Exhibit No. ___ (RTA-8)
Docket UT-100820
Witness: Rick T. Applegate

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of QWEST COMMUNICATIONS INTERNATIONAL INC. AND CENTURYTEL, INC. For Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company LLC, and Qwest LD Corp.	DOCKET UT-100820

EXHIBIT TO TESTIMONY OF

RICK T. APPLEGATE

STAFF OF
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Moody's Ratings, Attachment to CenturyLink's Response to UTC Staff Data Request No. 27.3

September 27, 2010

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's changes CenturyTel's outlook to negative; reviews Qwest's ratings for upgrade

Global Credit Research - 22 Apr 2010

Approximately $23 billion of Debt Affected

New York, April 22, 2010 -- Moody's Investors Service has affirmed the Baa3 long-term and Prime-3 short-term debt ratings of CenturyTel, Inc. ("CenturyTel" or the "Company") and changed the rating outlook to negative following the announcement that CenturyTel plans to acquire Qwest in a stock-for-stock transaction. In connection with the announcement, Moody's also placed the ratings of Qwest Communications International Inc. ("QCII") and its subsidiaries under review for upgrade.

Under the terms of the agreement, Qwest shareholders will receive 0.1664 CenturyTel shares for each share of Qwest common stock they own. The transaction reflects an enterprise value of approximately $25 billion, including the planned assumption of about $14 billion of Qwest's debt. The companies anticipate closing this transaction in the first half of 2011. CenturyTel expects that after a few years it will be able to generate significant expense savings from the merger, initially estimated at about $575 million annually. Non-recurring integration costs will likely be in the $1.0 billion range, spread over several years. While broadband deployment is likely to remain a strategic priority of the new company, approximately $50 mm of capital spending synergies are also possible, bringing total annual synergies to $625mm. The merger will produce a company with operations in 37 states, 17 million access lines and 5 million broadband customers.

The affirmation of CenturyTel's ratings reflects Moody's expectations that the combined company's pro forma leverage will remain between 2.8 and 3.0 times Debt to EBITDA (Moody's adjusted, before synergies) over the next two to three years and that its dividend payout ratio will decline modestly, although the absolute level of dividends will increase. Moody's Senior Vice President Dennis Saputo said "While the acquisition of Qwest significantly increases CenturyTel's exposure to more competitive urban/suburban markets (about 80% of Qwest's access lines are in five metropolitan markets), the enhanced scale of the Company, combined with the addition of Qwest's national state-of-the-art fiber optic network, is expected to generate meaningful expense and capital efficiencies, especially those related to transport costs, network expansion and new product development." He added, "The new company should be able to capitalize on growth in enterprise services revenues, especially as the economy rebounds and given Qwest's selection as one of three carriers competing for the U.S. Government's Networx contract." The combined company is expected to generate significant free cash flow, especially after anticipated synergies. The rating affirmation also reflects CenturyTel management's commitment to an investment grade rating and its historically balanced use of free cash flow between debt reduction and shareholder returns.

The negative rating outlook for CenturyTel reflects the considerable execution risks in integrating a sizeable company so soon after another large acquisition (Embarq in July 2009) while confronting the challenges of a secular decline in the wireline industry. The negative outlook also considers the possibility that the Company may not realize planned synergies in a timely manner, especially if competitive intensity increases.

The affirmation of CenturyTel's Prime-3 short-term debt rating reflects its sizeable cash balance, ample committed back-up facilities, manageable near-term debt maturities and our expectation that it will generate significant free cash flow over the next 12 to 18 months.

The review of Qwest's ratings will evaluate the ability of the company to improve its operating performance and continue to reduce its leverage in light of the secular challenges confronting the sector and the potential distraction caused by working toward closing the merger. Positive rating pressure could develop prior to the merger based on improved fundamentals, specifically, if the company can sustain stable EBITDA over the foreseeable future. Qwest's rating might also be upgraded further if the company is acquired by CenturyTel.

Before the transaction can close, several regulatory approvals, including those of numerous state Public Utility Commissions, are required and conditions may be imposed by some of these states' regulatory authorities, or the FCC. Moody's affirmation of CenturyTel's ratings assumes that any condititions that may be imposed will not have a material impact on the Company's financial profile.

