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March 11, 2009

## **EX PARTE PRESENTATION**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Transfer of Control of Embarq Corp. to CenturyTel, Inc., WC Docket No.  
08-238

Dear Ms. Dortch:

This letter is to inform you that on March 10, 2009, Karen Puckett, President & COO, John F. Jones, and Timothy McIlveene, of CenturyTel, Tom Gerke, CEO, David C. Bartlett, Jeffrey Lanning, of Embarq, and I met with Commissioner Jonathan S. Adelstein and Elizabeth Chernow, in the above-referenced docket. CenturyTel and Embarq discussed the attached material during the meeting.

Pursuant to 47 C.F.R. § 1.1206, please include this ex parte filing in the above-referenced docket.

Sincerely,

/s/ Gregory J. Vogt

Gregory J. Vogt  
Counsel for CenturyTel, Inc.

Enclosure

cc: Commissioner Jonathan S. Adelstein  
Elizabeth Chernow

# CenturyTel & Embarq:

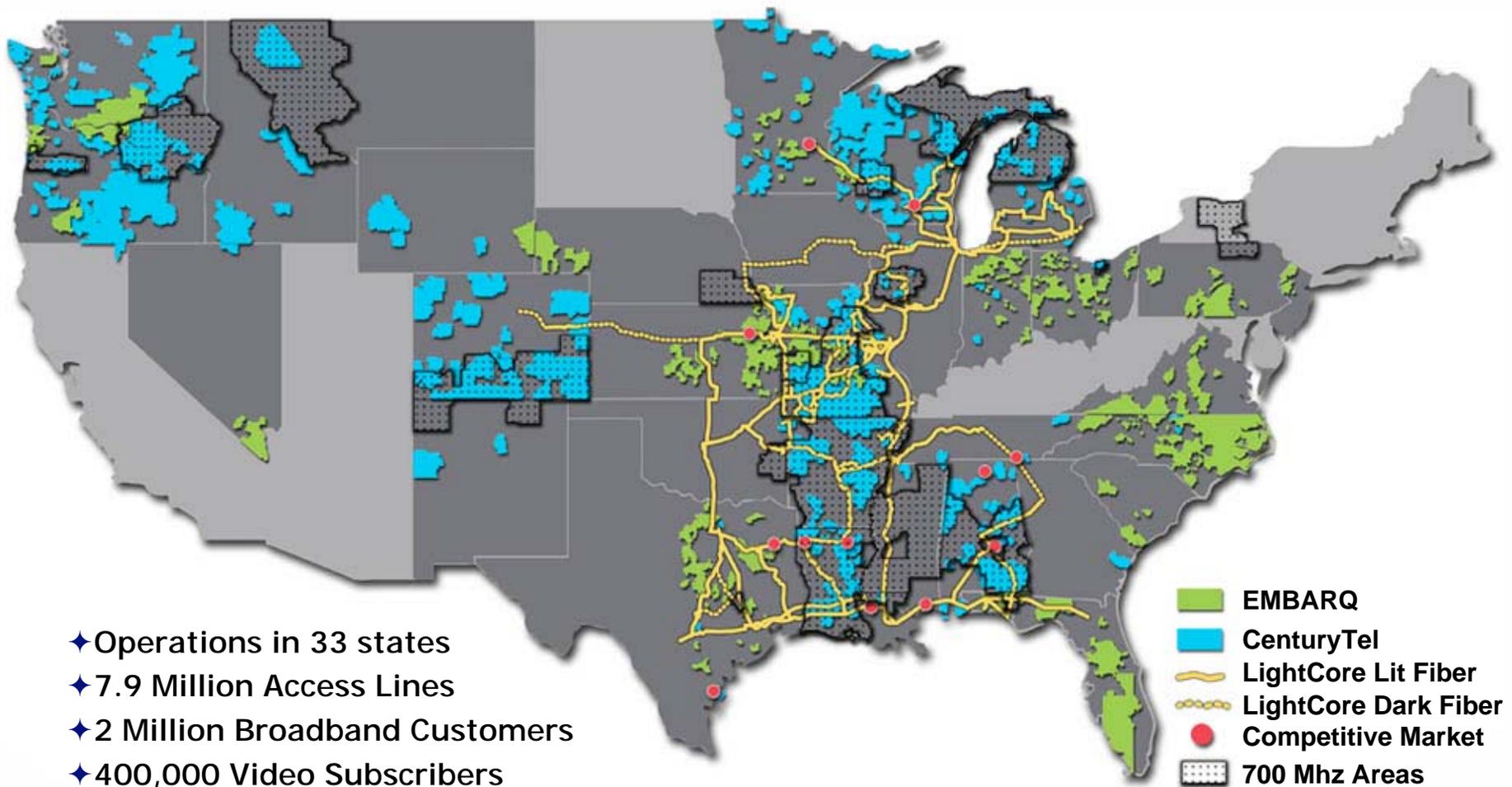
## A Stronger Service Provider for Rural America

