets so purchased or leased; (b) pledges or deposits made to secure payment of workers’ compensation, or to participate in any fund in connection with workers’ compensation, unemployment insurance, pensions, or other social security programs; (c) good-faith pledges or deposits made to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money), or leases, or to secure statutory obligations, surety or appeal bonds, or indemnity, performance, or other similar bonds in the ordinary course of business; (d) encumbrances and restrictions on the use of real property which do not materially impair such property; (e) (i) Liens for Taxes, (ii) Liens upon, and defects of title to, property, including any attachment of property or other legal process prior to adjudication of a dispute on the merits, (iii) Liens of mechanics, materialmen, warehousemen, carriers, and landlords, and similar Liens, and (iv) adverse judgments on appeal, in each case, with respect to this clause (e), if either (x) no amounts are due and payable and no Lien has been filed or agreed to or (y) the validity or amount thereof is being contested in good faith by the lawful proceedings diligently conducted, reserve or other provision required by GAAP has been made, levy and execution thereon have been (and continue to be) stayed, and neither the value nor use of the property in question are materially affected; (f) Liens in favor of the United States Department of Agriculture, Rural Electrification Administration, the Rural Utilities Service or Rural Telephone Bank or similar lenders such as the Rural Telephone Finance Cooperative; (g) Liens on equity investments in CoBank or any other equity investments in a financial institution which requires any Company to make an equity investment in such institution in order to borrow money; (h) Liens existing on any property of a Subsidiary existing at the time when it became such, which were not created with a view of its becoming a Subsidiary, provided that (i) the principal amount of the Debt secured by each such Lien shall not exceed the cost (which shall be deemed to include the amount of all Debt secured by Liens, including existing Liens, on such property) of such property to such Subsidiary, or the fair value of such property (without deduction of the Debt secured by Liens on such property) at the time of its becoming a Subsidiary, whichever is the lesser, and (ii) the Debt secured by such Liens may not be increased, extended, renewed or continued beyond its original stated maturity if such increase, extensions or renewal would result in a Default under Section 7.14; (i) Liens either on shares of stock of a corporation which, when such Liens arise, concurrently becomes a Subsidiary or on all or substantially all of the assets of a corporation arising in connection with the purchase or acquisition thereof by the Company, provided that the Debt secured by such Liens may not be increased or extended, renewed or continued beyond its original stated maturity if such increase, extensions or renewal would result in a Default under Section 7.14; (j) Liens on property of a Subsidiary (other than on the stock of Subsidiary except to the extent permitted in clause (i) above) securing obligations owing to the Borrower or a wholly-owned Subsidiary or securing indebtedness of such Subsidiary created, assumed or incurred after the date hereof, the creation, assumption or incurrence of which would not create a Default under Section 7.14; (k) except as otherwise prohibited in clause (h) or (i) above, Liens securing extensions and renewals of the Debt originally secured thereby; (l) Liens on accounts receivables and related assets (including without limitation, all collateral, guaranties and contracts associated with such accounts receivables, all of the Receivables Entity’s interest in the inventory and goods the sale of which gave rise to the accounts receivable, all lockbox or collection accounts related thereto, all records related thereto, and all proceeds of the foregoing) securing indebtedness incurred pursuant to a Qualified Receivables Transaction; and (m) Liens on assets subject to any sale and leaseback transaction consummated pursuant to Section 7.7(g).

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“Person” means and includes an individual, partnership, joint venture, corporation, trust, limited liability company, limited liability partnership, or other entity, Tribunal, unincorporated organization, or government, or any department, agency, or political subdivision thereof.

“Plan” means any plan defined in Section 4021(a) of ERISA in respect of which the Borrower is an “employer” or a “substantial employer” as such terms are defined in ERISA.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Purchaser” is defined in Section 11.18(c).

“Qualified Receivables Transaction” means any transaction or series of transactions that may be entered into by the Borrower or any of its Subsidiaries pursuant to which the Borrower or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Entity (in the case of a transfer by the Borrower or any of its Subsidiaries) or (b) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Borrower or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guaranties or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization involving accounts receivable.

“Quarterly Payment Date” means (a) the third Business Day following the last day of each March, June, September and December and (b) the last day of the Commitment Period.

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“Receivables Entity” means a Wholly Owned Subsidiary of the Borrower (to which the Borrower or any Subsidiary transfers accounts receivable and related assets pursuant to a Qualified Receivables Transaction) which engages in no activities other than in connection with the financing of accounts receivable and whose assets consist solely of receivables and related assets transferred to such entity in connection with a Qualified Receivables Transaction:

- (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:
  - (i) is guaranteed by the Borrower or any Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);
  - (ii) is recourse to or obligates the Borrower or any Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or
  - (iii) subjects any property or asset of the Borrower or any Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(b) with which neither the Borrower nor any Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Transaction) other than on terms no less favorable to the Borrower or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Borrower, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(c) to which neither the Borrower nor any Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results (except pursuant to Standard Securitization Undertakings).

Any designation by the Borrower of a Wholly Owned Subsidiary as a Receivables Entity shall be evidenced to the Administrative Agent by delivering to the Administrative Agent a certificate from a Financial Officer of the Borrower certifying that such designation complied with the foregoing conditions.

"Register" is defined in Section 11.18(b)(iv).

"Regulation D" means Regulation D of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Regulatory Change" means, with respect to any Lender, (a) any adoption or change after the date hereof of or in United States federal, state or foreign Laws (including Regulation D) or guidelines applying to a class of banks including such Lender, (b) the adoption or making after the date hereof of any interpretations, directives or requests applying to a class of banks including such Lender or under any United States federal, state or foreign Laws or guidelines (whether or not having the force of law) by any Tribunal, monetary authority, central bank, or comparable agency charged with the interpretation or administration thereof, or (c) any change in the interpretation or administration of any United States federal, state or foreign Laws or guidelines applying to a class of banks including such Lender by any Tribunal, monetary authority, central bank, or comparable agency charged with the interpretation or administration thereof.

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"Reimbursement Obligation" means the obligation of the Borrower to reimburse the Issuing Lender pursuant to Section 3.5 for amounts drawn under the Letters of Credit.

"Restricted Payment" means

(a) the declaration or payment of dividends by the Borrower, or distribution (in cash, property, obligations or other securities or any combination thereof) on account of any shares of any class of capital stock of the Borrower, or

(b) other payments or distributions by the Borrower whether by reduction of capital or otherwise on account of any shares of any class of capital stock of the Borrower, or

(c) the setting apart of money for a sinking or other analogous fund by the Borrower for the purchase, redemption, retirement or other acquisition of any shares of any class of capital stock of the Borrower, or any warrant, option or other right to acquire any capital stock of the Borrower;

but in each case in (a), (b) and (c) above, excluding dividends or other distributions payable solely in common stock of the Borrower.

"Revolving Extensions of Credit" means, as to any Lender, an amount equal to the sum of (a) the aggregate principal amount of all Loans held by such Lender then outstanding and (b) such Lender's Revolving Percentage of the L/C Obligations then outstanding.

"Revolving Percentage" means, as to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the Total Commitments or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Loans then outstanding constitutes of the aggregate principal amount of the Loans then outstanding, provided, that, in the event that the Loans are paid in full prior to the reduction to zero of the Revolving Extensions of Credit, the Revolving Percentages shall be determined in a manner designed to ensure that the other outstanding Revolving Extensions of Credit shall be held by the Lenders on a comparable basis.

"Rights" means rights, remedies, powers, and privileges.

"S&P" means Standard and Poor's Ratings Services, Inc., a division of The McGraw Hill Companies, Inc.

"Senior Unsecured Long-Term Debt Rating" means, as of any date, the Debt Rating that has been most recently announced by S&P and Moody's. In connection with any determination of the Senior Unsecured Long-Term Debt Rating pursuant to the immediately preceding sentence:

(i) for purposes of determining the Applicable Margin or the Commitment Fee Percentage, (a) if only one of S&P and Moody's shall have in effect a public debt rating, the Applicable Margin and the Commitment Fee Percentage (as set forth in Section 2.4(a)) shall be determined by reference to the available rating; (b) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Commitment Fee Percentage shall be based upon the higher rating, except that if the difference is two or more levels, the Applicable Margin and the Commitment Fee Percentage shall be based on the rating that is one level below the higher rating; (c) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; (d) if S&P or Moody's shall change the basis on which ratings are established, each reference to the public debt rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be; (e) if neither S&P nor Moody's shall have in effect a public debt rating but at least one of S&P and Moody's has in effect a rating for any class of senior secured debt with an original term of longer than one year issued by the Borrower, the Applicable Margin and Commitment Fee Percentage shall be determined by reference to a rating that is one level lower than the rating that has been most recently announced by S&P and Moody's for such class of debt; and (f) if neither S&P nor Moody's shall have in effect either a public debt rating or a rating for any class of senior secured debt with an original term of longer than one year issued by the Borrower, the Applicable Margin and Commitment Fee Percentage shall be set in accordance with the lowest level rating and highest percentage rate set forth in the respective tables relating to "Applicable Margin" and "Commitment Fee Percentage", as the case may be; and

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(ii) for purposes of Section 7.7(f), (a) if only one of S&P and Moody's shall have in effect a public debt rating, the Senior Unsecured Long-Term Debt Rating shall be determined by reference to the available rating; (b) if the ratings established by S&P and Moody's shall fall within different levels, the Senior Unsecured Long-Term Debt Rating shall be based upon the lower rating; (c) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; (d) if S&P or Moody's shall change the basis on which ratings are established, each reference to the public debt rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be; (e) if neither S&P nor Moody's shall have in effect a public debt rating but at least one of S&P and Moody's has in effect a rating for any class of senior secured debt with an original term of longer than one year issued by the Borrower, the Senior Unsecured Long-Term Debt Rating shall be deemed to be the rating that is one level lower than the rating that has been most recently announced by S&P and Moody's for such class of debt; and (f) if neither S&P nor Moody's shall have in effect either a public debt rating or a rating for any class of senior secured debt with an original term of longer than one year issued by the Borrower, the Debt Rating by S&P shall be deemed to be less than BBB and the Debt Rating by Moody's shall be deemed to be less than Baa2.

"Significant Subsidiary" means a Subsidiary of the Borrower (i) the assets of which equal or exceed 5% of all assets of the Borrower and its Subsidiaries as shown on a consolidated balance sheet of the Borrower and its Subsidiaries, (ii) the operating revenue of which, for the most recently ended period of twelve consecutive months, equals or exceeds 5% of the operating revenues of the Borrower and its Subsidiaries for such period, or (iii) the net income from recurring operations of which, for the most recently ended period of twelve consecutive months, equals or exceeds 5% of the net income from recurring operations of the Borrower and its Subsidiaries for such period.

"Solvent" means, as to any Person at the time of determination, that (a) the aggregate fair value of such Person's assets exceeds the present value of its liabilities (whether contingent, subordinated, unmatured, unliquidated, or otherwise), and (b) such Person has sufficient cash flow to enable it to pay its Debts as they mature.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Borrower or any Subsidiary which are reasonably customary in securitization of accounts receivables transactions (it being understood that in no event shall Standard Securitization Undertakings include any Guaranty in respect of principal or interest on the financing for any Qualified Receivables Transaction).

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“Subsidiary” means any Person with respect to which Borrower or any one or more Subsidiaries owns directly or indirectly 50% or more of the issued and outstanding voting stock (or equivalent interests).

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

“Syndication Agent” is defined in the introduction to this Agreement.

“Taxes” means all taxes, assessments, fees, or other charges at any time imposed by any Laws or Tribunal.

“Termination Date” means December 14, 2011, subject, however, to termination in whole of the Total Commitments pursuant to Section 2.5.

“Total Commitments” means, at any time, the aggregate amount of the Commitments then in effect.

“Tribunal” means any municipal, state, commonwealth, federal, foreign, territorial, or other court, governmental body, subdivision, agency, department, commission, board, bureau, or instrumentality.

“Type” shall mean any type of Loan (i.e., an ABR Loan or Eurodollar Loan).

“United States” and “U.S.” each means United States of America.

“Used Commitment” means the aggregate outstanding principal amount of the Revolving Extensions of Credit.

“Utilization Fee” is defined in Section 2.4(b).

“Voting Stock” shall mean securities (as such term is defined in Section 2(1) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

“Wholly Owned Subsidiary” means, as to any Person, any other Person all of the Capital Stock of which (other than directors’ qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

## 1.2. Accounting Principles.

All accounting and financial terms used in the Loan Papers and the compliance with each financial covenant therein shall be determined in accordance with GAAP as in effect on the date of this Agreement, and all accounting principles shall be applied on a consistent basis so that the accounting principles in a current period are comparable in all material respects to those applied in the consolidated Financial Statements for the Companies for the twelve months ended December 31, 2005.

## 1.3. Other Definitional Provisions.

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As used herein and in the other Loan Papers, (i) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (ii) the word “incur” shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words “incurred” and “incurrence” shall have correlative meanings), (iii) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, capital stock, securities, revenues, accounts, leasehold interests and contract rights, and (iv) references to agreements or other contractual obligations shall, unless otherwise specified, be deemed to refer to such agreements or contractual obligations as amended, supplemented, restated or otherwise modified from time to time.

## SECTION 2

### FACILITIES.

#### 2.1. Commitments.

(a) Subject to the terms and conditions hereof, each Lender severally agrees to make revolving credit loans (“Loans”) to the Borrower from time to time during the Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender’s Revolving Percentage of the L/C Obligations, does not exceed the amount of such Lender’s Commitment. During the Commitment Period, the Borrower may use the Commitments by borrowing, repaying the Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.3.

(b) The Borrower and any one or more Lenders (including New Lenders) may agree that each such Lender shall obtain a Commitment or increase the amount of its existing Commitment, as applicable, in each case by executing and delivering to the Administrative Agent an Increased Facility Activation Notice specifying (i) the amount of such increase and (ii) the Increased Facility Closing Date. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(c) Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a “Lender” under this Agreement in connection with any transaction described in Section 2.1(b) shall execute a New Lender Supplement (each, a “New Lender Supplement”), substantially in the form of Exhibit F, whereupon such bank, financial institution or other entity (a “New Lender”) shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(d) For the purpose of providing that the respective amounts of Loans (and Interest Periods in respect of Eurodollar Loans) held by the Lenders are held by them on a pro rata basis according to their respective Revolving Percentages, unless otherwise agreed by the Administrative Agent, on each Increased Facility Closing Date (i) all outstanding Loans shall be converted into a single Loan that is a Eurodollar Loan (with an interest period to be selected by the Borrower), and upon such conversion the Borrower shall pay any amounts owing pursuant to Section 2.12, if any, (with such conversion being treated as a prepayment of all outstanding Eurodollar Loans for the purposes of Section 2.12), (ii) any new borrowings of Loans on such date shall also be part of such single Loan and (iii) all Lenders (including the New Lenders) shall hold a portion of such single Loan equal to its Revolving Percentage thereof and any fundings on such date shall be made in such a manner so as to achieve the foregoing.

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#### 2.2. Procedure for Loan Borrowing.

The Borrower may borrow under the Commitments during the Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 11:00 A.M., New York City time, (a) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) on the requested Borrowing Date, in the case of ABR Loans), specifying (i) the amount and Type of Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor. Any Loans made on the Closing Date shall initially be ABR Loans unless the Borrower has provided the notice for Eurodollar Loans set forth in clause (a) above and has entered into a pre-funding indemnity agreement with respect to such borrowing of Eurodollar Loans on the Effective Date in form and substance reasonably satisfactory to the Administrative Agent. Each borrowing under the Commitments shall be in an amount equal to (x) in the case of ABR Loans, \$1,000,000 or a whole multiple thereof (or, if the then aggregate Available Commitments are less than \$1,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender thereof. Each Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent wiring the money in accordance with instructions from the Borrower with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

#### 2.3. Conversion and Continuation Options.

(a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., New York City time, on the proposed conversion date, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., New York City time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Lenders have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Lenders have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

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#### 2.4. Fees.

(a) Commitment Fees. The Borrower agrees to pay to each Lender, through the Administrative Agent, on each Quarterly Payment Date and on the Termination Date, in immediately available funds, a commitment fee (a "Commitment Fee") calculated on the unused Commitment by multiplying the applicable percentage (the "Commitment Fee Percentage") set forth below by the average daily Available Commitment of such Lender during the preceding quarter (or shorter period commencing with the date hereof and/or ending with the Termination Date):

| Senior Unsecured Long-Term Debt Rating | Commitment Fee Percentage |
|--|---------------------------|
| A- or A3 or better                     | 0.070 percent per annum   |
| BBB+ or Baa1                           | 0.080 percent per annum   |
| BBB or Baa2                            | 0.100 percent per annum   |
| BBB- or Baa3                           | 0.125 percent per annum   |
| Below BBB- or Baa3                     | 0.150 percent per annum   |

(b) Utilization Fees. The Borrower agrees to pay to each Lender, through the Administrative Agent, on each Quarterly Payment Date and on the Termination Date, in immediately available funds, a utilization fee (a "Utilization Fee") equal to 10.0 basis points (0.100%) per annum for each day on which the Commitment Utilization Percentage equals or exceeds 50%, which fee shall accrue on the daily amount of the Used Commitment of such Lender for each Excess Utilization Day during the period from and including the Effective Date to but excluding the date on which such Lender's Commitment terminates; provided that, if such Lender continues to have any outstanding Loans after its Commitment terminates, then such utilization fee shall continue to accrue on the daily aggregate principal amount of such Lender's Loans for each Excess Utilization Day from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any outstanding Loans.

(c) Other Fees. The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

#### 2.5. Optional Termination and Reduction of Commitments.

(a) Subject to Section 2.9(b), the Borrower may permanently terminate, or from time to time in part permanently reduce, the Total Commitments upon at least three Business Days prior written notice to the Administrative Agent (who shall promptly forward a copy thereof to each Lender and which notice may be revocable; provided, that (i) such notice is only revocable during the three Business Day period beginning on the date that such notice is given to the Administrative Agent and ending on the stated date of such Commitment reduction and (ii) the Borrower shall indemnify the Lenders pursuant to Section 2.12 as a result of the Borrower's revocation of such notice). Such notice shall specify the date and the amount of the termination or reduction of the Total Commitments. Each such partial reduction of the Total Commitments shall be in a minimum aggregate principal amount of \$5,000,000 and in an integral multiple of \$1,000,000.

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(b) On the Termination Date, the Total Commitments shall be zero.

(c) Each reduction in the Total Commitments pursuant to this paragraph shall be made ratably among the Lenders in accordance with their respective Commitments.

(d) Simultaneously with any termination or reduction of the Commitments pursuant to this paragraph, the Borrower shall pay to the Administrative Agent for the accounts of the Lenders the Commitment Fees on the amount of the Total Commitments, so terminated or reduced, accrued through the date of such termination or reduction.

#### 2.6. Limitations on Eurodollar Tranches.

Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

#### 2.7. Interest Rates and Payment Dates.

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR.

(c) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Loans shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2%, and (ii) if all or a portion of any interest payable on any Loan or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

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#### 2.8. Alternate Rate of Interest for Eurodollar Loans.

In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Loan, the Administrative Agent shall have determined that dollar deposits in the amount of the requested principal amount of such Eurodollar Loan are not generally available in the London interbank market, or that dollar deposits are not generally available in the London interbank market for the requested Interest Period, or that the rate at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining such Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the Eurodollar Rate, the Administrative Agent shall, as soon as practicable thereafter, give telecopy notice of such determination, stating the specific reasons therefor, to the Borrower and the Lenders. In the event of any such determination, any request by the Borrower for a Eurodollar Loan shall, until the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Loan. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

2.9. Mandatory and Optional Prepayment of Loans.

(a) Prior to the Termination Date, the Borrower shall have the right at any time to prepay any Borrowing, in whole or in part, subject to the requirements of Section 2.12 and Section 2.13 but otherwise without premium or penalty, but prepayment of Eurodollar Loans shall require at least three Business Days prior written notice to the Administrative Agent; provided, however, that each such partial prepayment shall be in an integral multiple of \$1,000,000 and in a minimum aggregate principal amount of \$2,000,000. Each notice of prepayment shall specify the prepayment date and the aggregate principal amount of each Borrowing to be prepaid and may be revocable; provided, that (i) such notice is only revocable during the three Business Day period beginning on the date that such notice is given to the Administrative Agent and ending on the stated date of such prepayment and (ii) the Borrower shall indemnify the Lenders pursuant to Section 2.12 as a result of the Borrower's revocation of such notice.

(b) On the date of any termination or reduction of the Total Commitments pursuant to Section 2.5(a), the Borrower shall pay or prepay the Loans or cash collateralize the Letters of Credit in a manner satisfactory to the Administrative Agent to the extent necessary in order that the aggregate Revolving Extensions of Credit outstanding will not exceed the Total Commitments following such termination or reduction. Subject to the foregoing and the requirements of Section 2.5, any such payment or prepayment shall be applied to such Borrowing or Borrowings as the Borrower shall select. All prepayments under this paragraph shall be subject to Section 2.12 and Section 2.13.

(c) All Loans, together with accrued and unpaid interest thereon, shall be due and payable in full on the Termination Date.

(d) All prepayments of Loans (other than optional prepayments of ABR Loans) under this Section 2.9 shall be accompanied by accrued interest on the principal amount being prepaid to the date of prepayment.

2.10. Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any Regulatory Change (i) shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Loan made by such Lender or any other fees or amounts payable hereunder ( *other than* (x) Taxes imposed on or measured by the capital, receipts or franchises of such Lender or the overall gross or net income of such Lender by the jurisdiction in which such Lender has its principal office or by any political subdivision or taxing authority therein (or any Tax which is enacted or adopted by such jurisdiction, political subdivision, or taxing authority as a direct substitute for any such Taxes) or (y) any Tax, assessment, or other governmental charge that would not have been imposed but for the failure of any Lender to comply with any certification, information, documentation, or other reporting requirement), (ii) shall impose, modify, or deem applicable any reserve, special deposit, or similar requirement with respect to any Eurodollar Loan or any Letter of Credit (or participating interest therein), against assets of, deposits with or for the account of, or credit extended by, such Lender under this Agreement, or (iii) with respect to any Eurodollar Loan, shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurodollar Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of maintaining its Commitment or of making or maintaining any Eurodollar Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest, or otherwise) in respect thereof by an amount deemed in good faith by such Lender to be material, then the Borrower shall pay to the Administrative Agent for the account of such Lender such additional amount or amounts as will compensate such Lender for such increase or reduction to such Lender, to the extent such amounts have not been included in the calculation of the Eurodollar Rate, upon demand by such Lender (through the Administrative Agent).

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(b) If any Lender shall have determined in good faith that any Regulatory Change regarding capital adequacy or compliance by any Lender (or its parent or any lending office of such Lender) with any request or directive regarding capital adequacy (whether or not having the force of Law) of any Tribunal, monetary authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on such Lender's (or its parent's) capital as a consequence of its obligations hereunder to a level below that which such Lender (or its parent) could have achieved but for such Regulatory Change, or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed in good faith by such Lender to be material, then from time to time, the Borrower shall pay to the Administrative Agent for the account of such Lender such additional amount or amounts as will compensate such Lender for such reduction upon demand by such Lender (through the Administrative Agent).

