Law Offices of Gregory J. Vogt, PLLC

2121 EISENHOWER AVENUE
SUITE 200
ALEXANDRIA, VA 22314

www.vogtlawfirm.com

Gregory J. Vogt
703.838.0115 (office)
703.684.3620 (fax)
gvogt@vogtlawfirm.com

April 2, 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 April 1, 2009, Michael Balhoff, Balhoff & Williams LLC, and Frank Louthen, Raymond James, and I met separately with (1) Jennifer Schneider, Legal Advisor to Acting Chairman Copps, (2), Nicholas G. Alexander, Legal Advisor, Wireline, to Commissioner McDowell, and (3) Julie Veach, Donald Stockdale, Randolph Clarke, and Marcus Maher of the Wireline Competition Bureau, in the above-referenced docket. Mr. Balhoff and Mr. Louthen discussed the attached material during the meetings.

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: Jennifer Schneider
Nicholas G. Alexander
Julie Veach
Donald Stockdale
Randolph Clarke
Marcus Maher

CenturyTel – Embarq Merger

Perspectives from Wall Street

FCC Discussions

Michael J. Balhoff, CFA

Frank Louthan

April 1, 2009

Purposes & Agenda

- Purpose
  - Provide perspectives on Wall Street's view of the proposed transaction
  - Highlight the importance of timely approval
- Disclosure
  - Balhoff & Williams, LLC, is working with CenturyTel and Embarq on certain financial and regulatory issues in various state approval processes; Michael Balhoff formerly headed the telecom equity research group at Legg Mason (16 years), and specialized in ILEC and RLEC equity coverage
  - Frank Louthan is an independent financial analyst at Raymond James Financial Inc., and his coverage of RLECs is highly regarded by institutional and retail investors

CTL-EQ Investment Profile

- CenturyTel and Embarq provided summary data for investors on the day the transaction was announced
- The key insight is that the company will be stronger, with improved cash flows, and an even better balance sheet

(as of 09/30/2008, 000s)	CenturyTel[1]	EMBARQ	Pro Forma w/o Syn
Access Lines	2,041	5,853	7,894
Broadband Customers	628	1,388	2,016
Penetration	30.8%	23.7%	25.5%
LTM Revenue (mils.)	$2,613	$6,222	$8,835
LTM EBITDA (mils.)	$1,246	$2,598	$3,844
EBITDA Margin %	47.7%	41.8%	43.5%
Capital Expenditures (mils.)	$327	$795	$1,122
Net Debt (mils.)	$3,086	$5,757	$8,843
Net Leverage	2.48x	2.22x	2.30x[2]
Moody's credit rating	Baa2	Baa3[3]	NA
S&P credit rating	BBB-	BBB-	NA
Fitch credit rating	BBB-	BBB-	NA

(1) Results pro forma for Madison River acquisition.

(2) 2.1x after pro forma synergies.

(3) Moody's announced that EQ's debt is under review for upgrade.

Shareholder Composition Overview

- Common group of institutional investors holds approximately three-quarters of the outstanding shares (each company & combined) and in relatively the same proportions
  - Highly informed
  - Sensitive to timing of returns
- 1.37 shares of CTL for each EQ share—incentive to perform well post-closing to drive incremental value for shareholder group
- No change in debt levels or debt schedule—no new risk
- Investment grade status expected (Moody's reported review for EQ credit upgrade)
- Projected synergies of $400 million annually are as much as 9.0% of target opex, affording combined entity greater financial strength in increasingly competitive environment

Balhoff & Williams, LLC

Wall Street's View

- CenturyTel-Embarq merger is seen as a positive combination based on . . .
  - Enhanced credit quality – merging the only publicly-traded non-RBOCs that are assigned investment grade ratings by Moody's, S&P and Fitch
  - Improved cash flows expected to increase operating and investment capabilities
    - Synergy-projections appear achievable based on metrics from similar transactions
    - Greater potential for introduction and deployment of advanced product / service offerings
  - Strengthened capital structure based on stock-for-stock exchange (additional equity, no incremental debt) and no change to debt maturity schedules
  - Reduced risk because of scale and CTL-EQ combination of operating/regulatory characteristics
  - Improved competitive positioning and ability to apply "best practices" are likely to drive improved value creation for customers and shareholders
  - Complementary assets and service territories – two of the strongest companies in the RLEC industry are made stronger and more responsive to customers
- No material negative factors
  - Both companies are capable and focused, but execution risk always exists
    - CenturyTel is a proven acquirer
    - CenturyTel and Embarq have robust back-office systems
    - Redundant, well-integrated systems allow for a careful, incremental transition plan
    - Embarq's wholesale provisioning system will strengthen CenturyTel's capabilities, while CenturyTel's customer care systems will enhance Embarq's operations
  - One-time costs for transition are approximately $275 million, offset by estimated annual synergies of $400 million

Importance of Timely Approval

- Concerns of Wall Street
  - Unnecessary conditions that involve burdensome obligations
  - Extended review process that creates uncertainty
    - Competitive risks magnified
    - Operating integration, network investment, and customer benefits of the combination delayed
    - Potential for risks arising from external events
  - Values of equity and debt that are expected to improve upon consummation of the process, provided there is no “damage” to the investment case in the interim
- Wall Street’s view of regulatory approval process
  - State approval processes are watched carefully, focus on states seen seeking conditions
  - Appears that the states to watch include Washington and Pennsylvania
  - Investors expect state approvals to conclude by the end of May or early June
  - Investors assume that FCC approval will be forthcoming by April or May
    - Because of the compelling case, historical precedent and lack of negative competitive implications, FCC approval without conditions is expected
    - New questions, not about the merits of the transaction, but about internal transitions at the FCC
    - Certainty and stabilizing signals are warranted in this economic environment
    - Equity and debt valuations will be discounted at least until the transaction is completed
  - Expectation that companies will invest in network/services with improved cash flows
    - Delay weakens companies as competitors take share during the uncertain pre-consummation period
    - New network investment and new services are postponed until the companies merge and the postponement could affect customers, jobs and the generation of new cash flows