March 10, 2009

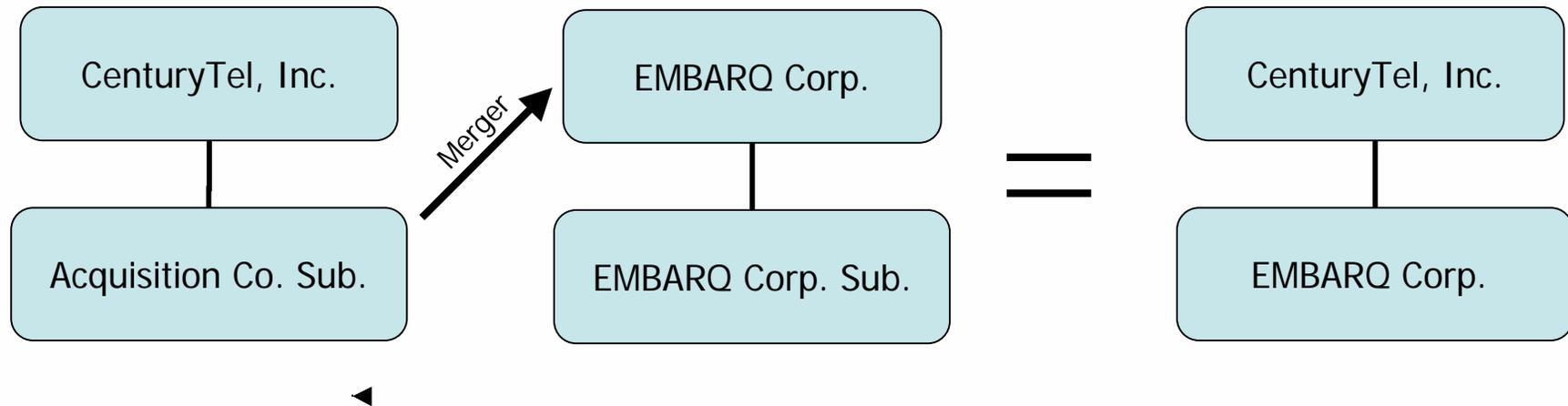
# Transaction Basics

- ◆ Federal and state applications filed in November and December 2008. Public Notice released December 9, 2008.
- ◆ Joins two leading mid-size companies with a strong commitment to rural communities.
- ◆ Merger will maintain scale and create a stronger broadband competitor.
- ◆ Transaction has been approved in 6 states: Florida, Georgia, Mississippi, Minnesota, Nebraska, and Ohio.

## A Leading National Service Provider



## How the Transaction Works



- ◆ CTL Acquisition Co. subsidiary will merge with and into Embarq Corp.
- ◆ Embarq Corp. becomes wholly-owned subsidiary of CenturyTel, Inc.

# Public Interest Benefits

- ✦ Transaction brings real public interest benefits.
  - ✦ Enhanced and diverse service offerings for consumers.
  - ✦ Creates a stronger service provider for end users and competitors.
  - ✦ Enables more fiber backbone competition.
  - ✦ Opportunities for IPTV and 700 Mhz offerings in more markets.
  - ✦ Improves back office systems for interconnectors.
  - ✦ Increases efficiencies, which is essential given line loss.
  - ✦ Allows seamless consumer transition.

# A Financially Stronger Company

- ◆ Financial stability and access to capital allow reliable and innovative services in increasingly competitive marketplace.
  - ◆ Transaction requires no new debt. All-stock transaction.
  - ◆ Company expects to continue to be investment grade.
  - ◆ Maintaining financial strength is essential if company is to invest while losing lines.
- ◆ Greater financial and operational resources will help deliver long-term value to businesses and consumers.
  - ◆ \$8.8 billion in combined assets; net debt of \$5.8 billion.
  - ◆ \$11.6 billion transaction.

# A Stronger Service Provider

- ◆ Transaction will enhance consumer choices.
- ◆ Company will be a more effective service provider and network investor by realizing efficiencies and maintaining scale.
- ◆ Company will provide better wholesale service for interconnectors.
- ◆ No significant competitive overlap between the companies, no competitive harms.

