

second quarter of 2009. In order to expedite the process, Applicants ask the Commission to schedule the Application for consideration at its earliest possible Open Public Meeting.

I. INTRODUCTION

3. Embarq, CenturyTel, and Cajun Acquisition Company (“CAC”) entered into an Agreement and Plan of Merger (“Merger Agreement”) as of October 26, 2008.² Embarq is a publicly traded holding company with incumbent local exchange operations in 18 states, including UTNW. CenturyTel is a publicly traded holding company with its own incumbent local exchange operating company subsidiaries in 25 states. In Oregon, CenturyTel provides local service through its subsidiaries CenturyTel of Oregon, Inc., and CenturyTel of Eastern Oregon, Inc. (collectively “CenturyTel ILECs”). CAC is a direct wholly-owned subsidiary of CenturyTel created to effectuate this Transaction. Under the terms of the Transaction, Embarq and CAC will merge. Embarq will be the surviving corporation, as a direct subsidiary of CenturyTel, Inc.³ The Transaction will be accomplished through a stock-for-stock transaction. There is no incremental debt associated with the Transaction.⁴

4. Under the terms of the Transaction, Embarq will become a direct wholly-owned subsidiary of CenturyTel. The terms of the Merger Agreement provide that Embarq’s

² The Merger Agreement is a public document included with the joint proxy statement of CenturyTel and Embarq and can be viewed in its entirety at: http://media.corporate-ir.net/media_files/irol/19/197829/EO_CenturyTelMergerProxy.pdf

³ Embarq will be the surviving corporation but will adopt the By-Laws and Certificate of Incorporation of CAC.

⁴ At the time the merger agreement was entered into, CenturyTel anticipated a need to refinance Embarq's existing bank debt at closing, and had commitments in place to accomplish this. Subsequent negotiations have resulted in an amendment to Embarq's existing credit facility, as evidenced in a Form 8-K filing made with the SEC on January 23, 2009 and described in the press release included as Exhibit D to this Application. The beneficial result of this action is that no incremental debt is associated with the Transaction.

subsidiaries that operate in Oregon State will remain subsidiaries of Embarq; however, Embarq Corporation will become 100% owned by CenturyTel, Inc.

5. Following completion of the Transaction, CenturyTel's Oregon State operating subsidiaries will remain subsidiaries of CenturyTel, Inc. The pre- and post-Transaction corporate structure is illustrated in Attachment 1, attached to this Application.

6. In connection with this Transaction, Applicants respectfully request that the Commission, if it deems that approval is necessary, approve the Transaction.

7. As explained in detail below, the Transaction is consistent with the public interest and is in full compliance with applicable law. UTNW and the CenturyTel ILECs will continue as the certificated carriers in Oregon and will continue to have the requisite managerial, technical and financial capability to provide services to their customers. Immediately following the completion of the Transaction, end user customers will continue to receive service from the same local operating company and at the same rates, terms and conditions as immediately prior to the Transaction. Therefore, the Transaction will be transparent to customers. Any subsequent service or price changes will be made in accordance with all applicable rules and laws.⁵

8. Moreover, the Transaction combines two leading communications companies with customer-focused, industry-leading capabilities, each of whom has deep roots serving rural markets. It will provide the combined entity with greater financial and operational resources to

⁵ In view of the current rapidly changing communications market, any provider, including post-Transaction CenturyTel, must constantly review its pricing strategy and product mix to respond appropriately to marketplace demands. While rates, terms and conditions will be the same immediately after the Transaction as immediately before the Transaction, prices and product mixes necessarily will change over time as marketplace, technology, and business demands dictate. The affected entities will make such changes only following full compliance with all applicable rules and laws.

capitalize on marketplace opportunities, diversify revenues, and expand networks, expertise and financial resources to build long-term value for customers and shareholders.

9. The communications industry has changed dramatically in the last several years, and the industry continues to experience change at a frenetic pace. Competition, and particularly intermodal competition, is widespread with wireless and wireline carriers competing daily for customers. Local wireline carriers face increasing competition from other providers of voice services and from cable operators providing voice, video and data offerings. As a result of this robustly competitive market environment and the rapidly changing fundamentals of the wireline business, carriers such as Embarq and CenturyTel must adapt to compete more effectively. Wireline businesses will require greater strategic flexibility to bring new products and expanded services to the marketplace more quickly and to enhance customer service. These evolving market dynamics place unique pressures on companies such as Embarq and CenturyTel, whose operating subsidiaries predominantly serve smaller, rural service areas. The economies of scale and efficiencies produced by this combination will allow the combined company to better focus on delivering new products and services to their customers in their predominantly rural service areas.

II. THE PARTIES

10. Embarq is a publicly traded Delaware corporation with headquarters at 5454 West 110th Street, Overland Park, Kansas, 66211. Embarq subsidiaries offer a complete suite of communications services to residential consumers and businesses, including local, long distance, high speed data, wireless and video services. Embarq has incumbent local exchange operations

in 18 states and is in the Fortune 500's list of America's largest corporations.⁶ As of December 31, 2007, Embarq ILEC operations served approximately 6.5 million local access lines in those 18 states.

11. UTNW is a first tier wholly-owned subsidiary of Embarq. UTNW is authorized by this Commission to provide local exchange services. As of December 31, 2008, UTNW served approximately 60,000 total access lines in Oregon. As a result of this Transaction, the ultimate parent holding company of UTNW will change from Embarq Corporation to CenturyTel, Inc. Embarq will remain the immediate parent company of UTNW. Moreover, the Transaction will not result in any transfer of certificates, assets, or facilities in Oregon.

12. CenturyTel, Inc. is a Louisiana corporation, with headquarters at 100 CenturyTel Drive, Monroe, Louisiana 71211-4065. Included in the S&P 500 Index, CenturyTel is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through its broadband and fiber transport networks.⁷ As of December 31, 2008, CenturyTel, Inc.'s ILEC operations served approximately 2.1 million local access lines in 25 states, and serve approximately 62,000 access lines in Oregon.

13. Cajun Acquisition Company, a Delaware corporation, is a newly formed wholly-owned subsidiary of CenturyTel, Inc. Under the merger agreement, Embarq and CAC will

⁶ Embarq's most recent 10K filing to the Securities and Exchange Commission is a public document and is available at:

http://ww3.ics.adp.com/streetlink_data/dirEQ/annual/HTML2/default.htm

⁷ CenturyTel's most recent 10K filing to the Securities and Exchange Commission is also a public document and available at:

<http://ccbn.10kwizard.com/cgi/convert/pdf/CENTURYTELINC10K.pdf?pdf=1&repo=tenk&ipage=5502767&num=-2&pdf=1&xml=1&cik=18926&odef=8&rid=12&quest=1&xbrl=0&dn=2&dn=3>

merge, with Embarq being the surviving corporation as a first tier subsidiary of CenturyTel, Inc.⁸ The Embarq operating subsidiaries in Oregon will be wholly-owned subsidiaries of Embarq and indirect subsidiaries of CenturyTel, Inc.

14. Communications and correspondence for the proceeding herein should be sent to the following individuals:

Mary Taylor CenturyTel 219 Legion Way Suite 203-D Olympia, WA 98501 Phone: (360) 943-6996 Fax: (360) 943-2114 Mary.Taylor@CenturyTel.com	Barbara C. Young Embarq 902 Wasco Street Hood River, OR 97031 Phone: (541) 387-9850 Fax: (541) 387-9753 Barbara.C.Young@Embarq.com
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III. STANDARD OF REVIEW

15. If the Commission believes that it is authorized to review this transaction, it should apply the public interest standard that it has applied to other transactions involving telecommunications utilities under ORS Chapter 759 and OAR 860-027-0025.⁹ The Commission has addressed a number of transactions involving power companies under ORS 757.511, and even opened a proceeding that ultimately resulted in the Commission setting a

⁸ As described in footnote 1, Embarq will be the surviving corporation but will adopt the By-Laws and Certification of Incorporation of CAC.

⁹ See, In the Matter of United Telephone Company of the Northwest d/b/a Embarq Application for Authority to Sell a Building Located in Hood River, Order No. 08-617, Docket No. UP 247 (2008). See also, In the Matter of United Telephone Company of the Northwest, d/b/a Sprint Application for Approval of the Sale of a Building Located in Hood River, Oregon., Order No. 02-466; Docket No. UP 195 (2006).

standard for mergers of power companies.¹⁰ However, the Commission has not entertained mergers of telecommunications utilities. Moreover, the Chapter ORS 759 does not contain an analog to the ORS 757.511, under which the Commission determined a “net benefit” standard is appropriate. Therefore, the appropriate standard is whether the transaction will do “no harm,” as explained in the Staff memos adopted by the Commission in the recent UTNW property sales.

16. Under this standard, the Transaction need not specifically benefit the public, but must simply cause no harm. However, in this case the Applicants believe that the Transaction will in fact benefit customers. The transaction as set forth under the Merger Agreement, and involving UTNW and the CenturyTel ILECs, satisfies the criteria set forth in the Oregon law. After the merger, the CenturyTel ILECs and UTNW will maintain the capability to provide high quality telecommunications services and to introduce advanced services in Oregon. The increased scale and scope of the combined entity will allow it to better serve its customers. The transfer is therefore consistent with the public interest.

IV. DESCRIPTION OF THE TRANSACTION AND NEW CORPORATE STRUCTURE

17. In order to effectuate the merger, CenturyTel, Inc. formed a new direct, wholly-owned subsidiary, CAC. Embarq and CAC will merge. Post-merger, Embarq’s operating subsidiaries, including UTNW, will be wholly-owned subsidiaries of Embarq, and Embarq will be a wholly-owned subsidiary of CenturyTel. The certificated entities, including UTNW, will continue to exist in their current form after the merger is completed and will not change.¹¹

¹⁰ In the Matter of a Legal Standard for Approval of Mergers, Order No. 01-778; Docket No. UM 1011 (2001).

¹¹ Although it has not yet been determined whether there will be any name changes associated with this Transaction, if any name changes do occur, then any state-required registrations, filings, or notifications related to the name change will be provided at the appropriate time.

Likewise, the existing ILEC operating companies of CenturyTel, Inc. will not change but will become affiliates of the Embarq subsidiaries. *See Attachment 1.*

V. THE PROPOSED TRANSACTION IS CONSISTENT WITH THE PUBLIC INTEREST

18. The proposed Transaction is consistent with the public interest. The Transaction will benefit customers of the combined company without any countervailing harms. It also combines two leading communications companies with strong customer-centric histories. Since its separation from Sprint, Embarq has delivered on its promise to serve the public interest by pursuing a single-minded focus of becoming the preferred hometown communications company in the local service areas in which it operates. Embarq has a rich history of providing telecommunications services to local communities that dates back over a hundred years, and since its emergence it has strengthened its local community roots. CenturyTel has a similarly rich history in local telecommunications service. Like Embarq, CenturyTel serves customers in predominantly rural service areas and smaller markets and its primary role has been as a communications provider anchored by wireline service in its existing certificated areas. CenturyTel has a proven track record for customer service and provisioning high-quality telecommunications and advanced services. Thus, the merger will bring together two companies whose businesses are built upon serving local customers in predominantly rural areas and smaller markets and creating a variety of products and services that more directly address the preferences of those customers. CenturyTel is uniquely qualified to manage the Embarq companies as part of the CenturyTel family of companies.

19. The communications industry has been and is expected in the future to be the subject of rapid and fundamental changes in technology, customer preferences, and the

competitive landscape. Rapid changes in technology and customer preferences require equally rapid responses and execution strategies by telecommunications carriers. To respond rapidly and succeed most effectively in this competitive market environment, carriers must have a strategic focus on providing products and services that differentiate them in the market, and they need sufficient scale to execute upon their strategic focus. Even a carrier that knows its customers' preferences cannot compete effectively in today's marketplace without sufficient size and scope to match those preferences with suitable products or services offered at affordable rates. The Transaction will result in a combined enterprise that can achieve greater economies of scale and scope than the two companies operating independently. This, in turn, will enhance its ability to focus more strategically and rapidly respond to customer preferences in providing a full portfolio of quality, advanced communications services that will differentiate the company in the markets it serves.

20. Additionally, with its distinctive expertise in serving smaller, rural areas, the new entity will deliver these services to areas that are often underserved by the larger communications companies. The combination of two mid-sized local wireline providers—the only two with investment grade ratings and with solid financial fundamentals and adequate access to capital—will position the combined enterprise to capitalize on its collective knowledge of its local customers' preferences to deliver innovations in technology and product offerings to the rural and smaller markets. Customers will benefit from increased access to those offerings, and the post-merger CenturyTel will benefit from retaining and attracting customers whose needs are satisfied by its offerings, service quality and customer care. The public interest will be served by the Transaction as it will allow the new company to bring to bear the combined

resources of Embarq and CenturyTel on the shared single focus of delivering a full portfolio of services that meet the targeted needs of the local customers they serve.

21. Moreover, the Transaction offers the financial strength and flexibility for the operating subsidiaries of the post-Transaction CenturyTel to continue providing outstanding service and enhanced offerings to customers, while delivering returns to shareholders. The post-Transaction company is expected to have pro forma revenue in excess of \$8.8 billion, pro forma EBITDA of approximately \$4.2 billion, pro forma leverage of 2.1 times EBITDA, and pro forma free cash flow of approximately \$1.8 billion, based on anticipated full run-rate synergies and operating results for the twelve months ended September 30, 2008. Based upon these financial attributes, CenturyTel anticipates having post-Transaction financial metrics consistent with those of companies that have been rated “investment grade” by major ratings agencies—characteristics that CenturyTel and Embarq possess pre-Transaction. These attributes help insure that CenturyTel will have the fiscal stability to pursue necessary strategies. As subsidiaries of the combined company, this financial strength will continue to allow UTNW, and the CenturyTel ILECs that offer service in Oregon, to have the financial stability and access to capital necessary to continue to provide reliable services in the ever-increasingly competitive telecommunications marketplace.

22. Expectations that the proposed combination will result in a sustainable and vibrant company were validated in the recent shareholder votes. On January 27, 2009 the shareholders of each company voted overwhelmingly to approve the transaction. The shareholders consist in large part of sophisticated institutional investors who are well qualified to independently evaluate the financial strength and other attributes of the proposed combined entity. They would not have voted to approve the transaction if they did not believe that it will

result in a combined company that is better positioned to compete in the rapidly evolving telecommunications market.

