



Press Release

CenturyLink Reports Third Quarter Earnings

MONROE, La., Nov. 5 /PRNewswire-FirstCall/ -- CenturyLink (CenturyTel, Inc., NYSE: CTL) announces operating results for third quarter 2009, which include the effect of the Embarq acquisition completed July 1, 2009.

- Added more than 43,500 high-speed Internet customers, reflecting a 52% increase compared to high-speed Internet customer growth of 28,600 during pro forma second quarter 2009.
- Achieved 9% and 16% improvement in access line performance compared to pro forma second quarter 2009 and pro forma third quarter 2008 line losses, respectively.
- Made significant progress on the Embarq acquisition integration - successfully completed financial and human resource systems conversions and initial billing and customer care conversion, along with the launch of our new CenturyLink brand across all markets, in October.
- Generated free cash flow (as defined in the attached financial schedules), excluding nonrecurring items and \$27.1 million of acquisition related capital expenditures, of \$372.1 million in third quarter 2009.

Third Quarter Highlights (Excluding nonrecurring items reflected in the attached financial schedules) (In thousands, except per share amounts and subscriber data)	Quarter Ended 9/30/09 (1)	Quarter Ended 9/30/08	% Change
Operating Revenues	\$1,874,325	\$650,073	188.3%
Operating Cash Flow (2)	\$929,811	\$309,079	200.8%
Net Income (3)	\$269,052	\$82,760	225.1%
Diluted Earnings Per Share	\$.90	\$.81	11.1%
Average Diluted Shares Outstanding	298,403	100,647	196.5%
Capital Expenditures	\$286,326 (4)	\$70,606	305.5%
Access Lines (5)	7,185,000	2,068,000	247.4%
High-Speed Internet Customers	2,189,000	628,000	248.6%

- (1) Quarter Ended 9/30/2009 includes the effect of the Embarq acquisition. For a comparison of these third quarter 2009 operating results against the pro forma operating results for second quarter 2009, see the attached supplemental schedule.
- (2) Operating Cash Flow is a non-GAAP financial measure. A reconciliation of this item to comparable GAAP measures is included in the attached financial schedules.
- (3) All references to net income contained in this release represent net income attributable to CenturyTel, Inc.
- (4) Includes \$27.1 million of capital expenditures related to the Embarq integration.
- (5) Both periods reflect line count methodology adjustments to standardize legacy CenturyTel and Embarq line counts.

"CenturyLink achieved solid results in the third quarter reflecting the contribution of the Embarq acquisition to our operations," Glen F.

Post, III, chief executive officer and president, said. "We completed the financial and human resource systems conversions, launched our new CenturyLink brand across all our markets in 33 states and completed our initial billing conversion in October. We are off to an excellent start with this strategic combination that we believe positions CenturyLink well to drive long-term shareholder value and to provide our customers expanded products and reliable services."

Operating revenues for third quarter 2009 were \$1.874 billion compared to \$650.1 million in third quarter 2008. This increase was primarily due to \$1.299 billion of revenue contribution from the Embarq acquisition completed July 1, 2009. Additionally, revenue increases primarily driven by growth in high-speed Internet customers and favorable prior period revenue settlements were more than offset by revenue declines primarily due to the impact of access line losses and lower access revenues, along with the elimination of \$53 million of revenues associated with the discontinuance of regulatory accounting for certain regulated operating entities during third quarter 2009.

Operating expenses, excluding nonrecurring items, increased 178.4% to \$1.307 billion from \$469.3 million in third quarter 2008, primarily due to \$922 million of operating costs associated with the Embarq acquisition which more than offset the reduction in operating expenses associated with the discontinuance of regulatory accounting during third quarter 2009. Depreciation and amortization expense was approximately \$34 million lower in third quarter 2009 compared to amounts previously forecast at the end of second quarter 2009 due to adjustments to reflect the preliminary assignment of fair value and depreciable life to Embarq's property and intangible assets. Such fair value assignment has not been finalized at this time.

Operating cash flow, excluding nonrecurring items, increased 200.8% to \$929.8 million from \$309.1 million in third quarter 2008, primarily due to the Embarq acquisition. For third quarter 2009, CenturyLink achieved an operating cash flow margin of 49.6% versus 47.5% in third quarter 2008.

"We successfully implemented our region operating model and launched an aggressive broadband strategy across all markets immediately following the close of the Embarq transaction," Post said. "These initiatives, along with our continued focus on owning the broadband position in our markets, resulted in the addition of more than 43,500 high-speed Internet customers during the quarter."

Net income, excluding nonrecurring items, was \$269.1 million in third quarter 2009 compared to \$82.8 million in third quarter 2008, primarily driven by the Embarq acquisition. Diluted earnings per share, excluding nonrecurring items, was \$.90 for third quarter 2009, an 11.1% increase from the \$.81 reported in third quarter 2008. This increase was primarily due to the higher net income as discussed above, partially offset by the 196.5% increase in average diluted shares outstanding as a result of our all-stock acquisition of Embarq.