(c) A certificate of a Lender setting forth in reasonable detail (i) the Regulatory Change or other event giving rise to such costs, (ii) such amount or amounts as shall be necessary to compensate such Lender as specified in paragraph (a) or (b) above, as the case may be, and (iii) the calculation of such amount or amounts under clause (a)(i), shall be delivered to the Borrower (with a copy to the Administrative Agent) promptly after such Lender determines it is entitled to compensation under this Section 2.10, and shall be conclusive and binding absent manifest error. The Borrower shall pay to the Administrative Agent for the account of such Lender the amount shown as due on any such certificate within 15 days after its receipt of the same. In preparing such certificate, such Lender may employ such assumptions and allocations of costs and expenses as it shall in good faith deem reasonable and may use any reasonable averaging and attribution method.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any Interest Period shall not constitute a waiver of such Lender's rights to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to such Interest Period or any other Interest Period. The protection of this Section 2.10 shall be available to each Lender regardless of any possible contention of invalidity or inapplicability of the law, regulation, or condition which shall have been imposed.

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(e) In the event any Lender shall seek compensation pursuant to this Section 2.10, the Borrower may, *provided* no Event of Default has occurred and is continuing, give notice to such Lender (with copies to the Agents) that it wishes to seek one or more Persons (other than the Borrower or an Affiliate of the Borrower) to assume the Commitment of such Lender and to purchase its outstanding Loans and Notes (if any). Each Lender requesting compensation pursuant to this Section 2.10 agrees to sell its Commitment, Loans, Notes, and interest in this Agreement and the other Loan Papers to any such Person for an amount equal to the sum of the outstanding unpaid principal of and accrued interest on such Loans and Notes *plus* all other fees and amounts (including, without limitation, any compensation claimed by such Lender under this Section 2.10 and as to which such Lender has delivered the certificate required by Section 2.10(c) on or before the date such Commitment, Loans, and Notes are purchased) due such Lender hereunder calculated, in each case, to the date such Commitment, Loans, Notes (if any), and interest are purchased, whereupon such Lender shall have no further Commitment or other obligation to the Borrower hereunder or under any other Loan Paper.

(f) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 2.10, then such Lender will agree to use reasonable efforts to change the jurisdiction of its lending office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender, is not otherwise disadvantageous to such Lender.

(g) Without prejudice to the survival of any other obligations of the Borrower hereunder, the obligations of the Borrower under this Section 2.10 shall survive for one year after the termination of this Agreement and/or the payment or assignment of any of the Loans or Notes.

2.11. Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if any Regulatory Change shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby, then, by written notice to the Borrower and to the Administrative Agent, such Lender may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon the Borrower shall be prohibited from requesting Eurodollar Loans from such Lender hereunder unless such declaration is subsequently withdrawn; and

(ii) if such unlawfulness shall be effective prior to the end of any Interest Period of an outstanding Eurodollar Loan, require that all outstanding Eurodollar Loans with such Interest Periods made by it be converted to ABR Loans, in which event (A) all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below and (B) all payments and prepayments of principal which would otherwise have been applied to repay the converted Eurodollar Loans shall instead be applied to repay the ABR Loans resulting from the conversion of such Eurodollar Loans.

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(b) For purposes of this Section 2.11, a notice to the Borrower (with a copy to the Administrative Agent) by any Lender pursuant to paragraph (a) above shall be effective on the date of receipt thereof by the Borrower.

2.12. Indemnity.

The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with

respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.13. Pro Rata Treatment.

Unless otherwise specifically provided herein, each payment or prepayment of principal and each payment of interest with respect to a Borrowing shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans extended by each Lender, if any, with respect to such Borrowing, and conversions of Loans to Loans of another Type and continuations of Loans that are Eurodollar Loans from one Interest Period, shall be made pro rata among the Lenders in accordance with their respective Commitments.

2.14. Sharing of Setoffs.

Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff, or counterclaim against the Borrower, including, but not limited to, a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable Debtor Relief Law or otherwise, obtain payment (voluntary or involuntary) in respect of the Note held by it (*other than* pursuant to Section 2.10 or Section 2.12) as a result of which the unpaid principal portion of the Note held by it shall be proportionately less than the unpaid principal portion of the Note held by any other Lender, it shall be deemed to have simultaneously purchased from such other Lender a participation in the Note held by such other Lender, so that the aggregate unpaid principal amount of the Note and participations in Notes held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Notes then outstanding as the principal amount of the Note held by it prior to such exercise of banker's lien, setoff, or counterclaim was to the principal amount of all Notes outstanding prior to such exercise of banker's lien, setoff, or counterclaim; *provided, however*, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.14 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Note deemed to have been so purchased may, upon the existence of an Event of Default, exercise any and all rights of banker's lien, setoff, or counterclaim with respect to any and all moneys owing by the Borrower to such Lender as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

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2.15. Payments.

(a) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 1:00 P.M., New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans, on demand, from the Borrower.

(c) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

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2.16. Calculation of Eurodollar Rate.

The provisions of this Agreement relating to calculation of the Eurodollar Rate are included only for the purpose of determining the rate of interest or other amounts to be paid hereunder that are based upon such rate, it being understood that each Lender shall be entitled to fund and maintain its funding of all or any part of a Eurodollar Loan as it sees fit. All such determinations hereunder, however, shall be made as if each Lender had actually funded and maintained funding of each Eurodollar Loan through the purchase in the London interbank market of one or more eurodollar deposits, in an amount equal to the principal amount of such Loan and having a maturity corresponding to the Interest Period for such Loan.

2.17. Computation of Interest and Fees.

(a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to (i) ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate and (ii) Commitment Fees payable pursuant to Section 2.4(a), such calculations shall be made on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.7(a).

2.18. Booking Loans.

Any Lender may make, carry, or transfer Loans at, to, or for the account of any of its branch offices.

2.19. Quotation of Rates.

It is hereby acknowledged that the Borrower may call the Administrative Agent on or before the date on which notice of a Borrowing is to be delivered by the Borrower in order to receive an indication of the rate or rates then in effect, but that such projection shall not be binding upon the Administrative Agent or any Lender nor affect the rate of interest which thereafter is actually in effect when the election is made.

2.20. Taxes

(a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Tribunal, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Tribunal imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced,

this Agreement or any other Loan Paper). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings (" Non-Excluded Taxes ") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

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(b) In addition, the Borrower shall pay any Other Taxes to the relevant Tribunal in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a " Non-U.S. Lender ") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit H and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Papers. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

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(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(f) If the Administrative Agent or any Lender determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.20, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.20 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Tribunal with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Tribunal) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Tribunal. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

## **SECTION 3**

### **LETTERS OF CREDIT**

3.1. L/C Commitment. (a) Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the other Lenders set forth in Section 3.4(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day during the Commitment Period in such form as may be approved from time to time by the Issuing Lender; provided that the Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) any Lender's Revolving Extensions of Credit would exceed such Lender's Commitment. Each Letter of Credit shall (i) be denominated in Dollars and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

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(b) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause the Issuing Lender or the L/C Participant to exceed any limits imposed by, any applicable Law.

3.2. Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may reasonably request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Issuing Lender and the Borrower. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3. Fees and Other Charges. (a) The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect, shared ratably among the Lenders and payable quarterly in arrears on each Quarterly Payment Date and on the Termination Date after the issuance date. In addition, the Borrower shall pay to the Issuing Lender for its own account a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears on each Quarterly Payment Date and on the Termination Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lender for such normal and customary costs and expenses as are incurred or charged by the Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4. L/C Participations. (a) The Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Lender to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in the Issuing Lender's obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by the Issuing Lender thereunder. Each L/C Participant agrees with the Issuing Lender that, if a draft is paid under any Letter of Credit for which the Issuing Lender are not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Percentage of the amount of such draft, or any part thereof, that is not so reimbursed. Each L/C Participant's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Company or any other L/C Participant or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

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(b) If any amount required to be paid by any L/C Participant to the Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Lender under any Letter of Credit is paid to the Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average



Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.4(a) is not made available to the Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, the Issuing Lender shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans. A certificate of the Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.4(a), the Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Lender), or any payment of interest on account thereof, the Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Lender shall be required to be returned by the Issuing Lender, such L/C Participant shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

3.5. Reimbursement Obligation of the Borrower. If any draft is paid under any Letter of Credit, the Borrower shall reimburse the Issuing Lender for the amount of (a) the draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment, not later than 12:00 Noon, New York City time, on (i) the Business Day that the Borrower receives notice of such draft, if such notice is received on such day prior to 10:00 A.M., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Borrower receives such notice. Each such payment may be paid using a Loan to the extent otherwise permitted under this Agreement and shall be made to such Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.7(b) and (y) thereafter, Section 2.7(c).

3.6. Obligations Absolute. The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the Issuing Lenders, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with the Issuing Lenders that the Issuing Lenders shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lenders shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Issuing Lenders. The Borrower agrees that any action taken or omitted by the Issuing Lenders under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of the Issuing Lender to the Borrower.

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3.7. Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentation are substantially in conformity with such Letter of Credit.

3.8. Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

#### **SECTION 4**

#### **REPRESENTATIONS AND WARRANTIES.**

The Borrower represents and warrants to the Agents and the Lenders as follows:

4.1. Purpose of Credit Facility.

The Borrower will use Loan proceeds only to refinance the Existing Credit Agreement and for the working capital needs and general corporate purposes (including Acquisitions and capital expenditures) of the Companies. The proceeds loaned hereunder will not be used directly or indirectly for the purpose of purchasing or carrying, or for the purpose of extending credit to others for the purpose of purchasing or carrying, any Margin Stock, or to repay any Debt which was created for such purposes.

4.2. Corporate Existence, Good Standing, and Authority.

Each Company is, to the best of the Borrower's knowledge, duly organized, validly existing, and in good standing under the Laws of its state of incorporation (such jurisdictions being identified on Exhibit 21 of Borrower's most recent annual report filed with the Securities and Exchange Commission on Form 10-K). Except where failure would not reasonably be expected to have a Material Adverse Effect, each Company (a) is duly qualified to transact business and is in good standing as a foreign corporation in each jurisdiction where the nature and extent of its business and properties require the same, and (b) possesses all requisite authority, power, licenses, permits, and franchises to conduct its business as is now being, or is contemplated herein to be, conducted. The Borrower possesses all requisite authority, power, licenses, permits, and franchises to execute, deliver, and comply with the terms of the Loan Papers, all which have been duly authorized and approved by all necessary corporate action and, except where failure would not reasonably be expected to have a Material Adverse Effect, for which no approval or consent of any Person or Tribunal is required which has not been obtained and no filing or other notification to any Person or Tribunal is required which has not been properly completed.

4.3. Significant Subsidiaries.

Exhibit 21 of the Borrower's most recent annual report filed with the Securities and Exchange Commission on Form 10-K sets forth, in all material respects, all existing Significant Subsidiaries of the Borrower and correctly lists, as to each Significant Subsidiary, (a) its name and (b) its jurisdiction of incorporation. The shares of capital stock of each Significant Subsidiary owned by the Borrower (either directly or indirectly through another Subsidiary) as set forth on Exhibit 21 of Borrower's most recent annual report filed with the Securities and Exchange Commission on Form 10-K are the duly authorized, validly issued, fully paid, and nonassessable shares of such Significant Subsidiary and are owned by the Borrower free and clear of all Liens except Permitted Liens.

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4.4. Financial Statements.

(a) The Current Financials were prepared in accordance with GAAP and present fairly the consolidated financial condition and the results of operations of the Companies as of, and for the periods ended, the dates thereof. There were no material (to the Companies taken as a whole) liabilities, direct or indirect, fixed or contingent, of any Company as of the date of the Current Financials which are not reflected therein. No Company has incurred any material (to the Companies taken as a whole) liability, direct or indirect, fixed or contingent, between the dates of the Current Financials and the date hereof, except in the ordinary course of business, such as in connection with acquisitions and financing activities.

(b) Since December 31, 2005, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.5. Compliance with Laws, Charter, and Agreements.

No Company is, nor will the execution, delivery, performance, or observance of the Loan Papers cause any Company to be, in violation of any Laws or any Material Agreements to which it is a party, *other than* such violations which would not reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is, nor will the execution, delivery, performance, or observance of the Loan Papers cause the Borrower or any Subsidiary to be, in violation of its bylaws or charter.

4.6. Litigation.

Except as described in the Form 10-Q filed by the Borrower for the quarterly period ended September 30, 2006 and to the knowledge of the Borrower, no Company is aware of any "Material" Litigation, and there are no Material outstanding or unpaid judgments against any Company. Material for purpose of this Section 4.6 in relation to Litigation would include any actions or proceedings pending or threatened against any Company before any court or Tribunal as to which there is a reasonable possibility of an adverse determination seeking damages, net of insurance proceeds to the Company, in excess of \$10,000,000 in any case or 1% of Consolidated Net Worth in the aggregate, or which might result in any Material Adverse Effect.

4.7. Taxes.

All Tax returns of each Company required to be filed have been filed (or extensions have been granted) except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, and all Taxes imposed upon each Company which are shown to be due and payable thereon have been paid other than Taxes for which the criteria for Permitted Liens have been satisfied and Taxes being contested in good faith by proper proceedings and with respect to which such Company shall have, to the extent required by GAAP, set aside on its books adequate reserves.

4.8. Environmental Matters.

No Company's ownership of its assets violates any applicable Environmental Law, other than such violations which would not reasonably be expected to have a Material Adverse Effect. To the Borrower's knowledge, no investigation or review is pending or threatened by any Tribunal with respect to any alleged violation of any Environmental Law in connection with any Company's assets which could result in a Material Adverse Effect. None of any Company's assets have been used by such Company or, to the Borrower's knowledge, any other Person as a dump site for any Hazardous Substance except where such use would not reasonably be expected to have a Material Adverse Effect.

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4.9. Employee Benefit Plans.

(a) No employee benefit plan as defined in the Code and Title IV of ERISA of any Company has incurred an accumulated funding deficiency in an amount sufficient to have a Material Adverse Effect, (b) no Company has incurred liability to the PBGC in connection with any such plan where such liability could reasonably be expected to have a Material Adverse Effect, (c) no Company has withdrawn in whole or in part from participation in a Multiemployer Plan where the withdrawal could reasonably be expected to have a Material Adverse Effect, and (d) to the best of the Borrower's knowledge, no "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the Code) or "reportable event" (as defined in section 4043 of ERISA) has occurred which could reasonably be expected to have a Material Adverse Effect.

4.10. Properties; Liens.

Each Company has good and marketable (except for Permitted Liens) title to all its property reflected on the Current Financials as being owned (except for dispositions of property in the ordinary course of business between the date or dates thereof and the date hereof). Except for Permitted Liens, there is no Lien on any property of any Company, and the execution, delivery, performance, or observance of the Loan Papers will not require or result in the creation of any Lien other than Permitted Liens.

4.11. Holding Company and Investment Company Status.

The Borrower is not (a) a "holding company," a "subsidiary company" of a "holding company," an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended, (b) a "public utility" within the meaning of the Federal Power Act, as amended, (c) an "investment company" within the meaning of the Investment Company Act of 1940, as amended, (d) an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, or (e) directly subject to the jurisdiction of the Federal Communications Commission or any public service commission.

4.12. Transactions with Affiliates.

Except as disclosed on Schedule 4.12, no Company is a party to a material transaction with any of its Affiliates other than transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than such Company could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate and other than transactions between or among entities each of which is either the Borrower or a Wholly Owned Subsidiary. For purposes of this Section 4.12, such transactions are "material" if they, individually or in the aggregate, require any Company to pay more than 1 percent of Consolidated Net Worth over the course of such transactions.

4.13. Leases.

All material leases under which any Company is lessee or tenant are in full force and effect, and no default or potential default exists thereunder which could result in a Material Adverse Effect.

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4.14. Labor Matters.

There are no actual or, to the Borrower's knowledge, threatened strikes, labor disputes, slow downs, walkouts, or other concerted interruptions of operations by any Company's employees, the effect of which would have a Material Adverse Effect.

4.15. Insurance.

Each Company maintains with financially sound insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance concerning its properties and businesses against such casualties and contingencies and of such types and in such amounts (and with co-insurance and deductibles) as is customary in the case of same or similar businesses; provided, however, a program of self-insurance in such amounts and against such risks as are prudent and which is consistent with accepted business practice shall constitute compliance with this Section 4.15.

4.16. Solvency.

The Companies are, and after giving effect to the transactions contemplated under the Loan Papers will be, Solvent.

4.17. Business.

The business of the Borrower, as presently conducted and as proposed to be conducted, is set forth on Schedule 4.17.

4.18. General.

All writings exhibited or delivered to the Agents by or on behalf of any Company are and will be genuine and in all material respects what they purport and appear to be.

**SECTION 5**

**CONDITIONS PRECEDENT.**

5.1. Initial Loan.

No Lender will be obligated to fund the initial Loan unless the Administrative Agent has received all of the following in form and substance satisfactory to the Administrative Agent and its special counsel:

(a) Loan Papers. This Agreement and the Current Financials.

(b) Secretary's Certificates. A certificate dated as of the date hereof, executed and delivered by the Borrower, certifying that (i) attached is a true, correct, and complete copy of (A) the Borrower's charter, certified by the appropriate state official and dated a Current Date, (B) the Borrower's bylaws, and (C) resolutions of the Borrower's board of directors authorizing the execution and delivery of each Loan Paper to which the Borrower is a party and (ii) the officers whose specimen signatures appear on such certificate hold the corporate office indicated and are authorized to sign agreements, documents, and instruments on behalf of the Borrower.

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- (c) Good Standing, Existence, and Authority. Certificates (dated a Current Date) relating to the Borrower's existence, good standing, and authority to transact business issued by appropriate state officials.
- (d) Opinions of Borrower's Counsel. The favorable opinions, dated the Effective Date and substantially in the form of Exhibit B of:
  - (i) Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., special counsel to the Borrower; and
  - (ii) Stacey Goff, Senior Vice President, General Counsel and Corporate Secretary of the Borrower.
- (e) Officer's Certificate. A certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance, as of the Effective Date, with the conditions set forth in paragraphs (a) and (b) of Section 5.2.
- (f) Fees and Expenses. Payment from the Borrower of all fees then due the Agents or the Lenders pursuant to this Agreement or any other agreement.
- (g) Existing Credit Agreement. All accrued unpaid amounts owing under the Existing Credit Agreement shall have been paid.
- (h) Financial Statements. The Lenders shall have received (i) audited consolidated financial statements of the Borrower for the 2003, 2004 and 2005 fiscal years and (ii) unaudited interim consolidated financial statements of the Borrower for each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Lenders, reflect any material adverse change in the consolidated financial condition of the Borrower, as reflected in the financial statements or projections contained in the Confidential Information Memorandum.
- (i) Projections. The Lenders shall have received from the Borrower financial projections for the fiscal years 2006 and 2007 in form and substance reasonably satisfactory to the Lenders.
- (j) Other. Such other agreements, documents, instruments, opinions, certificates, and evidences as the Administrative Agent may reasonably request.

5.2. Each Revolving Extension of Credit.

In addition, the Lenders will not be obligated to fund any Loan and the Issuing Lender shall not be obligated to issue any Letter of Credit unless at the time of such funding or issuance (a) the representations and warranties made in the Loan Papers (other than pursuant to Section 4.4(b), which representation shall only be made as of the date of the initial extension of credit) are true and correct in all material respects (except to the extent that the representations and warranties speak to a specific date), (b) no Default or Event of Default shall have occurred and shall be continuing, (c) the funding or issuance of such Loan or Letter of Credit is permitted by Law, and (d) if requested by the Administrative Agent or the Majority Lenders, the Borrower shall have delivered to the Administrative Agent evidence substantiating any of the matters contained in this Agreement which are necessary to enable the Borrower to qualify for such Loan or Letter of Credit.

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Each Borrowing by the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 shall have been satisfied.

5.3. Materiality of Conditions.

Each condition precedent herein is material to the transactions contemplated herein, and time is of the essence in respect of each thereof.

5.4. Waiver of Conditions.

Subject to the provisions of Section 11.14, the Majority Lenders may elect to fund any Loan without all conditions being satisfied, but this shall not be deemed to be a waiver of the requirement that each such condition precedent be satisfied as a prerequisite for any subsequent Loan, unless the Majority Lenders (or, if required by Section 11.14, all Lenders) specifically waive each such item in writing.

**SECTION 6**

**AFFIRMATIVE COVENANTS.**

So long as the Lenders are committed to make Loans under this Agreement and thereafter until the Obligation is paid and performed in full, the Borrower covenants and agrees with the Agents and the Lenders as follows:

6.1. Use of Proceeds.

Proceeds of Loans advanced hereunder shall be used only as represented herein.

6.2. Books and Records.

Each Company shall maintain, in accordance with GAAP, proper and complete books, records, and accounts which are necessary to prepare the financial statements required to be delivered hereunder.

6.3. Items to be Furnished.

The Borrower shall cause the following to be furnished to the Administrative Agent and each Lender (through the Administrative Agent):

(a) Promptly after preparation, and no later than 120 days after the last day of each fiscal year of the Borrower, Financial Statements showing the consolidated financial condition and results of operations of the Companies as of, and for the year ended on, such last day, accompanied by (i) the opinion of KPMG LLP (or another firm of nationally-recognized independent certified public accountants reasonably acceptable to Majority Lenders), based on an audit using generally accepted auditing standards, that such Financial Statements were prepared in accordance with GAAP and present fairly the consolidated financial condition and results of operations of the Companies (and such accountants shall indicate in a letter to the Administrative Agent, that during their audit no Default or Event of Default not already reported was discovered or, if such Default or Event of Default was discovered, the nature and period of existence thereof) and (ii) a Financial Report Certificate with respect to such Financial Statements.

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(b) Promptly after preparation, and no later than 60 days after the last day of each of the first three quarters of each fiscal year of the Borrower, (i) Financial Statements showing the consolidated financial condition and results of operations of the Companies as of, and for the period from the beginning of the current fiscal year to, such last day, and (ii) a Financial Report Certificate with respect to such Financial Statements.

(c) Promptly after preparation (and no later than the later of 15 days (a) after such filing is due or (b) after timely filing, if filed with the Securities and Exchange Commission), true copies of all regular and periodic reports, proxy statements and filings on Form 8-K furnished by or on behalf of any Company to stockholders generally or filed with the Securities and Exchange Commission. However, only registration statements covering more than 2 percent of the Borrower's outstanding shares of common stock shall be required to be furnished unless specifically requested by the Administrative Agent.

(d) Promptly upon receipt thereof, copies of any notices received from any Tribunal (including, without limitation, state regulatory agencies) relating to the possible violation or violation of any Law which might have a Material Adverse Effect.

(e) Notice, promptly after the Borrower knows or has reason to know of, (i) the existence of any material Litigation as defined in Section 4.6, (ii) any material change in any material fact or circumstance represented or warranted in any Loan Paper, or (iii) a Default or Event of Default, specifying the nature thereof and what action the Borrower or any other Company has taken, is taking, or proposes to take with respect thereto.

(f) Notice, promptly after the Borrower knows or has reason to know of, a Subsidiary Encumbrance, as defined in Section 7.14(b).

(g) Within 10 days after execution thereof, copies of any supplements, modifications or amendments to the Equity Units documentation.

(h) Promptly upon the Administrative Agent's or any Lender's reasonable request, such information (not otherwise required to be furnished under the Loan Papers) respecting the business affairs, assets, and liabilities of any Company, and any opinions, certifications, and documents, in addition to those mentioned herein.

6.4. Inspection.

The Borrower shall allow the Administrative Agent and each Lender, when the Administrative Agent or such Lender reasonably deems necessary, at such Lender's own expense if no Default then exists, to inspect any of its properties, to review reports, files, and other records and to make and take away copies thereof, to conduct tests or investigations, and to discuss any of its affairs, conditions, and finances with any director, officer, or employee of such Company from time to time, upon reasonable notice during reasonable business hours, or otherwise when reasonably considered necessary.