23. The post-Transaction CenturyTel will be led by an experienced and talented group of executives that includes representatives from both CenturyTel and Embarq. Glen Post, current CenturyTel Chairman and CEO, will lead the combined company as Chief Executive Officer. Tom Gerke from Embarq, in addition to being executive Vice Chairman of the combined company board, will be responsible for regulatory and governmental relations and human resources. Karen Puckett from CenturyTel will continue to serve as Chief Operating Officer and will be responsible for customer service, marketing, field and centralized operations and consumer and business operations. Stewart Ewing from CenturyTel will continue to serve as Chief Financial Officer responsible for financial, treasury, corporate development and investor relations functions. Stacey Goff from CenturyTel will serve as General Counsel responsible for all legal functions, corporate administrative support and communications, as well as leading the merger transition process. Dennis Huber from Embarq will serve as the senior officer responsible for all information technology, network planning and engineering, as well as product development. Bill Cheek from Embarq will be responsible for the combined company's wholesale operations. Chris Mangum from CenturyTel will continue to be responsible for the strategic planning function. Following the merger, this team will lead the company through a successful integration effort to allow the benefits of the merger for customers, employees and communities to be fully realized.

24. CenturyTel has a long history of successfully integrating numerous acquired properties and companies in expanding from an operation with a single local exchange, to one that provides service to more than 2 million access lines spread across 25 states. Although, the

proposed transaction is the largest transaction that CenturyTel has undertaken, it is not the first time that CenturyTel has acquired a large number of access lines or expanded into a number of new state jurisdictions. In the past, all of CenturyTel's sizeable acquisitions and subsequent integrations have been successfully executed, generating benefits for both the company and its customers. CenturyTel is very familiar and comfortable with the challenges and opportunities that an acquisition and integration of this magnitude presents.

25. CenturyTel and Embarq have begun the detailed planning, analysis and decision making processes required to integrate the employees, systems and operations of the two separate companies into the post-Transaction CenturyTel. From an organizational perspective, the senior leadership team that has been appointed as described in paragraph 23 are completing their organization structures and selecting their direct reports. This process will continue from the top down, layer-by-layer, over the next few months until the entire organization is named. From a systems perspective, multiple integration teams made up of both CenturyTel and Embarq employees have been formed covering the key functional areas that must be integrated. The functional teams are responsible for planning integration activities, including identification of the systems to be used and the associated operational processes. An executive level integration program management office oversees the efforts of the functional area integration teams. The results of these integration efforts will create the necessary organization and system infrastructure needed to allow a smooth transition for the post-Transaction CenturyTel and its customers.

26. Consumers of communications services, including both residential consumers and businesses, have more choices than ever before in the market for local and long distance calling services, high speed Internet and other data services, video services, and wireless services.

Intermodal competition to provide these services is now widespread. The two companies combined will be the largest independent wireline communications company serving approximately 8 million access lines, 2 million broadband customers and approximately 400,000 video subscribers. With the significantly increased scale of the combined company, the Transaction will enhance the competitive position of the combined company to facilitate economically attractive deployment of growth products and services, including broadband and wireless data offers.

27. Ensuring the continuation of high quality service and customer experience pre- and post-merger is vitally important. Embarq and CenturyTel understand that continuing to meet customer needs is its top priority. The Transaction will not change the incentives of the combined entity to do so. To that end, upon the completion of the Transaction, end user customers will continue to receive service from the same local operating company and at the same rates, terms and conditions as immediately prior to the Transaction.

28. Embarq's and CenturyTel's subsidiaries that offer service in Oregon will continue to employ personnel experienced and dedicated to the provision of local service in Oregon. The customer service, network and operations functions that are critical to each company's success today will continue when the Transaction is complete, and the post-Transaction company will be staffed to ensure that continuity. The local operations of Embarq and CenturyTel ILECs that offer service in Oregon will continue to be managed by employees with extensive knowledge of the local telephone business and with a commitment to needs of the local community.

29. Furthermore, upon completion of the merger, the Commission will retain the same regulatory authority over the Embarq and CenturyTel ILECs that offer service in Oregon that the Commission possesses just prior to consummation of the Transaction. The Embarq and

CenturyTel ILECs that offer service in Oregon will continue to provide local exchange service, and to offer long distance service, subject to the same rules, regulations and applicable tariffs.¹² The Embarq and CenturyTel ILECs that offer service in Oregon will remain subject to existing rate regulation, service quality obligations, and tariffs, as modified by any future Commission and legislative decisions. Future end user rate changes will continue to be governed by the same rules and procedures as today, again, as modified from time to time by any future Commission or legislative decisions. Likewise, the terms and prices for existing wholesale services under UTNW's and the CenturyTel ILECs' access tariffs will be unchanged immediately after the closing of this Transaction. Moreover, this Transaction will have no impact on the terms of any existing interconnection agreements, nor will it affect UTNW's and the CenturyTel ILECs' obligations under state and federal laws regarding interconnection.

COMPLIANCE WITH OAR 860-027-0025

30. OAR 860-027-0025 requires that merger Applicants provide certain information about the companies and the merger. Although the preceding sections of this Application have provided some of the information, CenturyTel and Embarq provide the following specific responses in compliance with the Commission's rule:

1(a) The exact name and address of the utility's principal business office.

See Paragraphs 10, 11 and 12 of this Application.

¹² For example, UTNW will continue the service quality reporting it currently provides, consistent with the rules until it is relieved by the Commission of the obligation to do so.

(b) The state in which incorporated, the date of incorporation, and the other states in which authorized to transact utility operations.

Incorporated in Oregon on July 18, 1907, United Telephone Company of the Northwest is authorized to transact utility operations in Oregon and Washington. Parent Embarq Corporation, a Delaware corporation incorporated on May 27, 2005, also has subsidiaries that transact utility operations in Florida, Indiana, Kansas, Minnesota, Missouri, Nebraska, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and Wyoming.

CenturyTel of Eastern Oregon, Inc., an Oregon corporation incorporated on April 3, 1956, is authorized to transact utility operations in Oregon. CenturyTel of Oregon, Inc., an Oregon corporation incorporated on June 15, 1955, is also authorized to transact utility operations in Oregon. Parent CenturyTel, Inc., a Louisiana corporation incorporated on April 30, 1968, also has subsidiaries that transact utility operations in Alabama, Arkansas, California, Colorado, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, New Mexico, Nevada, North Carolina, Ohio, Tennessee, Texas, Washington, Wisconsin and Wyoming.

(c) Name and address of the person on behalf of applicant authorized to receive notices and communications in respect to the application.

See Paragraph 14

(d) The names, titles, and addresses of the principal officers.

The principal executive officers of Embarq Corporation are:

Tom Gerke – Chief Executive Officer

Gene M. Betts – Chief Financial Officer

Harrison S. Campbell – President, Consumer Markets

William E. Cheek, President Wholesale Markets

Thomas J. McEvoy – President, Business Markets

James A. Hansen – Senior Vice President, Network Services

E.J. Holland, Jr. – Senior Vice President, Human Resources and Communications

Dennis G. Huber – Chief Technology Officer

David W. Zesiger – Senior Vice President, Regulatory Policy and External Affairs

Claudia S. Toussaint – General Counsel, Corporate Secretary and Chief Ethics Officer

The principal executive officers of CenturyTel, Inc. are:

Glen F. Post, III – Chairman of the Board and Chief Executive Officer

Karen A. Puckett – President and Chief Operating Officer

R. Stewart Ewing, Jr. – Executive Vice President and Chief Financial Officer

David D. Cole – Senior Vice President, Operations Support

Stacey W. Goff – Senior Vice President, General Counsel and Corporate Secretary

Michael E. Maslowski – Senior Vice President and Chief Information Officer

(e) A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states.

The principal business of both CenturyTel and Embarq is telecommunications.

United Telephone Company of the Northwest serves the following exchanges in Oregon:

Arlington	Bay City	Beaver	Butte Falls
Carlton	Cascade Locks	Cloverdale	Crater Lake
Diamond Lake	Fish Lake	Garibaldi	Grand Ronde
Grass Valley	Hood River	Lincoln City	Moro
Mosier	Odell	Pacific City	Parkdale
Prospect	Rockaway	Rufus	Shady Cove
Sheridan	The Dalles	Tillamook	Wasco
White City	Willamina		

United Telephone Company of the Northwest's service territory includes portions of the following counties in Oregon:

Douglas	Gilliam	Hood River	Jackson
Klamath	Lincoln	Multnomah	Polk
Sherman	Tillamook	Wasco	Washington
Yamhill			

CenturyTel serves the following exchanges in Oregon:

Aurora	Bly	Boardman	Bonanza
Brownsville	Burns	Camas Valley	Charbonneau
Chemult	Chiloquin	Creswell	Depoe Bay
Drain	Durkee	Echo	Fort Klamath
Fossil	Gilchrist	Gleneden Beach	Glide
Government Camp	Harney	Heppner	Huntington
Ione	John Day	Lakeview	Lebanon
Lexington	Long Creek	Malin	Maupin
Merrill	Mitchell	Monument	North Powder
North Umpqua	Paisley	Paulina	Pilot Rock
Pilot Rock (Starkey)	Pine Grove	Rocky Point	Scappoose
Seneca	Shedd	Silver Lake	Sprague River
Spray	Sweet Home	Tygh Valley	Ukiah
Wamic	Yoncalla		

CenturyTel's service territory includes portions of the following counties in Oregon:

Baker	Clackamas	Columbia	Crook
Douglas	Grant	Harney	Hood River
Klamath	Lake	Lane	Lincoln
Linn	Marion	Morrow	Umatilla
Union	Wasco	Wheeler	

- (f) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of capital stock: brief description; the amount authorized (face value and number of shares); the amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount owned by affiliated interests; and amount held in any fund.**

For Embarq, please refer to Embarq's 2007 10K, page F-3, the Stockholder's Equity section of the Balance Sheet. For CenturyTel, please refer to CenturyTel's 2007 10K, Consolidated Balance Sheets, Stockholder's Equity section. Embarq's 10K is available at:

http://ww3.ics.adp.com/streetlink_data/dirEQ/annual/HTML2/default.htm.

CenturyTel's 10K is available at:

<http://ccbn.10kwizard.com/cgi/convert/pdf/CENTURYTELINC10K.pdf?pdf=1&repo=tenk&ipage=5502767&num=-2&pdf=1&xml=1&cik=18926&odef=8&rid=12&quest=1&xbrl=0&dn=2&dn=3>

- (g) A statement, as of the date of the balance sheet submitted with the application, showing for each class and series of long-term debt and notes: brief description (amount, interest rate and maturity); amount authorized; amount outstanding (exclusive of any amount held in the treasury); amount held as reacquired securities; amount pledged; amount held by affiliated interests; and amount in sinking and other funds.**

For Embarq, please refer to Embarq's 2007 10K, page F-17 through F-18, Note 4. Long-term Debt and Financial Instruments. For CenturyTel, please refer to CenturyTel's 2007 10K, Note 5 to the Consolidated Financial Statements, Long-Term Debt.

- (h) Whether the application is for disposition of facilities by sale, lease, or otherwise, a merger or consolidation of facilities, or for mortgaging or encumbering its property, or**

for the acquisition of stock, bonds, or property of another utility, also a description of the consideration, if any, and the method of arriving at the amount thereof.

Upon completion of the merger, Embarq stockholders will receive 1.37 shares of CenturyTel common stock for each share of Embarq common stock they hold, with cash paid in lieu of fractional shares. For further information, see the Terms of the Merger on page 76 of the proxy statement which is available at:

http://media.corporate-ir.net/media_files/irol/19/197829/EQ_CenturyTelMergerProxy.pdf

- (i) A statement and general description of facilities to be disposed of, consolidated, merged, or acquired from another utility, giving a description of their present use and of their proposed use after disposition, consolidation, merger, or acquisition. State whether the proposed disposition of facilities or plan for consolidation, merger, or acquisition includes all the operating facilities of the parties to the transaction.**

Under the terms of the Transaction, Embarq will become a direct wholly-owned subsidiary of CenturyTel, including all operations and facilities.

- (j) A statement by primary account of the cost of the facilities and applicable depreciation reserve involved in the sale, lease, or other disposition, merger or consolidation, or acquisition of property of another utility. If original cost is not known, an estimate of original cost based, to the extent possible, upon records or data of the applicant or its predecessors must be furnished, a full explanation of the manner in which such estimate has been made, and a statement indicating where all existing data and records may be found.**

Please refer to the appropriate schedules included in the attached annual reports:

Attachment 2a - Annual Report of United Telephone Company of the Northwest

Attachment 2b - Annual Report of CenturyTel of Eastern Oregon, Inc.

Attachment 2c - Annual Report of CenturyTel of Oregon, Inc.

(k) A statement as to whether or not any application with respect to the transaction or any part thereof, is required to be filed with any federal or other state regulatory body.

The transaction has already received antitrust clearance from the Justice Department/Federal Trade Commission. The transaction also requires approval of the Federal Communications Commission, and the state regulatory commissions in the following states: California, Florida, Georgia, Illinois, Louisiana, Minnesota, Mississippi, Nebraska, Nevada, Ohio, Pennsylvania, Tennessee, Virginia, and Washington.

(l) The facts relied upon by applicants to show that the proposed sale, lease, assignment, or consolidation of facilities, mortgage or encumbrance of property, or acquisition of stock, bonds, or property of another utility will be consistent with the public interest.

As discussed in Section V above, the Applicants believe customers will benefit from a combined entity that will be not only be stronger financially, but will have sufficient scope and scale to ensure the latest products and services are available to rural customers. Furthermore, the public will benefit generally from this combination as the new entity's increased strength will help keep it a viable competitor in an increasingly competitive marketplace. As the Commission well knows, intermodal competition is increasing even in rural areas. Cable telephony and wireless services, including cellular phones with internet

capability and WiMax broadband service are increasingly available. Both CenturyTel and Embarq's wireline businesses have suffered line losses to intermodal competition. The Applicants believe the public is best served by a rural marketplace that is served by financially strong service providers that operate efficiently. CenturyTel and Embarq are more likely to survive the onslaught of competition in rural markets with combined strength rather than going it alone. Please also see Applicants' response to (m) below and throughout the Application.

(m) The reasons, in detail, relied upon by each applicant, or party to the application, for entering into the proposed sale, lease, assignment, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, and the benefits, if any, to be derived by the customers of the applicants and the public.

Increased Financial Strength--As discussed above, both companies believe that the company, its employees and customers will be better off with a stronger combined entity. As stated in paragraphs 21, the Transaction will result in a company with pro forma revenue in excess of \$8.8 billion, pro forma EBITDA of approximately \$4.2 billion, pro forma leverage of 2.1 times EBITDA, and pro forma free cash flow of approximately \$1.8 billion, based on anticipated full run-rate synergies and operating results for the twelve months ended September 30, 2008. Based upon these financial attributes, CenturyTel anticipates having post-Transaction financial metrics consistent with those of companies that have been rated "investment grade" by major ratings agencies—characteristics that CenturyTel and Embarq possess pre-Transaction. These attributes help insure that CenturyTel will have the fiscal

stability to capitalize on marketplace opportunities, diversify revenues, expand networks, and build long-term value for customers and shareholders in the markets in which it operates.