For the first nine months of 2009, operating revenues, excluding nonrecurring items, increased 60.8% to \$3.144 billion from \$1.956 billion for the same period in 2008. Operating cash flow, excluding nonrecurring items, was \$1.539 billion for the first nine months of 2009 compared to \$946.5 million a year ago. Net income, excluding nonrecurring items, was \$434.2 million in the first nine months of 2009 compared to \$260.1 million during the same period in 2008. Diluted earnings per share, excluding nonrecurring items, was \$2.60 during the first nine months of 2009 compared to \$2.48 in the first nine months of 2008.

Under generally accepted accounting principles (GAAP), net income for third quarter 2009 was \$280.8 million compared to \$84.7 million for third quarter 2008 and, diluted earnings per share for third quarter 2009 was \$.94 compared to \$.83 for third quarter 2008. Third quarter 2009 net income and diluted earnings per share reflect after-tax costs associated with the Embarq acquisition of \$127.5 million (\$.43 per share) that were more than offset by a net after-tax benefit of \$133.2 million (\$.44 per share) attributable to the extraordinary gain recognized upon the discontinuance of regulatory accounting and an after-tax benefit of \$6.1 million (\$.02 per share) related to the favorable resolution of certain transaction tax audit issues. Third quarter 2008 net income and diluted earnings per share reflect a net after-tax benefit of \$2.0 million (\$.02 per share) from the sale of a non-core asset.

Net income under GAAP for the first nine months of 2009 was \$417.0 million compared to \$265.7 million for the first nine months of 2008 and, diluted earnings per share for the first nine months of 2009 was \$2.50 compared to \$2.53 for the first nine months of 2008. See the accompanying financial schedules for detail of the Company's nonrecurring items for the nine months ended September 30, 2009 and 2008.

Outlook. For fourth quarter 2009, CenturyLink expects total operating revenues of \$1.81 to \$1.85 billion and diluted earnings per share of \$.84 to \$.88. The Company has also increased and narrowed the range of anticipated full year 2009 diluted earnings per share guidance from a range of \$3.20 to \$3.30 to a range of \$3.45 to \$3.50.

Third quarter 2009 and fourth quarter 2009 diluted earnings per share each reflect an approximately \$.07 per share favorable impact from lower depreciation expense than previously forecast at the end of second quarter 2009 due to adjustments to the preliminary assignment of fair value and depreciable life to Embarq's property and intangible assets. Such fair value assignment has not been finalized at this time. Depreciation and amortization may change significantly from amounts reported herein upon finalization of the purchase price allocation process, which we expect to occur during fourth quarter 2009.

In addition to synergies that CenturyLink expects to realize in 2010, the Company has identified the following items that can be expected to negatively impact 2010 results when compared to 2009. First, the Company expects Universal Service Fund receipts to decline. Secondly, a wireless carrier has notified CenturyLink of its intention to migrate a portion of its network traffic from the Company in 2010. The Company expects these items will negatively impact 2010 diluted earnings per share by \$.12 to \$.15. CenturyLink expects to provide full year 2010 earnings per share guidance in conjunction with its fourth quarter 2009 earnings release.

All outlook figures provided under this section are presented excluding nonrecurring merger integration costs, the potential impact of any future mergers, acquisitions or divestitures, or other nonrecurring events.

Integration Update. CenturyLink incurred \$195.5 million of integration, transaction and other costs related to the Embarq acquisition during third quarter 2009. This amount was approximately \$60 million higher than originally expected primarily due to earlier than anticipated

recognition of severance costs and additional benefits costs recognized due to change of control provisions. The Company also incurred approximately \$27.1 million of integration-related capital expenditures.

CenturyLink achieved approximately \$14 million in operating cost synergies during third quarter 2009 and expects to realize additional incremental operating cost synergies of approximately \$12 million in fourth quarter 2009.

Reconciliation to GAAP. This release includes certain non-GAAP financial measures, including but not limited to operating cash flow, free cash flow, adjustments to GAAP measures to exclude the effect of nonrecurring items and certain pro forma combined operating results. In addition to providing key metrics for management to evaluate the Company's performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the attached financial schedules. Reconciliation of additional non-GAAP financial measures that may be discussed during the earnings call described below will be available in the Investor Relations portion of the Company's Web site at <http://www.centurylink.com/>. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.

Investor Call. As previously announced, CenturyLink's management will host a conference call at 10:30 a.m. Central Time today. Interested parties can access the call by dialing 866.206.5917. The call will be accessible for replay through November 11, 2009, by calling 888.266.2081 and entering the conference ID number 1401927. Investors can also listen to CenturyLink's earnings conference call and replay by accessing the Investor Relations portion of the Company's Web site at <http://www.centurylink.com/> through November 25, 2009.