6.5. Taxes.

Each Company shall promptly pay when due any Taxes, except those which if unpaid would not cause a Material Adverse Effect, Taxes for which the criteria for Permitted Liens have been satisfied and Taxes being contested in good faith by proper proceedings and with respect to which such Company shall have, to the extent required by GAAP, set aside on its books adequate reserves. No Company shall use any proceeds of Loans to pay the wages of employees unless a timely payment to or deposit with the United States of America of all amounts of Tax required to be deducted and withheld with respect to such wages is also made.

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6.6. Payment of Obligations.

Each Company shall promptly pay (or renew and extend) all of its material obligations as the same become due except those being contested in good faith by proper proceedings and with respect to which such Company shall have, to the extent required by GAAP, set aside on its books adequate reserves, but no Company will make any voluntary prepayment of the principal of any Debt other than the Obligation, whether subordinate to the Obligation or not, if a Default or Event of Default exists under any Loan Paper.

6.7. Expenses.

The Borrower shall promptly pay (a) all reasonable and necessary out-of-pocket costs, fees, and expenses paid or incurred by the Administrative Agent incident to any Loan Paper (including, but not limited to, the reasonable fees and expenses of counsel to the Administrative Agent in connection with the negotiation, preparation, delivery, and execution of the Loan Papers and any related amendment, waiver, or consent); and (b) all reasonable and customary out-of-pocket costs, fees and expenses paid or incurred by the Administrative Agent and any of the Lenders in connection with the enforcement of the obligations of any Company or the exercise of any Rights (including, but not limited to, reasonable attorneys' fees and court costs), all of which shall be a part of the Obligation. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

6.8. Maintenance of Existence, Assets, Business, and Insurance.

Except as permitted by Section 7.4, each Company shall at all times (a) maintain its corporate existence and authority to transact business and good standing in its jurisdiction of incorporation or organization and all other jurisdictions where the failure to so maintain could reasonably be expected to have a Material Adverse Effect, (b) maintain all licenses, permits, and franchises necessary for its business, where the failure to so maintain could reasonably be expected to have a Material Adverse Effect, (c) keep all of its assets which are necessary to its business in good working order and condition (ordinary wear and tear excepted), and make all necessary repairs and replacements thereto, and (d) maintain either (i) insurance with such insurers, in such amounts, and covering such risks, as shall be ordinary and customary in the industry or (ii) a comparable self-insurance program.

6.9. Preservation and Protection of Rights.

Each Company shall perform such acts and duly authorize, execute, acknowledge, deliver, file, and record any additional agreements, documents, instruments, and certificates as the Administrative Agent may reasonably deem necessary or appropriate in order to preserve and protect the Rights of the Agents or the Lenders under any Loan Paper.

6.10. Environmental Laws.

Each Company shall conduct its business so as to comply with all applicable Environmental Laws and shall promptly take corrective action to remedy any non-compliance with any Environmental Law, except where failure to so comply or take such action would not reasonably be expected to have a Material Adverse Effect. Each Company shall maintain a system which, in its reasonable business judgment, will assure its continued compliance with Environmental Laws in all material respects.

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6.11. Environmental Indemnification.

The Borrower shall indemnify, protect, and hold each Indemnified Party harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, proceedings, costs, expenses (including, without limitation, all reasonable attorneys' fees and legal expenses whether or not suit is brought), and disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against such Indemnified Parties, with respect to or as a direct or indirect result of the violation by any Company of any Environmental Law; or with respect to or as a direct or indirect result of any Company's generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence in connection with its properties of a Hazardous Substance including, without limitation, (a) all damages of any such use, generation, manufacture, production, storage, release, threatened release, discharge, disposal, or presence, or (b) the costs of any required or necessary environmental investigation, monitoring, repair, cleanup, or detoxification and the preparation and implementation of any closure, remedial, or other plans. The provisions of and undertakings and indemnification set forth in this paragraph shall survive the satisfaction and payment of the Obligation and termination of this Agreement for a period of time set forth in the statute of limitations in any applicable Environmental Law.

## SECTION 7

### NEGATIVE COVENANTS.

So long as the Lenders are committed to make Loans under this Agreement and thereafter until the Obligation is paid and performed in full, the Borrower covenants and agrees with the Agents and the Lenders as follows:

7.1. Employee Benefit Plans.

No Company will, directly or indirectly, if it would have a Material Adverse Effect, (a) engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the Code), (b) permit the funding requirements under ERISA with respect to any employee benefit plan established or maintained by any Company to ever be less than the minimum required by ERISA, (c) permit any employee benefit plan established or maintained by any Company to ever be subject to involuntary termination proceedings, or (d) fully or partially withdraw from any Multiemployer Plan.

7.2. Liens.

No Company will create, incur, or suffer or permit to be created or incurred or to exist any Lien (other than Permitted Liens) upon any of its assets unless the Obligations then outstanding shall be secured by such Lien equally and ratably with any and all obligations and indebtedness secured by such Lien.

7.3. Restricted Payments.

The Borrower will not directly or indirectly make or declare any Restricted Payment, unless no Default or Event of Default has occurred and is continuing or would result from such Restricted Payment.

7.4. Mergers and Consolidations.

No Company will merge or consolidate with any Person other than (a) any merger or consolidation whereby the Borrower (or another Company, if the Borrower is not a party thereto) is the surviving corporation, (b) any merger of any Subsidiary into another Company, (c) any merger of a Subsidiary into another Person (other than the Borrower) if after such merger the surviving entity becomes a Subsidiary, (d) any sale of assets permitted by Section 7.7 that is structured as a merger or consolidation and (e) any Subsidiary that is not a Significant Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of such Borrower and is not materially disadvantageous to the Lenders; provided, that in any such case, immediately after such merger or consolidation there shall not exist any Default or Event of Default.

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7.5. Loans, Advances, and Investments.

Except as permitted by Section 7.4(b), no Company will make any loan, advance, extension of credit, or capital contribution to, make any investment in, or purchase or commit to purchase any stock or other securities or evidences of Debt of, or interests in, any other Person, other than (a) Acquisitions, (b) expense accounts for and other loans and advances to directors, officers, and employees of such Company in the ordinary course of business not to exceed \$1,000,000 in the aggregate outstanding at any time; (c) investments in (or secured by) obligations of the United States of America and agencies thereof and obligations guaranteed by the United States of America maturing within one year from the date of acquisition; (d) time deposits, banker's acceptances or certificates of deposit issued by any of the Lenders; (e) certificates of deposit, time deposits and banker's acceptances which are fully insured by the Federal Deposit Insurance Corporation or are issued by commercial banks organized under the Laws of the United States of America or any state thereof and having combined capital, surplus, and undivided profits of not less than \$100,000,000 (as shown on such Person's most recently published statement of condition), and which certificates of deposit have one of the two highest ratings from Moody's or S&P, unless Borrower has a written commitment to borrow funds from such commercial bank; (f) commercial paper rated A-2 or better by Moody's or P-2 or better by S&P; (g) investments having one of the two highest ratings from Moody's or S&P; (h) extensions of credit in connection with trade receivables and overpayments of trade payables, in each case resulting from transactions in the ordinary course of business; (i) loans from any Company to any other Company, investments by any Company in any other Company, capital contributions by any Company to any other Company, and Guaranties by any Company of the Debt of any other Company; (j) investments in the cash surrender value of life insurance policies issued by Persons with a financial rating from A.M. Best Company (as reported in Best's Insurance Reports) of at least "A+"; provided, however, that if such Person's financial rating is downgraded to less than "A+", then within 90 days following such downgrading, either (i) such cash value life insurance policies will be transferred to another insurance company with a financial rating of at least "A+", (ii) such cash value insurance policies will be collapsed and the cash value thereof will be collected by the investing Company, or (iii) such investment will become an investment subject to the limitations of subparagraph (n) of this Section 7.5; (k) the purchase of equity or debt securities of any Company, including the Borrower (but, in the case of equity securities of the Borrower, only to the extent permitted by Section 7.3), (l) investments in the capital stock or securities of or loans to or Guaranties of the Debt of any Person engaged in the same or a similar line of business as set forth on Schedule 4.17 hereto (or any reasonable extensions or expansions thereof) (i) in which a Company possesses (or will possess, after such investment) an equity ownership interest in such Person or (ii) secured by the borrower's interest in such business; (m) in the ordinary course of business, investments in the capital stock of the Rural Telephone Bank, National Bank for Cooperatives, or the National Rural Utilities Cooperative Finance Corporation, or any other lender from whom the investing Company is intending to borrow money which requires such Company to make an equity investment in such lender in order to so borrow; (n) Guaranties of the Debt of the Borrower's Employee Stock Ownership Plan; (o) investments in readily marketable money market funds registered under the Investment Company Act of 1940 with an investment policy to hold at least 90% of its assets in cash and securities of a type described in subsections (c), (d), (e), (f), (g) and (r) of this Section 7.5; (p) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business; (q) investments consisting of non-cash consideration with respect to sale of assets permitted by Section 7.7; (r) overnight repurchase agreements relating to securities described in clauses (c), (d), (e), (f) or (g) of this Section 7.5; (s) any acquisition of stock or assets to the extent that the consideration is paid in capital stock of the Borrower; and (t) other loans, advances, Guaranties, and investments which never exceed in the aggregate at any time 25% of Adjusted Consolidated Net Worth (valued on the basis of original cost, plus subsequent cash and stock additions, less any write-down in value); provided that this Section 7.5 shall not restrict the investment by any Company of assets held or managed under any Plan.

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7.6. Transactions with Affiliates.

No Company will enter into any material transaction with any of its Affiliates, other than (a) transactions between or among entities each of which is either the Borrower or a Wholly Owned Subsidiary, (b) in the case of a transaction between the Borrower and a Subsidiary that is owned by the Borrower or between Subsidiaries one or both of which is not directly or indirectly wholly-owned by the Borrower, if the Borrower has determined that such transaction is in the best interests of the Borrower, and (c) in the case of any other transaction between a Company and a Person that is not a Company, transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than such Company could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate. For purposes of this Section 7.6, such transactions are "material" if they, individually or in the aggregate, require any Company to pay more than 1 percent of Consolidated Net Worth over the course of such transactions.

7.7. Sale of Assets.

No Company will sell, lease, or otherwise dispose of all or any substantial part of its assets (including a sale by merger of a Subsidiary with or into another Person) other than (a) sales of inventory or investments permitted under Section 7.5(c), (d), (e), (f), (g), (o) and (r) in the ordinary course of business; (b) sales of equipment for a fair and adequate consideration or disposal of obsolete or worn out equipment, provided that if any such equipment is sold or otherwise disposed of, and a replacement is necessary for the proper operation of the business of such Company, such Company will replace such equipment with adequate equipment; (c) the exchange of assets (other than equipment) for similar assets of equal or greater value; (d) the sale, discount, or transfer of delinquent notes or accounts receivable in the ordinary course of business for purposes of collection; (e) sales of accounts receivable and related assets or an interest therein of the type specified in the definition of "Qualified Receivables Transaction" made in connection with a Qualified Receivables Transaction (provided, that if at any time the aggregate principal amount of all Qualified Receivables Transactions exceeds \$150,000,000, the Borrower shall permanently reduce the Total Commitments by the amount of such excess); (f) sales of assets from one Company to another Company; (g) dispositions of assets pursuant to sale and leaseback transactions so long as, after giving effect thereto and the use of proceeds thereof, the aggregate outstanding amount of Attributable Debt of the Companies shall not exceed \$75,000,000; (h) other dispositions of assets (other than (i) accounts receivable and related assets or (ii) in connection with sale and leaseback transactions), provided that (i) the Companies shall, within the period of 270 days following the consummation of each such transaction, apply (or cause to be applied) an amount equal to the Net Cash Proceeds of such disposition of assets to either (x) make Eligible Reinvestments or (y) permanently reduce the Total Commitments and (ii) notwithstanding the foregoing provisions of this clause (h), at any time that the Senior Unsecured Long-Term Debt Rating shall be lower than the Senior Unsecured Long-Term Debt Rating in effect as of the Effective Date (it being understood that the Debt Rating by S&P as of the Effective Date is BBB and the Debt Rating by Moody's as of the Effective Date is Baa2), the net book value of all assets disposed of pursuant to this clause (h) (net of acquisitions of similar assets) in all such transactions during any period of 12 consecutive months (commencing with the first date as of which such lower Senior Unsecured Long-Term Debt Rating shall have become effective) shall not exceed an amount equal to 10% of Consolidated Net Worth as set forth in the most recent Financial Statements delivered pursuant to Section 6.3 of this Agreement; and (i) to the extent not already permitted by another subsection of this Section 7.7, sales, transfers and other dispositions of assets (other than (i) accounts receivable and related assets or (ii) in connection with sale and leaseback transactions) that are not permitted by clauses (a) through (h) above; provided that the cumulative consideration for all assets sold, transferred or otherwise disposed of in reliance upon this clause (i) shall not exceed \$200,000,000 or 2-1/2% of the consolidated total assets of the Companies (measured as of the last day of the most recent fiscal quarter for which the relevant financial information is available), whichever is greater, in the aggregate, net of Eligible Reinvestments.

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7.8. Compliance with Laws and Documents.

No Company will violate the provisions of any Laws or any Material Agreement if such violation alone, or when aggregated with all other such violations, could reasonably be expected to have a Material Adverse Effect. No Company will violate the provisions of its charter or bylaws or modify, repeal, replace, or amend any provision of its charter or bylaws if such action could reasonably be expected to have a Material Adverse Effect. The Borrower will provide to the Administrative Agent a copy of each document that materially modifies, repeals, replaces, or amends the charter or bylaws of the Borrower.

7.9. New Businesses.

No Company will engage in any material business other than the businesses in which it is presently engaged or businesses related thereto, as described on Schedule 4.17.

7.10. Assignment.

The Borrower will not assign or transfer any of its Rights, duties, or obligations under any of the Loan Papers.

7.11. Fiscal Year.

The Borrower will not change its fiscal year without the prior written consent of the Administrative Agent (which shall not be unreasonably withheld).

7.12. Holding Company and Investment Company Status.

The Borrower will not conduct its business in such a way that it will become (a) a "holding company," a "subsidiary company" of a "holding company," an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended, (b) a "public utility" within the meaning of the Federal Power Act, as amended, (c) an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (d) an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

7.13. Amendments to Equity Units Documentation.

The Borrower will not amend, supplement or otherwise modify the terms and conditions of the documentation relating to the Equity Units except any amendment to the Equity Units' purchase contracts to provide for the voluntary settlement by the Borrower of the purchase contracts via cash, stock or a combination thereof or any other amendment, supplement or modification that is not materially adverse to the interests of the Lenders.

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7.14 Financial Covenants.

(a) As calculated at the end of each fiscal quarter of the Borrower (but computed with respect to EBITDA for the four fiscal quarters ending on the last day of such fiscal quarter), the Borrower shall not permit the ratio of Consolidated Total Funded Debt to EBITDA of the Companies to exceed 4.00 to 1.0.

(b) As calculated at the end of each fiscal quarter of the Borrower (but computed for the four fiscal quarters ending on the last day of such fiscal quarter), the Borrower shall not permit the ratio of EBITDA of the Companies to the sum of (i) consolidated interest expense of the Companies (less any non-cash amounts attributable to amortization of financing costs paid in a previous period) and (ii) dividends declared or paid by any Company (other than to another Company) on its preferred capital stock (but if such dividends are declared and paid during such four-quarter period, the amount shall not be counted twice) to be less than 1.50 to 1.0.

For purposes of this Section 7.14(b), EBITDA and interest expense of any Subsidiary which is subject to any Subsidiary Encumbrance, shall be reduced to the extent such Subsidiary is restricted by the Subsidiary Encumbrance. As used in this Section 7.14(b), "Subsidiary Encumbrance" shall mean, so long as a default has occurred and is continuing under the agreement creating such encumbrance or restriction, any encumbrance or restriction on the ability of any Subsidiary to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or any Subsidiary of the Borrower, or pay any Debt owed to the Borrower or a Subsidiary of the Borrower, (ii) make loans or advances to, or grant liens in favor of, the Borrower or any of the Borrower's Subsidiaries or (iii) transfer any of its properties or assets to the Borrower, except for such encumbrances or restrictions (A) existing on the date of this Agreement, (B) arising in connection with loans made to any Company by the Rural Electrification Administration, the Rural Utilities Service, the Rural Telephone Bank, or similar lenders such as the Rural Telephone Finance Cooperative, or (C) now existing or hereafter arising under or by reason of either (x) applicable Law or (y) this Agreement and the other Loan Papers.

(c) If at any time after the date of this Agreement the Borrower enters into any financing arrangement with a third party which requires the Borrower or the Companies as a whole to maintain a specified minimum net worth, then such minimum net worth requirement or covenant shall be incorporated herein by reference and made a part of this Agreement for all purposes as of the date such financing arrangement is entered into by the Borrower.

Further, for purposes of this Section 7.14 Consolidated Total Funded Debt shall include any Company's Guaranty of Funded Debt of any Person other than another Company or the Borrower's Employee Stock Ownership Plan. For the first four quarters following any Acquisition, calculations under this Section 7.14 shall be made on a pro forma basis as if the properties acquired in connection with such Acquisition were properties of the Companies during the period of calculation.

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**SECTION 8**

**DEFAULT**

The term "Event of Default" means the occurrence and continuance of any one or more of the following events (including the passage of time, if any, specified therefor) ( provided that, if any such event occurs and the Lenders or Majority Lenders, as required by the provisions of Section 11.14, subsequently agree in writing that they will not exercise any remedies hereunder as a result thereof, the occurrence and continuance of such event shall no longer be deemed an Event of Default hereunder insofar as the state of facts giving rise to such event is concerned):

8.1. Payment of Obligation.

The failure or refusal of the Borrower to pay any portion of the Obligation, as the same become due in accordance with the terms of the Loan Papers and, in the case of an interest payment, such failure or refusal continues for a period of 5 Business Days (no grace period being given for failure or refusal to make a principal payment). Notwithstanding the foregoing, the Borrower's failure to pay, if caused solely by a wire transfer malfunction or similar problem outside the Borrower's control, shall not be deemed an Event of Default so long as such failure to pay is promptly corrected.

8.2. Covenants.

(a) The failure or refusal of the Borrower (and, if applicable, any other Company) to punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in Section 6.3(e)(iii) or Section 7.

(b) The failure or refusal of the Borrower (and, if applicable, any other Company) to punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in any of the Loan Papers to which such Company is a party, other than covenants to pay the Obligation and the covenants listed in clause (a) preceding, and such failure or refusal continues for 10 days after notice from the Administrative Agent to the Borrower.

8.3. Debtor Relief.

The Companies shall not be Solvent, or any Company (a) fails to pay its Debts generally as they become due, (b) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, or (c) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law, other than as a creditor or claimant, that could suspend or otherwise adversely affect the Rights of the Agents or the Lenders granted in the Loan Papers (unless, in the event such proceeding is involuntary, the petition instituting same is dismissed within 60 days after its filing).

8.4. Attachment.

The failure of any Company to have discharged within 60 days after commencement any attachment, sequestration, or similar proceeding which, individually or together with all such other proceedings then pending, affects assets of such Company having a value (individually or collectively) of 1 percent of Consolidated Net Worth or more.

8.5. Payment of Judgments.

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Any Company fails to pay any judgments or orders for the payment of money in excess of 1 percent of Consolidated Net Worth (individually or collectively) rendered against it or any of its assets and either (a) any enforcement proceedings shall have been commenced by any creditor upon any such judgment or order or (b) a stay of enforcement of any such judgment or order, by reason of pending appeal or otherwise, shall not be in effect prior to the time its assets may be lawfully sold to satisfy such judgment.

8.6. Default Under Other Agreements.

A default exists under any Material Agreement to which any Company is a party, the effect of which is to cause, or which permits the holder thereof (or a trustee or representative of such holder) to cause, unpaid consideration of at least 2% of Consolidated Net Worth (individually or in the aggregate) to become due prior to the stated maturity or prior to the regularly scheduled dates of payment. For the purposes of this paragraph, a default by any Company in the payment of any obligation at its stated maturity date (taking into account any applicable cure period) shall be deemed to have caused such obligation to become due prior to such stated final maturity.

8.7. Misrepresentation.

The Administrative Agent or any Lender discovers that any statement, representation, or warranty in the Loan Papers, any Financial Statement of the Borrower, or any writing ever delivered to the Administrative Agent or any Lender pursuant to the Loan Papers is false, misleading, or erroneous when made, deemed made or delivered in any material respect.

8.8. Change in Control.

A Change of Control shall occur. For the purpose of this Section, a "Change of Control" shall be deemed to have occurred if:

(a) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan or plans of the Borrower and its Subsidiaries and Affiliates, becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the combined voting power of the Borrower's outstanding voting securities ordinarily having the right to vote for the election of directors of the Borrower; or

(b) the individuals who, as of September 30, 2006 constituted the Board of Directors of the Borrower (the "Board" generally and as of September 30, 2006 the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Borrower, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly, by another corporation or entity do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) voting seats on any body comparable to a board of directors of such controlling entity or, if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity), provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to September 30, 2006, whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board.

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8.9. ERISA.

Any one of the following shall have occurred: (a) any "Reportable Event" as such term is defined in ERISA under any Plan, (b) the appointment by an appropriate Tribunal of a trustee to administer any Plan, (c) the termination of any Plan within the meaning of Title IV of ERISA, or (d) any material accumulated funding deficiency within the meaning of ERISA exists under any Plan, and any of (a), (b), (c) or (d) results in a Material Adverse Effect.

8.10. Validity and Enforceability of Loan Papers.

Any Loan Paper shall, at any time after its execution and delivery and for any reason, cease to be in full force and effect in any material respect or be declared to be null and void or the validity or enforceability thereof be contested by any Company party thereto or any Company shall deny that it has any liability or obligations under any Loan Paper to which it is a party.

**SECTION 9**

**RIGHTS AND REMEDIES**

9.1. Remedies Upon Event of Default.

(a) Should an Event of Default occur and be continuing under Section 8.3, the commitment of the Lenders to make Loans shall automatically terminate and the entire unpaid balance of the Obligation shall automatically become due and payable without any action of any kind whatsoever.

(b) Should any other Event of Default occur and be continuing, subject to any agreement among the Lenders, the Administrative Agent may (and shall upon the request of the Majority Lenders), at its (or the Majority Lenders') election, do any one or more of the following: (i) If the maturity of the Obligation has not already been accelerated under Section 9.1(a), declare the entire unpaid balance of the Obligation (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder), or any part thereof, immediately due and payable, whereupon it shall be due and payable (and notice of such declaration shall promptly be given thereafter by the Administrative Agent to the Borrower); (ii) terminate commitments to make Loans hereunder; (iii) reduce any claim to judgment; (iv) exercise (or request each Lender to exercise) the Rights of offset or banker's Lien against the interest of the Borrower in and to every account and other property of the Borrower which are in the possession of any Lender to the extent of the full amount of the Obligation; and (v) exercise any and all other legal or equitable Rights afforded by the Loan Papers, the Laws of the State of New York or any other jurisdiction as the Administrative Agent shall deem appropriate, or otherwise, including, but not limited to, the Right to bring suit or other proceedings before any Tribunal either for specific performance of any covenant or condition contained in any of the Loan Papers or in aid of the exercise of any Right granted to the Lenders in any of the Loan Papers. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto).

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9.2. Waivers.

The Borrower hereby waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration, and notice of protest and nonpayment, and agrees that its liability with respect to the Obligation, or any part thereof, shall not be affected by any renewal or extension in the time of payment of the Obligation, by any indulgence, or by any release or change in any security for the payment of the Obligation.