# New Competition for Backbone Fiber Market

- ◆ CenturyTel's core fiber network
  - ◆ 17,000 mile backbone network
  - ◆ Enables transport efficiencies
  - ◆ Attractive product portfolio for businesses and consumers
- ◆ Major carriers already are core fiber subscribers, seeking alternative to other fiber backbone providers.
- ◆ Adding Embarq's market resources allows core fiber network to provide a stronger alternative provider to Verizon and AT&T, which dominate the backbone services market today.
- ◆ Merger also will enable extending core fiber to other markets.

# Expanding Services for Customers

- ◆ Merged company will leverage network and operational efficiencies to bring innovative technology and product solutions to urban, suburban, and rural markets.
- ◆ Broadband – Combined company will be a leading broadband provider delivering increased coverage, higher speeds, increased value and greater choice. Merged company will be better able to invest.
- ◆ IPTV – CenturyTel has successful IPTV service in two markets. Merged company intends to add more markets.
- ◆ Wholesale – Combining companies delivers a stronger Wholesale Division, providing network services to wireless providers, IXCs, cable companies, payphone providers, ISPs, ILECs and CLECs.
- ◆ IP Solutions for Business – Embarq offers IP products, including managed services and security solutions, that support businesses of all sizes. Merged company intends to expand to CenturyTel areas.
- ◆ Wireless – CenturyTel's 700 MHz spectrum creates opportunity to enhance customers' broadband experience with wireless data and voice capabilities in multiple states. Merged company will be better able to develop this.

# Stronger Back Office Systems

- ◆ Interconnectors will benefit as the best systems and processes of both companies are adopted.
- ◆ Company expects to consolidate back office systems and processes over time.
  - ◆ Embarq brings automated systems and award-winning wholesale service.
  - ◆ Embarq is already expanding its online ordering and provisioning systems.
  - ◆ Merger will allow progressive replacement of older, more manual processes.
- ◆ Any commenters' concerns are misplaced. Service would only be expected to improve.

# Efficiencies, Scale and Best Practices

- ◆ The combined company expects to be an efficient, leading service provider by:
  - ◆ Adopting best practices and capabilities from each company
  - ◆ Combining systems like customer care, operational support, provisioning, and billing systems
  - ◆ Reducing corporate overhead, eliminating duplicate functions
  - ◆ Realizing operational efficiencies by maintaining scale
  - ◆ Expanding service offerings, such as through broadened IPTV and Wholesale footprints

# Improving Employee Opportunities

- ◆ CenturyTel and Embarq share a culture of strong commitment to customers, employees, and communities.
  - ◆ Employees are a key element in the companies' success.
  - ◆ Companies are committed to competitive compensation and benefits to attract and retain talent.
  - ◆ Expanded footprint and new technologies such as IPTV and 700 Mhz offer new employment opportunities.
- ◆ Headquarters will remain in Monroe, LA - CenturyTel's current headquarters.
- ◆ A significant presence will remain in Overland Park, KS - Embarq's current headquarters.

# A Merger of Mid-Size Companies

- ◆ CenturyTel and Embarq are independent telcos that grew by integrating smaller, largely rural carriers.
  - ◆ They serve only 1 of the nation's top 50 cities.
  - ◆ Combined 7.9 million lines are spread over 33 states.
  - ◆ 2 million broadband customers.
- ◆ They are unlike Bell companies.
  - ◆ Not significant facilities-based long distance or wireless carriers.
  - ◆ Widely dispersed, noncontiguous service territories.
  - ◆ Not subject to Section 271 obligations or antitrust consent decrees.
  - ◆ Facing competitors much larger than themselves.
- ◆ No antitrust concerns.
  - ◆ FTC granted early termination under HSR.
  - ◆ Companies don't compete, and wouldn't be expected to enter each other's markets.
  - ◆ Few adjacent markets; minimal CLEC overlaps.

# Precedent Shows Conditions Unwarranted

- ◆ Commission precedent shows no conditions needed or warranted for this type of transaction.
  - ◆ Any merger conditions are to be narrowly tailored.
  - ◆ Any conditions are to address transaction-specific harms to competition created by the merger, if any.
  - ◆ They're unnecessary for obligations already imposed by law.
  - ◆ They're unnecessary if other forums are available to address an issue.

# FCC Should Approve Promptly

- ◆ The merger benefits the public interest, promotes new services and investment, enhances competition.
- ◆ The combined company will be well-positioned to be a financially stable, leading rural service provider in a challenging economic environment.
- ◆ There are no competitive harms. Antitrust authorities have approved the merger, and commenters don't show that the transaction itself creates any harms.
- ◆ The Commission hasn't applied conditions to similar transactions.
- ◆ The Commission should approve without delay.
  - ◆ In the current environment, speed is essential.
  - ◆ National economic conditions are unstable.
  - ◆ Delay benefits no one.