

Embarq CORP
Form 425
October 27, 2008

Filed by EMBARQ CORP

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

under the Securities Exchange Act of 1934

Subject Company: EMBARQ CORP

Commission File No.: 001-32732

Important Information for Investors and Stockholders

In connection with the proposed transaction, CenturyTel, Inc. (CenturyTel) will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of CenturyTel and Embarq Corporation (Embarq) that also constitute a prospectus of CenturyTel, and will be sent to the shareholders of Embarq. Investors and security holders are urged to read the joint proxy statement/prospectus and any other relevant documents filed with the SEC when they become available, because they will contain important information about Embarq, CenturyTel and the proposed transaction. The joint proxy statement/prospectus and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC's website at www.sec.gov. These documents (when they are available) can also be obtained free of charge from Embarq upon written request to Embarq Shareholder Relations, 5454 W. 110th Street Overland Park, Kansas 66211 or by calling (866) 591-1964, or from CenturyTel, upon written request to CenturyTel, 100 CenturyTel Drive, Monroe, Louisiana, 71203 Attention: Corporate Secretary.

Embarq, CenturyTel and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Embarq may be found in its 2007 Annual Report on Form 10-K filed with the SEC on February 29, 2008 and in its definitive proxy statement relating to its 2008 Annual Meeting of Shareholders filed with the SEC on March 17, 2008. Information about the directors and executive officers of CenturyTel may be found in its 2007 Annual Report on Form 10-K filed with the SEC on February 29, 2008 and definitive proxy statement relating to its 2008 Annual Meeting of Shareholders filed with the SEC on March 27, 2008. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants will also be included in the joint proxy statement/prospectus regarding the proposed transaction when it becomes available.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Cautionary Statement Regarding Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as anticipate, may, can, believe, expect, project, intend, likely, similar expressions and any other statements that predict or indicate future events or trends or that are statements of historical facts. These forward-looking statements are subject to numerous risks and uncertainties. There are various important factors that could cause actual outcomes and results to differ materially from those in any such forward-looking statements. These factors include, but are not limited to, the following: failure to obtain the approval of the Embarq or CenturyTel shareholders for the Merger; failure to obtain, delays in obtaining or adverse conditions contained in any required regulatory approvals; failure to consummate or delay in consummating the merger for other reasons; changes in laws or regulations; and changes in general economic conditions. Embarq and CenturyTel undertake no obligation (and expressly disclaim any such obligation) to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For additional information concerning factors that could cause actual results to materially differ from those projected herein, please refer to Embarq's and CenturyTel's most recent Form 10-K, 10-Q and 8-K reports.

1
Merger of
CenturyTel and
EMBARQ
October 27, 2008

2
Safe Harbor Language
Included
in
our
presentation
are

certain estimates and other forward-looking statements. They are subject to uncertainties that could cause the actual results to differ materially. These and other important uncertainties related to our business are described in the Company's filings with the Securities and Exchange Commission. All information contained herein is current as of October

27,
2008,
and
is
to
be
considered
valid
only
as
of
October
27,
2008,
regardless
of
the
date
reviewed.
CenturyTel
and
EMBARQ
will
file
a
joint
proxy
statement/prospectus
with
the
Securities
and
Exchange
Commission
(SEC).
INVESTORS
ARE
URGED
TO
READ
THE
JOINT
PROXY
STATEMENT/PROSPECTUS
WHEN
IT
BECOMES
AVAILABLE
BECAUSE
IT