9.3. Performance by Administrative Agent.

If any covenant, duty, or agreement of any Company is not performed in accordance with the terms of the Loan Papers, the Administrative Agent may, at its option (but subject to the approval of the Majority Lenders), perform or attempt to perform such covenant, duty, or agreement on behalf of such Company. In such event, any amount expended by the Administrative Agent in such performance or attempted performance shall be reasonable, payable by the Borrower to the Administrative Agent on demand, shall become part of the Obligation, and shall bear interest at the Default Rate from the date of such expenditure by the Administrative Agent until paid. Notwithstanding the foregoing, it is expressly understood that the Administrative Agent does not assume and shall never have, except by its express written consent, any liability or responsibility for the performance of any covenant, duty, or agreement of any Company.

9.4. Delegation of Duties and Rights.

The Administrative Agent and the Lenders may perform any of their duties or exercise any of their Rights under the Loan Papers by or through the Administrative Agent and their and the Administrative Agent's officers, directors, employees, attorneys, agents, or other representatives.

9.5. Lenders Not in Control.

None of the covenants or other provisions contained in this Agreement or in any other Loan Paper shall, or shall be deemed to, give the Agents or the Lenders the Right to exercise control over the assets (including, without limitation, real property), affairs, or management of any Company, the power of the Agents and the Lenders being limited to the Right to exercise the remedies provided in this Section 9.

9.6. Waivers by Lenders.

The acceptance by the Agents or the Lenders at any time and from time to time of partial payment on the Obligation shall not be deemed to be a waiver of any Event of Default then existing. No waiver by the Agents, the Majority Lenders, or all of the Lenders of any Event of Default shall be deemed to be a waiver of any other then-existing or subsequent Event of Default. No delay or omission by the Agents, the Majority Lenders, or all of the Lenders in exercising any Right under the Loan Papers shall impair such Right or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Papers or otherwise.

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9.7. Cumulative Rights.

All Rights available to the Agents and the Lenders under the Loan Papers are cumulative of and in addition to all other Rights granted to the Agents and the Lenders at law or in equity, whether or not the Obligation is due and payable and whether or not the Agents or the Lenders have instituted any suit for collection, foreclosure, or other action in connection with the Loan Papers.

9.8. Application of Proceeds.

Any and all proceeds ever received by the Agents or the Lenders from the exercise of any Rights pertaining to the Obligation shall be applied to the Obligations in the order and manner set forth in Section 2.15.

9.9. Certain Proceedings.

The Borrower will promptly execute and deliver or cause the execution and delivery of, all applications, certificates, instruments, registration statements, and all other documents and papers the Agents or the Lenders may reasonably request in connection with the obtaining of any consent, approval, registration, qualification, permit, license, or authorization of any other Tribunal or other Person necessary or appropriate for the effective exercise of any Rights under the Loan Papers. Because the Borrower agrees that the Agents' and the Lenders' remedies at Law for failure of the Borrower to comply with the provisions of this paragraph would be inadequate and that such failure would not be adequately compensable in damages, the Borrower agrees that the covenants of this paragraph may be specifically enforced.

9.10. Setoff.

If an Event of Default shall have occurred and is continuing, each Lender is hereby authorized at any time and from time to time, without prior notice to the Borrower (any such notice being hereby expressly waived by the Borrower), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and any other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any portion of the Obligation owing to such Lender, irrespective of whether or not all of the Obligation, or any part thereof, shall be then due. Each Lender agrees promptly to notify the Borrower (with a copy to the Administrative Agent) after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights and remedies of each Lender hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which such Lender may have.

## **SECTION 10**

### **THE AGENTS.**

10.1. Appointment.

Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Papers, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Papers and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Papers, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Paper or otherwise exist against the Administrative Agent.

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10.2. Delegation of Duties.

The Administrative Agent may execute any of its duties under this Agreement and the other Loan Papers by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3. Exculpatory Provisions.

Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Paper (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Company or any officer thereof contained in this Agreement or any other Loan Paper or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Paper or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Paper or for any failure of any Company a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Paper, or to inspect the properties, books or records of any Company.

10.4. Reliance of Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Paper unless it shall first receive such advice or concurrence of the Majority Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Papers in accordance with a request of the Majority Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

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10.5. Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall promptly give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Majority Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6. Non-Reliance on Agents and Other Lenders.

Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Company or any affiliate of a Company, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Companies and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Papers, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Companies and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Company or any affiliate of a Company that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.7. Indemnification.

The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Revolving



Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Revolving Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Papers or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's fraud, gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

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10.8. Agent in its Individual Capacity.

Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Company as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Papers as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

10.9. Successor Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Papers, then the Majority Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8.1 or Section 8.3 with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Majority Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Papers.

10.10. Co-Documentation Agents and Syndication Agent.

Neither the Co-Documentation Agents nor the Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

**SECTION 11**

**MISCELLANEOUS.**

11.1. Changes in GAAP.

All accounting and financial terms used in any of the Loan Papers and the compliance with each covenant contained in the Loan Papers which relates to financial matters shall be determined in accordance with GAAP, except to the extent that a deviation therefrom is expressly stated in such Loan Papers. Should a change in GAAP require a change in any method of accounting or should any voluntary change in the accounting methods be permitted pursuant to Section 7.11, then such change shall not result in an Event of Default if, at the time of such change, such Event of Default had not occurred and was not then continuing, based upon the former methods of accounting used by or on behalf of the Borrower; provided that, after any such change in accounting methods, the Financial Statements required to be delivered shall either be (a) supplemented with financial information prepared in comparative form, in compliance with the former methods of accounting used prior to such change, as well as with the new method or methods of accounting and, for the purpose of determining whether an Event of Default has occurred, Lenders shall look solely to that portion of such supplemental information that complies with the former methods of accounting, or (b) supplemented with financial information prepared in compliance with such new method or methods of accounting but accompanied by such information, in form and detail satisfactory to Lenders, that will allow Lenders to readily determine the effect of such changes in accounting methods on such Financial Statements, and, for the purpose of determining whether an Event of Default has occurred, Lenders shall look solely to such supplemental information as adjusted to reflect compliance with such former method or methods of accounting.

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11.2. Money and Interest.

Unless stipulated otherwise (a) all references in any of the Loan Papers to "dollars," "money," "payments," or other similar financial or monetary terms are references to currency of the United States of America and (b) all references to interest are to simple and not compound interest.

11.3. Number and Gender of Words.

Whenever in any Loan Paper the singular number is used, the same shall include the plural where appropriate, and vice versa; and words of any gender in any Loan Paper shall include each other gender where appropriate. The words "herein," "hereof," and "hereunder," and other words of similar import refer to the relevant Loan Paper as a whole and not to any particular part or subdivision thereof.

11.4. Headings.

The headings, captions, and arrangements used in any of the Loan Papers are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms of the Loan Papers, nor affect the meaning thereof.

11.5. Exhibits.

If any Exhibit, which is to be executed and delivered, contains blanks, the same shall be completed correctly and in accordance with the terms and provisions contained and as contemplated herein prior to, at the time of, or after the execution and delivery thereof.

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11.6. Notices.

All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower:

CenturyTel, Inc.  
100 CenturyTel Drive  
Monroe, LA 71203  
Attention: R. Stewart Ewing, Jr.  
Telecopy: 318-362-1728  
Telephone: 318-388-9512

CenturyTel, Inc.  
100 CenturyTel Drive  
Monroe, LA 71203

Attention: G. Clay Bailey and D. Greg Jones  
Telecopy: 318-388-9093  
Telephone: 318-388-9069

with a copy to:

CenturyTel, Inc.  
100 CenturyTel Drive  
Monroe, LA 71203  
Attention: Stacey W. Goff  
Telecopy: 318-388-9488  
Telephone: 318-388-9539

Administrative Agent:

JPMorgan Chase Bank, N.A.  
Loan and Agency Services Group  
1111 Fannin, 10<sup>th</sup> Floor  
Houston, TX 77002  
Attention: Gloria Javier  
Telecopy: 713-750-2878  
Telephone: 713-750-7919

with a copy to:

JPMorgan Chase Bank, N.A.  
270 Park Avenue, 4<sup>th</sup> Floor  
New York, NY 10017  
Attention: Peter Ling  
Telecopy: 212-270-0213  
Telephone: 212-270-4676

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

11.7. Exceptions to Covenants.

The Borrower shall not take any action or fail to take any action which is permitted as an exception to any of the covenants contained in any of the Loan Papers if such action or omission would result in the breach of any other covenant contained in any of the Loan Papers.

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11.8. Survival.

All covenants, agreements, undertakings, representations, and warranties made in any of the Loan Papers (a) shall survive all closings under the Loan Papers, (b) except as otherwise indicated, shall not be affected by any investigation made by any party, and (c) unless otherwise provided herein shall terminate upon the later of the termination of this Agreement and the payment in full of the Obligation.

11.9. Governing Law.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11.10. Submission to Jurisdiction; Waivers.

The Borrower hereby irrevocably and unconditionally:

- (a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Papers to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;
- (b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be at its address set forth in Section 11.6 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;
- (d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and
- (e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

11.11. WAIVERS OF JURY TRIAL.

THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER AND FOR ANY COUNTERCLAIM THEREIN.

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11.12. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.13. Integration.

This Agreement and the other Loan Papers represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Papers.

11.14. Amendments, Etc.

Neither this Agreement, any other Loan Paper, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.14. The Majority Lenders and the Borrower

may, or, with the written consent of the Majority Lenders, the Administrative Agent and the Borrower may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Papers for the purpose of adding any provisions to this Agreement or the other Loan Papers or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Majority Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Papers or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive or reduce the principal amount or extend the final scheduled date of maturity of any Loan, extend the date of any payment required by Section 2.9(b), reduce the stated rate of any interest, margin or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Majority Lenders) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 11.14 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Majority Lenders or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Papers, in each case without the written consent of all Lenders; or (iv) amend, modify or waive any provision of Section 3 or 10 without the written consent of the Issuing Lender or the Administrative Agent, respectively. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Companies, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Papers, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Majority Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Papers with the aggregate principal amount of the Loans then outstanding and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Majority Lenders.

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11.15. Waivers.

No course of dealing nor any failure or delay by the Administrative Agent, any Lender, or any of their respective officers, directors, employees, agents, representatives, or attorneys with respect to exercising any Right of the Lenders hereunder shall operate as a waiver thereof. A waiver must be in writing and signed by the Lenders (or the Majority Lenders to the extent permitted hereunder) to be effective, and such waiver will be effective only in the specific instance and for the specific purpose for which it is given.

11.16. Governmental Regulation.

Anything contained in this Agreement to the contrary notwithstanding, the Lenders shall not be obligated to extend credit to the Borrower in violation of any Law.

11.17. Multiple Counterparts.

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

11.18. Successors and Assigns; Participations; Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default has occurred and is continuing, any other Person;

(B) the Administrative Agent; and

(C) the Issuing Lender.

(ii) Assignments shall be subject to the following additional conditions:

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(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments, the amount of the Commitments of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire;

(D) unless otherwise agreed by the Borrower, the Assignee shall either (1) be a "U.S. Person" as defined in Section 7701(a)(30) of the Code or (2) have delivered the documents described in Section 2.20(d) claiming complete exemption from U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Papers; and

(E) in the case of an assignment to a CLO (as defined below), unless such assignment (or an assignment to a CLO managed by the same manager or an Affiliate of such manager) shall have been approved by the Borrower (the Borrower agreeing that such approval, if requested, will not be unreasonably withheld or delayed) the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Papers, provided that the Assignment and Assumption between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 11.14 and (2) directly affects such CLO.

For the purposes of this Section 11.18, the terms "Approved Fund" and "CLO" have the following meanings:

"Approved Fund" means (a) a CLO and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an affiliate of such investment advisor.

"CLO" means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.12, 2.20 and 11.21). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.18 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee’s completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 11.14 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.12 and 2.20 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.10 as though it were a Lender, provided such Participant shall be subject to Section 2.14 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10 or 2.20 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 11.18(b). Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

#### 11.19. Confidentiality.

(a) No Lender will use confidential information obtained from the Borrower by virtue of the transactions contemplated hereby or its other relationships with the Borrower in connection with the performance by such Lender of services for other companies that are not affiliates of such Lender, and no Lender will furnish any such information to such other companies. The Borrower acknowledges that no Lender has any obligation to use in connection with the transactions contemplated hereby, or to furnish to the Borrower, confidential information obtained from other companies.

(b) Each Lender agrees to keep confidential, and not to publish, disclose or otherwise divulge to anyone (and to cause their respective officers, directors, employees, agents and representatives to keep confidential, and not to publish, disclose or otherwise divulge to anyone) all information with respect to the Companies, including all financial information and projections or all other information (the “Confidential Information”) except that the Lenders shall be permitted to disclose Confidential Information: (i) to the Administrative Agent, any other Lender or any affiliate thereof; (ii) to their respective officers, directors, employees, agents, advisors, attorneys, accountants and representatives on a “need-to-know” basis in connection with the respective roles of the Lenders described herein, provided that the Lenders implement reasonable precautions to prevent disclosure by any such personnel, (iii) to the extent required by applicable laws and regulations or requested or required in connection with any litigation or other legal process, provided that the Lenders will use reasonable efforts to provide the Borrower with a reasonable opportunity to challenge the disclosure and request confidentiality protection for any Confidential Information that is required to be disclosed, (iv) subject to an agreement to comply with the provisions of this Section, to (A) actual or prospective transferees or (B) any direct or indirect counterparty to any Swap Agreement (or any professional advisor to such counterparty), (v) to the extent requested by any regulatory authority with jurisdiction over any Lender or any Affiliate of any Lender, (vi) to the extent such Confidential Information (A) becomes publicly available other than as a result of a breach of this agreement known to the disclosing Lender, (B) becomes available to such Lender on a non-confidential basis from a source other than the Borrower or (C) was available to such Lender on a non-confidential basis prior to its disclosure by the Borrower, (vii) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender’s investment portfolio in connection with ratings issued with respect to such Lender, or (viii) to the extent the Borrower shall have consented to such disclosure. Notwithstanding anything to the contrary contained above, the Lenders shall be entitled to use the Confidential Information in exercising remedies under this Agreement or any other Loan Paper.

#### 11.20. Patriot Act.

Each of the Agents and the Lenders hereby notifies the Borrower that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the “Patriot Act”), it is required to obtain, verify and record information that identifies the Borrower, which information includes names and addresses and other information that will allow such Agent or Lender to identify the Borrower in accordance with the Patriot Act

#### 11.21. Conflicts and Ambiguities.

Any conflict or ambiguity between the terms and provisions herein and terms and provisions in any other Loan Paper shall be controlled by the terms and provisions herein.

#### 11.22. GENERAL INDEMNIFICATION.

THE BORROWER SHALL INDEMNIFY, PROTECT, AND HOLD THE AGENTS AND THE LENDERS AND THEIR RESPECTIVE PARENTS, SUBSIDIARIES, AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNS, AND ATTORNEYS (COLLECTIVELY, THE “INDEMNIFIED PARTIES”) HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, CLAIMS, COSTS, EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS’ FEES AND LEGAL EXPENSES WHETHER OR NOT SUIT IS BROUGHT AND SETTLEMENT COSTS), AND DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNIFIED PARTIES, IN ANY WAY RELATING TO OR ARISING OUT OF THE LOAN PAPERS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN (COLLECTIVELY, THE “INDEMNIFIED LIABILITIES”), TO THE EXTENT THAT ANY OF THE INDEMNIFIED LIABILITIES RESULTS, DIRECTLY OR INDIRECTLY, FROM ANY CLAIM MADE OR ACTION, SUIT, OR PROCEEDING COMMENCED BY OR ON BEHALF OF ANY PERSON *OTHER THAN* THE INDEMNIFIED PARTIES; PROVIDED, HOWEVER, THAT ALTHOUGH EACH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO BE INDEMNIFIED FROM ITS OWN ORDINARY NEGLIGENCE, NO INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO BE INDEMNIFIED HEREUNDER FOR ITS OWN FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT. THE PROVISIONS OF AND UNDERTAKINGS AND INDEMNIFICATION SET FORTH IN THIS PARAGRAPH SHALL SURVIVE THE SATISFACTION AND PAYMENT OF THE OBLIGATION AND TERMINATION OF THIS AGREEMENT FOR THE PERIOD OF TIME SET FORTH IN ANY APPLICABLE STATUTE OF LIMITATIONS.

[Remainder of page left intentionally blank. Signature pages follow.]

EXECUTED as of the day and year first mentioned.

CENTURYTEL, INC.

By: /s/ R. Stewart Ewing, Jr.

Name: R.Stewart Ewing, Jr.

Title:EVP and CFO

JPMORGAN CHASE BANK, N.A.  
as the Administrative Agent and a Lender

By: /s/ Peter M. Ling

---

Name: Peter M. Ling  
Title: Managing Director

WACHOVIA BANK, N.A.,  
as Syndication Agent and a Lender

By: /s/ Mark L. Cook

---

Name: Mark L. Cook

Title: Director

BANK OF AMERICA, N.A.,  
as a Co-Documentation Agent and a Lender

By: /s/ Stephen Phillips

---

Name: Stephen Phillips

Title: Vice President



BANK OF TOKYO-MITSUBISHI UFJ TRUST COMPANY,  
as a Co-Documentation Agent and a Lender

By: \_\_\_\_\_

Name:

Title:

SUNTRUST BANK,  
as a Co-Documentation Agent and a Lender

By: /s/ Kip Hurd

Name: Kip Hurd

Title: Director

COBANK, ACB,  
as a Co-Documentation Agent and a Lender

By: /s/ Thomas Meyer  
Name: Thomas Meyer  
Title: Vice President

LEHMAN BROTHERS BANK, FSB,  
as a Co-Documentation Agent and a Lender

By: /s/ Gary Taylor

---

Name: Gary Taylor

Title: Senior Vice President

REGIONS BANK,  
as a Co-Documentation Agent and a Lender

By: /s/ C. Ted Gibson

---

Name: C. Ted Gibson

Title: Commercial Relationship Mgr-Sr

WILLIAM STREET COMMITMENT CORPORATION,  
as a Co-Documentation Agent and a Lender

By: /s/ Mark Walton

---

Name: Mark Walton

Title: Assistant Vice President

BARCLAYS BANK PLC

By: /s/ Nicholas Bell

---

Name:Nicholas Bell

Title:Director

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Matthew H. Fleming

---

Name: Matthew H. Fleming

Title: Vice President



CITIBANK, N.A.

By: /s/ John N. Judge

---

Name: John N. Judge

Title: VP

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Gregory D. Knudsen

---

Name: Gregory D. Knudsen

Title: Senior Vice President

FIFTH THIRD BANK

By: /s/ Sean Devillers

---

Name: Sean Devillers

Title: Officer

PROGRESSIVE BANK

By: /s/ Gary Perkins

---

Name: Gary Perkins

Title: Sr. Vice President

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

**WHEREAS**, the CenturyTel Dollars & Sense 401(k) Plan ("Plan") was amended and restated by CenturyTel, Inc. (the "Company") effective December 31, 2006;

**WHEREAS**, the Company expects to acquire Embarq Corporation ("Embarq") in a transaction expected to close in the second quarter of 2009 (the "Transaction");

**WHEREAS**, the Company intends to keep employees of the Company on the Company's benefit plans until combined plans for Company and Embarq are effective, and intends to exclude from the CenturyTel plans non-union employees who worked for Embarq prior to the Transaction, but who transfer to a CenturyTel location after the Transaction;

**WHEREAS**, the Company wishes to clarify the indemnification provisions in the Plan regarding officers, directors, and employees who serve as fiduciaries of the Plan; and

**WHEREAS**, the Company reserved the right to amend the Plan in Section 14.2 of the Plan.

**NOW, THEREFORE**, the Company, represented herein by its Senior Vice-President, General Counsel and Secretary, Stacey W. Goff, as Plan Sponsor and Employer, does hereby execute the following amendments to the CenturyTel Dollars & Sense 401(k) Plan and Trust ("Plan"), effective as of the execution date shown below, unless otherwise indicated:

1. Section 1.18 of the Plan, Employee, is amended by adding the following paragraph at the end:

The term Employee shall not include any individual who, as of the effective date of the acquisition of Embarq Corporation ("Embarq") by the Company, was a common law employee of Embarq, but who transfers to a work location of an Employer after such acquisition, if such individual remains on a payroll of Embarq or another entity that, immediately prior to such acquisition, was required to be aggregated with Embarq under Section 414(b), (c), (m) or (o) of the Code (an "Embarq Entity"). This paragraph shall not apply to individuals covered by a collective bargaining agreement that provides for participation in the Plan, and shall not apply if the Company does not complete its acquisition of Embarq.

2. Section 2.2 of the Plan, Exclusion of Certain Employees, is amended to add the following paragraph at the end:

Notwithstanding the above provisions of Section 2.2, if an individual who was eligible to participate in the Plan as of the date of the acquisition of Embarq (as defined in Section 1.18) by the Company is transferred to an Embarq Entity (as defined in Section 1.18) after such acquisition, and if such individual remains on the payroll of an Employer, he or she shall remain eligible to participate in the Plan for as long as he or she remains an Employee on such payroll. All Plan benefits for such an individual shall be determined based on the assumption that Compensation and service on and after the date of transfer to the Embarq Entity relate to the Employer whose payroll includes such individual.

3. Section 13.6 of the Plan, Liabilities, is amended and restated to read in its entirety as follows, effective as of January 1, 2009:

**13.6      Liabilities.** The Company shall indemnify and defend any Plan fiduciary who is an officer, director, or employee of the Company or another Employer against any claim or liability that arises from any action or inaction in connection with the Plan, subject to the following rules:

- (a) coverage shall be limited to actions taken in good faith that the fiduciary reasonably believed were not opposed to the best interest of the Plan;
- (b) negligence by the fiduciary shall be covered to the fullest extent permitted by law; and
- (c) coverage shall be reduced to the extent of any insurance coverage.

**THUS DONE AND SIGNED** this 30<sup>th</sup> day of June, 2009.

CENTURYTEL, INC.

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

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

**WHEREAS**, the CenturyTel Union 401(k) Plan and Trust ("Plan") was amended and restated by CenturyTel, Inc. (the "Company") effective December 31, 2006;

**WHEREAS**, the Company wishes to clarify the indemnification provisions in the Plan regarding officers, directors, and employees who serve as fiduciaries of the Plan; and

**WHEREAS**, the Company reserved the right to amend the Plan in Section 13.1(a) of the Plan.

**NOW, THEREFORE**, the Company, represented herein by its Senior Vice-President, General Counsel and Secretary, Stacey W. Goff, as Plan Sponsor and Employer, does hereby execute the following amendment to the CenturyTel Union 401(k) Plan and Trust ("Plan"), effective as of January 1, 2009:

Section 12.6 of the Plan, Liabilities, is amended and restated to read in its entirety as follows:

**12.6      Liabilities.** The Company shall indemnify and defend any Plan fiduciary who is an officer, director, or employee of the Company or another Employer against any claim or liability that arises from any action or inaction in connection with the Plan, subject to the following rules:

- (a) coverage shall be limited to actions taken in good faith that the fiduciary reasonably believed were not opposed to the best interest of the Plan;
- (b) negligence by the fiduciary shall be covered to the fullest extent permitted by law; and
- (c) coverage shall be reduced to the extent of any insurance coverage.

**THUS DONE AND SIGNED** this 30<sup>th</sup> day of June, 2009.

CENTURYTEL, INC.