New Products and Services—Increased financial strength also is a benefit when investing in new products and technologies. The combined entity will be well positioned to leverage new and existing network and operational synergies to bring innovative technology and product solutions to both urban and rural markets. For example, CenturyTel has already acquired 700MHz radio spectrum licenses which creates an opportunity to enhance customers' broadband experience with wireless data and voice capabilities.

The Companies are a "Good Fit"---While increased size and scope are important, they are of little value unless the businesses are a good fit. Both companies focus on providing high quality service in rural areas. Both companies have strong management teams and share a similar focus on meeting customer needs. Independently, both companies are very strong and stable financially as evidenced by the fact that they are the only mid-size ILECs that possess investment-grade ratings from the major credit rating agencies. CenturyTel and Embarq clearly have similar and significant resources that can be combined and shared in a manner that results in a stronger combined company for the benefit of its customers.

Increased Purchasing Power---With its increased scope and scale, the new company should be able to increase its purchasing power, resulting in larger discounts from suppliers based on increased quantities.

Best Practices---Although the planning process for the combined company is in its early stages, a review of the best practices from both companies is underway. This review is designed to result in the most efficient practices ultimately being adopted which in turn should reduce the combined company's operating expenses. Using best practices will allow

the company to stay competitive from a cost stand point and potentially free up additional resources to invest in new products and services.

(n) The amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired.

Prior to the Transaction, neither Embarq Corporation nor CenturyTel Inc. owns any stocks, bonds or other securities of the other corporation.

(o) A brief statement of franchises held, showing date of expiration if not perpetual, or, in case of transfer, that transferee has the necessary franchises.

United Telephone Company of the Northwest – Oregon Franchise Agreements

<u>Jurisdiction</u>	<u>Expiration Date</u>
Arlington	No Expiration Date
Bay City	2/13/2011
Butte Falls	4/18/2020
Carlton	6/15/2011
Cascade Locks	No Expiration Date
Eagle Point	5/12/2018
Garibaldi	9/13/2010
Grass Valley	Indefinite term from 7/1/96 subject to termination clause
Hood River	12/22/2011
Lincoln City	No Expiration Date
Moro	7/1/2011
Mosier	6/4/2007
Rockaway Beach	5/12/2009
Rufus	1/4/2006
Shady Cove	12/1/2015
Sheridan	3/20/2011
The Dalles	No Expiration Date
Tillamook	12/1/2015
Wasco	7/19/2010
Willamina	5/11/2007

CenturyTel – Oregon Franchise Agreements

<u>Jurisdiction</u>	<u>Company</u>	<u>Expiration Date</u> ¹³
	Aurora	CenturyTel of Oregon, Inc. 08/29/2010
	Boardman	CenturyTel of Eastern Oregon, Inc. 07/01/2020
	Bonanza	CenturyTel of Eastern Oregon, Inc. 10/01/2017
	Brownsville	CenturyTel of Oregon, Inc. 09/30/2017
	Burns	CenturyTel of Eastern Oregon, Inc. 07/29/2006
	Canyon City	CenturyTel of Eastern Oregon, Inc. 11/16/1997
	Chiloquin	CenturyTel of Eastern Oregon, Inc. 08/12/2016
	Creswell	CenturyTel of Oregon, Inc. n/a ¹⁴
	Depoe Bay	CenturyTel of Oregon, Inc. 01/01/2015
	Donald	CenturyTel of Oregon, Inc. 12/10/2007
	Drain	CenturyTel of Oregon, Inc. 11/14/1998
	Echo	CenturyTel of Eastern Oregon, Inc. 02/05/2016
	Fossil	CenturyTel of Eastern Oregon, Inc. 07/31/2004
	Heppner	CenturyTel of Eastern Oregon, Inc. 03/16/2016
	Hines	CenturyTel of Eastern Oregon, Inc. 10/14/2016
	Huntington	CenturyTel of Eastern Oregon, Inc. 03/19/2011
	Ione	CenturyTel of Eastern Oregon, Inc. 06/08/2019
	John Day	CenturyTel of Eastern Oregon, Inc. 10/13/2008
	Lakeview	CenturyTel of Eastern Oregon, Inc. 06/30/2017
	Lebanon	CenturyTel of Oregon, Inc. 06/30/2019
	Lexington	CenturyTel of Eastern Oregon, Inc. 07/31/2009
	Long Creek	CenturyTel of Eastern Oregon, Inc. 02/08/2015
	Malin	CenturyTel of Eastern Oregon, Inc. 06/09/2015
	Maupin	CenturyTel of Eastern Oregon, Inc. 09/23/2012
	Merrill	CenturyTel of Eastern Oregon, Inc. 08/05/2016
	North Powder	CenturyTel of Eastern Oregon, Inc. 08/05/2016
	Paisley	CenturyTel of Eastern Oregon, Inc. 12/07/2009
	Pilot Rock	CenturyTel of Eastern Oregon, Inc. 08/01/2016
	Scappoose	CenturyTel of Oregon, Inc. 06/30/2006
	Seneca	CenturyTel of Eastern Oregon, Inc. 09/25/2016
	Sodaville	CenturyTel of Oregon, Inc. 11/01/2004
	Sweet Home	CenturyTel of Oregon, Inc. 07/01/2006
	Ukiah	CenturyTel of Oregon, Inc. 08/01/2015
	Waterloo	CenturyTel of Oregon, Inc. 08/17/2009
	Wilsonville	CenturyTel of Oregon, Inc. 07/31/2004
	Yoncalla	CenturyTel of Oregon, Inc. 07/20/2009
	Clackamas Co.	CenturyTel of Oregon, Inc. 11/26/1976 ¹⁵

¹³ CenturyTel is current on all fees required under all franchises listed herein, including any expired franchises (i.e., CenturyTel has continued to pay franchise fees under such expired franchises).

¹⁴ CenturyTel's franchise for the City of Creswell expired September 9, 2004; however, counsel for the City has advised that City of Creswell Ordinance 421 passed December 13, 2004 functions as a franchise ordinance applicable to all telecommunications providers in the City of Creswell (CenturyTel is current on the telecommunications provider fees required under Ordinance 421).

(2) Required Exhibits. There shall be filed with the application as part thereof the following exhibits:

(a) EXHIBIT A. A copy of the charter or articles of incorporation with amendments to date.

See Exhibit A-1 for Embarq's articles of incorporation and Exhibit A-2 for CenturyTel's articles of incorporation.

(b) EXHIBIT B. A copy of the bylaws with amendments to date.

See Exhibit B-1 for Embarq's bylaws and Exhibit B-2 for CenturyTel's bylaws.

(c) EXHIBIT C. Copies of all resolutions of directors authorizing the proposed disposition, merger, or consolidation of facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or property of another utility, in respect to which the application is made and, if approval of stockholders has been obtained, copies of the resolutions of the stockholders should also be furnished.

Embarq and CenturyTel have designated Exhibits C-1 and C-2 as confidential under ORS 192.410-192.510. The Applicants consider these documents to be trade secrets which if disclosed could put both companies at a competitive disadvantage. See CONFIDENTIAL Exhibit C-1 for the resolutions of the Embarq Board of Directors authorizing the merger and CONFIDENTIAL Exhibit C-2 for the resolutions of the CenturyTel Board of Directors authorizing the merger. See Exhibit C-3 for a joint press release announcing

¹⁵ This county franchise was granted to a predecessor in interest to CenturyTel of Oregon, Inc. in 1956 by the County Court of Clackamas County, for the placement of facilities over certain roads in the Wilsonville area. Based on the information available to CenturyTel, no fees are required under this franchise.

the results of the Embarq and CenturyTel shareholder votes of January 27 which overwhelmingly approved the merger.

(d) EXHIBIT D. Copies of all mortgages, trust, deeds, or indentures, securing any obligation of each party to the transaction.

There is no incremental debt associated with the merger. See Exhibit D for a press release describing an amendment to Embarq's existing credit facility.

(e) EXHIBIT E. Balance sheets showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report, which applicant(s) is required, or will be required, to file with the Commission.

See pages 93-98 of the proxy statement available at:

http://media.corporate-ir.net/media_files/irol/19/197829/EQ_CenturyTelMergerProxy.pdf

(f) EXHIBIT F. A statement of all known contingent liabilities, except minor items such as damage claims and similar items involving relatively small amounts, as of the date of the application.

For Embarq, see note 3, pages F-16 and 17 in the 2007 Form 10K.

For CenturyTel, see note 19 to the consolidated financial statements in the 2007 Form 10K. The Embarq and CenturyTel 10K's can be accessed via the links provided in response to 1(f) above.

- (g) EXHIBIT G. Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report which applicant(s) is required, or will be required, to file with the Commission.**

See pages 93-98 of the proxy statement available at:

http://media.corporate-ir.net/media_files/irol/19/197829/EQ_CenturyTelMergerProxy.pdf

- (h) EXHIBIT H. An analysis of surplus for the period covered by the income statements referred to in Exhibit G.**

See pages 93-98 of the proxy statement available at:

http://media.corporate-ir.net/media_files/irol/19/197829/EQ_CenturyTelMergerProxy.pdf

- (i) EXHIBIT I. A copy of each contract in respect to the sale, lease or other proposed disposition, merger or consolidation of facilities, acquisition of stock, bonds, or property of another utility, as the case may be, with copies of all other written instruments entered into or proposed to be entered into by the parties to the transaction pertaining thereto.**

See the Agreement and Plan of Merger referenced in footnote 2 of this Application.

- (j) EXHIBIT J. A copy of each proposed journal entry to be used to record the transaction upon each applicant's books.**

See pages 93-98 of the proxy statement available at:


http://media.corporate-ir.net/media_files/irol/19/197829/EQ_CenturyTelMergerProxy.pdf

(k) EXHIBIT K. A copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts as required by subsection (1)(l) of this rule and the reasons as required by subsection (1)(m) of this rule.

See the information provided in paragraphs 1(l) and 1(m) above.

Applicants therefore respectfully request that, pursuant to ORS 759.375, ORS 759.380, OAR 860-027-0025, and any other applicable law, the Commission approve: (1) The Merger of Embarq Corporation and CenturyTel, Inc., as described herein, which are the ultimate parent companies of United Telephone Company of the Northwest d/b/a Embarq, CenturyTel of Oregon, Inc. and CenturyTel of Eastern Oregon, Inc.; and (2) any other relief or approvals required by Oregon law.

Respectfully submitted this 30th day of January 2009.

By: 

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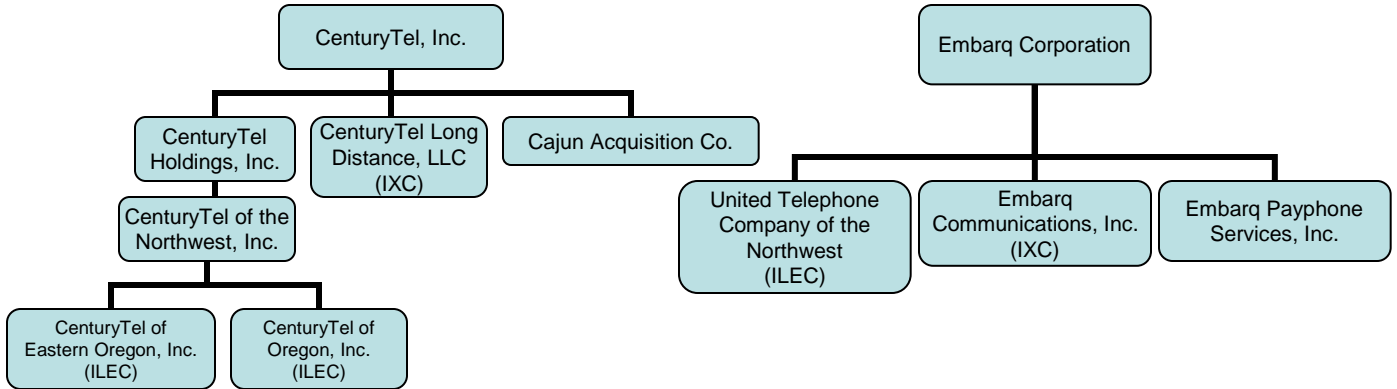
And

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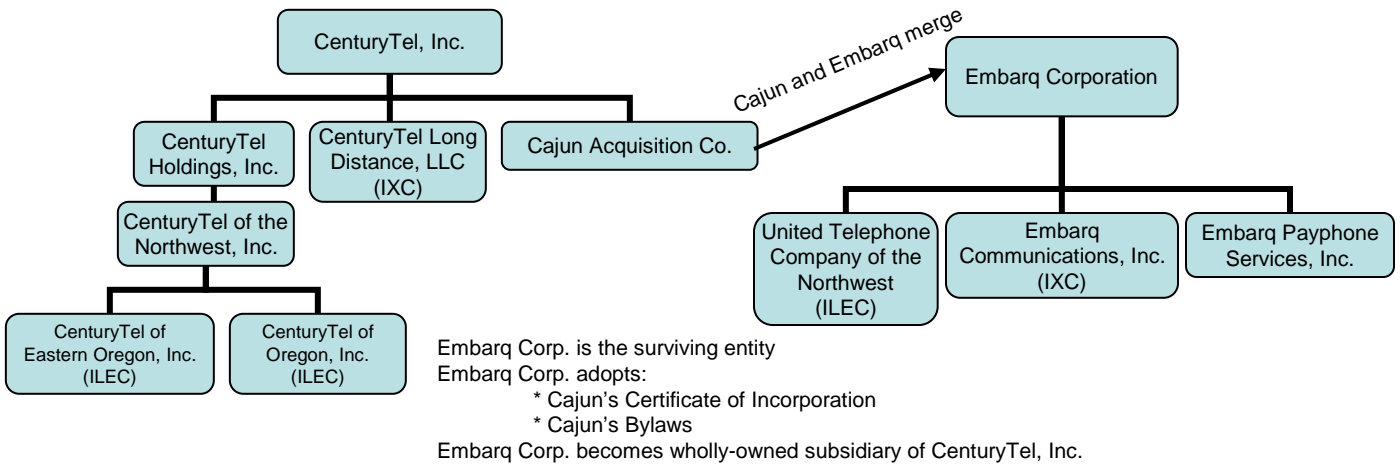
OREGON

Organizational Structure Diagrams

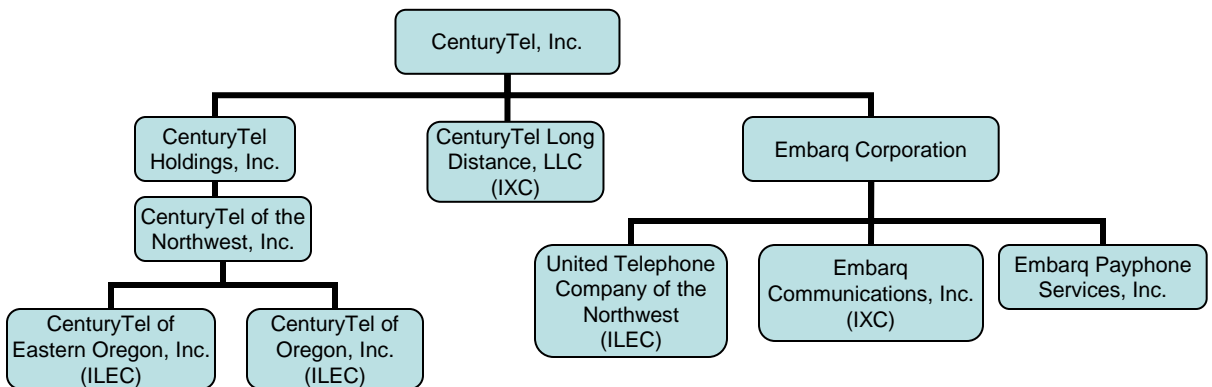
Pre-Merger



Merger



Post-Merger



* 8 Directors from Pre-Merger CenturyTel, Inc.
 * 7 Directors from Pre-Merger Embarq Corp.