Certain non-historical statements made in this release and future oral or written statements or press releases by us or our management are intended to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements 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 results or performance by CenturyLink 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 impact actual results of CenturyLink 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 Federal Communication Commission's proposed rules regarding inter-carrier compensation and the Universal Service Fund described in our recent SEC reports); our ability to effectively adjust to changes in the communications industry; changes in our allocation of the Embarq purchase price after the date hereof; our ability to successfully integrate Embarq into our operations, including the possibility that the anticipated benefits from the Embarq merger cannot be fully realized in a timely manner or at all, or that integrating Embarq's operations into ours will be more difficult, disruptive or costly than anticipated; our ability to effectively manage our expansion opportunities, including retaining and hiring key personnel; 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 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 the business and our plans are described in greater detail in Item 1A to our Form 10-K for the year ended December 31, 2008, as updated and supplemented by our subsequent SEC reports. 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 hereof. We undertake no obligation to update any of our forward-looking statements for any reason, whether as a result of new information, future events or otherwise.

CenturyLink is a leading provider of high-quality voice, broadband and video services over its advanced communications networks to consumers and businesses in 33 states. CenturyLink, headquartered in Monroe, La., is an S&P 500 Company and expects to be listed in the Fortune 500 list of America's largest corporations. For more information on CenturyLink, visit <http://www.centurylink.com/>.

CenturyTel, Inc.			
CONSOLIDATED STATEMENTS OF INCOME			
THREE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008			
(UNAUDITED)			
Three months ended September 30, 2009			
In thousands, except per share amounts	As reported	Less non- recurring items	As adjusted excluding non- recurring items
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OPERATING REVENUES			
Voice	\$829,697		829,697

CenturyLink - Investor Relations - Press Release

Page 4 of 18

Network access	352,759		352,759
Data	470,465		470,465
Fiber transport and CLEC	43,685		43,685
Other	177,719		177,719
	-----	---	-----
	1,874,325	-	1,874,325
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OPERATING EXPENSES			
Cost of services and products	684,865	2,222 (1)	682,643
Selling, general and administrative	448,275	186,404 (1)	261,871
Depreciation and amortization	362,202		362,202
	-----	-----	-----
	1,495,342	188,626	1,306,716
	-----	-----	-----
OPERATING INCOME	378,983	(188,626)	567,609
OTHER INCOME (EXPENSE)			
Interest expense	(140,422)	2,900 (2)	(143,322)
Other income (expense)	9,362		9,362
Income tax expense	(99,876)	64,309 (3)	(164,185)
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM			
Noncontrolling interests	148,047	(121,417)	269,464
	(412)		(412)
	-----	-----	-----
NET INCOME BEFORE EXTRAORDINARY ITEM	147,635	(121,417)	269,052
Extraordinary items, net of income tax expense and noncontrolling interests	133,213	133,213 (4)	-
	-----	-----	-----
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	\$280,848	11,796	269,052
	=====	=====	=====
BASIC EARNINGS PER SHARE			
Income before extraordinary item	\$0.49	(0.41)	0.90
Extraordinary item	\$0.44	0.44	-
Basic earnings per share	\$0.94	0.04	0.90
DILUTED EARNINGS PER SHARE			
Income before extraordinary item	\$0.49	(0.40)	0.90
Extraordinary item	\$0.44	0.44	-
Diluted earnings per share	\$0.94	0.04	0.90
AVERAGE SHARES OUTSTANDING			
Basic	298,133		298,133
Diluted	298,403		298,403
DIVIDENDS PER COMMON SHARE	\$0.70		0.70

Three months ended September 30, 2008

CenturyLink - Investor Relations - Press Release

Page 5 of 18

In thousands, except per share amounts	As reported -----	Less non- recurring items -----	As adjusted excluding non- recurring items -----
OPERATING REVENUES			
Voice	218,253		218,253
Network access	205,385		205,385
Data	132,631		132,631
Fiber transport and CLEC	38,006		38,006
Other	55,798		55,798
	-----	---	-----
	650,073	-	650,073
	-----	---	-----
OPERATING EXPENSES			
Cost of services and products	242,243		242,243
Selling, general and administrative	98,751		98,751
Depreciation and amortization	128,352		128,352
	-----	---	-----
	469,346	-	469,346
	-----	---	-----
OPERATING INCOME	180,727	-	180,727
OTHER INCOME (EXPENSE)			
Interest expense	(49,483)		(49,483)
Other income (expense)	4,569	3,152 (5)	1,417
Income tax expense	(50,624)	(1,179) (6)	(49,445)
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM			
Noncontrolling interests	85,189 (456) -----	1,973 -----	83,216 (456) -----
NET INCOME BEFORE EXTRAORDINARY ITEM	84,733	1,973	82,760
Extraordinary items, net of income tax expense and noncontrolling interests	-		-
	-----	-----	---
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	84,733 =====	1,973 =====	82,760 =====
BASIC EARNINGS PER SHARE			
Income before extraordinary item	0.83	0.02	0.81
Extraordinary item	-	-	-
Basic earnings per share	0.83	0.02	0.81
DILUTED EARNINGS PER SHARE			
Income before extraordinary item	0.83	0.02	0.81
Extraordinary item	-	-	-
Diluted earnings per share	0.83	0.02	0.81
AVERAGE SHARES OUTSTANDING			
Basic	100,402		100,402