The Obama administration and Federal Communication Commission have proposed comprehensive reforms of inter-carrier compensation and universal service rules as part of an effort to expand broadband deployment, especially to un-served and under-served markets. "While the details of the final regulatory overhaul are far from clear and could change significantly over time, Moody's believes that the proposed merger of these two companies is likely to reduce the combined company's exposure to an adverse decision since the merger lowers the percentage of universal service and access revenues in the new company", added Saputo.

Moody's has taken the following rating actions:

On Review for Possible Upgrade:

..Issuer: Qwest Communications International Inc.

....Probability of Default Rating, Placed on Review for Possible Upgrade, currently Ba2

....Corporate Family Rating, Placed on Review for Possible Upgrade, currently Ba2

....Multiple Seniority Shelf, Placed on Review for Possible Upgrade, currently (P)Ba3

....Senior Unsecured Conv./Exch. Bond/Debenture, Placed on Review for Possible Upgrade, currently B1

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently a range of B2 to Ba3

..Issuer: Qwest Corporation

....Senior Unsecured Bank Credit Facility, Placed on Review for Possible Upgrade, currently Ba1

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently a range of Ba1 to Baa1

..Issuer: Qwest Services Corp.

....Senior Secured Bank Credit Facility, Placed on Review for Possible Upgrade, currently Ba3

..Issuer: Mountain States Telephone and Telegraph Co.

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently Ba1

..Issuer: Northwestern Bell Telephone Company

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently Ba1

..Issuer: Qwest Capital Funding, Inc.

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently B1

Outlook Actions:

..Issuer: CenturyTel, Inc

....Outlook, Changed To Negative From Stable

..Issuer: Embarq Corporation

....Outlook, Changed To Negative From Stable

..Issuer: Embarq Florida, Inc.

....Outlook, Changed To Negative From Stable

..Issuer: Carolina Telephone & Telegraph Company

....Outlook, Changed To Negative From Stable

..Issuer: Centel Capital Corp.

....Outlook, Changed To Negative From Stable

..Issuer: United Telephone Co. of Pennsylvania

....Outlook, Changed To Negative From Stable

..Issuer: Qwest Communications International Inc.

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Qwest Corporation

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Qwest Services Corp.

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Qwest Capital Funding, Inc.

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Mountain States Telephone and Telegraph Co.

....Outlook, Changed To Rating Under Review From Stable

..Issuer: Northwestern Bell Telephone Company

....Outlook, Changed To Rating Under Review From Stable

Please refer to Moodys.com for additional research.

Moody's most recent rating action for CenturyTel was on September 14, 2009, at which time Moody's assigned a Baa3 rating to the company's Series P and Series Q note offerings.

Moody's most recent rating action for Qwest Communications International was on January 7, 2010, at which time Moody's assigned a Ba3 rating to the company's new note issuance.

The principal methodology used in rating CenturyTel and Qwest was Moody's Global Telecommunications Industry rating methodology, which can be found at www.moodys.com in the Rating Methodologies sub-directory under the Research and Ratings tab(December 2007, document #106465). Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Rating Methodologies sub-directory on Moody's website.

CenturyTel, Inc., headquartered in Monroe, Louisiana is a regional communications company that served approximately 7.0 million total access lines in 33 states as of December 31, 2009.

Qwest , headquartered in Denver, CO. is a RBOC and nationwide inter-exchange carrier (IXC). It served about 10.3 million access lines in 14 western states as of December 31, 2009.

New York
Dennis Saputo
Senior Vice President
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Alexandra S. Parker
Managing Director
Corporate Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

MOODY'S
INVESTORS SERVICE

provided only to wholesale clients (within the meaning of section 761G of the Corporations Act 2001). By continuing to access this Document from within Australia, you represent to MOODY'S and its affiliates that you are, or are accessing the Document as a representative of, a wholesale client and that neither you nor the entity you represent will directly or indirectly disseminate this Document or its contents to retail clients (within the meaning of section 761G of the Corporations Act 2001).