ANNUAL REPORT FORM O

Total Company and Total Oregon Operations

OF

United Telephone Company of the Northwest

(name of responding telecommunications cooperative or utility)

TO THE
PUBLIC UTILITY COMMISSION OF OREGON
Street Address: 550 Capitol Street NE Suite 215, Salem OR 97301-2551
Mailing Address: PO Box 2148, Salem OR 97308-2148

FOR THE YEAR ENDING DECEMBER 31, 2007

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- Ob-1..... Oregon Rate Base
- Ob-2..... Analysis of Oregon Depreciation and Amortization
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- Oi-1..... Oregon Income Statement
- Oi-2..... Full-Time Employees in Oregon
- Oi-3..... (not used)
- Oi-4..... Oregon Operating Taxes Other Than Federal Income Tax
- Os-1..... Oregon Switches and Access Lines in Service

© This schedule contains **CONFIDENTIAL** information.

* All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific LECs may leave portions of other schedules blank, as indicated in the instructions.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Schedules from other reports are not acceptable. See attached instructions for more information.

A-1. GENERAL INFORMATION

A. Identity of Respondent

1.	Exact Legal Name of Respondent: United Telephone Company of the Northwest	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): Same	
	Name of Person (including title) Whom OPUC Should Contact About This Report: Roger W. Hahn - Manager Business Analysis	Business Street Address: 5454 W. 110th Street, Overland Park, KS 66211-1204	Voice Telephone Number: 913-345-7537
2.	E-mail Address: roger.hahn@embarg.com	Mailing Address (if same as street address, write "SAME"): 5454 W 110th St; MS:KSOPJK0502, Overland Park, KS 66211	Facsimile Number: 913-345-6756

B. Other Published Annual Reports

- REPORT TO STOCKHOLDERS / MEMBERS.** A copy of the annual report to stockholders or members was will be sent to OPUC on or about April 1 2008.
- Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service was will be sent to OPUC on or about _____, _____.
- The respondent does not report to the Rural Utilities Service.
- ARMIS REPORT.** A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about _____, _____.
- The respondent does not file ARMIS reports with the Federal Communications Commission.
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached.

C. Signature

I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2007, through December 31, 2007.

 (signature) Richard B. Green Controller (date)
(printed or typed name) (printed or typed title)

Sch. B-1, Total Assets do not equal Total Liabilities.
 Sch. LEC, Part F, line 1 is incomplete.
 Sch. LEC, Parts G-J are incomplete.

Company: United Telephone Company of the Northwest

Schedules from other reports may be acceptable. See attached instructions for more information.

A-2. IMPORTANT CHANGES DURING THE YEAR

1. **CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY.** If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.
2. **CHANGES IN ACCOUNTING STANDARDS.** Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.
3. **CHANGES IN OWNERSHIP OR DIRECT CONTROL.** If ownership or direct control over the respondent changed during the year, provide the following information:
 - a. State the form of control (i.e., sole or joint).
 - b. State the names and addresses of the directly controlling organizations or persons.
 - c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.).
 - d. State the extent of control.
 - e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain.
 - f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust.

NOT REQUIRED, because the respondent is a cooperative.

1. None

2. Please see attached Embarq Corporation Securities & Exchange Commission Annual Report on Form 10K "Part II, Item 5-Managements Discussion & Analysis of Financial Condition & Results of Operations - Recently Adopted Accounting Pronouncements," Paragraph 8 on page 37.

Please see Part II, Item 5-Managements Discussion & Analysis of Financial Condition & Results of Operations - Significant New Accounting Pronouncements," Paragraph 1 on page 38.

3. Please see attached Embarq Corporation Securities & Exchange Commission Annual Report on Form 10K "Part I, Item 1 - Business," Paragraph 4 on Page 1.

A-3. STOCKHOLDERS

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
			<input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative.
1	Common Preferred	324,278	Embarq Corporation
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	Date of Compilation: December 31, 2007		

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

Sch. B-1, Total Assets do not equal Total Liabilities.

0

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Assets						
1	1120 Cash and Equivalents.....					1,171
2	1170 Receivables.....					31,334
3	1171 Allowance for Doubtful Accounts.....					(871)
4	1220 Inventories.....		<-- Beginning and Ending Balances Required -->			(0)
5	1280 Prepayments.....					304
6	1350 Other Current Assets.....					
7	Total Current Assets (lines 1..6).....					31,939
8	1406 Nonregulated Investments.....					101
9	1410 Other Noncurrent Assets.....					1,509
10	1438 Deferred Maintenance, Retirements, and Other Deferred Charges.....	32	<-- Beginning and Ending Balances Required -->			(102)
11	1500 Other Jurisdictional Assets - Net.....					
12	Total Noncurrent Assets (lines 8..11).....					1,508
13	2001 Telecommunications Plant in Service (line 58).....	481,208	<-- Beginning and Ending Balances Required -->			491,498
14	2002 Property Held for Future Telecommunications Use.....					
15	2003 Telecommunications Plant Under Construction.....					3,990
16	2005 Telecommunications Plant Adjustment.....		<-- Beginning and Ending Balances Required -->			
17	2006 Nonoperating Plant.....					0
18	2007 Goodwill.....					1,456
19	Total Plant (lines 13..18).....	481,208	<-- Beginning and Ending Balances Required -->			496,944

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

Sch. B-1, Total Assets do not equal Total Liabilities.

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B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Telecommunications Plant in Service						
20	2111 Land.....	895			(26)	869
21	2112 Motor Vehicles.....	3,270	189	311	(117)	3,031
22	2113 Aircraft.....					
23	2114 Tools and Other Work Equipment.....	4,830	195	3,021	407	2,411
24	2121 Buildings.....	24,839	128		(706)	24,261
25	2122 Furniture.....	573		3	(4)	567
26	2123 Office Equipment.....	678	(86)	119	(94)	380
27	2124 General Purpose Computers.....	607	(12)	469	83	210
28	Total Land and Support (lines 20..27).....	35,691	415	3,922	(456)	31,730
29	2211 Nondigital Switching.....					
30	2212.1 Digital Electronic Switching - Circuit.....	87,997	612	1,067	21	87,563
31	2212.2 Digital Electronic Switching - Packet.....	2,492	760	11	37	3,278
32	Total Central Office - Switching (lines 29..31).....	90,488	1,373	1,078	59	90,842
33	2220 Operator Systems.....					
34	2231 Radio Systems.....	6,093	127	579	(1)	5,639
35	2232.1 Circuit Equipment - Electronic.....	84,436	9,891	863	(177)	93,287
36	2232.2 Circuit Equipment - Optical.....	16,136	826	465	61	16,558
37	Total Circuit (lines 34..36).....	106,665	10,844	1,907	(117)	115,485
38	Total Switching and Central Office (lines 32..36).....	197,154	12,217	2,985	(59)	206,326
39	2310 Information Origination/Termination.....					
40	2351 Public Telephone Terminal Equipment.....					
41	2362 Other Terminal Equipment.....	2,093	83	1,536	161	800
42	Total Information Origination/Termination (lines 39..41).....	2,093	83	1,536	161	800

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

Sch. B-1, Total Assets do not equal Total Liabilities.

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B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
43	2411 Poles.....	7,543	218	(426)	(36)	8,152
44	2421.1 Aerial Cable - Metallic.....	49,427	775	403	16	49,814
45	2421.2 Aerial Cable - Nonmetallic.....	7,398	262		(5)	7,655
46	2422.1 Underground Cable - Metallic.....	7,827	30	10	(9)	7,837
47	2422.2 Underground Cable - Nonmetallic.....	2,380	13			2,393
48	2423.1 Buried Cable - Metallic.....	136,875	5,193	295	(327)	141,445
49	2423.2 Buried Cable - Nonmetallic.....	27,958	669	16	(137)	28,474
50	2424 Submarine and Deep Sea Cable.....	84				84
51	2426 Intrabuilding Network Cable.....	1,084	12	2		1,093
52	2431 Aerial Wire.....					
53	2441 Conduit Systems.....	5,542	23		(18)	5,546
54	Total Cable and Wire Facilities (lines 43..53).....	246,117	7,194	301	(517)	252,493
55	2680 Amortizable Tangible Assets.....	152			(4)	148
56	2690 Intangibles.....					
57	Total Other Assets (lines 55..56).....	152			(4)	148
58	Telecommunications Plant in Service (lines 28+38+42+54+57).....	481,208	19,909	8,744	(875)	491,498
Accumulated Depreciation and Amortization						
59	3100 Depreciation - Telecommunications Plant in Service.....	317,358	<-- Beginning and Ending Balances Required -->			341,446
60	3200 Depreciation - Property Held for Future Telecommunications Use.....		<-- Beginning and Ending Balances Required -->			
61	3300 Depreciation - Nonoperating.....		<-- Beginning and Ending Balances Required -->			
62	3410 Amortization.....	42	<-- Beginning and Ending Balances Required -->			44
63	Accumulated Depreciation and Amortization (lines 59..62).....	317,400	<-- Beginning and Ending Balances Required -->			341,490
64	Net Plant (line 19 less line 63).....	163,808	<-- Beginning and Ending Balances Required -->			155,454
65	Total Assets (lines 7+12+64).....					188,900

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

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B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Liabilities and Equity						
66	4010-4030 Accounts and Notes Payable.....					13,890
67	4040 Customer Deposits					42
68	4070 Income Taxes - Accrued.....					(273)
69	4080 Other Taxes - Accrued.....					854
70	4100 Net Current Deferred Operating Income Tax.....	1,185	<-- Beginning and Ending Balances Required -->			933
71	4110 Net Current Deferred Nonoperating Income Tax.....					(261)
72	4130 Other Current Liabilities.....					5,229
73	Total Current Liabilities (lines 66..72).....					20,414
74	4200 Long Term Debt.....					37,150
75	4310 Other Long Term Liabilities.....					4,113
76	4320 Unamortized Operating Investment Tax Credits - Net.....					
77	4330 Unamortized Nonoperating Investment Tax Credits - Net.....					
78	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....	20,262	<-- Beginning and Ending Balances Required -->			16,206
79	4340.2 Net Noncurrent Deferred Operating State Income Tax.....	2,327	<-- Beginning and Ending Balances Required -->			4,240
80	4341 Net Deferred Tax Liability Adjustments.....					(2,958)
81	4350 Net Noncurrent Deferred Nonoperating Income Tax.....					14
82	4361 Deferred Tax Regulatory Liability - Net.....	2,718	<-- Beginning and Ending Balances Required -->			2,522
83	4370 Other Jurisdictional Liabilities and Deferred Credits - Net.....		<-- Beginning and Ending Balances Required -->			
84	Total Other Liabilities and Deferred Credits (lines 74..83).....					61,286
85	4510 Capital Stock.....					17,265
86	4520 Additional Paid-In Capital.....					6,361
87	4530 Treasury Stock.....					
88	4540 Other Capital.....					(3,118)
89	4550 Retained Earnings (from Retained Earnings, below).....					86,692
90	Total Stockholders' Equity (lines 85..89).....					107,200
91	Total Liabilities and Equity (lines 73+84+90).....					188,900

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

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B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Retained Earnings						
92	460	Balance at January 1.....				85,461
93	465	Net Income (from Income Statement, Schedule I-1, line 82).....				14,601
94	470	Dividends Declared.....				13,367
95	475	Miscellaneous Debits (Include explanation in footnotes).....				3
96	480	Miscellaneous Credits (Include explanation in footnotes).....				
97	490	Balance at December 31 (lines 92+93+96 less line 94 less 95).....				86,692

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION								
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.							
	DEPRECIATION							
1	2112 Vehicles	2,203	297		236		2,264	9.4%
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	3,262	298		2,596		963	8.2%
4	2121 Buildings	10,948	645		358		11,236	2.6%
5	2122 Furniture	(393)	24		(17)		(352)	4.3%
6	2123 Office Equipment	1,706	30		764		972	5.7%
7	2124 General Purpose Computers	89	11		322		(223)	2.6%
8	Total Support (lines 1..7)	17,815	1,305		4,259		14,860	
9	2211 Nondigital Switching							
10	2212.1 Digital Electronic Switching - Circuit	71,463	6,887		1,121		77,229	7.8%
11	2212.2 Digital Electronic Switching - Packet	942	219		11		1,150	7.6%
12	Total Switching (lines 9..11)	72,405	7,106		1,132		78,379	
13	2220 Operator Systems							
14	2231 Radio Systems	4,987	541		597		4,931	9.2%
15	2232.1 Circuit Equipment - Electronic	51,216	9,873		873		60,216	11.1%
16	2232.2 Circuit Equipment - Optical	6,870	1,330		453		7,746	8.1%
17	Total Circuit (lines 14..16)	63,073	11,744		1,923		72,894	
18	2310 Information Origination/Termination							
19	2351 Public Tel. Terminal Equipment							
20	2362 Other Terminal Equipment	1,999	57		1,536		520	3.9%
21	2411 Poles	10,155	251		(71)		10,477	3.2%
22	2421.1 Aerial Cable - Metallic	49,627	3,320		186		52,762	6.7%
23	2421.2 Aerial Cable - Nonmetallic	2,956	447		0		3,403	5.9%
24	2422.1 Underground Cable - Metallic	7,154	420		11		7,563	5.4%
25	2422.2 Underground Cable - Nonmetallic	908	115				1,022	4.8%
26	2423.1 Buried Cable - Metallic	78,249	7,029		200		85,078	5.1%
27	2423.2 Buried Cable - Nonmetallic	9,193	1,282		16		10,459	4.5%
28	2424 Submarine and Deep Sea Cable	69	4				72	4.3%
29	2426 Intrabuilding Network Cable	848	58		2		905	5.4%
30	2431 Aerial Wire							
31	2441 Conduit Systems	2,908	144				3,052	2.6%
32	Total Cable and Wire (lines 21..31)	162,067	13,070		343		174,794	
33	Total Depreciation (lines 8+12+13+17+18+19+20+32)	317,358	33,282		9,194		341,446	6.4%