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

**AMENDMENT NO. 4  
TO THE  
CENTURYTEL RETIREMENT PLAN**

**WHEREAS**, the CenturyTel Retirement Plan ("Plan") was amended and restated by CenturyTel, Inc. (the "Company") effective December 31, 2006;

**WHEREAS**, the Company expects to acquire Embarq Corporation ("Embarq") in a transaction expected to close in the second quarter of 2009 (the "Transaction");

**WHEREAS**, the Company intends to keep employees of the Company on the Company's benefit plans until combined plans for Company and Embarq are effective, and intends to exclude from the CenturyTel plans non-union employees who worked for Embarq prior to the Transaction, but who transfer to a CenturyTel location after the Transaction;

**WHEREAS**, the Company intends to indemnify its officers, directors, and employees who serve as fiduciaries of the Plan from liability arising from fiduciary conduct performed in connection with the Plan; and

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

**NOW, THEREFORE**, effective as of the execution date shown below, the Plan is amended as follows:

**I.**

**Section 2.22 of the Plan, Employee, is amended to add the following new paragraphs at the end:**

The term Employee shall not include any individual who, as of the effective date of the acquisition of Embarq Corporation ("Embarq") by the Company, was a common law employee of Embarq, but who transfers to a work location of an Employer after such acquisition, if such individual remains on a payroll of Embarq or another entity that, immediately prior to such acquisition, was required to be aggregated with Embarq under Section 414(b), (c), (m) or (o) of the Code (an "Embarq Entity").

The term Employee shall include any individual who, as of the effective date of the acquisition of Embarq by the Company, was an Employee, but who transfers to an Embarq Entity work location after such acquisition, provided the individual remains on the payroll of an Employer.

The previous two paragraphs shall not apply to individuals covered by a collective bargaining agreement that provides for participation in the Plan, and shall not apply if the Company does not complete its acquisition of Embarq.

**II.**

**Section 3.1 of the Plan, Eligible Employees, is amended to add the following new paragraph at the end:**

Notwithstanding the above provisions of Section 3.1, if an individual who was an Eligible Employee as of the date of the acquisition of Embarq (as defined in Section 2.22) by the Company is transferred to an Embarq Entity (as defined in Section 2.22) after such acquisition, and if such individual remains on the payroll of an Employer, he or she shall remain an Eligible Employee for as long as he or she remains an Employee on such payroll. All Plan benefits for such an individual shall be determined based on the assumption that Compensation and service on and after the date of transfer to the Embarq Entity relate to the Employer whose payroll includes such individual.

**III.**

**A new Section 10.14, Liabilities, is added to the Plan and shall read as follows:**

**10.14 Liabilities.** The Company shall indemnify and defend any Plan fiduciary who is an officer, director, or employee of the Company or another Employer against any claim or liability that arises from any action or inaction in connection with the Plan, subject to the following rules:

- (a) coverage shall be limited to actions taken in good faith that the fiduciary reasonably believed were not opposed to the best interest of the Plan;
- (b) negligence by the fiduciary shall be covered to the fullest extent permitted by law; and
- (c) coverage shall be reduced to the extent of any insurance coverage.

**IN WITNESS WHEREOF**, CenturyTel has executed this amendment on this 30<sup>th</sup> day of June, 2009.

CENTURYTEL, INC.

By: /s/ Stacey W. Goff

Title: Senior Vice-President, General Counsel and Secretary

**CenturyTel, Inc.**  
**1983 Restricted Stock Plan**  
**(as amended and restated as of May 28, 2009)**

**WITNESSETH:**

WHEREAS, on February 21, 1984, CenturyTel, Inc. (formerly Century Telephone Enterprises, Inc.), a Louisiana corporation ("CenturyTel"), executed a plan providing for awards of restricted stock to key employees on terms and conditions substantially similar to those set forth herein, which plan was amended and restated on November 16, 1995 (the "Plan"); and

WHEREAS, the Plan was further amended by CenturyTel's Board of Directors on November 21, 1996, February 25, 1997, February 25, 1998, April 17, 2000, April 25, 2001 and May 28, 2009 (the "Amendments"); and

WHEREAS, CenturyTel wishes to restate the Plan to incorporate the Amendments;

NOW THEREFORE, the Plan is hereby amended and restated in its entirety as of May 28, 2009 to read as follows:

1. **Purpose.** The purpose of the 1983 Restricted Stock Plan is to aid CenturyTel, Inc. ("CenturyTel") in securing and retaining key employees of outstanding ability, and to motivate such individuals to exert their best efforts on behalf of the Company. In addition, the Company expects that it will benefit from the added interest which such individuals will have in the welfare of the Company as a result of their ownership or increased ownership of the Company's Common Stock. This Plan may be utilized in conjunction with other short or long term incentive plans at the discretion of the Board of Directors.
2. **Definitions.** As used in this Plan, the following terms shall have the meanings indicated:
  - (a) "Board of Directors" or "Board" shall mean not less than a quorum of the whole Board of Directors of Century Telephone Enterprises, Inc.
  - (b) "Committee" shall mean the Compensation Committee of the Board of Directors of the Company or a subcommittee of the Compensation Committee. The Committee shall consist of two or more members of the Board of Directors, each of whom shall qualify as a "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, as currently in effect or any successor rule.
  - (c) "Common Stock" shall mean the Company's presently authorized shares of Common Stock as this definition may be modified as provided in Section 7 of the Plan.
  - (d) "Company" shall mean CenturyTel, Inc. and its subsidiaries.
  - (e) "Fair Market Value" shall be determined as follows: (i) if the Common Stock or other security is listed on an established stock exchange or any automated quotation system that provides sale quotations, the closing sale price for a share thereof on such exchange or quotation system on the applicable date or, if shares are not traded on such day, on the next preceding trading date, (ii) if the Common Stock or other security is not listed on any exchange or quotation system, but bid and asked prices are quoted and published, the mean between the quoted bid and asked prices on the applicable date or, if bid and asked prices are not available on such day, on the next preceding day on which such prices were available; and (iii) if the Common Stock or other security is not regularly quoted, the fair market value of a share thereof on the applicable date as established by the Committee in good faith.
  - (f) "Participant" shall mean any person who is employed by the Company on a full-time basis, is compensated for such employment by a regular salary, and in the opinion of the Committee is either one of the key employees of the Company in a position to contribute materially to the continued growth and development and future financial success of the Company or one who has made a significant contribution to the Company's operations, thereby meriting special recognition.
  - (g) "Plan" shall mean the CenturyTel, Inc. 1983 Restricted Stock Plan.
  - (h) "Retirement Date" shall be the date on which a Participant attains age fifty-five (55) and has completed ten (10) full years of employment with the Company. The Participant's years of employment with the Company shall be determined by accumulating such Participant's full months of employment with the Company, in the aggregate and without regard to whether such employment was continuous, and dividing such amount by twelve (12).
  - (i) "Subsidiary" shall mean any corporation in which the Company owns, directly or indirectly through subsidiaries, at least fifty percent (50%) of the combined voting power of all classes of stock.
3. **Stock Subject to the Plan.** The maximum number of shares of Common Stock which may be awarded under the Plan after May 28, 2009 shall not exceed an aggregate of 366,416 shares. All such stock shall be shares of Common Stock which have been authorized but unissued or treasury shares. Shares of stock awarded under the Plan and later reacquired by the Company pursuant to the Plan shall again become available for awards under the Plan.
4. **Administration.** The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee shall have exclusive power to select the employees to whom shares of Common Stock will be awarded under the Plan, to determine the number of shares to be awarded to each employee selected, and to determine the time or times when shares will be awarded. The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretations of the Plan, and all determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. A majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all members of the Committee shall be deemed the action of the Committee. With respect to Participants who are not subject to Section 16 of the Securities Exchange Act of 1934 and whose compensation is not subject to Section 162(m) of the Internal Revenue Code, the Committee may delegate to an appropriate officer of the Company its authority to designate Participants, to set the terms of the grants of restricted stock hereunder to such Participants and to take any and all action with respect to grants to such Participants that the Committee could take under the terms hereof.
5. **Eligibility.** The individuals who shall be eligible to participate in the Plan shall be any full-time employee of the Company.
6. **Grant of Shares.** The eligible Employees who shall receive shares of Common Stock under the Plan, the number of shares to be received by each such employee, and, subject to the provisions of Section 7, the conditions under which such shares must be returned to the Company, shall be determined by the Committee.
7. **Terms and Conditions of Awards.** All shares of Common Stock awarded to Participants under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in the Agreement referred to in Section 7(e).
  - (a) At the time of the award there shall be established for each Participant a "Restriction Period" which shall be a specific period of time to be determined by the Committee. Shares of stock awarded to Participants may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided, during the Restriction Period. At the time of an award of restricted shares to a Participant, the Board may also provide for the Restriction Period to lapse according to the terms designated by the Committee. Except for such restrictions on transfer, the Participant as owner of such shares shall have all the rights of a shareholder of Common Stock, including but not limited to the right to receive all dividends paid on such shares, subject to the provisions of Section 8, and the right to vote such shares.
  - (b) Except as otherwise provided in Section 7(c), if a Participant ceases to be a full-time employee of the Company, all shares of stock theretofore awarded to him which are still subject to the restrictions imposed by Section 7 (a) shall upon such termination of employment be forfeited and returned to the Company.
  - (c) The restrictions imposed by Section 7(a) shall lapse with respect to the shares theretofore awarded if a Participant ceases to be an employee of the Company and its subsidiaries by reason of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code, (iii) retirement on or after the Retirement Date, but only if such vesting and lapsing of restrictions is specifically approved by the Committee or its delegate, or (iv) the termination of the Participant's employment by the Company, but only if such vesting and lapsing of restrictions is specifically approved by the Committee or its designee.
  - (d) Any certificate issued in respect of shares awarded under the Plan shall be registered in the name of the Participant and deposited by him, together with a stock power endorsed in blank, with the Company and shall bear the following legend:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the 1983 Restricted Stock Plan for CenturyTel, Inc., and an



If the shares awarded under the Plan are represented by book or electronic entry rather than a certificate, the Company shall take steps to restrict transfer of the shares as it deems necessary or advisable to comply with applicable law.

- (e) The Participant shall enter into an Agreement (the "Agreement") with the Company in a form specified by the Committee agreeing to the terms and conditions of the award and such other matters, including compliance with applicable Federal and State Securities Laws, and methods of withholding required taxes, as the Committee shall in its sole discretion determine.
- (f) At the expiration of the Restriction Period imposed pursuant to Section 7(a), the Company shall redeliver to the Participant, or his legal representative, the shares deposited with it pursuant to Section 7(d).

8. Change in Capitalization. In the event there is a change in classification of, or subdivision or combination of, or stock dividend on the outstanding Common Stock of the Company, the maximum aggregate number and class of shares as to which awards may be granted under the Plan shall be appropriately adjusted by the Committee whose determination shall be conclusive. Any shares of Common Stock or other securities or assets (other than ordinary cash dividends) received by a Participant with respect to shares awarded to him which are still subject to the restrictions imposed pursuant to Section 7(a) will be subject to the same restrictions and shall be deposited by the Participant with the Company.

9. Change of Control.

(a) Unless otherwise provided in the Agreement, a Change of Control shall mean:

- (i) the acquisition by any person of beneficial ownership of 30% or more of the outstanding shares of the Common Stock or 30% or more of the combined voting power of CenturyTel's then outstanding securities entitled to vote generally in the election of directors; provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change of Control:
  - (1) any acquisition (other than a Business Combination (as defined below) which constitutes a Change of Control under Section 9(a)(iii) hereof) of Common Stock directly from the Company,
  - (2) any acquisition of Common Stock by the Company,
  - (3) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or
  - (4) any acquisition of Common Stock by any corporation pursuant to a Business Combination that does not constitute a Change of Control under Section 9(a)(iii) hereof; or
- (ii) individuals who, as of January 1, 2005, constituted the Board of Directors of CenturyTel (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to such date whose election, or nomination for election by CenturyTel's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or
- (iii) consummation of a reorganization, share exchange, merger or consolidation (including any such transaction involving any direct or indirect subsidiary of CenturyTel) or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"); provided, however, that in no such case shall any such transaction constitute a Change of Control if immediately following such Business Combination:
  - (1) the individuals and entities who were the beneficial owners of CenturyTel's outstanding Common Stock and CenturyTel's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the surviving or successor corporation, or, if applicable, the ultimate parent company thereof (the "Post-Transaction Corporation"), and
  - (2) except to the extent that such ownership existed prior to the Business Combination, no person (excluding the Post-Transaction Corporation and any employee benefit plan or related trust of either CenturyTel, the Post-Transaction Corporation or any subsidiary of either corporation) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 20% or more of the combined voting power of the then outstanding voting securities of such corporation, and
  - (3) at least a majority of the members of the board of directors of the Post-Transaction Corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or
- (iv) approval by the shareholders of CenturyTel of a complete liquidation or dissolution of CenturyTel.

For purposes of this Section 9, the term "person" shall mean a natural person or entity, and shall also mean the group or syndicate created when two or more persons act as a syndicate or other group (including a partnership or limited partnership) for the purpose of acquiring, holding, or disposing of a security, except that "person" shall not include an underwriter temporarily holding a security pursuant to an offering of the security.

- (b) Upon a Change of Control of the type described in clause (a)(i) or (a)(ii) of this Section 9 or upon the approval by the Board of Directors of CenturyTel of any Change of Control of the type described in clause (a)(iii) or (a)(iv) of this Section 9, all shares of stock awarded pursuant to this Plan shall automatically become fully vested, all restrictions or limitations on any shares of stock awarded shall automatically lapse and, unless otherwise provided in the Agreement, all performance criteria and other conditions relating to the shares of stock awarded shall be deemed to be achieved at the target level without the necessity of action by any person.
- (c) In the event that the consideration offered to shareholders of CenturyTel in any transaction described in this Section 9 consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered that is other than cash.

10. Amendment or Termination. The Board may from time to time alter, amend, suspend or discontinue the Plan, except that no alteration or amendment shall, without the approval of a majority of the stockholders of the Company and entitled to vote at a duly called stockholders' meeting, (i) increase the total number of shares which may be awarded under the Plan, except as provided in Section 8, (ii) change the standards of eligibility of employees eligible to participate in the Plan, (iii) materially increase the benefits accruing to Participants under the Plan, or (iv) materially expand the types of awards available for grant under the Plan. No such amendment or modification shall, however, adversely affect, without his written consent, any employee with respect to stock already awarded to him.

11. Choice of Law. The place of administration of the Plan shall be within the State of Louisiana and the validity, interpretation and administration of the Plan and of any rules, regulations, determinations or decisions made thereunder shall be determined exclusively in accordance with the laws of the State of Louisiana. Without limiting the generality of the foregoing, the period within which any action in connection with the Plan must be commenced shall be governed by the laws of the State of Louisiana, without regard to the place where the act or omission complained of took place, the residence of any party to such action or the place where the action may be brought.

12. Withholding of Taxes. Participant shall advise the Company within 30 days of the date of the stock award whether Participant wishes to be taxed at the time of grant or at the time the Restriction Period expires. At the time the Participant elects to be taxed, Participant shall advise the Company whether it shall withhold from regular compensation the amount of applicable taxes or Participant shall pay the Company the amount of Federal tax required to be withheld. If so provided in the applicable Agreement, a participant will have the right to satisfy his or her withholding tax obligation in whole or in part by electing (an "Election") to deliver currently owned shares of Common Stock or to have the Company withhold from the shares the participant otherwise would receive shares of Common Stock having a value equal to the minimum amount required to be withheld, with the value of the shares to be delivered or withheld being based on the Fair Market Value of the Common Stock on the date that the amount of tax to be withheld is determined (the "Tax Date"). Each Election must be made prior to the Tax Date. Notwithstanding anything to the contrary in this Plan or any Agreement, the Committee may disapprove of any Election or suspend or terminate the right to make Elections.

IN WITNESS WHEREOF, this instrument has been executed as of the date and year indicated in the Recitals on page 1 hereof.

By: /s/ Glen F. Post, III

Glen F. Post, III

Chairman of the Board and

Chief Executive Officer

**RESTRICTED STOCK AGREEMENT  
UNDER THE  
2005 DIRECTORS STOCK PLAN  
(May 8, 2009 Grants to the Seven Continuing Directors)**

This RESTRICTED STOCK AGREEMENT (this "Agreement") is made as of May 8, 2009, by and between CenturyTel, Inc. ("CenturyTel") and «Director\_Name» ("Award Recipient").

WHEREAS, CenturyTel maintains the 2005 Directors Stock Plan (the "Plan"), under which the Compensation Committee (the "Committee") of the Board of Directors of CenturyTel (the "Board"), may, among other things, grant restricted shares of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to outside directors of CenturyTel, subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

#### 1. AWARD OF SHARES

Upon the terms and conditions of the Plan and this Agreement, the Committee as of the date of this Agreement hereby awards to the Award Recipient 3,676 restricted shares of Common Stock (the "Restricted Stock") that vest, subject to Sections 2, 3 and 4 hereof, in installments as follows:

| <u>Scheduled Vesting Date</u> | <u>Number of Shares of Restricted Stock</u> |
|-------------------------------|---|
| May 15, 2010                  | 1,225                                       |
| May 15, 2011                  | 1,225                                       |
| May 15, 2012                  | 1,226                                       |

#### 2. AWARD RESTRICTIONS

Section 2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

Section 2.2 To the extent the shares of Restricted Stock have not already vested in accordance with Section 1 above, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of:

(a) the date on which the Award Recipient's service on the Board terminates as a result of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code or (iii) the ineligibility to stand for re-election due to CenturyTel's mandatory retirement policy;

(b) the date, if any, that the Committee elects, in its sole discretion, to accelerate the vesting of such unvested Restricted Stock in the case of retirement from the Board of an Award Recipient on or after attaining the age of 55 with at least six full years of prior service on the Board; or

(c) the occurrence of a Change of Control of CenturyTel, as described in Section 11.12 of the Plan; provided, however, that, notwithstanding anything in this Agreement and the Plan to the contrary, (i) neither the execution, delivery, approval or performance of the Merger Agreement dated as of October 26, 2008, among Embarq Corporation, CenturyTel and Cajun Acquisition Company (the "Merger Agreement"), nor the consummation of the merger of Cajun Acquisition Company into Embarq Corporation (the "Merger") or any other transaction contemplated thereunder, shall be deemed to constitute a Change of Control of CenturyTel and (ii) the shares of Restricted Stock will not vest solely as a result of the consummation of the Merger or any other transaction contemplated by the Merger Agreement (including as a result of the execution of the Merger Agreement or the approval of the Merger Agreement by the Board of Directors of CenturyTel).

#### 3. TERMINATION OF BOARD SERVICE

Except as otherwise provided in Section 2.2 above, termination of the Award Recipient's service on the Board for any reason shall automatically result in the termination and forfeiture of all unvested Restricted Stock.

#### 4. FORFEITURE OF AWARD

Section 4.1 If, at any time during the Award Recipient's tenure as a director of the Company or within 18 months after termination of such tenure, the Award Recipient engages in any activity in competition with any activity of CenturyTel or its subsidiaries (collectively, the "Company"), or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's service on the Board for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in removal of the Award Recipient from the Board for cause, (c) violation of the Company's policies, including, without limitation, the Company's insider trading policy or corporate compliance program, (d) accepting employment after the date hereof with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any officer of the Company who was employed at any time during the Award Recipient's service on the Board, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (A) any employment, investment, service, assistance or other activity that is undertaken at the request or with the written permission of the CenturyTel Board of Directors or (B) any assistance of a competitor that is provided in the ordinary course of the Award Recipient engaging in his or her principal occupation in the good faith and reasonable belief that such assistance will neither harm the Company's interests in any substantial manner or violate any of the Award Recipient's duties or responsibilities under the Company's policies or applicable law, (e) disclosing or misusing any confidential information or material concerning the Company, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then (i) all unvested shares of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient first engages in such activity and (ii) all shares of Common Stock acquired by the Award Recipient upon vesting of the Restricted Stock hereunder after the date that precedes by one year the date on which the Award Recipient's tenure as a director of the Company terminated or the date the Award Recipient first engaged in such activity if no such termination occurs (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall return to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities.

Section 4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as directors fees, reimbursements, retirement payments, or other compensation or benefits). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

Section 4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the CenturyTel Board of Directors determines in its sole discretion that such action is in the best interests of the Company.

#### 5. STOCK CERTIFICATES

Section 5.1 No stock certificate evidencing the Restricted Stock shall be issued by CenturyTel until the lapse of restrictions under the terms hereof. Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel may, in its discretion, issue the vested shares of Restricted Stock (either through book-entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee within 30 days, subject to the other terms and conditions hereof. Upon the lapse of such restrictions, the Award Recipient is free to hold or dispose of the newly-issued shares, subject to (i) applicable securities laws, (ii) CenturyTel's insider trading policy and (iii) any applicable stock retention policies that CenturyTel may adopt in the future.

#### 6. MISCELLANEOUS

Section 6.1 Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 1 or 2 hereof, CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions unacceptable to CenturyTel. CenturyTel agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

Section 6.2 Nothing in this Agreement shall confer upon the Award Recipient any right to continue to serve on the Board, or to interfere in any way with the right of the Company to remove the Award Recipient as a director at any time.

Section 6.3 Upon being duly executed and delivered by CenturyTel and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

Section 6.4 The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control, except that the provisions of Section 2.2(c) shall prevail over any contrary provisions in the Plan. The Award Recipient acknowledges receipt from CenturyTel of a copy of the Plan and a prospectus summarizing the Plan, and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

Section 6.5 Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

Section 6.6 This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

Section 6.7 If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 6.8 The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Restricted Stock Agreement to be duly executed and delivered on the day and year first above written.

CenturyTel, Inc.

By: \_\_\_\_\_  
Glen F. Post, III  
Chairman of the Board and  
Chief Executive Officer

\_\_\_\_\_  
«Director Name»  
Award Recipient

**RESTRICTED STOCK AGREEMENT  
UNDER THE  
2005 DIRECTORS STOCK PLAN  
(May 8, 2009 Grants to the Four Departing Directors)**

This RESTRICTED STOCK AGREEMENT (this "Agreement") is made as of May 8, 2009, by and between CenturyTel, Inc. ("CenturyTel") and «Director\_Name» ("Award Recipient").

WHEREAS, CenturyTel maintains the 2005 Directors Stock Plan (the "Plan"), under which the Compensation Committee (the "Committee") of the Board of Directors of CenturyTel (the "Board"), may, among other things, grant restricted shares of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to outside directors of CenturyTel, subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

#### 1. AWARD OF SHARES

Upon the terms and conditions of the Plan and this Agreement, the Committee as of the date of this Agreement hereby awards to the Award Recipient 3,676 restricted shares of Common Stock (the "Restricted Stock") that vest, subject to Sections 2, 3 and 4 hereof, in installments as follows:

| <u>Scheduled Vesting Date</u> | <u>Number of Shares of Restricted Stock</u> |
|-------------------------------|---|
| May 15, 2010                  | 1,225                                       |
| May 15, 2011                  | 1,225                                       |
| May 15, 2012                  | 1,226                                       |

#### 2. AWARD RESTRICTIONS

Section 2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

Section 2.2 To the extent the shares of Restricted Stock have not already vested in accordance with Section 1 above, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of:

- (a) the date on which the Award Recipient's service on the Board terminates as a result of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code or (iii) the ineligibility to stand for re-election due to CenturyTel's mandatory retirement policy;
- (b) the date, if any, that the Committee elects, in its sole discretion, to accelerate the vesting of such unvested Restricted Stock in the case of retirement from the Board of an Award Recipient on or after attaining the age of 55 with at least six full years of prior service on the Board; or
- (c) the occurrence of a Change of Control of CenturyTel, as described in Section 11.12 of the Plan.

#### 3. TERMINATION OF BOARD SERVICE

Except as otherwise provided in Section 2.2 above, termination of the Award Recipient's service on the Board for any reason shall automatically result in the termination and forfeiture of all unvested Restricted Stock.