MOODY'S
INVESTORS SERVICE

Credit Opinion: CenturyTel, Inc

Global Credit Research - 23 Apr 2010

Monroe, Louisiana, United States

Ratings

Category	Moody's Rating
Outlook	Negative
Senior Unsecured	Baa3
Preferred Shelf	(P)Ba2
Commercial Paper	P-3
Embarq Corporation	
Outlook	Negative
Sr Unsec Bank Credit Facility	Baa3
Senior Unsecured	Baa3
Embarq Florida, Inc.	
Outlook	Negative
First Mortgage Bonds	Baa1
Centel Capital Corp.	
Outlook	Negative
Bkd Senior Unsecured	Baa2
Carolina Telephone & Telegraph Company	
Outlook	Negative
Senior Unsecured	Baa1
United Telephone Co. of Pennsylvania	
Outlook	Negative
First Mortgage Bonds	Baa1

Contacts

Analyst	Phone
Dennis Saputo/New York	212.553.1675
Alexandra S. Parker/New York	212.553.4889

Opinion

Rating Drivers

- CenturyTel's acquisition of Qwest creates large economies of scale and potential for strong free cash flow generation

- Organic cash flows from wireline business remain under pressure due to the secular decline and increasing competition

- Significant execution risks in integrating large companies in quick succession

- CenturyTel faces many challenges in preserving a strong balance sheet

- The combination mitigates regulatory risks

Corporate Profile

CenturyTel, Inc. ("CenturyTel" or the "Company"), headquartered in Monroe, Louisiana, is a regional communications company engaged primarily in providing telephone and broadband services in various, predominately rural, regions of the United States. The company served approximately 7.0 million total access lines in 33 states as of December 31, 2009.

On July 1, 2009, CenturyTel acquired Embarq, when the combined company began operating under the name of CenturyLink. Following the acquisition, Embarq became a wholly-owned subsidiary of CenturyTel. The stock-for-stock acquisition valued at about $11 billion, including $5.8 billion of assumed debt of Embarq. Pro forma for the acquisition of Embarq, CenturyTel generated $7.6 billion in revenue in 2009.

Recent Events

On April 22, 2010, Moody's affirmed CenturyTel's Baa3 long-term rating and the Prime-3 short-term debt rating, and changed the rating outlook to negative following the announcement that CenturyTel plans to acquire Qwest Communications in stock-for-stock transaction. The proposed acquisition will create a national telecommunications company with $19.8 billion in annual pro forma revenue in 2009. The footprint of the combined entity will extend to 37 states and it will service 17 million access lines and 5 million broadband subscribers.

Under the terms of the agreement of the proposed acquisition, Qwest shareholders will receive 0.1664 CenturyTel shares for each share of Qwest common stock they own. The transaction reflects an enterprise value of approximately $25 billion, including the planned assumption of about $14 billion of Qwest's debt. The companies anticipate closing this transaction in the first half of 2011. CenturyTel expects that after a few years it will be able to generate significant expense and capital savings from the merger, initially estimated at about $625 million annually. Non-recurring integration costs will likely be in the $1.0 billion range, spread over several years. While broadband deployment is likely to remain a strategic priority of the new company, some capital spending synergies are also possible.

SUMMARY RATING RATIONALE

CenturyTel's Baa3 rating reflects Moody's expectations that the combined company's pro forma leverage will remain between 2.8 and 3.0 times Debt to EBITDA (Moody's adjusted, before synergies) over the next two to three years and that its dividend payout ratio will decline modestly, although the absolute level of dividends will increase. While the acquisition of Qwest significantly increases CenturyTel's exposure to more competitive urban/suburban markets (about 80% of Qwest's access lines are in five metropolitan markets), the enhanced scale of the Company, combined with the addition of Qwest's national state-of-the-art fiber optic network, is expected to generate meaningful expense and capital efficiencies, especially those related to transport costs, network expansion and new product development. The new company should be able to capitalize on growth in enterprise services revenues, especially as the economy rebounds and given Qwest's selection as one of three carriers competing for the U.S. Government's Networx contract. The combined company is expected to generate significant free cash flow, especially after anticipated synergies. The rating also reflects CenturyTel management's commitment to an investment grade rating and its historically balanced use of free cash flow between debt reduction and shareholder returns.

Moody's believes that if realized, the synergies from the merger could offset the expected decline in cash flows over the rating horizon caused by access-line erosion and slowing broadband growth. In addition, enhanced operating scale and strong free cash flow generation affords the Company the ability to spend capital to improve its competitive position and develop product offerings, such as wireless services and IPTV.