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION									
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)	
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)			
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.								
	AMORTIZATION								
34	2680 Amortizable Tangible Assets	42	2				44	2.4%	
35	2690 Intangibles								
36	Total Amortization (lines 34..35)	42	2				44		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-3. ANALYSIS OF CHARGES RELATED TO PLANT RETIRED						
Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.					
1	2112 Vehicles	311		(65)	(9)	236
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	3,021			(425)	2,596
4	2121 Buildings		29		329	358
5	2122 Furniture	3			(20)	(17)
6	2123 Office Equipment	119	2		644	764
7	2124 General Purpose Computers	469			(146)	322
8	2211 Nondigital Switching					
9	2212.1 Digital Electronic Switching - Circuit	1,067	60	(6)		1,121
10	2212.2 Digital Electronic Switching - Packet	11				11
11	2220 Operator Systems					
12	2231 Radio Systems	579	18			597
13	2232.1 Circuit Equipment - Electronic	863	33	(23)		873
14	2232.2 Circuit Equipment - Optical	465	18	(30)		453
15	2310 Information Origination/Termination					
16	2351 Public Tel. Terminal Equipment					
17	2362 Other Terminal Equipment	1,536				1,536
18	2411 Poles	(426)	47	(5)	312	(71)
19	2421.1 Aerial Cable - Metallic	403	133	(38)	(312)	186
20	2421.2 Aerial Cable - Nonmetallic		0			0
21	2422.1 Underground Cable - Metallic	10	6	(6)		11
22	2422.2 Underground Cable - Nonmetallic					
23	2423.1 Buried Cable - Metallic	295	43	(138)		200
24	2423.2 Buried Cable - Nonmetallic	16				16
25	2424 Submarine and Deep Sea Cable					
26	2426 Intrabuilding Network Cable	2	0			2
27	2431 Aerial Wire					
28	2441 Conduit Systems					
29	Total Charges Related to Plant Retired (lines 1..28)	8,744	389	(312)	372	9,194

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-4. LONG-TERM DEBT				
Line No.	Description of Obligation (a)	Balance Outstanding at the End of the Year (b)	Interest	
			Stated Rate On the Face Amount (c)	Dollar Amount Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.			
1	Series Q, issued 8/1/92, matures 8/1/17	29,000	8.77%	2,543
2	Series T, issued 7/1/93, matures 7/1/08	8,150	6.89%	562
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26	Total	37,150	8.36%	3,105

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are in thousands; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
Operating Revenues			
1	5000 Local Service Revenues.....	44,305	
2	5070 Distributions of State Universal Service Funds.....	2,207	
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	11,555	
4	5081.2 Collections of Federal Universal Service Funds.....	1,323	
5	5081.3 Collections of State Universal Service Funds.....	1,552	
6	5081.4 Distributions of Federal Universal Service Funds.....	2,989	
7	5081.5-9 Other Intrastate End User Revenues.....		
8	5082.1 Switched Access Revenue - Interstate.....	4,751	
9	5082.2 Switched Access Revenue - Intrastate.....	13,617	
10	5083.1 Special Access Revenue - Interstate.....	14,049	
11	5083.2 Special Access Revenue - Intrastate.....	2,693	
12	Total Network Access Revenues (lines 3..11).....	52,530	
13	5105 Long Distance Message Revenue.....	505	
14	5200.1 Directory Revenue.....	228	(This space is not used.)
15	5200.2 Carrier Billing and Collection Revenue.....	1,729	
16	5200.3 Other Miscellaneous Revenue.....	1,677	
17	Total Miscellaneous Revenues (lines 14..16).....	3,633	
18	5280 Nonregulated Operating Revenue.....		
19	5300 Uncollectible Revenues.....	513	
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	102,667	
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues.....	35,323	
Operating Expenses			
22	6110-6114 Network Support Expenses.....	59	
23	6120-6124 General Support Expenses.....	4,061	
24	6211 Nondigital Switching Expense.....		
25	6212.1 Digital Electronic Expense - Circuit.....	2,023	
26	6212.2 Digital Electronic Expense - Packet.....		
27	Total Central Office Switching Expenses (lines 24..26).....	2,023	

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

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2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
28	6220 Operator Systems Expense.....	0	
29	6231 Radio System Expense.....	14	
30	6232.1 Circuit Equipment Expense - Electronic.....	1,738	
31	6232.2 Circuit Equipment Expense - Optical.....		
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	1,752	
33	6310-6341 Information Origination/Termination Expense.....	36	
34	6351 Public Telephone Terminal Equipment Expense.....		
35	6362 Other Terminal Equipment Expense.....	42	
36	Total Information Origination/Termination (lines 33..35).....	78	
37	6411 Poles Expense.....	2,502	
38	6421 Aerial Cable Expense.....	2,191	
39	6422 Underground Cable Expense.....	108	
40	6423 Buried Cable Expense.....	4,972	
41	6424 Submarine and Deep Sea Cable Expense.....		
42	6426 Intrabuilding Network Cable Expense.....	3	
43	6431 Aerial Wire Expense.....		(This space is not used.)
44	6441 Conduit Systems Expense.....	1	
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	9,778	
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	17,750	
47	6511 Property Held for Future Telecommunications Use Expense.....		
48	6512 Provisioning Expense.....	(55)	
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	(55)	
50	6530-6535 Network Operations Expenses.....	5,298	
51	6540 Access Expense.....	698	
52	6550.1 Federal Universal Support Contributions.....	1,376	
53	6550.2 State Universal Support Contributions.....	1,785	
54	Total Universal Service Fund Contributions (lines 52..53).....	3,162	
55	6560.1 Depreciation - Telecommunications Plant in Service.....	33,217	<-- B-2, Total of Column (c) Depreciation
56	6560.2 Depreciation - Property Held for Future Telecommunications Use.....		
57	6560.3 Amortization Expense.....	2	<-- B-2, Total of Column (c) Amortization
58	Total Depreciation and Amortization Expenses (lines 55..57).....	33,219	
59	Total Plant Nonspecific Expenses (lines 49+50+51+54+58).....	42,320	

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

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2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
60	6610-6613 Marketing Expenses.....	4,206	
61	6620 Services Expenses.....	4,789	
62	Total Customer Operations Expenses (lines 60..61).....	8,996	
63	6720 General and Administrative Expense.....	11,761	
64	6790 Less: Provision for Uncollectible Notes Receivable.....		
65	Total Operating Expenses (lines 46+59+62+63-64).....	80,827	
66	Net Revenue (line 20 less line 65).....	21,841	
Other Income and Expenses			
67	7100 Other Operating Income and Expenses.....		
68	7210 Operating Investment Tax Credits - Net.....		
69	7220 Operating Federal Income Taxes.....	8,497	(This space is not used.)
70	7230 Operating State and Local Income Taxes.....	814	
71	7240 Operating Other Taxes.....	5,346	
72	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(3,861)	
73	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(347)	
74	Net Operating Taxes (lines 68..73).....	10,448	
75	Net Operating Income (lines 66+67-74).....	11,392	
76	7300 Nonoperating Income and Expenses.....	1,237	
77	7400 Nonoperating Taxes.....	473	
78	7500 Interest and Related Items.....	2,983	
79	7600 Extraordinary Items.....		
80	7910 Income Effect of Jurisdictional Differences - Net.....		
81	7990 Nonregulated Net Income.....	5,428	
82	Net Income (lines 75+76+79+80+81-77-78).....	14,601	
I-2. FULL-TIME EMPLOYEES			
1	Management Employees (Regulated Activities).....	59	(This space is not used.)
2	Nonmanagement Employees (Regulated Activities).....	211	
3	Employees Allocated From or Paid by Affiliated Companies (Regulated Activities).....		
4	Total Full-Time Employees (lines 1..3 - Regulated Activities).....	270	

Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS										
Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year						Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	Amount Charged to Oregon Operating Accounts (i)
		Total Compensation Paid by Respondent								
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation					
					Total Amount (e)	Description (f)				
A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year.										
A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.										
1	William E. Cheek - President	2,238	48		4,840	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	727,462	734,587	7,125	
2	Claudia S. Toussaint - Vice President & Secretary	2,337	8		7,986	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	1,054,802	1,065,134	10,332	
3	Thomas A. Gerke - Vice President & Secretary	4,358			18,172	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	2,300,146	2,322,676	22,530	
4	Gene M. Betts - Vice President & Treasurer	3,908			10,817	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	1,503,313	1,518,038	14,725	
5	Leslie H. Meredith - Vice President & Assistant Treasurer	2,671			4,926	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	775,573	783,170	7,597	
6	Daniel A. Alcazar - Vice President	2,209			4,605	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	695,673	702,487	6,814	
7	Harry S. Campbell - Vice President	3,193			10,181	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	1,365,333	1,378,707	13,373	
8	Kelly M. Carnago - Vice President	1,284			2,273	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	363,119	366,676	3,557	
9	Louis Carrion - Vice President	2,053	13		4,705	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	691,319	698,090	6,771	
10	Stephen S. Carter - Vice President	1,909	6		3,761	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	579,502	585,178	5,676	
11	Dana L. Chase - Vice President	1,670	5		2,177	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	393,374	397,227	3,853	
12	Melanie K. Coleman - Vice President	2,086			1,765	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	393,128	396,979	3,851	
13	Esther G. Eisenfeld - Vice President	1,853	3		2,988	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	494,545	499,389	4,844	
14	Richard B. Green - Vice President	2,056			3,543	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	571,706	577,305	5,600	
15	James A. Hansen - Vice President	2,972			7,341	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	1,052,957	1,063,271	10,314	
16	Ned Holland - Vice President	2,573			7,147	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	992,342	1,002,062	9,720	
17	Dennis G. Huber - Vice President	2,571	14		6,739	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	952,006	961,331	9,325	
18	Mark R. Kenyon - Vice President	1,344	17		3,155	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	461,130	465,646	4,517	
19	Jeffrey Lynch - Vice President	1,495	7		2,235	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	381,552	385,289	3,737	
20	Ellen S. Martin - Vice President	1,730	9		1,883	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	369,808	373,430	3,622	
21	Thomas J. McEvoy - Vice President	3,161			10,827	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	1,428,002	1,441,989	13,987	
22	Vallerie Parrish-Porter - Vice President	2,389			5,324	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	787,434	795,147	7,713	
23	Susan S. Sarna - Vice President	1,443	5		1,999	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	351,863	355,309	3,447	
24	Christopher D. Schneider - Vice President	1,598	2		1,968	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	364,295	367,863	3,568	
25	Michael L. Seitz - Vice President	2,419			5,515	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	809,969	817,903	7,934	
26	Nancy L. Shelledy - Vice President	1,966	19		3,960	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	606,924	612,868	5,945	
27	Robert H. Sloboda - Vice President	1,916	37		3,911	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	598,671	604,535	5,864	

Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS										
Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year								Amount Charged to Oregon Operating Accounts (i)
		Total Compensation Paid by Respondent						Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)	
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation					
					Total Amount (e)	Description (f)				
28	Loren V. Sprouse - Vice President	2,144			4,746	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	703,513	710,404	6,891	
29	Patrick W. Stutzman - Vice President	1,996	31		3,672	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	581,898	587,597	5,700	
30	Kenneth D. Wyatt - Vice President	1,411	15		2,164	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	366,486	370,076	3,590	
31	David W. Zesinger - Vice President	2,503			1,056	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	363,376	366,935	3,559	
32	Thomas C. Apel - Assistant Secretary	1,254	3		358	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	164,911	166,526	1,615	
33	Zsuzanna E. Benedek - Assistant Secretary	1,228	1		802	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	207,448	209,480	2,032	
34	Michael J. Eason - Assistant Secretary	1,363	2		232	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	163,002	164,598	1,597	
35	Gayle Hickman - Assistant Secretary	1,172	7		309	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	152,048	153,538	1,489	
36	Hal L. Holmquist - Assistant Secretary	1,216			1,088	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	235,235	237,539	2,304	
37	Richard A. Hrip - Assistant Secretary	1,304			1,501	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	286,391	289,197	2,805	
38	Jeffrey M. Johns - Assistant Secretary	1,111	1		159	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	129,734	131,005	1,271	
39	Tracy D. Mackey - Assistant Secretary	1,397	3		879	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	232,759	235,039	2,280	
40	Wayne C. Mathisen - Assistant Secretary	1,192	3		885	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	212,349	214,429	2,080	
41	Joseph R. Stewart - Assistant Secretary	1,326			1,240	Incentive Pay, Savings Plan, Club Dues, Relocation, Telephone Concession	261,956	264,522	2,566	

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Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-4. OPERATING TAXES OTHER THAN FEDERAL INCOME TAX			
Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.		
	State Income Tax:		(This space is not used.)
1	Current	814	
2	Current Deferred	497	
3	Prior Deferred	(844)	
4	Total Current and Deferred State Income Tax (lines 1..3)	467	
5	7240 Property Taxes	2,320	
6	7240 Privilege Taxes, Fees, and Other Assessments	305	
7	7240 Other Taxes	2,720	
8	Total Other Operating Taxes (lines 4..7)	5,813	

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Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-6. RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	103,180	52,124	12,845
2	Total expenses (Accounts 6xxx and 5300)	81,337	41,111	7,327
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	9,490	168	
4	Operating Taxes Other Than Federal (Accounts 72xx)	5,360	2,095	255
5	Nonoperating Taxes (Accounts 74xx)	757	245	
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	3,005	1,439	12
7	Net income before federal income tax (lines 1..6)	22,211	7,402	5,251
8	Tax additions (identify):			
9	Book Depreciation	33,439	19,332	129
10	Abandoned Property Reserve	65	38	
11	Deferred Compensation & Interest		(0)	0
12	Interest During Construction - Tax Basis - current year	163	95	
13	Inventory Reserve	8		5
14	State Audit Reserve	(925)	(538)	
15	Meals and Entertainment	64	37	
16	OPEBs	(221)	(1,484)	1,358
17	PAC and Legislative Expense	3		2
18	Call Premium Bond Retirement	12	7	
19	Station Connections - current year	4	2	(0)
20	Gain/(loss) on Sale of Fixed Assets			
21	Restructuring charges			
22	Unicap - current year	485	282	
23	Bk/Tx Basis Diffs	(17)	(10)	
24	Deferred State Income Tax	(478)	(347)	(132)
25	Total additions (lines 9..24)	32,602	17,414	1,361
26	Tax deductions and nontaxable income (identify):			
27	Bad Debts	(49)	27	(56)
28	Cost of Removal	359	209	
29	EIPP (net), KMSIP (net), WRP (net)			
30	Interest During Construction - Book Basis - current year	48	28	
31	Integration Costs	11	(33)	40
32	Medical Subsidy			
33	Universal Service Fund Exclusion	5,196	3,024	
34	Pensions Accrued	(611)	(512)	156
35	Warranty Reserve Expense	(8)		(4)

Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-6. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAX				
Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
36	Tax Depreciation	15,028	8,669	77
37	Property Tax	(283)	(164)	(1)
38	Revenue Reserves & Interest	(6)	(4)	
39	Other Book Reserves - Bonuses accrued	(26)	(15)	
40	Total deductions (lines 27..39)	19,658	11,228	212
41	Taxable net income as shown on tax return (lines 7+25-40)	35,155	13,588	6,400
42	Tax computation and adjustments (identify):			
43	Federal Tax Rate	35%	35%	35%
44	Current Federal Tax Expenses (lines 41*43)	12,304	4,756	2,240
45	Adjustments			
46	2006 to Actual	489	(756)	350
47	Tax Deficiency Reserves			
48	Total current federal income tax expense (lines 44..47)	12,793	4,000	2,590
49	Net investment tax credits			
50	Current deferred federal income tax expense	(4,688)	(2,257)	(402)
51	Prior deferred federal income tax expense	(497)	439	(350)
52	Net federal income tax expense shown on Schedule I-1 (lines 24..27)	7,608	2,182	1,838
<input type="checkbox"/> Federal income tax information is not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs extra time because:				

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-7. RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX				
Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	103,180	52,124	12,845
2	Total expenses (Accounts 6xxx and 5300)	81,337	41,111	7,327
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	9,490	(77)	
4	Operating Taxes Other Than Oregon State (Accounts 72xx)	5,360	1,628	8
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	3,005	1,439	12
7	Net income before Oregon income tax (lines 1..6)	22,968	7,869	5,498
8	Tax additions (identify):			
9	Book Depreciation	33,439	19,332	129
10	COE Software- current year	65	38	
11	Deferred Compensation & Interest		(0)	0
12	Interest During Construction - Tax Basis - current year	163	95	
13	Inventory Reserve	8		5
14	IRS Interest	(925)	(538)	
15	Meals and Entertainment	64	37	
16	OPEBs	(220)	(1,484)	1,358
17	PAC and Legislative Expense	3		2
18	Call Premium Bond Retirement	12	7	
19	Station Connections - current year	4	2	(0)
20	Gain/(loss) on Sale of Fixed Assets			
21	Restructuring charges			
22	Unicap - current year	485	282	
23	Bk/Tx Basis Diffs	(17)	(10)	
24	Adjustment for apportionment difference		(1,366)	(1,149)
25	Total additions (lines 9..24)	33,080	16,395	344
26	Tax deductions and nontaxable income (identify):			
27	Bad Debts	(49)	27	(56)
28	Cost of Removal	359	209	
29	EIPP (net), KMSIP (net), WRP (net)			
30	Interest During Construction - Book Basis - current year	48	28	
31	Integration Costs	11	(33)	40
32	Software Capitalized			
33	Monitoring Reserves	5,196	3,024	
34	Pensions Accrued	(609)	(512)	156
35	Warranty Reserve Expense	(8)		(4)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-7. RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
36	Tax Depreciation	15,028	8,669	77
37	Property Tax	(283)	(164)	(1)
38	Revenue Reserves & Interest	(6)	(4)	
39	Other Book Reserves	(26)	(15)	
40	Total deductions (lines 27..39)	19,658	11,228	212
41	Taxable income on tax return (lines 7+25-40)	36,390	13,036	5,630
42	Apportionment factor (applies to multistate companies)	51.2879%		
43	Apportioned taxable income	18,664	13,036	5,630
44	Oregon income tax rate	6.600%	6.600%	6.600%
45	Oregon income tax	1,232	860	372
46	Adjustments:			
47	2006 taxes	3	(46)	49
48	Apportioned impact			
49	Total current Oregon income tax expense (lines 23..24)	1,235	814	421
50	Current deferred Oregon income tax expense	(448)	(374)	(74)
51	Prior deferred Oregon income tax expense	(30)	27	(57)
52	Net Oregon income taxes on Schedule I-1 (lines 25..27)	757	467	290

Oregon excise (corporate income) tax information is not available. The respondent will file this data with OPUC on or about _____, _____.
The respondent needs extra time because:

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS
A. Cost Allocation Manual (CAM)

- The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-034-0740.
- The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.
- The respondent's filed CAM is not up to date. A revised CAM is attached.
- The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about _____, _____.
 The respondent needs this extra time because _____

B. Intercompany Loans

Line No.	Name of Affiliated Company (a)	Respondent Lent (L) or Borrowed (B) (b)	Highest Amount Outstanding During Year (c)	Total Interest Accrued During the Year (d)
	<input checked="" type="checkbox"/> NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405. <input type="checkbox"/> REQUIRED: The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1				
2				
3				
4				
5				
6				

C. Intracompany Transfers and Payments

Line No.	Segment or Division of Respondent (a)	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts subject to Part 64) (b)	Total Company Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
	<input checked="" type="checkbox"/> NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405. <input type="checkbox"/> REQUIRED: The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1				
2				
3				
4				
5				
6				
7	Other Transfers or Payments (where annual amounts < \$50,000)			
8	Total Intracompany Transactions			

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS				
D. Intercompany Transactions				
Line No.	Name of Affiliated Company (a)	Description of Transaction and Date of Contract (b)	Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input checked="" type="checkbox"/>	NOT REQUIRED. The respondent is an average schedule company, or a cooperative that does not make annual access charge filings, or subject to price cap regulation under ORS 759.405			
<input checked="" type="checkbox"/>	SEE PART E. The utility does not make annual access charge filings.			
<input type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
	(1) Total Payments Made by the Respondent to Affiliated Companies During the Year:			
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11	Total Other Payments (where annual payments < \$50,000)			
12	Total Payments Made by the Respondent to Affiliated Companies During the Year			
	(2) Total Payments Made by Affiliated Companies to the Respondent During the Year:			
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Other Payments (where annual payments < \$50,000)			
24	Total Payments Made by Affiliated Companies to the Respondent During the Year			

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS			
E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges			
	Names of Parties to Affiliated Interest Contracts Issued During the Year (a)	Dollar Amount of the Contract (b)	Date of Contract (c)
<input checked="" type="checkbox"/>	NOT REQUIRED. The respondent is an average schedule company or a cooperative that does not make annual access charge filings.		
<input type="checkbox"/>	NOT REQUIRED. The respondent is a cost company and makes annual access charge filings. See Part D.		
<input checked="" type="checkbox"/>	REQUIRED (ORS 759.393 and OARs 860-027-0100 and 860-034-0396). Utility does not make annual access charge filings. List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL COMPANY OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-1. SWITCHES AND ACCESS LINES IN SERVICE			
Line No.	Description (a)	Balance at End of Year (b)	
1	Total Central Office Switches in Service	62	
Access Lines in Service by Customer:			
Residential Access Lines:			
2	Single Party.....	87,957	
3	Multiparty.....		
4	Total Residential Access Lines (lines 2..3)	87,957	
Business Access Lines:			
5	Single Line.....	24,578	
6	Multi Line.....		
7	PBX Trunks.....	6,447	
8	Centrex-CO Line Count.....	8,753	
9	ISDN "B" Channels.....		
10	Total Business Access Lines (lines 5..9)	39,778	
Other Access Lines:			
11	Radio Common Carrier (RCC) and Mobile.....		
12	WATS Closed End (inWATS and outWATS).....	2	
13	Switched Access - FGA FX/ONAL.....	96	
14	Payphone (public and semipublic).....	8	
15	UNE Network Access Channels (NACs).....		
16	Dedicated (non-switched) Private Lines and Special Access.....		
17	Wideband Data Lines.....		
18	Other.....	10,225	
19	Total Other Access Lines (lines 11..18)	10,331	
20	Total Access Lines (lines 4+10+19)	138,066	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-1. OREGON RATE BASE						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
1	1220 Inventories.....		<-- Beginning and Ending Balances Required -->			
2	1438 Deferred Maintenance, Retirements, and Other Deferred Charges....	1,380	<-- Beginning and Ending Balances Required -->			1,376
3	2005 Telecommunications Plant Adjustment.....		<-- Beginning and Ending Balances Required -->			
4	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....	(6,013)	<-- Beginning and Ending Balances Required -->			(2,611)
5	4340.2 Net Noncurrent Deferred Operating State Income Tax.....	2,968	<-- Beginning and Ending Balances Required -->			(4,240)
Telecommunications Plant in Service						
6	2111 Land.....	540			(14)	526
7	2112 Motor Vehicles.....	2,488	189	257	(119)	2,301
8	2113 Aircraft.....					
9	2114 Tools and Other Work Equipment.....	3,870	161	2,037	272	2,267
10	2121 Buildings.....	17,126	96		(483)	16,739
11	2122 Furniture.....	633		3	(4)	626
12	2123 Office Equipment.....	709	(156)	131	(77)	345
13	2124 General Purpose Computers.....	610	(12)	469	83	213
14	Total Land and Support (lines 6..13).....	25,975	279	2,896	(343)	23,016
15	2211 Nondigital Switching.....					
16	2212.1 Digital Electronic Switching - Circuit.....	42,854	338	638	(2)	42,553
17	2212.2 Digital Electronic Switching - Packet.....	1,552	44	7	39	1,627
18	Total Central Office - Switching (lines 15..17).....	44,406	382	645	37	44,180
19	2220 Operator Systems.....					
20	2231 Radio Systems.....	1,469		350		1,119
21	2232.1 Circuit Equipment - Electronic.....	39,698	3,101	357	(15)	42,426
22	2232.2 Circuit Equipment - Optical.....	8,453	466	169	(78)	8,672
23	Total Circuit (lines 20..22).....	49,619	3,567	877	(93)	52,217
24	Total Switching and Central Office (lines 18..22).....	94,025	3,950	1,522	(56)	96,397
25	2310 Information Origination/Termination.....					
26	2351 Public Telephone Terminal Equipment.....					
27	2362 Other Terminal Equipment.....	953	46	792	107	313
28	Total Information Origination/Termination (lines 25..27).....	953	46	792	107	313

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-1. OREGON RATE BASE						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
29	2411 Poles.....	3,907	95	40	(45)	3,917
30	2421.1 Aerial Cable - Metallic.....	26,618	493	294	98	26,915
31	2421.2 Aerial Cable - Nonmetallic.....	3,769	144		95	4,008
32	2422.1 Underground Cable - Metallic.....	2,263	20	8	245	2,520
33	2422.2 Underground Cable - Nonmetallic.....	1,163	8		(301)	869
34	2423.1 Buried Cable - Metallic.....	58,709	2,865	187	328	61,715
35	2423.2 Buried Cable - Nonmetallic.....	16,725	403	16	4,188	21,300
36	2424 Submarine and Deep Sea Cable.....	53			(2)	51
37	2426 Intrabuilding Network Cable.....	465	7	2	13	483
38	2431 Aerial Wire.....					
39	2441 Conduit Systems.....	2,775	18		68	2,862
40	Total Cable and Wire Facilities (lines 29..39).....	116,446	4,053	546	4,686	124,639
41	2680 Amortizable Tangible Assets.....	56			(1)	55
42	2690 Intangibles.....					
43	Total Other Assets (lines 41..42).....	56			(1)	55
44	Telecommunications Plant in Service (lines 14+24+28+40+43).....	237,456	8,328	5,756	4,393	244,420
Accumulated Depreciation and Amortization						
45	3100 Depreciation - Telecommunications Plant in Service.....	165,502	<-- Beginning and Ending Balances Required -->			175,222.5
46	3200 Depreciation - Property Held for Future Telecommunications Use....	2	<-- Beginning and Ending Balances Required -->			(2)
47	3300 Depreciation - Nonoperating.....		<-- Beginning and Ending Balances Required -->			
48	3400-3600 Amortization.....	41	<-- Beginning and Ending Balances Required -->			40
49	Accumulated Depreciation & Amortization (lines 45..48).....	165,545	<-- Beginning and Ending Balances Required -->			175,260
50	Net Plant (line 44 less line 49).....	71,911	<-- Beginning and Ending Balances Required -->			69,160

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-2 ANALYSIS OF OREGON DEPRECIATION AND AMORTIZATION								
Line No	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.							
	DEPRECIATION							
1	2112 Vehicles	1,597	189		190		1,596	7.9%
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	2,525	243		1,750		1,018	7.9%
4	2121 Buildings	8,801	431		261		8,971	2.5%
5	2122 Furniture	(228)	24		1		(205)	3.9%
6	2123 Office Equipment	1,650	29		717		962	5.5%
7	2124 General Purpose Computers	159	9		380		(212)	2.1%
8	Total Support (lines 1..7)	14,503	925		3,299		12,129	
9	2211 Nondigital Switching							
10	2212.1 Digital Electronic Switching - Circuit	36,817	3,604		663		39,757	8.4%
11	2212.2 Digital Electronic Switching - Packet	646	132		7		771	8.3%
12	Total Switching (lines 9..11)	37,463	3,736		670		40,528	
13	2220 Operator Systems							
14	2231 Radio Systems	1,103	96		368		831	7.4%
15	2232.1 Circuit Equipment - Electronic	28,525	3,748		353		31,920	9.1%
16	2232.2 Circuit Equipment - Optical	4,244	779		155		4,868	9.1%
17	Total Circuit (lines 14..16)	33,872	4,623		875		37,619	
18	2310 Information Origination/Termination							
19	2351 Public Tel Terminal Equipment							
20	2362 Other Terminal Equipment	880	0		792		88	0.0%
21	2411 Poles	3,760	220		61		3,919	5.6%
22	2421.1 Aerial Cable - Metallic	25,223	1,788		375		26,636	6.7%
23	2421.2 Aerial Cable - Nonmetallic	1,407	200		0		1,607	5.1%
24	2422.1 Underground Cable - Metallic	2,543	159		8		2,693	6.6%
25	2422.2 Underground Cable - Nonmetallic	436	57				493	5.6%
26	2423.1 Buried Cable - Metallic	38,293	3,398		133		41,558	5.6%
27	2423.2 Buried Cable - Nonmetallic	5,326	763		16		6,074	4.0%
28	2424 Submarine and Deep Sea Cable	51	2				53	4.8%
29	2426 Intra-building Network Cable	377	17		2		392	3.5%
30	2431 Aerial Wire							
31	2441 Conduit Systems	1,368	64				1,432	2.3%
32	Total Cable and Wire (lines 21..31)	78,784	6,668		594		84,858	
33	Total Depreciation (lines 8+12+13+17+18+19+20+32)	165,502	15,952		6,231		175,222	6.3%