WILL
CONTAIN
IMPORTANT
INFORMATION.
You
will
be
able
to
obtain
the
joint
proxy
statement/prospectus,
as
well
as
other
filings
containing
information
about
CenturyTel
and
EMBARQ,
free
of
charge,
at
the
website
maintained
by
the
SEC
at
www.sec.gov.
Copies
of
the
joint
proxy
statement/prospectus
and
the
filings
with
the
SEC
that

will
be
incorporated
by
reference
in
the
joint
proxy
statement/prospectus
can
also
be
obtained,
free
of
charge,
by
directing
a
request
to
CenturyTel,
100
CenturyTel
Drive,
Monroe,
Louisiana,
71203
Attention:
Corporate
Secretary,
or
to
EMBARQ,
5454
West
110th
Street,
Overland
Park,
KS,
66211,
Attention:
Corporate
Secretary.
The
respective
directors
and

executive
officers
of
CenturyTel
and
EMBARQ
and
other
persons
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
in
respect
of
the
proposed
transaction.
Information
regarding
CenturyTel's
directors
and
executive
officers
is
available
in
its
proxy
statement
filed
with
the
SEC
by
CenturyTel
on
March
27,
2008,
and

information
regarding
Embarq
directors
and
executive
officers
is
available
in
its
proxy
statement
filed
with
the
SEC
by
EMBARQ
on
March
17,
2008.
Other
information
regarding
the
participants
in
the
proxy
solicitation
and
a
description
of
their
direct
and
indirect
interests,
by
security
holdings
or
otherwise,
will
be
contained
the

joint
proxy
statement/prospectus
and
other
relevant
materials
to
be
filed
with
the
SEC
when
they
become
available.

.
This
communication
shall
not
constitute
an
offer
to
sell
or
the
solicitation
of
an
offer
to
sell
or
the
solicitation
of
an
offer
to
buy
any
securities,
nor
shall
there
be
any

sale
of
securities
in
any
jurisdiction
in
which
such
offer,
solicitation
or
sale
would
be
unlawful
prior
to
registration
or
qualification
under
the
securities
laws
of
any
such
jurisdiction.
No
offer
of
securities
shall
be
made
except
by
means
of
a
prospectus
meeting
the
requirements
of
Section
10
of
the

Securities
Act
of
1933,
as
amended.
Additional Information

3

Attendees

Glen F. Post, III

Chairman of the Board and Chief Executive Officer, CenturyTel

Tom Gerke

Chief Executive Officer, EMBARQ

Stewart Ewing

Chief Financial Officer, CenturyTel
Gene M. Betts
Chief Financial Officer, EMBARQ

4

Compelling for Shareholders of CenturyTel and EMBARQ

Combination of CenturyTel and EMBARQ creates a leading communications company

Operations in 33 states with approximately 8 million access lines and 2 million broadband customers

Pro forma revenue of \$8.8 billion and EBITDA of \$3.8 billion

(1)

Enhanced financial profile

Accretive to free cash flow on an as realized basis
in first full year post-closing

Sound capital structure with pro forma leverage of 2.1x (incl. run rate synergies)

(2)

Dividend payout ratio of ~50% and expectation to return substantial capital to shareholders

Significant cost savings and operating efficiencies

Annual run rate synergies of approximately \$400 million

Ability to leverage best practices between the two companies

Highly experienced leadership team

Bill Owens, Non-executive Chairman

Glen Post, CEO

Tom Gerke, Executive Vice Chairman

Karen Puckett, COO

Stewart Ewing, CFO

1.

Data as of September 30, 2008 for CenturyTel and EMBARQ

2.

Includes ~\$400 million of anticipated run rate synergies

5

Transaction Summary

34% CenturyTel shareholders / 66% EMBARQ shareholders

Pro Forma Ownership:

\$11.6 billion, including net debt of \$5.8 billion as of 09/30/08

Transaction Value:

Approximately \$400 million of annual run rate synergies

Estimated Synergies:

4.5x / 3.9x LTM EBITDA (before / after run rate synergies)

6.0x / 4.7x LTM Free Cash Flow (before / after run rate synergies)

Estimated Transaction

Multiples:

\$800 million of committed financing to refinance EMBARQ bank debt facilities and for general corporate purposes

Financing:

2.1x (incl. run rate synergies) / 2.3x (excluding synergies)