The rating also considers the significant execution risks of integrating a much larger company (Qwest is roughly twice the size of CenturyTel) with an extensive geographical footprint, and sustaining revenue growth while continuing to realize synergies from headcount reductions and system conversions.

DETAILED RATING CONSIDERATIONS

CENTURYTEL'S ACQUISITION OF QWEST CREATES LARGE ECONOMIES OF SCALE AND POTENTIAL FOR STRONG FREE CASH FLOW GENERATION

CenturyTel's Baa3 rating benefits from the enhanced operating scale emerging from its acquisition of Qwest. The acquisition will create a company with operations in 37 states, 17 million access lines and over 5 million broadband customers. CenturyTel expects to realize approximately $575 million of annual cost savings and about $50 million of capital savings from the Qwest acquisition three to five years after closing the acquisition and expects to spend approximately $1 billion on integration, spread over nearly the same period. We believe that, if realized, synergies from the merger will more than offset, over the rating horizon, the decline in cash flows caused by access-line erosion and slowing broadband growth.

The enhanced operating scale of the combined company and its strong free cash flow generation will allow the

Company increased ability to spend capital to improve its competitive position by investing on its network and developing new products. The companies plan to leverage their scale to continue to build out the Fiber to the Node (FTTN) network to increase high-speed broadband availability over a larger footprint and develop new product offerings, such as wireless services, data hosting and IPTV video solution, and extend Qwest's enterprise product offering to CenturyTel markets.

Both companies recognize the ability to increase customer retention by bundling wireless service, which has been demonstrated by the success Qwest has had in bundling wireless service. The combined company could leverage its scale and extend Qwest's current partnership arrangement with Verizon and offer wireless service over a larger footprint. We believe that the coverage area under the 700 MHz spectrum licenses that CenturyTel acquired in 2008 will now represent a very small part of the combined company's footprint and the companies may need a more comprehensive national approach to compete effectively over their vast footprint.

Both CenturyTel and Qwest offer video solutions in partnerships with the two DBS pay TV providers. The increased scale of the combined companies will provide greater flexibility if CenturyTel decides to deploy IPTV services over a larger footprint to counter the triple-play bundled offering from cable operators. CenturyTel could leverage Qwest's FTTN deployment that is expected to pass 4.5 million households (about 40% of households in its service territory) by the end of 2010 which could provide the platform for delivering IP-based video product.

ORGANIC CASH FLOWS FROM WIRELINE BUSINESS REMAIN UNDER PRESSURE DUE TO THE SECULAR DECLINE AND INCREASING COMPETITION

Both CenturyTel and Qwest's revenues continue to decline due to access-line losses. In the year ended December, 2009, CenturyTel (pro forma for full year of Embarq) and Qwest lost 8.8% and 11.2% of their respective access lines, although the access-line loss rates appear to be improving coinciding with the rebound in the economy . The incumbent phone companies' access-line losses are due to a secular decline in their local exchange services business and increasing competition from cable operators and substituting technologies, such as wireless and VoIP.

The acquisition of Qwest, which had nearly 80% of its lines concentrated in five metropolitan markets, will increase CenturyTel's exposure to highly competitive markets. The acquisition comes close on the heels of the Embarq acquisition, which too had resulted in increased presence in the more competitive as Embarq operated roughly half of its access lines in metropolitan markets that faced strong competition from cable and wireless operators, unlike legacy CenturyTel's more rural operating territory. Although we expect CenturyTel to mitigate the impact of declining revenues by adding high-speed internet subscribers and in the case of Qwest, by reducing customer churn through bundled wireless services provided under resale agreement, we believe the combined company will continue to lose access lines and revenue will continue to decline for the foreseeable future. We also note that shifting revenue mix - as lower margin high-speed data revenues are replacing higher margin voice revenues - will add to the ongoing pressures on the combined company's operating cash flow margins. Furthermore, high-speed internet subscriber growth is expected to slow down with growing penetration, adding to the challenges for the two companies. We believe that the continuing trends of escalating competition and technology substitution will lead to revenue declines in high single-digits for CenturyTel standalone and by about 5%-to-7% rate annually for CenturyTel (pro forma for the Qwest acquisition) over the next couple of years, with commensurate pressure on operating cash flows unless the combined company operates more efficiently and drives remaining synergies from the Embarq merger and achieve synergies from the proposed Qwest merger after closing.