CenturyLink - Investor Relations - Press Release

Page 6 of 18

Diluted	100,647	100,647
DIVIDENDS PER COMMON SHARE	1.3325	1.3325

In thousands, except per share amounts	Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
	-----	-----
OPERATING REVENUES		
Voice	280.2%	280.2%
Network access	71.8%	71.8%
Data	254.7%	254.7%
Fiber transport and CLEC	14.9%	14.9%
Other	218.5%	218.5%
	188.3%	188.3%
OPERATING EXPENSES		
Cost of services and products	182.7%	181.8%
Selling, general and administrative	353.9%	165.2%
Depreciation and amortization	182.2%	182.2%
	218.6%	178.4%
OPERATING INCOME		
	109.7%	214.1%
OTHER INCOME (EXPENSE)		
Interest expense	183.8%	189.6%
Other income (expense)	104.9%	560.7%
Income tax expense	97.3%	232.1%
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM		
Noncontrolling interests	(9.6%)	(9.6%)
NET INCOME BEFORE EXTRAORDINARY ITEM		
Extraordinary items, net of income tax expense and noncontrolling interests	-	-
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.		
	231.5%	225.1%
BASIC EARNINGS PER SHARE		
Income before extraordinary item	(41.0%)	11.1%
Extraordinary item	-	-
Basic earnings per share	13.3%	11.1%
DILUTED EARNINGS PER SHARE		
Income before extraordinary item	(41.0%)	11.1%
Extraordinary item	-	-
Diluted earnings per share	13.3%	11.1%
AVERAGE SHARES OUTSTANDING		

CenturyLink - Investor Relations - Press Release

Page 7 of 18

Basic	196.9%	196.9%
Diluted	196.5%	196.5%
DIVIDENDS PER COMMON SHARE	(47.5%)	(47.5%)

NONRECURRING ITEMS

- (1) - Includes the following costs associated with our acquisition of Embarq: (i) severance, retention and contractual early termination benefits related to workforce reductions (\$97.4 million); (ii) integration and transaction costs (\$72.2 million); (iii) accelerated recognition of share-based compensation expense (\$17.0 million) and (iv) settlement expense related to a supplemental executive retirement plan (\$8.9 million). Also includes a \$6.9 million expense reduction from the favorable resolution of certain transaction tax audit issues.
- (2) - Favorable resolution of certain transaction tax audit issues.
- (3) - Tax effect of items (1) and (2).
- (4) - Extraordinary gain upon the discontinuance of regulatory accounting, net of income tax expense and noncontrolling interests.
- (5) - Gain on the sale of a non-core asset.
- (6) - Tax effect of item (5).

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(UNAUDITED)

In thousands, except per share amounts	Nine months ended September 30, 2009		
	As reported	Less non-recurring items	As adjusted excluding non-recurring items
OPERATING REVENUES			
Voice	\$1,247,218		1,247,218
Network access	735,969	1,028 (1)	734,941
Data	753,325		753,325
Fiber transport and CLEC	126,947		126,947
Other	281,720		281,720
	3,145,179	1,028	3,144,151
OPERATING EXPENSES			
Cost of services and products	1,155,228	2,222 (2)	1,153,006
Selling, general and administrative	678,862	226,642 (2)	452,220
Depreciation and amortization	618,326		618,326
	2,452,416	228,864	2,223,552
OPERATING INCOME	692,763	(227,836)	920,599
OTHER INCOME (EXPENSE)			
Interest expense	(237,391)	4,600 (3)	(241,991)
Other income (expense)	15,179	(6,400) (4)	21,579

CenturyLink - Investor Relations - Press Release

Page 8 of 18

Income tax expense	(185,796)	79,206 (5)	(265,002)
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM			
Noncontrolling interests	284,755	(150,430)	435,185
	(936)		(936)
	-----	-----	-----
NET INCOME BEFORE EXTRAORDINARY ITEM			
Extraordinary items, net of income tax expense and noncontrolling interests	283,819	(150,430)	434,249
	133,213	133,213 (6)	-
	-----	-----	-----
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.			
	\$417,032	(17,217)	434,249
	=====	=====	=====
BASIC EARNINGS PER SHARE			
Income before extraordinary item	\$1.70	(0.90)	2.60
Extraordinary item	\$0.80	0.80	-
Basic earnings per share	\$2.50	(0.10)	2.60
DILUTED EARNINGS PER SHARE			
Income before extraordinary item	\$1.70	(0.90)	2.60
Extraordinary item	\$0.80	0.80	-
Diluted earnings per share	\$2.50	(0.10)	2.60
AVERAGE SHARES OUTSTANDING			
Basic	165,558		165,558
Diluted	165,666		165,666
DIVIDENDS PER COMMON SHARE			
	\$2.10		2.10