#### 4. FORFEITURE OF AWARD

Section 4.1 If, at any time during the Award Recipient's tenure as a director of the Company or within 18 months after termination of such tenure, the Award Recipient engages in any activity in competition with any activity of CenturyTel or its subsidiaries (collectively, the "Company"), or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's service on the Board for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in removal of the Award Recipient from the Board for cause, (c) violation of the Company's policies, including, without limitation, the Company's insider trading policy or corporate compliance program, (d) accepting employment after the date hereof with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any officer of the Company who was employed at any time during the Award Recipient's service on the Board, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (A) any employment, investment, service, assistance or other activity that is undertaken at the request or with the written permission of the CenturyTel Board of Directors or (B) any assistance of a competitor that is provided in the ordinary course of the Award Recipient engaging in his or her principal occupation in the good faith and reasonable belief that such assistance will neither harm the Company's interests in any substantial manner or violate any of the Award Recipient's duties or responsibilities under the Company's policies or applicable law, (e) disclosing or misusing any confidential information or material concerning the Company, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then (i) all unvested shares of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient first engages in such activity and (ii) all shares of Common Stock acquired by the Award Recipient upon vesting of the Restricted Stock hereunder after the date that precedes by one year the date on which the Award Recipient's tenure as a director of the Company terminated or the date the Award Recipient first engaged in such activity if no such termination occurs (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall return to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities.

Section 4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as directors fees, reimbursements, retirement payments, or other compensation or benefits). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

Section 4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the CenturyTel Board of Directors determines in its sole discretion that such action is in the best interests of the Company.

#### 5. STOCK CERTIFICATES

Section 5.1 No stock certificate evidencing the Restricted Stock shall be issued by CenturyTel until the lapse of restrictions under the terms hereof. Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel may, in its discretion, issue the vested shares of Restricted Stock (either through book-entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee within 30 days, subject to the other terms and conditions hereof. Upon the lapse of such restrictions, the Award Recipient is free to hold or dispose of the newly-issued shares, subject to (i) applicable securities laws, (ii) CenturyTel's insider trading policy and (iii) any applicable stock retention policies that CenturyTel may adopt in the future.

#### 6. MISCELLANEOUS

Section 6.1 Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 1 or 2 hereof, CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions unacceptable to CenturyTel. CenturyTel agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

Section 6.2 Nothing in this Agreement shall confer upon the Award Recipient any right to continue to serve on the Board, or to interfere in any way with the right of the Company to remove the Award Recipient as a director at any time.

Section 6.3 Upon being duly executed and delivered by CenturyTel and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

Section 6.4 The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control. The Award Recipient acknowledges receipt from CenturyTel of a copy of the Plan and a prospectus summarizing the Plan, and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

Section 6.5 Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any

provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

Section 6.6 This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

Section 6.7 If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 6.8 The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Restricted Stock Agreement to be duly executed and delivered on the day and year first above written.

CenturyTel, Inc.

By: \_\_\_\_\_  
Glen F. Post, III  
Chairman of the Board and  
Chief Executive Officer

\_\_\_\_\_  
«Director Name»  
Award Recipient

**RESTRICTED STOCK AGREEMENT  
UNDER THE  
2005 DIRECTORS STOCK PLAN**  
(July 2, 2009 Grants to the Six Newly-Appointed Outside Directors)

This RESTRICTED STOCK AGREEMENT (this "Agreement") is made as of July 2, 2009, by and between CenturyTel, Inc. ("CenturyTel") and \_\_\_\_\_ ("Award Recipient").

WHEREAS, CenturyTel maintains the 2005 Directors Stock Plan (the "Plan"), under which the Compensation Committee (the "Committee") of the Board of Directors of CenturyTel (the "Board"), may, among other things, grant restricted shares of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to outside directors of CenturyTel, subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

**1. AWARD OF SHARES**

Upon the terms and conditions of the Plan and this Agreement, the Committee as of the date of this Agreement hereby awards to the Award Recipient 3,161 restricted shares of Common Stock (the "Restricted Stock") that vest, subject to Sections 2, 3 and 4 hereof, in installments as follows:

| <u>Scheduled Vesting Date</u> | <u>Number of Shares of Restricted Stock</u> |
|-------------------------------|---|
| May 15, 2010                  | 1,053                                       |
| May 15, 2011                  | 1,054                                       |
| May 15, 2012                  | 1,054                                       |

**2. AWARD RESTRICTIONS**

Section 2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

Section 2.2 To the extent the shares of Restricted Stock have not already vested in accordance with Section 1 above, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of:

- (a) the date on which the Award Recipient's service on the Board terminates as a result of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code or (iii) the ineligibility to stand for re-election due to CenturyTel's mandatory retirement policy;
- (b) the date, if any, that the Committee elects, in its sole discretion, to accelerate the vesting of such unvested Restricted Stock in the case of retirement from the Board of an Award Recipient on or after attaining the age of 55 with at least six full years of prior service on the Board; or
- (c) the occurrence of a Change of Control of CenturyTel, as described in Section 11.12 of the Plan; provided, however, that, notwithstanding anything in this Agreement and the Plan to the contrary, (i) neither the execution, delivery, approval or performance of the Merger Agreement dated as of October 26, 2008, among Embarq Corporation, CenturyTel and Cajun Acquisition Company (the "Merger Agreement"), nor the consummation of the merger of Cajun Acquisition Company into Embarq Corporation (the "Merger") or any other transaction contemplated thereunder, shall be deemed to constitute a Change of Control of CenturyTel and (ii) the shares of Restricted Stock will not vest solely as a result of the consummation of the Merger or any other transaction contemplated by the Merger Agreement (including as a result of the execution of the Merger Agreement or the approval of the Merger Agreement by the Board of Directors of CenturyTel).

**3. TERMINATION OF BOARD SERVICE**

Except as otherwise provided in Section 2.2 above, termination of the Award Recipient's service on the Board for any reason shall automatically result in the termination and forfeiture of all unvested Restricted Stock.

**4. FORFEITURE OF AWARD**

Section 4.1 If, at any time during the Award Recipient's tenure as a director of the Company or within 18 months after termination of such tenure, the Award Recipient engages in any activity in competition with any activity of CenturyTel or its subsidiaries (collectively, the "Company"), or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's service on the Board for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in removal of the Award Recipient from the Board for cause, (c) violation of the Company's policies, including, without limitation, the Company's insider trading policy or corporate compliance program, (d) accepting employment after the date hereof with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any officer of the Company who was employed at any time during the Award Recipient's service on the Board, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (A) any employment, investment, service, assistance or other activity that is undertaken at the request or with the written permission of the CenturyTel Board of Directors or (B) any assistance of a competitor that is provided in the ordinary course of the Award Recipient engaging in his or her principal occupation in the good faith and reasonable belief that such assistance will neither harm the Company's interests in any substantial manner or violate any of the Award Recipient's duties or responsibilities under the Company's policies or applicable law, (e) disclosing or misusing any confidential information or material concerning the Company, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then (i) all unvested shares of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient first engages in such activity and (ii) all shares of Common Stock acquired by the Award Recipient upon vesting of the Restricted Stock hereunder after the date that precedes by one year the date on which the Award Recipient's tenure as a director of the Company terminated or the date the Award Recipient first engaged in such activity if no such termination occurs (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall return to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities.

Section 4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as directors fees, reimbursements, retirement payments, or other compensation or benefits). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

Section 4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the CenturyTel Board of Directors determines in its sole discretion that such action is in the best interests of the Company.

**5. STOCK CERTIFICATES**

Section 5.1 No stock certificate evidencing the Restricted Stock shall be issued by CenturyTel until the lapse of restrictions under the terms hereof. Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel may, in its discretion, issue the vested shares of Restricted Stock (either through book-entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee within 30 days, subject to the other terms and conditions hereof. Upon the lapse of such restrictions, the Award Recipient is free to hold or dispose of the newly-issued shares, subject to (i) applicable securities laws, (ii) CenturyTel's insider trading policy and (iii) any applicable stock retention policies that CenturyTel may adopt in the future.

**6. MISCELLANEOUS**

Section 6.1 Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 1 or 2 hereof, CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions unacceptable to CenturyTel. CenturyTel agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

Section 6.2 Nothing in this Agreement shall confer upon the Award Recipient any right to continue to serve on the Board, or to interfere in any way with the right of the Company to remove the Award Recipient as a director at any time.

Section 6.3 Upon being duly executed and delivered by CenturyTel and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately

applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

Section 6.4 The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control, except that the provisions of Section 2.2(c) shall prevail over any contrary provisions in the Plan. The Award Recipient acknowledges receipt from CenturyTel of a copy of the Plan and a prospectus summarizing the Plan, and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

Section 6.5 Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

Section 6.6 This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

Section 6.7 If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 6.8 The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Restricted Stock Agreement to be duly executed and delivered on the day and year first above written.

CenturyTel, Inc.

By: \_\_\_\_\_  
Glen F. Post, III  
Chief Executive Officer  
and President

\_\_\_\_\_  
«Director Name»  
Award Recipient



**RESTRICTED STOCK AGREEMENT  
UNDER THE  
2005 DIRECTORS STOCK PLAN  
(Payment of Chairman's Supplemental Board Fees)**

This RESTRICTED STOCK AGREEMENT (this "Agreement") is made as of July 2, 2009, by and between CenturyTel, Inc. ("CenturyTel") and William A. Owens ("Award Recipient").

WHEREAS, CenturyTel maintains the 2005 Directors Stock Plan (the "Plan"), under which the Compensation Committee (the "Committee") of the Board of Directors of CenturyTel (the "Board"), may, among other things, grant restricted shares of CenturyTel's common stock, \$1.00 par value per share (the "Common Stock"), to outside directors of CenturyTel, subject to such terms, conditions, or restrictions as it may deem appropriate; and

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient restricted shares of Common Stock in payment of his 2009 supplemental board fees on the terms and conditions specified below;

NOW, THEREFORE, the parties agree as follows:

**1. AWARD OF SHARES**

Upon the terms and conditions of the Plan and this Agreement, the Committee as of the date of this Agreement hereby awards to the Award Recipient 6,321 restricted shares of Common Stock (the "Restricted Stock") that fully vest, subject to Sections 2, 3 and 4 hereof, on May 15, 2010.

**2. AWARD RESTRICTIONS**

Section 2.1 In addition to the conditions and restrictions provided in the Plan, neither the shares of Restricted Stock nor the right to vote the Restricted Stock, to receive dividends thereon or to enjoy any other rights or interests thereunder or hereunder may be sold, assigned, donated, transferred, exchanged, pledged, hypothecated or otherwise encumbered prior to vesting. Subject to the restrictions on transfer provided in this Section 2.1, the Award Recipient shall be entitled to all rights of a shareholder of CenturyTel with respect to the Restricted Stock, including the right to vote the shares and receive all dividends and other distributions declared thereon.

Section 2.2 To the extent the shares of Restricted Stock have not already vested in accordance with Section 1 above, all of the shares of Restricted Stock shall vest and all restrictions set forth in Section 2.1 shall lapse on the earlier of:

- (a) the date on which the Award Recipient's service on the Board terminates as a result of (i) death, (ii) disability within the meaning of Section 22(e)(3) of the Internal Revenue Code or (iii) the ineligibility to stand for re-election due to CenturyTel's mandatory retirement policy;
- (b) the date, if any, that the Committee elects, in its sole discretion, to accelerate the vesting of such unvested Restricted Stock in the case of retirement from the Board of an Award Recipient on or after attaining the age of 55 with at least six full years of prior service on the Board; or
- (c) the occurrence of a Change of Control of CenturyTel, as described in Section 11.12 of the Plan; provided, however, that, notwithstanding anything in this Agreement and the Plan to the contrary, (i) neither the execution, delivery, approval or performance of the Merger Agreement dated as of October 26, 2008, among Embarq Corporation, CenturyTel and Cajun Acquisition Company (the "Merger Agreement"), nor the consummation of the merger of Cajun Acquisition Company into Embarq Corporation (the "Merger") or any other transaction contemplated thereunder, shall be deemed to constitute a Change of Control of CenturyTel and (ii) the shares of Restricted Stock will not vest solely as a result of the consummation of the Merger or any other transaction contemplated by the Merger Agreement (including as a result of the execution of the Merger Agreement or the approval of the Merger Agreement by the Board of Directors of CenturyTel).

**3. TERMINATION OF BOARD SERVICE**

Except as otherwise provided in Section 2.2 above, termination of the Award Recipient's service on the Board for any reason shall automatically result in the termination and forfeiture of all unvested Restricted Stock.

**4. FORFEITURE OF AWARD**

Section 4.1 If, at any time during the Award Recipient's tenure as a director of the Company or within 18 months after termination of such tenure, the Award Recipient engages in any activity in competition with any activity of CenturyTel or its subsidiaries (collectively, the "Company"), or inimical, contrary or harmful to the interests of the Company, including but not limited to: (a) conduct relating to the Award Recipient's service on the Board for which either criminal or civil penalties against the Award Recipient may be sought, (b) conduct or activity that results in removal of the Award Recipient from the Board for cause, (c) violation of the Company's policies, including, without limitation, the Company's insider trading policy or corporate compliance program, (d) accepting employment after the date hereof with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any officer of the Company who was employed at any time during the Award Recipient's service on the Board, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business (a "competitor"), except for (A) any employment, investment, service, assistance or other activity that is undertaken at the request or with the written permission of the CenturyTel Board of Directors or (B) any assistance of a competitor that is provided in the ordinary course of the Award Recipient engaging in his or her principal occupation in the good faith and reasonable belief that such assistance will neither harm the Company's interests in any substantial manner or violate any of the Award Recipient's duties or responsibilities under the Company's policies or applicable law, (e) disclosing or misusing any confidential information or material concerning the Company, (f) engaging in, promoting, assisting or otherwise participating in a hostile takeover attempt of the Company or any other transaction or proxy contest that could reasonably be expected to result in a Change of Control (as defined in the Plan) not approved by the CenturyTel Board of Directors or (g) making any statement or disclosing any information to any customers, suppliers, lessors, lessees, licensors, licensees, regulators, employees or others with whom the Company engages in business that is defamatory or derogatory with respect to the business, operations, technology, management, or other employees of the Company, or taking any other action that could reasonably be expected to injure the Company in its business relationships with any of the foregoing parties or result in any other detrimental effect on the Company, then (i) all unvested shares of Restricted Stock granted hereunder shall automatically terminate and be forfeited effective on the date on which the Award Recipient first engages in such activity and (ii) all shares of Common Stock acquired by the Award Recipient upon vesting of the Restricted Stock hereunder after the date that precedes by one year the date on which the Award Recipient's tenure as a director of the Company terminated or the date the Award Recipient first engaged in such activity if no such termination occurs (or other securities into which such shares have been converted or exchanged) shall be returned to the Company or, if no longer held by the Award Recipient, the Award Recipient shall return to the Company, without interest, all cash, securities or other assets received by the Award Recipient upon the sale or transfer of such stock or securities.

Section 4.2 If the Award Recipient owes any amount to the Company under Section 4.1 above, the Award Recipient acknowledges that the Company may, to the fullest extent permitted by applicable law, deduct such amount from any amounts the Company owes the Award Recipient from time to time for any reason (including without limitation amounts owed to the Award Recipient as directors fees, reimbursements, retirement payments, or other compensation or benefits). Whether or not the Company elects to make any such set-off in whole or in part, if the Company does not recover by means of set-off the full amount the Award Recipient owes it, the Award Recipient hereby agrees to pay immediately the unpaid balance to the Company.

Section 4.3 The Award Recipient may be released from the Award Recipient's obligations under Sections 4.1 and 4.2 above only if the CenturyTel Board of Directors determines in its sole discretion that such action is in the best interests of the Company.

**5. STOCK CERTIFICATES**

Section 5.1 No stock certificate evidencing the Restricted Stock shall be issued by CenturyTel until the lapse of restrictions under the terms hereof. Upon the lapse of restrictions on shares of Restricted Stock, CenturyTel may, in its discretion, issue the vested shares of Restricted Stock (either through book-entry issuances or delivery of a stock certificate) in the name of the Award Recipient or his or her nominee within 30 days, subject to the other terms and conditions hereof. Upon the lapse of such restrictions, the Award Recipient is free to hold or dispose of the newly-issued shares, subject to (i) applicable securities laws, (ii) CenturyTel's insider trading policy and (iii) any applicable stock retention policies that CenturyTel may adopt in the future.

**6. MISCELLANEOUS**

Section 6.1 Anything in this Agreement to the contrary notwithstanding, if, at any time prior to the vesting of the Restricted Stock in accordance with Section 1 or 2 hereof, CenturyTel further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions unacceptable to CenturyTel. CenturyTel agrees to use commercially reasonable efforts to issue all shares of Common Stock issuable hereunder on the terms provided herein.

Section 6.2 Nothing in this Agreement shall confer upon the Award Recipient any right to continue to serve on the Board, or to interfere in any way with the right of the Company to remove the Award Recipient as a director at any time.

Section 6.3 Upon being duly executed and delivered by CenturyTel and the Award Recipient, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors. Without limiting the generality of the foregoing, whenever the term "Award Recipient" is used in any provision of this Agreement under circumstances where the provision appropriately applies to the heirs, executors, administrators or legal representatives to whom this award may be transferred by will or by the laws of descent and distribution, the term "Award Recipient" shall be deemed to include such person or persons.

Section 6.4 The shares of Restricted Stock granted hereby are subject to the terms, conditions, restrictions and other provisions of the Plan as fully as if all such provisions were set forth in their entirety in this Agreement. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control, except that the provisions of Section 2.2(c) shall prevail over any contrary provisions in the Plan. The Award Recipient acknowledges receipt from CenturyTel of a copy of the Plan and a prospectus summarizing the Plan, and further acknowledges that the Award Recipient was advised to review such materials prior to entering into this Agreement. The Award Recipient waives the right to claim that the provisions of the Plan are not binding upon the Award Recipient and the Award Recipient's heirs, executors, administrators, legal representatives and successors.

Section 6.5 Should any party hereto retain counsel for the purpose of enforcing, or preventing the breach of, any provision hereof, including, but not limited to, the institution of any action or proceeding in court to enforce any provision hereof, to enjoin a breach of any provision of this Agreement, to obtain specific performance of any provision of this Agreement, to obtain monetary or liquidated damages for failure to perform any provision of this Agreement, or for a declaration of such parties' rights or obligations hereunder, or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, attorneys' fees (including costs of appeal).

Section 6.6 This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

Section 6.7 If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Award Recipient and CenturyTel intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Section 6.8 The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided in the Plan, as it may be amended from time to time in the manner provided therein, or in this Agreement, as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Restricted Stock Agreement to be duly executed and delivered on the day and year first above written.

CENTURYTEL, INC.

By: /s/ Glen F. Post, III

Glen F. Post, III  
Chief Executive Officer  
and President

/s/ William A. Owens

William A. Owens  
Award Recipient

**AMENDED AND RESTATED  
CENTURYTEL 2001 EMPLOYEE STOCK PURCHASE PLAN**

1. **Purpose.** The purpose of the CenturyTel 2001 Employee Stock Purchase Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company on favorable terms. The Company intends to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be construed to extend and limit participation in a manner consistent with the requirements of Section 423 of the Code.

2. **Definitions.**

- (a) **"Board"** means the Board of Directors of the Company.
- (b) **"Code"** means the Internal Revenue Code of 1986, as amended.
- (c) **"Common Stock"** means the common stock of the Company.
- (d) **"Company"** means CenturyTel, Inc., a Louisiana corporation.
- (e) **"Compensation"** means base salary or wages received by an Employee from the Company or a Designated Subsidiary, including compensation for vacation, sick leave, holidays, floating holidays, personal days, and "paid time off" as defined in the Employee Information Notebook applicable to certain employees, but excluding (i) any overtime, bonuses, commissions, or cash incentive compensation, (ii) any relocation, expense, tuition or other reimbursements and (iii) any income or other benefits realized as a result of participation in any stock option, stock incentive, stock purchase, or similar plan of the Company or any Designated Subsidiary.
- (f) **"Continuous Status as an Employee"** means continuous service of an individual as an Employee of the Company or a Designated Subsidiary without any interruption or termination of service as an Employee. Continuous Status as an Employee shall not be considered interrupted in the case of (i) sick leave or military leave authorized under the Company's policies; (ii) Family and Medical Leave Act leave; (iii) any other leave of absence approved by the Company's Human Resources Department, provided that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of any such longer leave is guaranteed by contract, statute, or any Company policy adopted from time to time; or (iv) transfers between locations of the Company or between the Company and its Designated Subsidiaries.
- (g) **"Contributions"** means all amounts credited to the account of a participant pursuant to the Plan.
- (h) **"Corporate Transaction"** means a (i) sale of all or substantially all of the Company's assets, (ii) merger, consolidation, share exchange or other business combination of the Company with or into another corporation in which the holders of Shares shall be entitled to receive stock, securities, cash or other property with respect to or in exchange for their Common Stock, or (iii) dissolution or liquidation of the Company.
- (i) **"Designated Administrator"** means the stock brokerage, transfer agent or other financial services firm designated by the Company to hold Shares for participants and to directly or indirectly handle sales of Shares for participants.
- (j) **"Designated Subsidiaries"** means all domestic Subsidiaries that are corporations (or are treated as corporations or divisions for tax purposes), the employees of which shall be eligible to participate in the Plan, unless otherwise determined by the Board.
- (k) **"Employee"** means any person, including an officer of the Company or a Designated Subsidiary, who is an employee of the Company or a Designated Subsidiary for tax purposes.
- (l) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.
- (m) **"Offering Date"** means the first business day of each Offering Period during which the Trading Market is open for business.
- (n) **"Offering Period"** means a period of six months commencing on January 1 and July 1 of each year, unless otherwise provided by Section 19(b) hereof or otherwise determined by the Board as provided herein.
- (o) **"Plan"** means this 2001 Employee Stock Purchase Plan.
- (p) **"Purchase Date"** means the last day of each Offering Period during which the Trading Market is open for business.
- (q) **"Purchase Price"** means, with respect to any particular Offering Period, an amount equal to 85% of the Fair Market Value (as defined in Section 7(b) below) of a Share of Common Stock on the Offering Date or on the Purchase Date, whichever is lower; provided, however, that in the event (i) of any shareholder-approved increase in the number of Shares available for issuance under the Plan, (ii) all or a portion of such additional Shares are to be issued with respect to the Offering Period that is underway at the time of such increase ("Additional Shares"), and (iii) the Fair Market Value of a Share of Common Stock on the date of such increase (the "Approval Date Fair Market Value") is higher than the Fair Market Value on the Offering Date for any such Offering Period, then in such instance the Purchase Price with respect to Additional Shares shall be 85% of the Approval Date Fair Market Value or the Fair Market Value of a Share of Common Stock on the Purchase Date, whichever is lower.
- (r) **"Share"** means a share of Common Stock, as adjusted in accordance with Section 19 of the Plan.
- (s) **"Subsidiary"** means a corporation or other entity, domestic or foreign, of which 50% or more of the voting shares or other equity interests are held by the Company or a Subsidiary, whether or not such entity now exists or is hereafter organized or acquired by the Company or a Subsidiary.
- (t) **"Trading Market"** means, as of any particular date, the New York Stock Exchange, or, if the Common Stock is not listed on the New York Stock Exchange as of such date, the principal trading market for such stock on such date.