SIGNIFICANT EXECUTION RISKS IN INTEGRATING LARGE COMPANIES IN QUICK SUCCESSION

We estimate that the total expected synergies from the Qwest acquisition would represent about 40% of the combined company's free cash flow (CFO less capex and dividends) in two to three years, underscoring the significant contribution of synergies in preserving the Company's strong free cash flow generating profile that underpins its Baa3 rating. CenturyTel's rating and its rating outlook reflects the considerable execution risks in integrating a sizeable company so soon after another large acquisition (Embarq in July 2009) while confronting the challenges of a secular decline in the wireline industry. The two large acquisitions in quick succession will rapidly transform CenturyTel's scale and widen the scope of its operations. Within a period of three years, CenturyTel's revenues would increase from about $2.6 billion to nearly $19.8 billion; the profile of its service territory will shift from mostly rural to mostly urban markets; and the Company's customer base, which was dominated by residential and retail customers, would now include a segment servicing large enterprises and small and medium-sized businesses (SMB) customers, which will contribute nearly $5 billion or nearly 25% of pro forma revenue of the merged company. While the two acquisitions will create substantial opportunities, we believe that the execution risks in integrating a company twice its size, so soon after the acquisition of Embarq, which also doubled its size, are substantial.

The cost and capital synergies from the two acquisitions would exceed $1 billion, or over 5% of the pro forma revenues, when realized. While we believe that the planned synergies are achievable, the execution challenges in integrating the two acquisitions in quick succession, while the wireline sector faces intense and growing competition, are significant. The risks are partially mitigated by CenturyTel's track record of successfully integrating prior wireline companies, although much smaller in size compared to Embarq and Qwest. In addition, the Qwest acquisition is expected to close in the first half of 2011, by which time CenturyTel expects to make significant progress in integrating the operations of Embarq. As of the year-end 2009, CenturyTel was on track to realize planned synergies from the Embarq merger, and the Company expected to complete the conversion of billing and customer care systems for about 25% of the acquired operations by mid-2010. Despite the Company's prior successes, we believe that the integration of Qwest's large operations comprising local exchange services with nearly 10 million access lines spanning 14 states and the enterprise business with nearly 1 million customers, including government and Fortune 500 customers, represents a formidable challenge.

In addition to the operating cost savings and capital savings, we believe CenturyTel could also generate revenue synergies, especially by leveraging Qwest's enterprise business and its nationwide long-haul fiber network. The Qwest enterprise business could also provide key support as the economy rebounds after a deep recession.

CENTURYTEL FACES MANY CHALLENGES IN PRESERVING A STRONG BALANCE SHEET

CenturyTel's Baa3 rating reflects the Company's challenges in preserving a balance sheet consistent with an investment grade rating given downward pressure on revenues and cash flows and the Company's historical preference to return the majority of its free cash flow to shareholders.

We believe that if the Company executes successfully and is able to realize the full anticipated synergies from the two acquisitions, it could continue to offset the organic decline in free cash flow over the next 2-to-3 years, excluding the one-time integration costs, which will help preserve its capacity to return cash to shareholders without adversely affecting the rating. However, we believe that the combined company's core local exchange operations will continue to experience sustained pressure due to the aforementioned industry factors, and we do not expect the declining trends in revenue and access lines to reverse over the rating horizon. Nonetheless, the affirmation of CenturyTel's ratings reflect our expectations that both CenturyTel and Qwest will be able to stabilize EBITDA in the near term -- the former through merger synergies and the latter through continuing cost cutting. Coupled with Qwest's plans to reduce debt by nearly $2.7 billion (net of $800 million of new debt issuance in January 2010), we believe that CenturyTel's pro forma leverage upon closing the acquisition will be in the 2.8x-to-3.0x range. Furthermore, if the two companies are able to execute their business plan, we believe that the pro forma leverage will likely continue in that range (Moody's adjustments increased the pro forma reported leverage by about 0.3x based on 2009 data). We note that the projected leverage is uncomfortably close to the downgrade triggers being reiterated now, which heightens our concerns due to the execution risks facing the two companies and the declining revenues for the fixed line telecommunications industry.

The Company also faces diminishing opportunities to drive higher returns to shareholder from large mergers that could generate meaningful economies of scale. As a result, we believe that CenturyTel faces many challenges in maintaining a strong credit profile in a tough operating environment while balancing the demands of its shareholders.