Nine months ended September 30, 2008

In thousands, except per share amounts	As reported	Less non-recurring items	As adjusted excluding non-recurring items
	-----	-----	-----
OPERATING REVENUES			
Voice	658,634		658,634
Network access	621,987	1,012 (7)	620,975
Data	390,463	21 (7)	390,442
Fiber transport and CLEC	120,805		120,805
Other	164,904		164,904
	1,956,793	1,033	1,955,760
	-----	-----	-----
OPERATING EXPENSES			
Cost of services and products	719,681		719,681
Selling, general and administrative	297,212	7,655 (7)	289,557
Depreciation and amortization	394,990		394,990
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CenturyLink - Investor Relations - Press Release

Page 9 of 18

	1,411,883	7,655	1,404,228
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OPERATING INCOME	544,910	(6,622)	551,532
OTHER INCOME (EXPENSE)			
Interest expense	(148,771)		(148,771)
Other income			
(expense)	26,436	12,713 (8)	13,723
Income tax expense	(155,916)	(524) (9)	(155,392)
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM	266,659	5,567	261,092
Noncontrolling interests	(999)		(999)
	----	-----	----
NET INCOME BEFORE EXTRAORDINARY ITEM	265,660	5,567	260,093
Extraordinary items, net of income tax expense and noncontrolling interests	-		-
	---	-----	---
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	265,660	5,567	260,093
	=====	=====	=====
BASIC EARNINGS PER SHARE			
Income before extraordinary item	2.54	0.05	2.49
Extraordinary item	-	-	-
Basic earnings per share	2.54	0.05	2.49
DILUTED EARNINGS PER SHARE			
Income before extraordinary item	2.53	0.05	2.48
Extraordinary item	-	-	-
Diluted earnings per share	2.53	0.05	2.48
AVERAGE SHARES OUTSTANDING			
Basic	103,396		103,396
Diluted	103,774		103,774
DIVIDENDS PER COMMON SHARE	1.4675		1.4675

In thousands, except per share amounts	Increase (decrease) as reported	Increase (decrease) excluding nonrecurring items
	-----	-----
OPERATING REVENUES		
Voice	89.4%	89.4%
Network access	18.3%	18.4%
Data	92.9%	92.9%
Fiber transport and CLEC	5.1%	5.1%
Other	70.8%	70.8%
	60.7%	60.8%
OPERATING EXPENSES		
Cost of services and		

CenturyLink - Investor Relations - Press Release

Page 10 of 18

products	60.5%	60.2%
Selling, general and administrative	128.4%	56.2%
Depreciation and amortization	56.5%	56.5%
	73.7%	58.3%
OPERATING INCOME	27.1%	66.9%
OTHER INCOME (EXPENSE)		
Interest expense	59.6%	62.7%
Other income (expense)	(42.6%)	57.2%
Income tax expense	19.2%	70.5%
INCOME BEFORE NONCONTROLLING INTERESTS AND EXTRAORDINARY ITEM	6.8%	66.7%
Noncontrolling interests	(6.3%)	(6.3%)
NET INCOME BEFORE EXTRAORDINARY ITEM	6.8%	67.0%
Extraordinary items, net of income tax expense and noncontrolling interests	-	-
NET INCOME ATTRIBUTABLE TO CENTURYTEL, INC.	57.0%	67.0%
BASIC EARNINGS PER SHARE		
Income before extraordinary item	(33.1%)	4.4%
Extraordinary item	-	-
Basic earnings per share	(1.6%)	4.4%
DILUTED EARNINGS PER SHARE		
Income before extraordinary item	(32.8%)	4.8%
Extraordinary item	-	-
Diluted earnings per share	(1.2%)	4.8%
AVERAGE SHARES OUTSTANDING		
Basic	60.1%	60.1%
Diluted	59.6%	59.6%
DIVIDENDS PER COMMON SHARE	43.1%	43.1%

NONRECURRING ITEMS

- (1) - Revenue impact of settlement loss related to Supplemental Executive Retirement Plan.
- (2) - Includes the following costs associated with our acquisition of Embarg: (i) integration and transaction costs (\$101.6 million); (ii) severance, retention and contractual early retirement benefits related to workforce reductions (\$97.4 million); (iii) accelerated recognition of share-based compensation expense (\$17.0 million) and (iv) settlement expense related to a supplemental executive retirement plan (\$8.9 million). Also includes (i) curtailment expense related to a supplemental executive retirement plan (\$7.7 million); (ii) costs associated with a legal settlement (\$3.1 million) and (iii) a \$6.9 million expense reduction from the favorable resolution of certain transaction tax audit issues.
- (3) - Favorable resolution of transaction tax audit issues.
- (4) - Includes costs associated with terminating our \$800 million bridge credit facility related to the EMBARQ acquisition (\$8.0 million), net of favorable resolution of transaction tax audit issues (\$1.6 million).
- (5) - Includes \$5.8 million income tax benefit caused by a reduction to our deferred tax asset valuation allowance and \$80.1 million net

CenturyLink - Investor Relations - Press Release

Page 11 of 18

income tax benefit related to items (1) through (4); net of \$6.7 million income tax expense due to the nondeductible portion of settlement payments related to the Supplemental Executive Retirement Plan.