3. **Eligibility.**

- (a) Subject to the requirements of Section 5(a) and the limitations imposed by Section 423(b) of the Code,
  - (i) for the Offering Period beginning July 1, 2009, any person who is an Employee as of July 1, 2009 shall be eligible to participate in the Plan for such Offering Period; and
  - (ii) for any other Offering Period, any person who is an Employee as of the date that is 20 days prior to the first day of any particular Offering Period shall be eligible to participate in the Plan for such Offering Period.
- (b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee would own (as determined pursuant to the rules under §424(d) of the Code) capital stock of the Company and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary, or (ii) if such option, together with all similar rights to purchase stock under any other employee stock purchase plans (described in Section 423 of the Code) of the Company and its Subsidiaries outstanding at any time during a calendar year, would entitle the Employee to purchase stock that exceeds \$25,000 in Fair Market Value (as defined in Section 7(b) below), determined at the time such option would otherwise be granted.

4. **Offering Periods.** An Employee's rights hereunder shall accrue on the terms and subject to the conditions of this Plan during successive Offering Periods, with new Offering Periods commencing on January 1 and July 1 of each year (or at such other time or times as may be determined by the Board). Unless otherwise established by the Vice President – Human Resources, the first Offering Period shall commence on July 1, 2001 and continue until December 31, 2001. The Plan shall continue until terminated in accordance with Section 19(b)(i) or 20 hereof. The Board shall have the power to change the duration or frequency of Offering Periods with respect to future offerings without shareholder approval if such change is announced at least five days prior to the scheduled beginning of the first Offering Period to be affected.

5. **Participation.**

(a) An eligible Employee may become a participant in the Plan (commencing as of the start of the next succeeding Offering Period) by completing a subscription agreement and any other required documents ("Enrollment Documents") provided by the Company and submitting them to the Company's Human Resources Department or the Designated Administrator at least five days prior to the start of such Offering Period, unless a later time for submission of the Enrollment Documents is set by the Vice President – Human Resources. The Enrollment Documents and their submission may be electronic, as directed by the Company. The Enrollment Documents shall set forth the dollar amount or percentage of Compensation (subject to Section 6(a) below) to be paid as Contributions pursuant to the Plan. The dollar amount or percentage of Contributions selected by a participant may be changed as of the beginning of an Offering Period by submitting the required documentation at least ten business days prior to the start of such Offering Period; provided, however, that Contributions may be discontinued during an Offering Period as provided in Section 10(b).

(b) With respect to each Offering Period, payroll deductions shall commence with the first payroll period following the Offering Date and shall end with the last payroll period ending on or prior to the Purchase Date of the Offering Period, unless sooner terminated by the participant as provided in Section 10.

(c) Execution and submission of Enrollment Documents by a participant to the Company shall be deemed to constitute the agreement of the participant to be subject to all of the terms and conditions of the Plan.

6. **Method of Payment of Contributions.**

(a) A participant's payroll deductions made on each payday during any particular Offering Period must equal at least 1% and not exceed 20% (or such greater percentage as the Board may establish from time to time before an Offering Date) of such participant's Compensation on each payday during the Offering Period. All payroll deductions made by a participant shall be credited, without interest, to his or her account under the Plan. A participant may not make any additional payments into such account.

(b) A participant may discontinue his or her participation in or Contributions to the Plan as provided in Section 10.

(c) Notwithstanding the foregoing, to the extent necessary to comply with the annual limitations set forth in Section 423(b)(8) of the Code and Section 3(b)(ii) herein, a participant's payroll deductions may be decreased during any Offering Period scheduled to end during any particular calendar year to 0%. Payroll deductions shall re-commence at the rate provided in such participant's Enrollment Documents at the beginning of the first Offering Period that is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10.

7. **Grant of Option.**

(a) On the Offering Date of each Offering Period, each eligible Employee participating in the Plan for such Offering Period shall be granted an option to purchase on the Purchase Date for that Offering Period a number of Shares of Common Stock determined by dividing such Employee's Contributions accumulated during the Offering Period and retained in the participant's account as of the Purchase Date by the applicable Purchase Price (subject to any adjustment pursuant to Section 19 below); provided, however, that such purchase shall be subject to the terms and conditions of this Plan, including without limitation the limitations set forth in Sections 3(b) and 12.

(b) The fair market value of the Common Stock on a given date (the "Fair Market Value") shall be the closing sale price of a Share of Common Stock for such date on the Trading Market (or, in the event that the Common Stock is not traded on such date, on the immediately preceding trading date), as reported in The Wall Street Journal.

8. **Exercise of Option.** Unless a participant timely withdraws from the Plan as provided in Section 10, his or her option for the purchase of Shares will, without the delivery of any further documentation, be deemed to be exercised automatically on the Purchase Date of an Offering Period, and the maximum number of Shares subject to the option, rounded to the nearest one-one hundredth of a Share, will be purchased at the applicable Purchase Price with the accumulated Contributions in his or her account as of such date. During his or her lifetime, a participant's option to purchase Shares hereunder is exercisable only by him or her.

9. **Delivery and Holding of Shares.** As promptly as practicable after each Purchase Date, the number of Shares purchased by each participant upon exercise of his or her option shall be deposited into an account established in the participant's name with the Designated Administrator. A participant may request that certificates representing Shares purchased be issued in the participant's name and delivered to the participant or the participant's agent. No certificates for fractional shares shall be issued. In lieu of any such fractional share, the participant will receive a cash payment based on the Fair Market Value of a Share.

10. **Voluntary Withdrawal; Termination of Contributions; Termination of Employment.**

(a) A participant may withdraw all but not less than all of the Contributions credited to his or her account under the Plan by submitting fully completed withdrawal documentation in the manner prescribed by the Company's Human Resources Department at least 21 days prior to the Purchase Date or such shorter period as the Company's Human Resources Department shall permit. Upon receipt by the Company of withdrawal documentation properly completed to the Company's satisfaction, (i) all of the participant's Contributions credited to his or her account will be paid to him or her, (ii) his or her option for the current Offering Period will be automatically terminated, and (iii) no further Contributions for the purchase of Shares by such participant will be accepted during the Offering Period.

(b) A participant may terminate Contributions during an Offering Period by submitting fully completed termination documentation in the manner prescribed by the Company's Human Resources Department at least 21 days prior to the Purchase Date or such shorter period as the Company's Human Resources Department shall permit. Upon any such termination, a participant may choose to have all Contributions credited to his or her account returned to him or her in accordance with paragraph (a) or the participant may choose to have his or her prior Contributions remain in his or her account and used to purchase Shares on the Purchase Date. A participant who terminates Contributions may not resume Contributions until the next Offering Period.

(c) Upon termination of the participant's Continuous Status as an Employee prior to the Purchase Date of an Offering Period for any reason, whether voluntary or involuntary, including retirement or death, the Contributions credited to his or her account will be returned to him or her or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and his or her option will be automatically terminated.

(d) A participant's withdrawal from an offering during any particular Offering Period will not have any effect upon his or her eligibility to participate in a succeeding offering or in any similar plan that may hereafter be adopted by the Company; provided, however, that the Employee shall be required to resubmit Enrollment Documents in order to resume Contributions.

11. **Interest.** No interest shall accrue on the Contributions of a participant in the Plan.

12. **Stock.**

(a) Subject to adjustment as provided in Section 19, no more than 5,000,000 Shares shall be made available for purchase under the Plan, either with participants' Contributions or in connection with the reinvestment of participants' cash dividends pursuant to Section 13 hereof. If the Board determines that, on a given Purchase Date, the number of Shares with respect to which options are to be exercised may exceed the number of Shares available for sale under the Plan on such Purchase Date, the Board may in its sole discretion authorize the Company to allocate the Shares of Common Stock available for purchase on such Purchase Date in a manner determined to be equitable by the Board in its sole discretion.

(b) The participant shall have no ownership, economic, voting or other rights or interests with respect to Shares subject to purchase under his or her option until such option has been exercised and the Shares have been issued.

(c) Shares to be sold to a participant under the Plan may be Shares acquired by the Company in the open market, treasury shares or newly issued shares. Shares to be delivered to a participant under the Plan will be registered in the name of the participant or, if directed by the participant, in the name of the participant and his or her spouse.

13. **Dividend Reinvestment; Other Distributions; Voting.**

(a) Cash dividends on any Shares acquired through the Plan and credited to a participant's Plan account with the Designated Administrator will be automatically reinvested in additional Shares; such amounts will not be available in the form of cash to participants. All cash dividends paid on Shares credited to participants' accounts and held by the Designated Administrator will be paid by the Company to the Designated Administrator, which shall be directed to reinvest such dividends on the same terms (including purchase price per share) as cash dividends are reinvested under the Company's Automatic Dividend Reinvestment and Stock Purchase Service as then in effect, or any successor dividend reinvestment plan of the Company (the "Dividend Reinvestment Plan").

(b) In the event of a stock dividend, distribution, stock split or reclassification with respect to the Common Stock, any Shares or other securities of the Company issued with respect to Shares held in a participant's

Plan account will be credited to the participant's Plan account. In the event of any other non-cash dividend or distribution with respect to Shares credited to a participant's account, the Designated Administrator may, if reasonably practical and at the direction of the Board, sell any property received in connection with such dividend or distribution as promptly as practicable and use the proceeds to purchase additional Shares in the same manner as cash paid to the Designated Administrator for purposes of dividend reinvestment.

(c) Shares acquired through the Plan and credited to a participant's Plan account may be voted by the participant in the same manner as Shares are voted under the Dividend Reinvestment Plan or pursuant to any other rules adopted under Section 14 hereof.

14. **Administration**. The Board, or a committee thereof, shall have general authority to administer the Plan and shall have all of the powers specified herein as being held by the Board. The Board may in its discretion delegate, to personnel of the Company's Human Resources Department or to the Designated Administrator, the Board's general authority to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of the Plan and not inconsistent with the Plan, to construe and interpret the Plan, and to make all other determinations (including determinations as to the amounts of participants' Compensation) necessary or advisable for the day-to-day operation of the Plan.

15. **Designation of Beneficiary**.

(a) A participant may designate a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death. A participant may also designate a beneficiary to receive any Shares to which the participant is entitled if an Offering Period terminates prior to death, but death occurs prior to delivery to him or her of such Shares. Beneficiary designations under this Section 15(a) shall be made as directed by the Human Resources Department of the Company, which may require electronic submission of the required documentation with the Designated Administrator.

(b) Any designation of a beneficiary hereunder may be changed by the participant at any time by submission of the required notice in the manner prescribed by the Company's Human Resources Department. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver any such cash or Shares (as specified in paragraph (a)) to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver any such cash or Shares to the participant's relatives or representatives.

16. **Transferability**. Neither Contributions credited to a participant's account nor any rights with regard to the exercise of an option or to receive Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 15) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 10(a).

17. **Use of Funds**. All Contributions received or held directly or indirectly by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate or safeguard such Contributions.

18. **Reports**. Individual accounts will be maintained for each participant in the Plan. Statements of account will be provided to participating Employees by the Company or the Designated Administrator at least semi-annually.

19. **Adjustments Upon Changes in Capitalization; Corporate Transactions**.

(a) Adjustment. Subject to any required action by the shareholders of the Company, the number of Shares that have been authorized for issuance under the Plan, whether under currently outstanding options or available for future options (collectively, the "Reserves"), and the price per Share of Common Stock covered by each option under the Plan that has not yet been exercised, shall be proportionately and equitably adjusted for any increase or decrease in the number of issued and outstanding Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of Shares effected without receipt of consideration by the Company or the holders of such Shares; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an option.

(b) Corporate Transactions. In the event of a Corporate Transaction, the Board may, in its sole discretion (and without the consent of participants), elect to (i) unilaterally terminate the Plan prior to the consummation of such transaction and return all Contributions to participants; (ii) unilaterally set a new Purchase Date on or before the date of consummation of the Corporate Transaction (provided that the Company notifies the participants of such new date), as of which new Purchase Date the Offering Period then in progress will terminate and all options outstanding hereunder shall be deemed to be exercised automatically, unless prior to such date a participant has withdrawn from the Offering Period as provided in Section 10; or (iii) provide for an alternative treatment of the participants' options that is acceptable to the person or entity that will succeed to the Company's assets, business or operations pursuant to such transaction. Any action taken by the Board under this paragraph shall be binding on all participants.

20. **Amendment or Termination**. The Board may at any time, in its sole discretion (and without the consent of participants), terminate or amend the Plan, except that without the approval of the shareholders of the Company no amendment shall be made (i) to increase the number of Shares approved for sale through the Plan (other than under Section 19 hereof) or (ii) to decrease the Purchase Price per Share. Upon termination of the Plan other than at the end of an Offering Period, all Contributions then held by the Company shall be returned to participants.

21. **Notices**. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. **Conditions Upon Issuance of Shares**. (a) Shares shall not be issued or sold hereunder unless the issuance or sale shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, applicable state securities laws and the requirements of any Trading Market upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an option, the Company may require the person exercising such option (i) to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares and (ii) to make such other representations as may be required, in the opinion of counsel for the Company, to effect compliance with all applicable securities or other laws.

23. **Term of Plan; Effective Date**. The Plan shall become effective upon approval by the Company's shareholders. It shall continue in effect until terminated under Section 19 (b)(i) or 20 hereof.

24. **Compliance with Certain Laws and Regulations**. The Plan is intended to comply with Section 423 of the Code and the acquisition of Shares through the Plan is intended to meet the requirements of Rule 16b-3 promulgated under the Exchange Act. The Plan shall be deemed to contain, and such options shall contain, and the Shares issued upon exercise thereof shall be subject to, any additional conditions and restrictions as may be required to qualify fully under Section 423 and Rule 16b-3.

\* \* \* \* \*

IN WITNESS WHEREOF, the undersigned secretary of the Company hereby certifies that the foregoing Plan was approved by the Board at a meeting duly held on February 28, 2001, approved by the affirmative vote of the holders of a majority of the voting power present at the 2001 Annual Meeting of Shareholders of the Company held on May 10, 2001, and amended by the Board by written unanimous consent dated June 30, 2009.

CenturyTel, Inc.

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

Date: June 30, 2009



[Form of]  
**INDEMNIFICATION AGREEMENT**  
 (with officers)

This Indemnification Agreement (the “**Agreement**”) is made as of the 1st day of July, 2009 (the “**Effective Date**”), by and between CenturyTel, Inc., a Louisiana corporation (the “**Corporation**”), and \_\_\_\_\_ (“**Indemnitee**”).

In consideration of Indemnitee’s service as an officer of the Corporation commencing on or before the date hereof, the Corporation and Indemnitee do hereby agree as follows:

**1. Agreement to Serve.** Indemnitee agrees to serve or continue to serve as an officer of the Corporation for so long as Indemnitee is elected or appointed or until such earlier time as Indemnitee tenders a resignation in writing.

**2. Definitions.** As used in this Agreement:

(a) The term “**Change of Control**” shall mean (i) an acquisition by any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of 20% or more of the combined voting power of the Corporation’s then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Corporation and any new director whose election by the Board of Directors or nomination for election by the Corporation’s shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or (iii) the consummation of a merger or consolidation involving the Corporation if the shareholders of the Corporation, immediately before such merger or consolidation, do not own, immediately following such merger or consolidation, more than 50% of the combined voting power of the outstanding voting securities of the resulting entity in substantially the same proportion as their ownership of voting securities immediately before such merger or consolidation. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because 20% or more of the Corporation’s then outstanding voting securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its subsidiaries or (2) any entity that, immediately prior to such acquisition, is owned directly or indirectly by the shareholders of the Corporation in the same proportion as their ownership of shares in the Corporation immediately prior to such acquisition.

(b) The term “**Claim**” shall mean any threatened, pending or completed claim, action, suit, or proceeding, including discovery, whether civil, criminal, administrative, arbitral or investigative and whether made judicially or extra-judicially, or any separate issue or matter therein, as the context requires, but shall not include any action, suit or proceeding initiated by Indemnitee against the Corporation (other than to enforce the terms of this Agreement), or initiated by Indemnitee against any director or officer of the Corporation unless the Corporation has joined in or consented in writing to the initiation of such action, suit or proceeding.

(c) The term “**Determining Body**” shall mean (i) the Board of Directors by a majority vote of a quorum of the entire board consisting of directors who are not named as parties to the Claim for which indemnification is being sought (“Disinterested Directors”), or (ii) if such a quorum is not obtainable, independent legal counsel (A) selected by the Disinterested Directors, or (B) if there are fewer than two Disinterested Directors, selected by the Board of Directors (in which selection directors who do not qualify as Disinterested Directors may participate); provided, however, that following a Change of Control, with respect to all matters thereafter arising out of acts, omissions or events occurring prior to or after the Change of Control concerning the rights of Indemnitee to seek indemnification, such determination shall be made by independent legal counsel selected by the Board of Directors in the manner described above in this Section 2(c) (which selection shall not be unreasonably delayed or withheld) from a panel of three counsel nominated by Indemnitee. Such counsel shall not have otherwise performed services for the Corporation, Indemnitee or their affiliates (other than services as independent counsel in connection with similar matters) within the five years preceding its engagement (“Independent Counsel”). If Indemnitee fails to nominate Independent Counsel within ten business days following written request by the Corporation, the Board of Directors shall select Independent Counsel. Such counsel shall not be a person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee’s rights under this Agreement, nor shall Independent Counsel be any person who has been sanctioned or censured for ethical violations of applicable standards of professional conduct. The Corporation agrees to pay the reasonable fees and costs of the Independent Counsel referred to above and to fully indemnify such Independent Counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Section 2(c) or its engagement pursuant hereto. The Determining Body shall determine in accordance with Section 6 whether and to what extent Indemnitee is entitled to be indemnified under this Agreement and shall render a written opinion to the Corporation and to Indemnitee to such effect.

(d) The term “**Disbursing Officer**” shall mean, with respect to a Claim, the Chief Executive Officer of the Corporation or, if the Chief Executive Officer is a party to the Claim as to which advancement or indemnification is being sought, any officer who is not a party to the Claim and who is designated by the Chief Executive Officer, which designation shall be made promptly after the Corporation’s receipt of Indemnitee’s initial request for advancement or indemnification and communicated to Indemnitee.

(e) The term “**Expenses**” shall mean any reasonable expenses or costs (including, without limitation, attorney’s fees, fees of experts retained by attorneys, judgments, punitive or exemplary damages, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee with respect to a Claim, except that Expenses shall not include any amount paid in settlement of a Claim against Indemnitee (i) by or in the right of the Corporation, or (ii) that the Corporation has not approved, which approval will not be unreasonably delayed or withheld.

(f) The term “**Standard of Conduct**” shall mean conduct by an Indemnitee with respect to which a Claim is asserted that was in good faith and that Indemnitee reasonably believed to be in, or not opposed to, the best interest of the Corporation, and, in the case of a Claim that is a criminal action or proceeding, conduct that the Indemnitee had no reasonable cause to believe was unlawful. The termination of any Claim by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet the Standard of Conduct.

**3. Limitation of Liability.**

To the fullest extent permitted by Article VII of the Articles of Incorporation of the Corporation in effect on the Effective Date and, if and to the extent the Articles of Incorporation are amended to permit further limitations, in effect at any time prior to the determination of liability, Indemnitee shall not be personally liable in damages for breach of Indemnitee’s fiduciary duty as a director or officer. The Board of Directors of the Corporation will not take any action to effect any amendment to the Articles of Incorporation the effect of which would be to deny, diminish or encumber Indemnitee’s right to exculpation under this Section 3.

**4. Maintenance of Insurance.**

(a) The Corporation represents that it presently maintains in force and effect directors and officers liability insurance (“**D&O Insurance**”) policies that provide primary and excess coverage on behalf of the Corporation’s directors and officers on the terms and conditions specified therein (the “**Insurance Policies**”). Subject only to the provisions of Section 4(b) hereof, the Corporation hereby agrees that, so long as Indemnitee shall continue to serve as a director or officer (or shall continue at the request of the Corporation to serve in any capacity referred to in Section 6(a) hereof) and thereafter so long as Indemnitee shall be subject to any possible Claim, the Corporation shall purchase and maintain in effect for the benefit of Indemnitee one or more valid and enforceable policy or policies of D&O Insurance providing, in all respects, coverage reasonably comparable (including Side A) to that currently provided pursuant to the Insurance Policies, provided that the Corporation shall have no obligation to provide primary coverage or excess coverage in excess of the amount of coverage provided on the Effective Date.

(b) The Corporation shall not be required to purchase and maintain the Insurance Policies in effect if D&O Insurance is not reasonably available or if, in the reasonable business judgment of a majority of the directors of the Corporation, either (i) the premium cost for such insurance is excessive in light of the amount of coverage or (ii) the coverage provided by such insurance is so limited by exclusions, retentions, deductibles or otherwise that there is insufficient benefit from such insurance.

**5. Advancement of Expenses.**

(a) Subject to Indemnitee’s furnishing the Corporation with a written undertaking, in a form reasonably satisfactory to the Corporation, to repay such amount if it is ultimately determined that Indemnitee is not entitled under this Agreement to indemnification therefor, the Corporation shall advance Expenses to Indemnitee in advance of the final disposition of any Claim involving Indemnitee; provided, however, that Indemnitee will return, without interest, any such advance that remains unspent at the disposition of the Claim to which the advance related, and provided further, that advances of such Expenses by the Corporation’s D&O Insurance carrier shall be treated, for purposes of this Section 5(a), as advances by the Corporation. The written undertaking by Indemnitee must be an unlimited general obligation of Indemnitee but need not be secured and will be accepted by the Corporation without reference to the financial ability of Indemnitee to make repayment.

(b) Any request for advancement of Expenses shall be submitted by Indemnitee to the Disbursing Officer in writing and shall be accompanied by a written description of the Expenses for which advancement is requested. The Disbursing Officer shall, within 20 days after receipt of Indemnitee’s request for advancement, advance such Expenses unsecured, interest-free and without regard to Indemnitee’s ability to make repayment,

provided that if the Disbursing Officer questions the reasonableness of any such request, that officer shall promptly advance to the Indemnitee the amount deemed by that officer to be reasonable and shall forward immediately to the Determining Body a copy of the Indemnitee's request and of the Disbursing Officer's response, together with a written description of that officer's reasons for questioning the reasonableness of a portion of the advancement sought. The Determining Body shall, within 20 days after receiving such a request from the Disbursing Officer, determine the reasonableness of the disputed Expenses and notify Indemnitee and the Disbursing Officer of its decision, which shall be final, subject to Indemnitee's right under Section 7 to seek a judicial adjudication of Indemnitee's rights.

(c) Indemnitee's right to advancement under this Section 5 shall include the right to advancement of Expenses incurred by Indemnitee in a suit against the Corporation under Section 7 to enforce Indemnitee's rights under this Agreement. Such right of advancement shall, however, be subject to Indemnitee's obligation pursuant to Indemnitee's undertaking described in Section 5(a) to repay such advances, to the extent provided in Section 7, if it is ultimately determined in the enforcement suit that Indemnitee is not entitled to indemnification for a Claim.

## **6. Indemnification .**

(a) The Corporation shall, in the manner provided in this Section 6, indemnify and hold harmless Indemnitee against Expenses incurred in connection with any Claim against Indemnitee (whether as a subject of or party to, or a proposed or threatened subject of or party to, the Claim) or in which Indemnitee is involved solely as a witness or person required to give evidence, by reason of Indemnitee's position:

(A) as a director or officer of the Corporation,

(B) as a director or officer of any subsidiary of the Corporation or as a fiduciary with respect to any employee benefit plan of the Corporation, or

(C) as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other for profit or not for profit entity or enterprise, if such position is or was held at the request of the Corporation,

whether relating to service in such position before or after the Effective Date, if (x) Indemnitee is successful in defense of the Claim on the merits or otherwise, as provided in Section 6(d), or (y) Indemnitee has been found by the Determining Body to have met the Standard of Conduct; provided that no indemnification shall be made in respect of any Claim by or in the right of the Corporation as to which Indemnitee shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the Corporation unless, and only to the extent, a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the court shall deem proper, and provided further, that Expenses incurred in connection with a Claim for which Indemnitee has been reimbursed or indemnified by the Corporation's D&O Insurance carrier shall be credited against the Corporation's obligation under this Section 6(a) with respect to such Claim.