THE COMBINATION MITIGATES REGULATORY RISKS

The combination of CenturyTel with Qwest will reduce the regulatory risk arising from changes to the USF program. Moody's estimates that the combined company's exposure to USF revenues is expected to reduce by half from about 6% of total pro forma revenue. In addition, CenturyTel's switched access revenue as a percent of total revenue are expected to decline from nearly 10% of total revenue now to about mid single-digit percent after the merger, alleviating the risk of changes in regulated access rates.

The incumbent local exchange carriers' (ILECs') high-margin revenues from access services are undergoing a secular shift as competition from the expanding number of carriers pressures these rates, particularly on intrastate calls. On various occasions the Federal Communication Commission has expressed willingness to initiate a comprehensive reform of intercarrier compensation and universal service. The critical nature of these revenue streams was demonstrated when former FCC Chairman Kevin Martin proposed a plan that would have reduced intra-state access rates to inter-state levels and further lowering it to $.0007 over time. The recommendation set off a massive outcry against the proposal by the RLECs and the issue was deferred. Although a revision of existing access revenue rules is unlikely in the near term, modifications are expected in the future. Because these revenues are very high margin, modifications to the current frameworks are likely to have a significant impact on all RLECs, potentially negatively impacting CenturyTel's free cash flow generating capacity.

Moody's believes that ILECs are likely to have an opportunity to tap into a large portion of the billions of stimulus funding devoted to broadband expansion, and in the long-term if a government funded national broadband plan comes into being.

Liquidity

Moody's expects CenturyTel to maintain very good liquidity over the next 12-to-18months, primarily comprising CenturyTel's nominal cash balances but its sizeable and predictable free cash flow generation and committed bank credit facilities.

CenturyTel's existing $728 million revolving credit facility expires in December 2011. As of December 31, 2009, $291 million was outstanding under the facility. The Company's ability to borrow under the facility reduces commensurately with the amount outstanding under the Company's commercial paper programs, which in turn is effectively limited to the amount available under the credit facility. CenturyTel's commercial paper program, which is rated Prime-3 - consistent with its Baa3 long-term rating - is intended for working capital purposes, capital expenditures, acquisitions and debt repayments. The commercial paper program was unutilized as of year-end 2009. CenturyTel also has access to Embarq's $800 million revolving credit facility that matures in May 2011, which was undrawn as of 12/31/2009. The Company had additionally utilized the revolving lines of credit to issue a modest $46 million of letters of credit.

We expect CenturyTel to generate about $2.5 billion in cash flow from operations, and capital spending of about $850 million - slightly elevated from the level of their combined capital spending before the acquisition reflecting additional capital expenditures to increase broadband availability in former Embarq markets. Moody's estimates of CenturyTel's cash flow from operations include $185 million (after-tax basis) of contribution to Embarq's pension plan. As a result, Moody's projects the Company will generate about $900 million in free cash flow after dividends of nearly $840 million, or a payout ratio of about 48%. We expect the Company will maintain over $100 million of cash on hand over the next twelve months.

CenturyTel has $500 million and $303 million of debt maturing in 2010 and 2011, respectively, which Moody's expects the Company will repay as it comes due. Based on our expectations of the combined company's operating performance, we estimate CenturyTel and Embarq will maintain ample cushion under the financial covenants contained in their respective revolving credit facilities. CenturyTel's revolving credit facility contains financial covenants of consolidated leverage ratio set at 4.0x and a minimum interest coverage ratio test of at least 1.5x (both metrics as defined under the credit agreement). Embarq's revolving credit facility contains financial covenants that do not permit leverage ratio greater than 3.25x and minimum interest coverage ratio of 3.0x.

The Company has suspended its share repurchase program, but may consider making additional share repurchases after the merger is completed.

Moody's also expects that CenturyTel's liquidity, pro forma for the acquisition of Qwest, will remain very strong. Moody's estimates CenturyTel's pro forma for the acquisition of Qwest would be about $1 billion (excluding synergies from the Qwest acquisition and the spending to achieve those synergies), which includes special contribution to the Embarq pension plan.

Structural Considerations

The senior secured debt of Embarq's operating subsidiaries, Embarq Florida, Inc., The United Telephone Company of Pennsylvania, and the Carolina Telephone & Telegraph Company is rated Baa1, and the senior unsecured debt of Centel Capital Corporation (Centel) is rated Baa2.