Pro Forma Leverage:

Annual dividend of \$2.80 per share, approximately 50% pay-out ratio

Dividend Policy:

1.37 shares of CenturyTel stock per share of EMBARQ stock

Exchange Ratio:

HSR, FCC, Certain State Regulatory Approvals and CenturyTel and EMBARQ shareholder approvals and other customary conditions

Closing Conditions:

All stock combination

Transaction Structure:

6
A Leading Communications Company
LightCore
Fiber Network
EMBARQ
CenturyTel
Operations in 33 states

Approximately 8 million access lines, 2 million broadband customers and 97k fiber miles

7
Premier Communications Company
LTM Revenue (\$ billions)
(1)
LTM EBITDA (\$ billions)
(1)
Broadband Customers (millions)

(1)
7.9
3.1
2.3
1.5
0.0
2.0
4.0
6.0
8.0
10.0
Newco
WIN
FTR
FRP
Access Lines (millions)

(1)
2.0
0.9
0.6
0.3
0.0
0.5
1.0
1.5
2.0
2.5
Newco
WIN
FTR
FRP
8.8
3.3
2.3
1.5
0.0
2.0
4.0
6.0
8.0
10.0
Newco
WIN
FTR
FRP
3.8
1.7
1.2
0.5
0.0

1.0
2.0
3.0
4.0
5.0
Newco
WIN
FTR
FRP
1.
Data
as
of
September
30,
2008
for
CenturyTel
and
EMBARQ
and
June
30,
2008
for
WIN,
FTR
and
FRP
2.
FairPoint
statistics
pro
forma
for
VZ
Northern
New
England
transaction
(2)
(2)

8

Key Pro Forma Metrics

(1)

Results pro forma for Madison River acquisition

2.22x

\$5,757

\$795

41.8%
\$2,598
\$6,222
23.7%
1,388
5,853
EMBARQ
2.30x
\$8,843
\$1,122
43.5%
\$3,844
\$8,835
25.5%
2,016
7,894
Pro Forma
w/o Synergies
2,041
Access Lines (000s)
628
Broadband Customers (000s)
30.8%
Penetration
\$327
Capital Expenditures
47.7%
EBITDA Margin %
\$2,613
LTM Revenue
\$1,246
LTM EBITDA
2.48x
Net Leverage
\$3,086
Net Debt
CenturyTel
(1)
(as of 09/30/08, \$ in millions)
As of September 30, 2008

9
Clear, Achievable Synergies
Operating Cost
Savings
Capex
Synergies
Other

Synergies

Integration

Expenses

~ \$275 million

(one-time)

Realization of synergies

Network integration

~ \$75 million

annually

Increased broadband penetration

Introduction of new products

~ \$30 million

annually

Increased purchasing power

~ \$300 million

annually

Headquarters / Corporate

Network and Operational Efficiencies

IT Support

Increased Purchasing Power

Advertising

10

Governance

Glen Post

CEO; Tom Gerke

Executive Vice Chairman; Karen Puckett

COO;

and Stewart Ewing

CFO

Bill Owens

Non-executive Chairman and Harvey Perry

Non-executive Vice

Chairman

Headquarters in Monroe, Louisiana

Significant operating presence in Overland Park, Kansas

15 member board

8 current CenturyTel directors

7 current EMBARQ directors

Name and brand of combined company to be determined prior to close

11

Great Strategic Combination

Significantly enhances financial and operational scale

~ 8 million access lines and 2 million broadband customers

\$8.8 billion of revenue and \$3.8 billion of EBITDA

Enhances shareholder value and financial flexibility

Significant synergies

Accretive in the first full year post-closing

Expectation of returning substantial capital to shareholders

Sound capital structure

Combined company well positioned strategically and competitively

Diversification of markets and revenue

Leverage of core, high-quality network resources

Customer service and marketing efficiencies through integrated systems

Improved competitive positioning