- (6) - Extraordinary gain upon the discontinuance of regulatory accounting, net of income tax expense and noncontrolling interests.
- (7) - Curtailment loss related to Supplemental Executive Retirement Plan, including revenue impact.
- (8) - Gain on the sales of non-core assets (\$7.3 million), gain upon liquidation of Supplemental Executive Retirement Plan trust assets (\$4.5 million), and interest income recorded upon the resolution of certain income tax audit issues (\$919,000).
- (9) - Includes \$2.3 million net income tax expense related to items (7) and (8) and \$1.8 million income tax benefit recorded upon resolution of certain income tax audit issues.

CenturyTel, Inc.
 CONSOLIDATED BALANCE SHEETS
 SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
 (UNAUDITED)

	September 30, 2009 ----	December 31, 2008 ----
(in thousands)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$531,189	243,327
Other current assets	927,069	312,080
	-----	-----
Total current assets	1,458,258	555,407
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	15,608,553	8,868,451
Accumulated depreciation	(6,245,366)	(5,972,559)
	-----	-----
Net property, plant and equipment	9,363,187	2,895,892
	-----	-----
GOODWILL AND OTHER ASSETS		
Goodwill	10,033,994	4,015,674
Other	2,101,624	787,222
	-----	-----
Total goodwill and other assets	12,135,618	4,802,896
	-----	-----
TOTAL ASSETS	\$22,957,063	8,254,195
	=====	=====
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$769,482	20,407
Other current liabilities	1,379,795	437,983
	-----	-----
Total current liabilities	2,149,277	458,390
	-----	-----
LONG-TERM DEBT	7,454,515	3,294,119
DEFERRED CREDITS AND OTHER LIABILITIES	3,989,242	1,333,878
STOCKHOLDERS' EQUITY	9,364,029	3,167,808
	-----	-----
TOTAL LIABILITIES AND EQUITY	\$22,957,063	8,254,195
	=====	=====

CenturyTel, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

	Three months ended September 30, 2009		
In thousands	As reported	Less non- recurring items	As adjusted excluding non- recurring items
	-----	-----	-----
Operating cash flow and cash flow margin			
Operating income	\$378,983	(188,626) (1)	567,609
Add: Depreciation and amortization	362,202	-	362,202
	-----	---	-----
Operating cash flow	\$741,185	(188,626)	929,811
	=====	=====	=====
Revenues	\$1,874,325	-	1,874,325
	=====	===	=====
Operating income margin (operating income divided by revenues)	20.2%		30.3%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	39.5%		49.6%
	=====		=====
Free cash flow (prior to debt service requirements and dividends)			
Net income before extraordinary item	\$147,635	(121,417) (2)	269,052
Add: Depreciation and amortization	362,202	-	362,202
Less: Capital expenditures	(286,326)	-	(286,326) (4)
	-----	---	-----
Free cash flow	\$223,511	(121,417)	344,928
	=====	=====	=====
Free cash flow	\$223,511		
Gain on asset dispositions	-		
Deferred income taxes	12,406		
Changes in current assets and current liabilities	24,921		
Decrease in other noncurrent assets	(3,089)		
Increase (decrease)			

CenturyLink - Investor Relations - Press Release

Page 13 of 18

in other noncurrent liabilities	(7,671)
Retirement benefits	(85,763)
Excess tax benefits from share-based compensation	(352)
Other, net	29,267
Add: Capital expenditures	286,326

Net cash provided by operating activities	\$479,556
	=====

Three months ended September 30, 2008

In thousands	As reported	Less non-recurring items	As adjusted excluding non-recurring items
	-----	-----	-----
Operating cash flow and cash flow margin			
Operating income	180,727	-	180,727
Add: Depreciation and amortization	128,352	---	128,352
	-----	---	-----
Operating cash flow	309,079	-	309,079
	=====	===	=====
Revenues	650,073	-	650,073
	=====	===	=====
Operating income margin (operating income divided by revenues)	27.8%		27.8%
	====		====
Operating cash flow margin (operating cash flow divided by revenues)	47.5%		47.5%
	====		====
Free cash flow (prior to debt service requirements and dividends)			
Net income before extraordinary item	84,733	1,973 (3)	82,760
Add: Depreciation and amortization	128,352	-	128,352
Less: Capital expenditures	(70,606)	-	(70,606)
	-----	---	-----
Free cash flow	142,479	1,973	140,506
	=====	=====	=====
Free cash flow Gain on asset	142,479		