The Baa1 rating of the senior secured first mortgage bonds reflects their structural seniority and the benefits they derive from the pledge of assets of the operating companies. Moody's expects that Embarq's Baa1 rated operating subsidiaries will continue to maintain stronger credit metrics than the consolidated entity, including leverage of about 1.0x, over the rating horizon.

The senior unsecured debt of Centel (guaranteed by its direct parent, Centel Corporation) is rated Baa2 reflecting its structural subordination to nearly $203 million of secured debt at the subsidiaries of Centel Corporation (Embarq Florida).

Rating Outlook

The negative rating outlook for CenturyTel reflects the considerable execution risks in integrating a sizeable company so soon after another large acquisition while confronting the challenges of a secular decline in the wireline industry. The negative outlook also considers the possibility that the Company may not realize planned synergies in a timely manner, especially if competitive intensity increases.

WHAT COULD STABILIZE THE OUTLOOK

Moody's could stabilize CenturyTel's rating outlook if the operating performance of CenturyTel and Qwest remains stable or improves leading up to the close of the acquisition, as evidenced by the EBITDA levels of the companies.

Moody's believes that achieving stable EBITDA levels would also be dependent on the two companies' ability to cut costs while remaining competitive, and achieving the targeted synergies from the Embarq merger. Positive rating pressure could develop if the two companies are able to compete effectively and the access line loss rates and high-speed internet subscriber growth rate remain stable.

What Could Change the Rating - Down

Moody's could downgrade CenturyTel's long-term rating if the Company's operating performance deteriorates, or if Qwest's operating performance falls short of expectations and its EBITDA continues to decline, such that the merged entity is unable to sustain financial leverage (Total debt-to-EBITDA, Moody's adjusted) of less than 3.0x and if the free cash flow generation falls into low single digit percent of total debt.

Moody's believes that a sustained decline in EBITDA (excluding one-time items) exceeding a rate of 3% could put enormous pressure on CenturyTel's ability to repay debt while continuing to return cash to shareholders, stay competitive and maintain leverage consistent with an investment grade rating.

Negative rating pressure could develop if CenturyTel's integration with Embarq adversely affects the operating performance of the combined company, resulting in a weakened competitive position, evidenced by a rapid acceleration in access-line losses, or if the Company's liquidity becomes strained as a result of significant delays in realizing merger synergies.

The rating could also come under pressure if persistent underperformance or high shareholder returns result in weakened credit metrics, such that leverage increases to 3.0x (Moody's adjusted) and free cash flow deteriorates to the low single-digits range (relative to total debt). In addition, the rating could be lowered if management's financial policies no longer remain supportive of a strong balance sheet consistent with an investment grade rating.

Rating Factors

CenturyTel, Inc

Global Telecommunications Industry	Aaa	Aa	A	Baa	Ba	B	Caa-C
Factor 1: Size, Scale, Business Model & Competitive Environment (25%) [1][2]							
a) Size & Scale (Total Revenues USD BLN)				X			
b) Business Model & Competitive Environment					x		
Factor 2: Operating Environment(20%) [2]							
a) Regulatory and Political				X			
b) Technology Risk					X		
c) Market Share				X			
Factor 3: Strategy And Financial Policies (5%) [2]							
a) Management's Financial Strategy				X			
Factor 4:Operating Performance (10%) [1][2]							
a) EBITDA Margin			X				
b) EBITDA Trend			X				
Factor 5: Financial Strength (40%) [1][2]							
a) Debt / EBITDA				X			
b) FCF / Debt						X	
c) RCF / Debt					X		
d) (FFO + Interest Expense) / Interest Expense					X		
e) (EBITDA - Capex) / Interest Expense					X		
Rating:							
a) Indicated Rating from Methodology				Baa3			
b) Actual Rating Assigned				Baa3			

[1] Standard adjustments in accordance with "Rating Methodology: Moody's Approach to Global Standard Adjustments

in the Analysis of Financial Statements for Non-Financial Corporations, Part 1 (February 2006)." In addition, Moody's adjusts for one-time ite [2] Moody's projected for 2010, pro forma for the acquisition of Qwest.

Moody's
INVESTORS SERVICE