(b) Promptly upon becoming aware of the existence of any Claim with respect to which Indemnitee may seek indemnification hereunder, Indemnitee shall notify the Chief Executive Officer (or, if the Chief Executive Officer is the Indemnitee, the next ranking executive officer who is not an Indemnitee with respect to the Claim) of the existence of the Claim, who shall promptly advise the Board of Directors that establishing the Determining Body will be a matter presented at the next regularly scheduled meeting of the Board of Directors. Delay by Indemnitee in giving such notice shall not excuse performance by the Corporation hereunder unless, and only to the extent that, the Corporation did not otherwise learn of the Claim and such failure results in forfeiture by the Corporation of substantial defenses, rights or insurance coverage. After the Determining Body has been established, the Chief Executive Officer or that officer's delegate shall inform Indemnitee thereof and Indemnitee shall promptly notify the Determining Body, to the extent requested by it, of all facts relevant to the Claim known to Indemnitee.

(c) Indemnitee shall be entitled to conduct the defense of the Claim and to make all decisions with respect thereto, with counsel of Indemnitee's choice, provided that in the event the defense of the Claim has been assumed by the Corporation through its D&O Insurance carrier or otherwise, then (i) Indemnitee will be entitled to retain separate counsel from the Corporation's Counsel (but not more than one law firm plus, if applicable, local counsel at the Corporation's expense if, but only if, Indemnitee shall reasonably conclude that one or more legal defenses may be available to Indemnitee that are different from, or in addition to, those available to the Corporation or other defendants represented by the Corporation through its D&O Insurance carrier or otherwise, and (ii) the Corporation will not, without the prior written consent of Indemnitee, effect any settlement of the Claim unless such settlement (x) includes an unconditional release of Indemnitee from all liability that is the subject matter of such Claim, (y) does not impose penalties or post-settlement obligations on Indemnitee (except for customary confidentiality obligations), and (z) does not require payment by Indemnitee of money in settlement.

(d) To the extent Indemnitee is successful on the merits or otherwise in defense of any Claim, Indemnitee shall be indemnified against Expenses incurred by Indemnitee with respect to the Claim, regardless of whether Indemnitee has met the Standard of Conduct, and without the necessity of any determination by the Determining Body as to whether Indemnitee has met the Standard of Conduct. In the event Indemnitee is not entirely successful on the merits or otherwise in defense of any Claim, but is successful on the merits or otherwise in defense of any claim, issue or matter involved in the Claim, Indemnitee shall be indemnified for the portion of Indemnitee's Expenses incurred in such successful defense that is determined by the Determining Body to be reasonably and properly allocable to the claims, issues, or matters as to which Indemnitee was successful.

(e) Except as otherwise provided in Section 6(d), the Corporation shall not indemnify any Indemnitee under Section 6(a) unless a determination has been made by the Determining Body (or by a court upon application or in a proceeding brought by Indemnitee under Section 7) with respect to a specific Claim that indemnification of Indemnitee is permissible because Indemnitee has met the Standard of Conduct. In the event settlement of a Claim to which Indemnitee is a party has been proposed ("Proposed Settlement"), the Determining Body shall, promptly after submission to it but prior to consummation of the Proposed Settlement, make a determination whether Indemnitee shall have met the Standard of Conduct. In the event such determination is adverse to Indemnitee, Indemnitee shall be entitled to reject the Proposed Settlement. In the event of final disposition of a Claim other than by settlement, the Determining Body shall, promptly after but not before such final disposition, make a determination whether Indemnitee has met the Standard of Conduct. In all cases, the determination shall be in writing and shall set forth in reasonable detail the basis and reasons therefor. The Determining Body shall, promptly after making such determination, provide a copy thereof to both the Disbursing Officer and Indemnitee and shall instruct the former to (i) reimburse Indemnitee as soon as practicable for all Expenses, if any, to which Indemnitee has been so determined to be entitled and which have not previously been advanced to Indemnitee under Section 5 (or otherwise recovered by Indemnitee through an insurance or other arrangement provided by the Corporation), and (ii) seek reimbursement from Indemnitee (subject to Indemnitee's rights under Section 7) of all advancements that have been made pursuant to Section 5 as to which it has been so determined that Indemnitee is not entitled to be indemnified.

(f) Indemnitee shall cooperate with the Determining Body at the expense of the Corporation by providing to the Determining Body, upon reasonable advance request, any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to make such determination.

(g) If the Determining Body makes a determination pursuant to Section 6(e) that Indemnitee is entitled to indemnification, the Corporation shall be bound by that determination in any judicial proceeding, absent a determination by a court that such indemnification contravenes applicable law.

(h) In making a determination under Section 6(e), the Determining Body shall presume that the Standard of Conduct has been met unless the contrary shall be shown by a preponderance of the evidence.

(i) The Corporation and Indemnitee shall keep confidential, to the extent permitted by law and their fiduciary obligations, all facts and determinations provided pursuant to or arising out of the operation of this Agreement, and the Corporation and Indemnitee shall instruct their respective agents to do likewise.

## **7. Enforcement.**

(a) The rights provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction.

(b) If Indemnitee seeks a judicial adjudication of Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses incurred by Indemnitee in connection with such proceeding, but only if Indemnitee prevails therein. If it shall be determined that Indemnitee is entitled to receive part but not all of the relief sought, then Indemnitee shall be entitled to be reimbursed for all Expenses incurred by Indemnitee in connection with such proceeding if the indemnification amount to which Indemnitee is determined to be entitled exceeds 50% of the amount of Indemnitee's claim. Otherwise, the reimbursement of Expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(c) In any judicial proceeding described in this Section 7, the Corporation shall bear the burden of proving that Indemnitee is not entitled to advancement or reimbursement of Expenses sought with respect to any Claim.

**8. Saving Clause.** If any provision of this Agreement is determined by a court having jurisdiction over the matter to require the Corporation to do or refrain from doing any act that is in violation of applicable law, the court shall be empowered to modify or reform such provision so that, as modified or reformed, such provision provides the maximum indemnification permitted by law and such provision, as so modified or reformed, and the balance of this Agreement, shall be applied in accordance with their terms. Without limiting the generality of the foregoing, if any portion of this Agreement shall be invalidated on any ground, the Corporation shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the full extent permitted by law with respect to that portion that has been invalidated.



**9. Non-Exclusivity.** The indemnification and payment of Expenses provided by or granted pursuant to this Agreement shall not be deemed exclusive of any other rights to which Indemnitee is or may become entitled under any statute, article of incorporation, by-law, insurance policy, authorization of shareholders or directors, agreement or otherwise, including, without limitation, any rights authorized by the Determining Body in its discretion with respect to matters for which indemnification is permitted under La. R.S. 12:83A. The parties recognize that La. R. S. 12:83E presently provides that no such other indemnification measure shall permit indemnification of any person for the results of such person's willful or intentional misconduct.

**10. Subrogation.** In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Following receipt of indemnification payments hereunder, as further assurance, Indemnitee shall execute all papers reasonably required and, at the expense of the Corporation, take all action reasonably necessary to secure such subrogation rights, including execution of such documents as are reasonably necessary to enable the Corporation to bring suit to enforce such rights.

**11. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute the original.

**12. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

**13. Successors and Binding Agreement.**

(a) The Corporation shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all the business or assets of the Corporation, by agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Corporation would be required to perform if no such succession had taken place.

(b) Indemnitee's right to indemnification and advancement of Expenses pursuant to this Agreement shall continue regardless of the termination of Indemnitee's status as a director or officer of the Corporation, and this Agreement shall inure to the benefit of and be enforceable by Indemnitee's personal or legal representatives, executors, administrators, spouses, heirs, assigns and other successors.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the prior written consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 13(a) and 13(b).

(d) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation, reorganization or otherwise to all or substantially all of the business or assets of the Corporation), permitted assigns, spouses, heirs, executors, administrators and personal and legal representatives.

**14. Amendment.** No amendment, modification, termination or cancellation of this Agreement shall be effective unless made in writing signed by the Corporation and Indemnitee. Notwithstanding any amendment or modification to or termination or cancellation of this Agreement or any portion hereof, Indemnitee shall be entitled to indemnification in accordance with the provisions hereof with respect to any acts or omissions of Indemnitee which occur prior to such amendment, modification, termination or cancellation.

**15. Effective Date .** This Agreement is effective as of the Effective Date, supersedes in its entirety any prior indemnity or indemnification agreements between the Corporation and Indemnitee, and covers Claims based on acts, occurrences and omissions occurring at any time prior to, on or after the Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and signed as of the date and year first above written.

[Signature lines intentionally omitted]

### Amendment to Award Agreement

This Amendment is dated as of June 26, 2009 and amends the Award Agreement dated August 3, 2007 between Richard A. Gephardt and Embarq Corporation ("Embarq"). In connection with the proposed merger between Embarq, CenturyTel, Inc., a Louisiana Corporation ("CenturyTel") and Cajun Acquisition Company, a Delaware Corporation and wholly owned subsidiary of CenturyTel (the "Merger"), Embarq, CenturyTel and you agree that your Award Agreement is hereby amended as follows:

1. The Settlement Date shall be modified to be April 30, 2010.
2. For purposes of the Section 2 of the Award Agreement: (a) Mr. Gephardt will not be deemed to have had a Separation from Service from the Board of Directors of the Company upon completion of the Merger provided that following the Merger, he serves on the Board of Directors of CenturyTel; and (b) the completion of the Merger shall not be considered a "Change in Control" that accelerates settlement of the RSU Award. Following the completion of the Merger, provisions of Section 2 relating to Separation from Service shall refer to Separation from Service from the Board of Directors of CenturyTel.

IN WITNESS WHEREOF, the parties hereby agree to the terms of this Amendment.

EMBARQ CORPORATION

By: /s/ Claudia S. Toussaint

Name: Claudia S. Toussaint

Title: General Counsel & Corporate Secretary

Accepted and Agreed to:

/s/ Richard A. Gephardt

Richard A. Gephardt

**CenturyTel, Inc.**  
**COMPUTATIONS OF EARNINGS PER SHARE**  
**(UNAUDITED)**

|  | Three months ended June 30,                                  |                | Six months ended June 30, |                |
|--|--|----------------|---------------------------|----------------|
|  | 2009   | 2008*          | 2009                      | 2008*          |
|  | (Dollars, except per share amounts, and shares in thousands) |                |                           |                |
| Income (Numerator):  |  |                |                           |                |
| Net income attributable to CenturyTel, Inc.  | \$ 69,030  | 92,167         | 136,184                   | 180,927        |
| Dividends applicable to preferred stock  | (3)  | (62)           | (6)                       | (149)          |
| Earnings applicable to unvested restricted stock   | <u>(1,038)</u>   | <u>(1,092)</u> | <u>(1,906)</u>            | <u>(1,892)</u> |
| Net income applicable to common stock for computing basic earnings per share                       | 67,989   | 91,013         | 134,272                   | 178,886        |
| Dividends applicable to preferred stock  | <u>3</u>   | <u>62</u>      | <u>6</u>                  | <u>149</u>     |
| Net income as adjusted for purposes of computing diluted earnings per share                        | <u>\$ 67,992</u>   | <u>91,075</u>  | <u>134,278</u>            | <u>179,035</u> |
| Shares (Denominator):  |  |                |                           |                |
| Weighted average number of shares:   |  |                |                           |                |
| Outstanding during period  | 100,931  | 104,886        | 100,679                   | 106,001        |
| Nonvested restricted stock   | <u>(1,517)</u>   | <u>(1,242)</u> | <u>(1,409)</u>            | <u>(1,108)</u> |
| Weighted average number of shares outstanding during period for computing basic earnings per share | 99,414   | 103,644        | 99,270                    | 104,893        |
| Incremental common shares attributable to dilutive securities:                                     |  |                |                           |                |
| Shares issuable under convertible securities   | 13   | 269            | 13                        | 325            |
| Shares issuable under incentive compensation plans   | <u>23</u>  | <u>86</u>      | <u>14</u>                 | <u>119</u>     |
| Number of shares as adjusted for purposes of computing diluted earnings per share                  | <u>99,450</u>  | <u>103,999</u> | <u>99,297</u>             | <u>105,337</u> |
| Basic earnings per share   | <u>\$ .68</u>  | <u>.88</u>     | <u>1.35</u>               | <u>1.71</u>    |
| Diluted earnings per share   | <u>\$ .68</u>  | <u>.88</u>     | <u>1.35</u>               | <u>1.70</u>    |

\* The provisions of FSP EITF 03-6-1 have been retrospectively applied to the 2008 information.

**CENTURYTEL, INC.**  
**SUBSIDIARIES OF THE REGISTRANT**  
**AS OF JULY 1, 2009**

| SUBSIDIARY                                   | STATE OF<br>INCORPORATION<br>OR FORMATION |
|--|---|
| Actel, LLC                                   | Delaware                                  |
| Carolina Telephone and Telegraph Company LLC | North Carolina                            |
| Centel Capital Corporation                   | Delaware                                  |
| Centel Corporation                           | Kansas                                    |
| Centel Directories LLC                       | Delaware                                  |
| Centel SPE LLC                               | Delaware                                  |
| Centel-Texas, Inc.                           | Texas                                     |
| Central Telephone Company                    | Delaware                                  |
| Central Telephone Company of Texas           | Texas                                     |
| Central Telephone Company of Virginia        | Virginia                                  |
| Century Marketing Solutions, LLC             | Louisiana                                 |
| CenturyTel Acquisitions, LLC                 | Louisiana                                 |
| CenturyTel Arkansas Holdings, Inc.           | Arkansas                                  |
| CenturyTel Broadband Services, LLC           | Louisiana                                 |
| CenturyTel Broadband Wireless, LLC           | Louisiana                                 |
| CenturyTel Fiber Company II, LLC             | Louisiana                                 |
| CenturyTel Holdings Alabama, Inc.            | Alabama                                   |
| CenturyTel Holdings Missouri, Inc.           | Missouri                                  |
| CenturyTel Holdings, Inc.                    | Louisiana                                 |
| CenturyTel Investments of Texas, Inc.        | Delaware                                  |
| CenturyTel Investments, LLC                  | Louisiana                                 |
| CenturyTel Long Distance, LLC                | Louisiana                                 |
| CenturyTel Midwest - Michigan, Inc.          | Michigan                                  |
| CenturyTel of Adamsville, Inc.               | Tennessee                                 |
| CenturyTel of Alabama, LLC                   | Louisiana                                 |
| CenturyTel of Arkansas, Inc.                 | Arkansas                                  |
| CenturyTel of Central Arkansas, LLC          | Arkansas                                  |
| CenturyTel of Central Indiana, Inc.          | Indiana                                   |
| CenturyTel of Central Louisiana, LLC         | Louisiana                                 |
| CenturyTel of Central Wisconsin, LLC         | Delaware                                  |
| CenturyTel of Chatham, LLC                   | Louisiana                                 |
| CenturyTel of Chester, Inc.                  | Iowa                                      |
| CenturyTel of Claiborne, Inc.                | Tennessee                                 |
| CenturyTel of Colorado, Inc.                 | Colorado                                  |
| CenturyTel of Cowiche, Inc.                  | Washington                                |
| CenturyTel of Eagle, Inc.                    | Colorado                                  |
| CenturyTel of East Louisiana, LLC            | Louisiana                                 |
| CenturyTel of Eastern Oregon, Inc.           | Oregon                                    |
| CenturyTel of Evangeline, LLC                | Louisiana                                 |
| CenturyTel of Fairwater-Brandon-Alto, LLC    | Delaware                                  |
| CenturyTel of Forestville, LLC               | Delaware                                  |
| CenturyTel of Idaho, Inc.                    | Delaware                                  |
| CenturyTel of Inter Island, Inc.             | Washington                                |
| CenturyTel of Lake Dallas, Inc.              | Texas                                     |
| CenturyTel of Larsen-Readfield, LLC          | Delaware                                  |
| CenturyTel of Michigan, Inc.                 | Michigan                                  |
| CenturyTel of Minnesota, Inc.                | Minnesota                                 |
| CenturyTel of Missouri, LLC                  | Louisiana                                 |
| CenturyTel of Monroe County, LLC             | Wisconsin                                 |
| CenturyTel of Montana, Inc.                  | Oregon                                    |
| CenturyTel of Mountain Home, Inc.            | Arkansas                                  |
| CenturyTel of North Louisiana, LLC           | Louisiana                                 |
| CenturyTel of North Mississippi, Inc.        | Mississippi                               |
| CenturyTel of Northern Michigan, Inc.        | Michigan                                  |
| CenturyTel of Northern Wisconsin, LLC        | Delaware                                  |
| CenturyTel of Northwest Arkansas, LLC        | Delaware                                  |
| CenturyTel of Northwest Louisiana, Inc.      | Louisiana                                 |
| CenturyTel of Northwest Wisconsin, LLC       | Delaware                                  |
| CenturyTel of Odon, Inc.                     | Indiana                                   |
| CenturyTel of Ohio, Inc.                     | Ohio                                      |
| CenturyTel of Ooltewah-Collegedale, Inc.     | Tennessee                                 |
| CenturyTel of Oregon, Inc.                   | Oregon                                    |
| CenturyTel of Port Aransas, Inc.             | Texas                                     |
| CenturyTel of Postville, Inc.                | Iowa                                      |
| CenturyTel of Redfield, Inc.                 | Arkansas                                  |
| CenturyTel of Ringgold, LLC                  | Louisiana                                 |
| CenturyTel of San Marcos, Inc.               | Texas                                     |
| CenturyTel of South Arkansas, Inc.           | Arkansas                                  |
| CenturyTel of Southeast Louisiana, LLC       | Louisiana                                 |
| CenturyTel of Southern Wisconsin, LLC        | Louisiana                                 |
| CenturyTel of Southwest Louisiana, LLC       | Louisiana                                 |
| CenturyTel of the Gem State, Inc.            | Idaho                                     |
| CenturyTel of the Midwest-Kendall, LLC       | Delaware                                  |
| CenturyTel of the Midwest-Wisconsin, LLC     | Delaware                                  |

|   |                |
|---|----------------|
| CenturyTel of the Northwest, Inc.                 | Washington     |
| CenturyTel of the Southwest, Inc.                 | New Mexico     |
| CenturyTel of Upper Michigan, Inc.                | Michigan       |
| CenturyTel of Washington, Inc.                    | Washington     |
| CenturyTel of Wisconsin, LLC                      | Louisiana      |
| CenturyTel of Wyoming, Inc.                       | Wyoming        |
| CenturyTel Security Systems Holding Company, LLC  | Louisiana      |
| CenturyTel Service Group, LLC                     | Louisiana      |
| CenturyTel Solutions, LLC                         | Louisiana      |
| CenturyTel Supply Group, Inc.                     | Louisiana      |
| CenturyTel TeleVideo, Inc.                        | Louisiana      |
| CenturyTel/Televue of Wisconsin, Inc.             | Wisconsin      |
| Coastal Long Distance Services, LLC               | Georgia        |
| Coastal Utilities, Inc.                           | Georgia        |
| Embarq Capital Corporation                        | Delaware       |
| Embarq Communications of Virginia, Inc.           | Virginia       |
| Embarq Communications, Inc.                       | Delaware       |
| Embarq Corporation                                | Delaware       |
| Embarq Directory Trademark Company, LLC           | Delaware       |
| Embarq Florida, Inc.                              | Florida        |
| Embarq Holdings Company LLC                       | Delaware       |
| Embarq Interactive Holdings LLC                   | Delaware       |
| Embarq Interactive Markets LLC                    | Delaware       |
| Embarq Management Company                         | Delaware       |
| Embarq Mid-Atlantic Management Services Company   | North Carolina |
| Embarq Midwest Management Services Company        | Kansas         |
| Embarq Minnesota, Inc.                            | Minnesota      |
| Embarq Missouri, Inc.                             | Missouri       |
| Embarq Network Company LLC                        | Delaware       |
| Embarq Payphone Services, Inc.                    | Florida        |
| Embarq Risk (Bermuda) Limited                     | Bermuda        |
| Embarq Solutions, Inc.                            | Delaware       |
| Embarq, Inc.                                      | Kansas         |
| EQ Central Texas Equipment LLC                    | Texas          |
| EQ Equipment Leasing, Inc.                        | Delaware       |
| EQ Management Equipment LP                        | Nevada         |
| EQ United Texas Equipment LLC                     | Texas          |
| Gallatin River Communications, LLC                | Delaware       |
| Gulf Communications, LLC                          | Delaware       |
| Gulf Long Distance, LLC                           | Alabama        |
| Gulf Telephone Company                            | Alabama        |
| Madison River Communications Corp.                | Delaware       |
| Madison River Communications, LLC                 | Delaware       |
| Madison River Long Distance Solutions, LLC        | Delaware       |
| Mebtel Long Distance Solutions, LLC               | North Carolina |
| Mebtel, Inc.                                      | North Carolina |
| NOCUTS, Inc.                                      | Pennsylvania   |
| Perry Protection Services, Inc.                   | Florida        |
| SC Eight Company                                  | Kansas         |
| SC Five Company                                   | Kansas         |
| SC Four Company                                   | Kansas         |
| SC One Company                                    | Kansas         |
| SC Seven Company                                  | Kansas         |
| SC Six Company                                    | Kansas         |
| SC Three Company                                  | Kansas         |
| SC Two Company                                    | Kansas         |
| Spectra Communications Group, LLC                 | Delaware       |
| Telcon, Inc.                                      | Texas          |
| Telephone USA of Wisconsin, LLC                   | Delaware       |
| The Winter Park Telephone Company                 | Florida        |
| United Telephone Company of Eastern Kansas        | Delaware       |
| United Telephone Company of Florida               | Florida        |
| United Telephone Company of Indiana, Inc.         | Indiana        |
| United Telephone Company of Kansas                | Kansas         |
| United Telephone Company of New Jersey, Inc.      | New Jersey     |
| United Telephone Company of Ohio                  | Ohio           |
| United Telephone Company of Pennsylvania LLC, The | Pennsylvania   |
| United Telephone Company of Southcentral Kansas   | Arkansas       |
| United Telephone Company of Texas, Inc.           | Texas          |
| United Telephone Company of the Carolinas LLC     | South Carolina |
| United Telephone Company of the Northwest         | Oregon         |
| United Telephone Company of the West              | Delaware       |
| United Telephone Southeast LLC                    | Virginia       |
| United Teleservices, Inc.                         | Kansas         |
| Valley Network Partnership                        | Virginia       |
| Vista-United Telecommunications                   | Florida        |

Certain of the Company's smaller subsidiaries have been intentionally omitted from this exhibit pursuant to rules and regulations of the Securities and Exchange Commission.

# CERTIFICATIONS

I, Glen F. Post, III, Chairman of the Board and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ Glen F. Post, III

Glen F. Post, III  
Chief Executive Officer and President

# CERTIFICATIONS

I, R. Stewart Ewing, Jr., Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CenturyTel, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

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

**CenturyTel, Inc.**

August 7, 2009

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: CenturyTel, Inc.  
Certification of Contents of Form 10-Q for the quarter ending June 30, 2009  
pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

The undersigned, acting in their capacities as the Chief Executive Officer and the Chief Financial Officer of CenturyTel, Inc. (the "Company"), certify that the Form 10-Q for the quarter ended June 30, 2009 of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by such report.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Very truly yours,

/s/ Glen F. Post, III  
Glen F. Post, III  
Chief Executive Officer  
and President

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