CenturyLink - Investor Relations - Press Release

Page 14 of 18

dispositions	(3,811)
Deferred income taxes	10,532
Changes in current assets and current liabilities	3,337
Decrease in other noncurrent assets	3,854
Increase (decrease) in other noncurrent liabilities	1,501
Retirement benefits	3,144
Excess tax benefits from share-based compensation	(713)
Other, net	9,317
Add: Capital expenditures	70,606

Net cash provided by operating activities	240,246
	=====

NONRECURRING ITEMS

- (1) - Includes the following costs associated with our acquisition of Embarq: (i) severance, retention and contractual early termination benefits related to workforce reductions (\$97.4 million); (ii) integration and transaction costs (\$72.2 million); (iii) accelerated recognition of share-based compensation expense (\$17.0 million) and (iv) settlement expense related to a supplemental executive retirement plan (\$8.9 million). Also includes a \$6.9 million expense reduction from the favorable resolution of certain transaction tax audit issues.
- (2) - Includes the after-tax impact of Item (1).
- (3) - Gain on the sale of a non-core asset, net of tax.
- (4) - Includes \$27.1 million of capital expenditures related to the integration of Embarq. Excluding these costs, free cash flow was \$372.1 million for the three months ended September 30, 2009

CenturyTel, Inc.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(UNAUDITED)

In thousands	Nine months ended September 30, 2009		
	As reported	Less non-recurring items	As adjusted excluding non-recurring items
	-----	-----	-----
Operating cash flow and cash flow margin			
Operating income	\$692,763	(227,836) (1)	920,599
Add: Depreciation and amortization	618,326	-	618,326
	-----	---	-----
Operating cash flow	\$1,311,089	(227,836)	1,538,925
	=====	=====	=====
Revenues	\$3,145,179	1,028 (2)	3,144,151

CenturyLink - Investor Relations - Press Release

Page 15 of 18

	=====	=====	=====
Operating income margin (operating income divided by revenues)	22.0%		29.3%
	====		====
Operating cash flow margin (operating cash flow divided by revenues)	41.7%		48.9%
	====		====
Free cash flow (prior to debt service requirements and dividends)			
Net income before extraordinary item	\$283,819	(150,430) (3)	434,249
Add: Depreciation and amortization	618,326	-	618,326
Less: Capital expenditures	(417,127)	-	(417,127) (6)
Free cash flow	\$485,018	(150,430)	635,448
	=====	=====	=====
Free cash flow	\$485,018		
Gain on asset dispositions and liquidation of marketable securities	-		
Deferred income taxes	38,237		
Changes in current assets and current liabilities	88,543		
Increase (decrease) in other noncurrent assets	(547)		
Decrease in other noncurrent liabilities	(12,494)		
Retirement benefits	(100,300)		
Excess tax benefits from share-based compensation	(1,105)		
Other, net	47,282		
Add: Capital expenditures	417,127		

Net cash provided by operating activities	\$961,761		
	=====		

Nine months ended September 30, 2008

In thousands	As	Less non- recurring	As adjusted excluding non- recurring

CenturyLink - Investor Relations - Press Release

Page 16 of 18

	reported -----	items -----	items -----
Operating cash flow and cash flow margin			
Operating income	544,910	(6,622) (4)	551,532
Add: Depreciation and amortization	394,990		394,990
	-----	-----	-----
Operating cash flow	939,900	(6,622)	946,522
	=====	=====	=====
Revenues	1,956,793	1,033 (4)	1,955,760
	=====	=====	=====
Operating income margin (operating income divided by revenues)	27.8%		28.2%
	=====		=====
Operating cash flow margin (operating cash flow divided by revenues)	48.0%		48.4%
	=====		=====
Free cash flow (prior to debt service requirements and dividends)			
Net income before extraordinary item	265,660	5,567 (5)	260,093
Add: Depreciation and amortization	394,990		394,990
Less: Capital expenditures	(185,004)		(185,004)
	-----	-----	-----
Free cash flow	475,646	5,567	470,079
	=====	=====	=====
Free cash flow	475,646		
Gain on asset dispositions and liquidation of marketable securities	(12,452)		
Deferred income taxes	23,957		
Changes in current assets and current liabilities	(53,689)		
Increase (decrease) in other noncurrent assets	6,108		
Decrease in other noncurrent liabilities	(3,978)		
Retirement benefits	21,346		
Excess tax benefits from share-based compensation	(787)		
Other, net	26,078		
Add: Capital expenditures	185,004		

Net cash provided by operating activities	667,233		
	=====		

NONRECURRING ITEMS

- (1) - Includes the following costs associated with our acquisition of Embarq: (i) integration and transaction costs (\$101.6 million); (ii) severance, retention and contractual early retirement

CenturyLink - Investor Relations - Press Release

Page 17 of 18

- benefits related to workforce reductions (\$97.4 million); (iii) accelerated recognition of share-based compensation expense (\$17.0 million) and (iv) settlement expense related to a Supplemental Executive Retirement Plan (\$8.9 million). Also includes (i) curtailment expense, net of revenue impact, related to a supplemental executive retirement plan (\$6.7 million); (ii) costs associated with a legal settlement (\$3.1 million) and (iii) a \$6.9 million expense reduction from the favorable resolution of certain transaction tax audit issues.
- (2) - Revenue impact of curtailment loss related to Supplemental Executive Retirement Plan.
- (3) - Includes (i) the unfavorable after-tax impact of Items (1) and (2) (\$148.4 million); (ii) the after-tax charge associated with our \$800 million bridge credit facility (\$5.0 million); and (iii) \$6.7 million income tax expense due to the nondeductible portion of settlement payments related to an Supplemental Executive Retirement Plan. Such items were partially offset by (i) the favorable resolution of transaction tax audit issues (\$3.8 million) and (ii) a \$5.8 million income tax benefit related to a reduction to our deferred tax asset valuation allowance.
- (4) - Curtailment loss related to Supplemental Executive Retirement Plan, including revenue impact.
- (5) - Includes (i) after-tax impact of gain upon liquidation of Supplemental Executive Retirement Plan trust assets (\$2.8 million), (ii) after-tax impact of gain on sales of non-core assets (\$4.6 million), and (iii) net benefit due to the resolution of certain income tax audit issues (\$2.3 million), all partially offset by the after-tax impact of Item (1) (\$4.1 million).
- (6) - Includes \$47.0 million of capital expenditures related to the integration of Embarq. Excluding these costs, free cash flow was \$682.5 million for the nine months ended September 30, 2009.

CENTURYLINK
SUPPLEMENTAL SCHEDULE (1)
(UNAUDITED)

	Three months ended September 30, 2009	(Pro forma)* Three months ended June 30, 2009	Increase (decrease)
	-----	-----	-----
	(Dollars in thousands)		
OPERATING REVENUES (2)	\$1,874,325	1,906,413	(1.7%)
	-----	-----	
OPERATING EXPENSES			
Cash expenses (3)	944,514	939,552	0.5%
Depreciation and amortization	362,202	372,404	(2.7%)
	-----	-----	
	1,306,716	1,311,956	(0.4%)
	-----	-----	
OPERATING INCOME	567,609	594,457	(4.5%)
OTHER INCOME (EXPENSE)			
Interest expense	(143,322)	(140,289)	2.2%
Other income (expense)	9,362	6,195	51.1%
Income tax expense	(164,185)	(172,780)	(5.0%)
Noncontrolling interests	(412)	(298)	38.3%
	-----	-----	
INCOME FROM CONTINUING OPERATIONS	\$269,052	287,285	(6.3%)
	=====	=====	

CenturyLink - Investor Relations - Press Release

Page 18 of 18

Operating cash flow (operating income plus depreciation)	\$929,811	966,861	(3.8%)
Free cash flow (income from continuing operations plus depreciation minus capital expenditures)	\$344,928	428,584	(19.5%)
Operating cash flow margin (operating cash flow divided by revenues)	49.6%	50.7%	
Operating income margin (operating income divided by revenues)	30.3%	31.2%	
CAPITAL EXPENDITURES	\$286,326	231,105	23.9%
SUBSCRIBER DATA (as of September 30, 2009 and June 30, 2009)			
Access lines	7,185,000	7,355,000	(2.3%)
High-speed Internet lines	2,189,000	2,146,000	2.0%

- (1) Excludes merger integration and transaction costs and certain other non-recurring items as further described in the other attached financial schedules.
- (2) Decline in operating revenues (\$32 million) driven primarily by access line losses (2.3%) and declining access minutes of use.
- (3) Increase in cash expenses for third quarter driven primarily by approximately \$13 million of favorable one-time expense savings in the second quarter of 2009.

* The pro forma information for the three months ended June 30, 2009 does not reflect information prepared in accordance with generally accepted accounting principles. Such information:

- a) reflects the results of operations of CenturyTel and Embarq assuming the respective results of operations had been combined on April 1, 2009;
- b) reflects a pro forma adjustment to eliminate revenues and expenses of \$53 million as if the discontinuance of regulatory accounting had occurred in prior periods;
- c) other than as noted in (b) above, does not reflect any pro forma adjustments and has not been prepared in accordance with the rules and regulations of the Securities and Exchange Commission; and
- d) excludes certain non-recurring items.

For additional pro forma financial information relating to the Embarq merger, please see our Current Report on Form 8-K/A filed with the Securities and Exchange Commission on August 5, 2009. The above pro forma information is for illustrative purposes only and is not necessarily indicative of the combined operating results that would have occurred if the Embarq merger had been consummated as of April 1, 2009. Management believes the presentation of this information will assist users in their understanding of sequential period-to-period operating performance.

SOURCE CenturyLink

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