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Ob-2 ANALYSIS OF OREGON DEPRECIATION AND AMORTIZATION								
Line No	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.							
	AMORTIZATION							
34	2680 Amortizable Tangible Assets	41			1		40	0.0%
35	2690 Intangibles							
36	Total Amortization (lines 34..35)	41			1		40	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest
TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

Ob-3. ANALYSIS OF CHARGES RELATED TO OREGON PLANT RETIRED						
Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. Ob-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED, because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.					
1	2112 Vehicles	257		(53)	(13)	190
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	2,037			(286)	1,750
4	2121 Buildings		4		257	261
5	2122 Furniture	3			(1)	1
6	2123 Office Equipment	131	2		584	717
7	2124 General Purpose Computers	469			(89)	380
8	2211 Nondigital Switching					
9	2212.1 Digital Electronic Switching - Circuit	638	31	(5)		663
10	2212.2 Digital Electronic Switching - Packet	7				7
11	2220 Operator Systems					
12	2231 Radio Systems	350	18			368
13	2232.1 Circuit Equipment - Electronic	357	18	(23)		353
14	2232.2 Circuit Equipment - Optical	169	9	(24)		155
15	2310 Information Origination/Termination					
16	2351 Public Tel. Terminal Equipment					
17	2362 Other Terminal Equipment	792				792
18	2411 Poles	40	25	(4)		61
19	2421.1 Aerial Cable - Metallic	294	90	(9)		375
20	2421.2 Aerial Cable - Nonmetallic		0			0
21	2422.1 Underground Cable - Metallic	8	6	(6)		8
22	2422.2 Underground Cable - Nonmetallic					
23	2423.1 Buried Cable - Metallic	187	31	(86)		133
24	2423.2 Buried Cable - Nonmetallic	16				16
25	2424 Submarine and Deep Sea Cable					
26	2436 Intrabuilding Network Cable	2	0			2
27	2431 Aerial Wire					
28	2441 Conduit Systems					
29	Total Charges Related to Oregon Plant Retired (lines 1..28)	5,756	234	(210)	451	6,231

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are in thousands; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Oi-1. OREGON INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
	<u>Operating Revenues</u>		
1	5000 Local Service Revenues.....	22,321	
2	5070 Distributions of State Universal Service Funds.....	2,207	
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	5,295	
4	5081.2 Collections of Federal Universal Service Funds.....	598	
5	5081.3 Collections of State Universal Service Funds.....	1,552	
6	5081.4 Distributions of Federal Universal Service Funds.....	1,337	
7	5081.5-9 Other Intrastate End User Revenues.....		
8	5082.1 Switched Access Revenue - Interstate.....	2,206	
9	5082.2 Switched Access Revenue - Intrastate.....	4,631	
10	5083.1 Special Access Revenue - Interstate.....	7,848	
11	5083.2 Special Access Revenue - Intrastate.....	1,680	
12	Total Network Access Revenues (lines 3..11).....	25,145	
13	5105 Long Distance Message Revenue.....	241	
14	5200.1 Directory Revenue.....	146	
15	5200.2 Carrier Billing and Collection Revenue.....	841	
16	5200.3 Other Miscellaneous Revenue.....	1,222	
17	Total Miscellaneous Revenues (lines 14..16).....	2,209	
18	5280 Nonregulated Operating Revenue.....	0	
19	5300 Uncollectible Revenues.....	220	
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	51,903	
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues....	17,608	
	<u>Operating Expenses</u>		
22	6110-6114 Network Support Expenses.....	27	
23	6120-6124 General Support Expenses.....	2,102	
24	6211 Nondigital Switching Expense.....		
25	6212.1 Digital Electronic Expense - Circuit.....	1,048	
26	6212.2 Digital Electronic Expense - Packet.....		
27	Total Central Office Switching Expenses (lines 24..26).....	1,048	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are in thousands; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Oi-1. OREGON INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
28	6220 Operator Systems Expense.....	0	
29	6231 Radio System Expense.....	7	
30	6232.1 Circuit Equipment Expense - Electronic.....	835	
31	6232.2 Circuit Equipment Expense - Optical.....	-	
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	843	
33	6310-6341 Information Origination/Termination Expense.....	17	
34	6351 Public Telephone Terminal Equipment Expense.....	-	
35	6362 Other Terminal Equipment Expense.....	14	
36	Total Information Origination/Termination (lines 33..35).....	31	
37	6411 Poles Expense.....	1,998	
38	6421 Aerial Cable Expense.....	1,322	
39	6422 Underground Cable Expense.....	85	
40	6423 Buried Cable Expense.....	2,364	
41	6424 Submarine and Deep Sea Cable Expense.....	-	
42	6426 Intrabuilding Network Cable Expense.....	1	
43	6431 Aerial Wire Expense.....	-	
44	6441 Conduit Systems Expense.....	(1)	
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	5,768	
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	9,818	
47	6511 Property Held for Future Telecommunications Use Expense.....	-	
48	6512 Provisioning Expense.....	(24)	
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	(24)	
50	6530-6535 Network Operations Expenses.....	2,575	
51	6540 Access Expense.....	373	
52	6550.1 Federal Universal Support Contributions.....	637	
53	6550.2 State Universal Support Contributions.....	1,605	
54	Total Universal Service Fund Contributions (lines 52..53).....	2,242	
55	6560.1 Depreciation - Telecommunications Plant in Service.....	15,886	
56	6560.2 Depreciation - Property Held for Future Telecommunications Use.....	-	
57	6560.3 Amortization Expense.....	-	<--ob2, Total of Column (c) Amortization
58	Total Depreciation and Amortization Expenses (lines 55..57).....	15,886	
59	Total Plant Nonspecific Expenses (lines 49+50+51+54+58).....	21,053	

(This space is not used.)

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are in thousands; other amounts are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

Oi-1. OREGON INCOME STATEMENT				
Line No.	Description (a)	Total Amount During the Year (b)		
60	6610-6613 Marketing Expenses.....	1,975	(This space is not used.)	
61	6620 Services Expenses.....	2,321		
62	Total Customer Operations Expenses (lines 60..61).....	4,296		
63	6720 General and Administrative Expense.....	5,724		
64	6790 Less: Provision for Uncollectible Notes Receivable.....	-		
65	Total Operating Expenses (lines 46+59+62+63-64).....	40,890		
66	Net Revenue (line 20 less line 65).....	11,013		
Other Income and Expenses				
67	7100 Other Operating Income and Expenses.....	-		
68	7210 Operating Investment Tax Credits - Net.....	-		
69	7220 Operating Federal Income Taxes.....	4,000		
70	7230 Operating State and Local Income Taxes.....	814		
71	7240 Operating Other Taxes.....	1,628		
72	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(1,818)		
73	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(347)		
74	Net Operating Taxes (lines 68..73).....	4,277		
75	Net Operating Income (lines 66+67-74).....	6,736		
76	7300 Nonoperating Income and Expenses.....	168		
77	7400 Nonoperating Taxes.....	245		
78	7500 Interest and Related Items.....	1,439		
79	7600 Extraordinary Items.....	-		
80	7910 Income Effect of Jurisdictional Differences - Net.....	-		
81	7990 Nonregulated Net Income.....	4,047		
82	Net Income (lines 75+76+79+80+81-77-78).....	9,267		
Oi-2. FULL-TIME EMPLOYEES IN OREGON				
1	Management Employees (Regulated Activities).....	44	(This space is not used.)	
2	Nonmanagement Employees (Regulated Activities).....	146		
3	Total Full-Time Employees (Regulated Activities).....	190		
4	Number of Employees On Line 3 Doing Work for Both Regulated and Non-regulated Activities.....			

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. Dollars are shown in thousands.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Oi-4. OREGON OPERATING TAXES OTHER THAN FEDERAL INCOME TAX			
Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/>	NOT REQUIRED, because the respondent is an average schedule company; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.		
	<u>State Income Tax:</u>		
1	Current	814	
2	Current Deferred	497	
3	Prior Deferred	(844)	
4	Total Current and Deferred State Income Tax (lines 1..3)	467	
5	7240 Property Taxes	1,250	
6	7240 Privilege Taxes, Fees, and Other Assessments	222	(This space is not used.)
7	7240 Other Taxes	156	
8	Total Other Operating Taxes (lines 4..7)	2,095	

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Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

Os-1. OREGON SWITCHES AND ACCESS LINES IN SERVICE			
Line No.	Description (a)	Balance at End of Year (b)	
1	Total Central Office Switches in Service	29	
	Access Lines in Service by Customer:		
	Residential Access Lines:		
2	Single Party.....	42,478	
3	Multiparty.....		
4	Total Residential Access Lines (lines 2..3)	42,478	
	Business Access Lines:		
5	Single Line.....	12,431	
6	Multi Line.....		
7	PBX Trunks.....	2,975	
8	Centrex-CO Line Count.....	1,134	
9	ISDN "B" Channels.....		
10	Total Business Access Lines (lines 5..9)	16,540	
	Other Access Lines:		
11	Radio Common Carrier (RCC) and Mobile.....		
12	WATS Closed End (inWATS and outWATS).....	2	
13	Switched Access - FGA FX/ONAL.....		
14	Payphone (public and semipublic).....	3	
15	UNE Network Access Channels (NACs).....		
16	Dedicated (non-switched) Private Lines and Special Access.....		
17	Wideband Data Lines.....		
18	Other.....	5,973	
19	Total Other Access Lines (lines 11..18)	5,978	
20	Total Access Lines (lines 4+10+19)	64,996	

(This space is not used.)

Company: United Telephone Company of the Northwest

TOTAL OREGON OPERATIONS

CONFIDENTIAL

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-2. MINUTES OF USE		
Line No.	Description (a)	Total Amount During the Year (b)
<u>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</u>		
Access Minutes Billed to Qwest Corporation :		
1	Interstate Minutes.....	Redacted
2	Intrastate Minutes (IntraLATA).....	Redacted
3	Total Access Minutes Billed to Qwest (lines 1+2).....	Redacted
Access Minutes Billed to Embarq/United Telephone Company of the Northwest :		
4	Interstate Minutes.....	Redacted
5	Intrastate Minutes (IntraLATA).....	Redacted
6	Total Access Minutes Billed to Embarq (lines 4+5).....	Redacted
Access Minutes Billed to Verizon Northwest :		
7	Interstate Minutes.....	Redacted
8	Intrastate Minutes (IntraLATA).....	Redacted
9	Total Access Minutes Billed to Verizon (lines 7+8).....	Redacted
Access Minutes Billed to Other IXCs :		
10	Interstate Minutes.....	Redacted
11	Intrastate Minutes (InterLATA and IntraLATA).....	Redacted
12	Total Access Minutes Billed to Other IXCs (lines 10+11).....	Redacted
13	Total Access Minutes Billed to IXCs (lines 3+6+9+12).....	#VALUE!
<u>Oregon Toll Conversation Minutes</u>		
14	January 1 through March 31.....	Redacted
15	April 1 through June 30.....	Redacted
16	July 1 through September 30.....	Redacted
17	October 1 through December 31.....	Redacted
18	Total Toll Originating Minutes (lines 14..17).....	Redacted
<u>Percent of Total Toll Conversation Minutes Originating in Oregon</u>		
19	Interstate Minutes.....	#VALUE!
20	Intrastate Minutes (InterLATA and IntraLATA).....	#VALUE!
21	Total Toll Minutes Originating in Oregon (lines 19+20) <i>(must equal 100%)</i>	#VALUE!

Minutes of use are not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs this extra time because:

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

LEC. ANNUAL REPORT FOR LOCAL EXCHANGE CARRIERS		
A. Identity of Respondent		
1	Exact Legal Name of Respondent (You): United Telephone Company of the Northwest	Certificate of Authority Granted in Docket No. OPUC ID No.: UM73 25
	Business Street Address, City, State, Zip: 5454 W. 110th Street Overland Park, KS 66211-1204	
	5454 W. 110th St; MS:KSOPJK0502, Overland Park, KS 66211	
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): Same	
3	Former Business Names (if none, write "NONE"):	
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest":	
5	Name of Person (including title) Whom OPUC Should Contact About This Report: Roger W. Hahn - Manager Business Analysis	Voice Telephone Number: 913-345-7537
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 5454 W. 110th Street Overland Park, KS 66211-1204	
	E-mail Address: roger.hahn@embarq.com	Facsimile Number: 913-345-6756
6	Name of Person (including title) Whom the General Public Should Contact: Roger W. Hahn - Manager Business Analysis	Voice Telephone Number: 913-345-7537
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 5454 W. 110th Street Overland Park, KS 66211-1204	
	E-mail Address: roger.hahn@embarq.com	Facsimile Number: 913-345-6756
B. OPUC Action Needed		
<input checked="" type="checkbox"/> UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records. <input type="checkbox"/> CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process. <input type="checkbox"/> SEND SUMMARY REPORT TO YOU. If you want OPUC to send a copy of staff's summary report about local exchange carriers to the person listed under Question 5 in Part A, check this box.		
C. Signature		
I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's telecommunications operations in Oregon.		
_____ (signature)		_____ (date)
_____ Linda K. Gardner (typed or printed name)		_____ Vice President State Regulatory Affairs (typed or printed title)
(Failure to file this report may result in loss of certificate of authority.)		

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

OPUC ID No.: 25

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

D. Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. **(NOTE: If you check this box, you MUST complete the rest of this section.)**
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
William Broderick, District Manager	800-877-4421	
Oregon Utility Notification Center (OUNC) District Code Numbers:		
Unknown		
SAFETY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:
Edward B. Clement Jr.	913-345-7741	edward.b.clement@embarq.com

E. Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1.544 Mbps).
- 2b Intrastate private line service – higher capacity (1.544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.01, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year. **(NOTE that you must still complete Section K of this report.)**

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)

- Skip Part F, because Box 11 in Part E is checked.
- If Box 11 in Part E is not checked. Therefore, please complete Part F.

Table F. Telecommunications Operations in Oregon

Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	Redacted
2	Oregon Lines at the End of the Year	Redacted
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	Redacted
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year:	
	a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>)	Redacted
	b. Interstate Toll Conversation Minutes as a Percentage of Total	Redacted
	c. Intrastate Toll Conversation Minutes as a Percentage of Total	Redacted
	d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	Redacted

G. Local Exchange Switched Service (CONFIDENTIAL)

- Skip Part G, because Box 1 in Part E is not checked.
- If Box 1 in Part E is checked. Therefore, please complete Part G.

1. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of ILECs?
 - NO. Skip to Part G, Question 4.
 - YES.
2. What type of rate did you pay ILECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Where in Oregon did you provide the local exchange services, which were purchased from ILECs for resale? Provide the approximate percent of lines in each region at year end:

Table G3. Percentage of Respondent-Provided Local Exchange Lines by Region at Year End

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (<i>must equal 100%</i>) (g)
% of Lines							

4. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of CLECs?
 - NO. Skip to Part G, Question 7.
 - YES.
5. What type of rate did you pay CLECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or CLEC).

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

6. Where in Oregon did you provide the local exchange services, which were purchased from CLECs for resale? Provide the approximate percent of lines in each region at year end:

Table G6. Percentage (%) of Respondent-Provided Local Exchange Lines By Region at Year End Provided Through Resale of CLECs' Retail Services

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (must equal 100%) (g)
% of Lines							

7. For CLECs: Did you purchase or lease UNE-P or UNE-P equivalents from ILECs in Oregon during the year?
 NO.
 YES. Complete Tables G7a and G7b.

Table G7a. UNE-P Purchased or Leased by CLECs from ILECs

Line	Description (a)	Units Purchased for Residential Use (b)	Units Purchased for Business Use (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

Table G7b. UNE-P Purchased or Leased by CLECs from ILECs

UNE-P (a)	Portland Metropolitan (b)	Willamette Valley (c)	Southwest Interior (d)	Coast (e)	Central (f)	East (g)
Residential UNE-P						
Residential Equivalent						
Business UNE-P						
Business Equivalent						

8. For ILECs: Did you sell or lease UNE-P or UNE-P equivalents to CLECs in Oregon during the year?
 NO.
 YES. Complete Table G8.

Table G8. UNE-P Sold or Leased by ILECs to CLECs

Line	Description (a)	Number of UNE-P in Oregon at Year End from ILECs (b)	Gross Oregon Revenues Billed for December Services from UNE-P in Column (b) (c)
1	UNE-P	Redacted	Redacted
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

9. Did you provide local exchange switched service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO.
 YES. You owned and operated the following types of facilities during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

10. Report the following information for Oregon customers to whom you provided local exchange switched service during the year, including UNE-P and UNE-P Equivalent above:

Table G10. Local Exchange Switched Service

Line	Type of Service (a)	Customers at Year End (b)	Lines at Year End (c)	Gross Oregon Revenues Billed from Lines in Column (c)	
				During December (d)	During the Year (e)
1	Residential	Redacted	Redacted	Redacted	Redacted
2	Business	Redacted	Redacted	Redacted	Redacted
3	Wholesale (such as sales to resellers)	Redacted	Redacted	Redacted	Redacted

11. Consistent with your answer in Table G10, Column C above, report the number of local exchange lines you provided at year end in the six geographic regions shown below, by customer type.

**Table G11. Local Exchange Lines by Region and Type of Customer at Year End
 Detail of Table G10, Column C**

Line	Regions (a)	Residential (b)	Business (c)	Wholesale (d)
1	Portland Metropolitan	Redacted	Redacted	
2	Willamette Valley	Redacted	Redacted	
3	Southwest Interior	Redacted	Redacted	
4	Coast	Redacted	Redacted	
5	Central	Redacted	Redacted	Redacted
6	East			
7	Total (lines 1 through 6)			Redacted

H. Intrastate Private Line Service (CONFIDENTIAL)

- Skip Part H, because Boxes 2a and 2b in Part E are not checked.
- If Box 2a in Part E is checked, please complete Part H.
- If Box 2b in Part E is checked, please complete Part H.

1. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of ILECs?
 - NO. Skip to Part H, Question 3.
 - YES.
2. What type of rate did you pay the ILECs for retail intrastate private line service by reselling in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of CLECs?
 - NO. Skip to Part H, Question 6.
 - YES.

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

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Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

4. What type of rate did you pay CLECs for retail intrastate private line service in Oregon during the year?
 Wholesale discounted rate.
 Full retail rate.
 Both rates (depends on which service or CLEC).
5. For CLECs: Did you provide intrastate private line service in Oregon during the year, at least in part, by purchasing or leasing UNEs from ILECs?
 NO. Skip to Part H, Question 6.
 YES. Complete Table H5.

Table H5. UNEs Purchased or Leased from ILECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

6. For ILECs: Did you sell UNEs for intrastate private line service in Oregon during the year to CLECs?
 NO.
 YES. Complete Table H6.

Table H6. UNEs Sold or Leased to CLECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport	redacted	redacted

7. Did you provide intrastate private line service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO. Skip to Part H, Question 9.
 YES. You owned and operated the following types of facilities in Oregon during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

8. Report the following information for Oregon customers to whom you provided intrastate private line service in Oregon during the year:

Table H8. Intrastate Private Line Service

Line	Description (a)	Amount (b)
1	Number of Private Line Customers at Year End	redacted
2	Number of Private Line Circuits at Year End:	
	a. Lower Capacity (less than 1.544 Mbps)	redacted
	b. Higher Capacity (1.544 Mbps or higher)	redacted
3	Gross Oregon Revenues Billed for December Services from Circuits	redacted
4	Annual Gross Oregon Revenues Billed for Services from Circuits	redacted

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

OPUC ID No.: 25

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

9. Consistent with the number of circuits provided in Table H8, lines 2a and 2b above, report the number of intrastate private line circuit terminations you provided in the six geographic regions shown below.
 Note: One private line circuit is counted as two or more terminations.

Table H9. Intrastate Private Line Circuits Terminations by Region at Year End
 Detail of Table H8, Column B, Lines 2a and 2b

Line	Regions (a)	Lower Capacity (b)	Higher Capacity (c)	Total (b+c) (d)
1	Portland Metropolitan	redacted	redacted	redacted
2	Willamette Valley	redacted	redacted	redacted
3	Southwest Interior	redacted	redacted	redacted
4	Coast	redacted	redacted	redacted
5	Central	redacted	redacted	redacted
6	East			

I. Digital Subscriber Line (xDSL) (CONFIDENTIAL)

- Skip Part I, because Box 4 in Part E is not checked.
 If Box 4 in Part E is checked, please complete Part I.

1. Did you provide xDSL service to Oregon customers during the year?
 NO. Skip to Part J.
 YES. Complete Tables I1 and I2.

Table I1. xDSL Service Provided

Line	Description (a)	Units (b)
1	Number of xDSL at Year End	redacted
2	Gross Oregon Billed Revenues for xDSL:	
	a. Services Rendered in December	redacted
	b. Services Rendered During the Year	redacted

Table I2. xDSL Service Provided by Region at Year End

Line	Regions (a)	Units (b)
1	Portland Metropolitan	redacted
2	Willamette Valley	redacted
3	Southwest Interior	redacted
4	Coast	redacted
5	Central	redacted
6	East	

Company: United Telephone Company of the Northwest
 OREGON OPERATIONS

OPUC ID No.: 25

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

J. Providing Telecommunications Services through Other Facilities

- Skip Part I, because Boxes 8 and 9 in Part E are not checked.
- If Boxes 8 or 9 in Part E are checked, please complete Table J.

Table J. Other Facilities

Line	Service Provided By (a)	No. of Customers (b)	No. of Phone Numbers (c)
1	Facilities Other than Cable and VoIP		
2	Cable Television Facilities		
3	VoIP		

K. Business Plans and Competition (CONFIDENTIAL)

1. Provide your capital expenditures for local exchange service (not wireless or long distance services) allocated to Oregon at year end (*check one box*):
 - Less than \$10,000.
 - \$10,000 - \$50,000.
 - \$50,001 - \$100,000.
 - \$100,000 - \$1 million.
 - \$1,000,001 - \$10 million.
 - More than \$10 million.

2. What do you believe are the reasons that you do not have a bigger share of Oregon's residential market (*check all that apply*)?
 - Cannot compete on price.
 - Cannot compete on facilities.
 - The incumbent local exchange carrier has name familiarity.
 - Do not have enough of your own network capacity.
 - Competition from cell phones.
 - Lower customer density makes residential competition difficult or expensive.
 - Other (*explain*): Competition from VoiP

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
 PUC must receive your completed report by April 1, 2008.

Address it to the attention of:

Annual Reports, Utility Program
 Public Utility Commission of Oregon
 PO Box 2148
 Salem, Oregon 97308-2148
 Facsimile: (503) 373-7752

ANNUAL REPORT FORM O

Total Company and Total Oregon Operations

OF

CenturyTel of Eastern Oregon, Inc.

(name of responding telecommunications cooperative or utility)

TO THE
PUBLIC UTILITY COMMISSION OF OREGON

Street Address: 550 Capitol Street NE Suite 215, Salem OR 97301-2551

Mailing Address: PO Box 2148, Salem OR 97308-2148

FOR THE YEAR ENDING DECEMBER 31, 2007

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- Ob-1..... Oregon Rate Base
- Ob-2..... Analysis of Oregon Depreciation and Amortization
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- Oi-1..... Oregon Income Statement
- Oi-2..... Full-Time Employees in Oregon
- Oi-3..... (not used)
- Oi-4..... Oregon Operating Taxes Other Than Federal Income Tax
- Os-1..... Oregon Switches and Access Lines in Service

© This schedule contains **CONFIDENTIAL** information.

* All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific LECs may leave portions of other schedules blank, as indicated in the instructions.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Schedules from other reports are not acceptable. See attached instructions for more information.

A-1. GENERAL INFORMATION

A. Identity of Respondent

1.	Exact Legal Name of Respondent: CenturyTel of Eastern Oregon, Inc.	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): SAME	
	Name of Person (including title) Whom OPUC Should Contact About This Report: Ted Hankins - Director of Economic Analysis	Business Street Address: 100 CenturyTel Drive Monroe, LA 71203	Voice Telephone Number: (318) 388-9416
2.	E-mail Address: ted.hankins@centurytel.com	Mailing Address (if same as street address, write "SAME"): P.O. Box 4065 Monroe, LA 71211	Facsimile Number: (318) 388-9602

B. Other Published Annual Reports

- REPORT TO STOCKHOLDERS / MEMBERS.** A copy of the annual report to stockholders or members was will be sent to OPUC on or about _____, _____.
 Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service was will be sent to OPUC on or about _____, _____.
 The respondent does not report to the Rural Utilities Service.
- ARMIS REPORT.** A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about _____, _____.
 The respondent does not file ARMIS reports with the Federal Communications Commission.
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached.

C. Signature

I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2007, through December 31, 2007.

 (signature) Neil Sweasy Vice President & Controller _____
 (printed or typed name) (printed or typed title) (date)

Sch. LEC, Part F, line 1 is incomplete.

Sch. LEC, Parts G-J are incomplete.

Company: CenturyTel of Eastern Oregon, Inc.

Schedules from other reports may be acceptable. See attached instructions for more information.

A-2. IMPORTANT CHANGES DURING THE YEAR

<p>1. CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY. If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.</p> <p>2. CHANGES IN ACCOUNTING STANDARDS. Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.</p> <p>3. CHANGES IN OWNERSHIP OR DIRECT CONTROL. If ownership or direct control over the respondent changed during the year, provide the following information:</p> <ul style="list-style-type: none"> a. State the form of control (i.e., sole or joint). b. State the names and addresses of the directly controlling organizations or persons. c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.). d. State the extent of control. e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain. f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust. 	<p><input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative.</p> <p style="text-align: center;">NONE</p> <p style="text-align: center;">NONE</p> <p style="text-align: center;">NONE</p>
---	--

A-3. STOCKHOLDERS

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
			<input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative.
1	Common Preferred	5,492	CenturyTel of the Northwest, Inc.
2		250	CenturyTel of the Northwest, Inc.
3			
4			
5			
6			
7			
8			
9			
10			
11	Date of Compilation: December 31, 2007		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Assets						
1	1120 Cash and Equivalents.....					31,200,071
2	1170 Receivables.....					2,458,633
3	1171 Allowance for Doubtful Accounts.....					(92,704)
4	1220 Inventories.....	5,485	<-- Beginning and Ending Balances Required -->			7,236
5	1280 Prepayments.....					106,460
6	1350 Other Current Assets.....					
7	Total Current Assets (lines 1..6).....					33,679,696
8	1406 Nonregulated Investments.....					21,502
9	1410 Other Noncurrent Assets.....					
10	1438 Deferred Maintenance, Retirements, and Other Deferred Charges.....	4,908	<-- Beginning and Ending Balances Required -->			3,757
11	1500 Other Jurisdictional Assets - Net.....					
12	Total Noncurrent Assets (lines 8..11).....					25,259
13	2001 Telecommunications Plant in Service (line 58).....	212,040,933	<-- Beginning and Ending Balances Required -->			212,177,990
14	2002 Property Held for Future Telecommunications Use.....					
15	2003 Telecommunications Plant Under Construction.....					387,929
16	2005 Telecommunications Plant Adjustment.....	18,715,168	<-- Beginning and Ending Balances Required -->			18,715,168
17	2006 Nonoperating Plant.....					3,399
18	2007 Goodwill.....					
19	Total Plant (lines 13..18).....	230,756,101	<-- Beginning and Ending Balances Required -->			231,284,486

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Telecommunications Plant in Service						
20	2111 Land.....	158,696				158,696
21	2112 Motor Vehicles.....	1,171,201	98,332	61,235	9,769	1,218,067
22	2113 Aircraft.....					
23	2114 Tools and Other Work Equipment.....	923,682	40,091	21,831	(4,611)	937,331
24	2121 Buildings.....	6,431,337	94,591	14,513		6,511,415
25	2122 Furniture.....					
26	2123 Office Equipment.....	35,172		15,758		19,414
27	2124 General Purpose Computers.....	175,280	6,103	4,791	17,847	194,439
28	Total Land and Support (lines 20..27).....	8,895,368	239,117	118,128	23,005	9,039,362
29	2211 Nondigital Switching.....					
30	2212.1 Digital Electronic Switching - Circuit.....	18,830,465	352,766	1,592,271	(811)	17,590,149
31	2212.2 Digital Electronic Switching - Packet.....					
32	Total Central Office - Switching (lines 29..31).....	18,830,465	352,766	1,592,271	(811)	17,590,149
33	2220 Operator Systems.....					
34	2231 Radio Systems.....	7,051,147	133,564	486,342		6,698,369
35	2232.1 Circuit Equipment - Electronic.....	6,474,522	1,164,390	2,154,556	26,750,530	32,234,886
36	2232.2 Circuit Equipment - Optical.....	28,645,491	518,828	10,035	(26,749,766)	2,404,518
37	Total Circuit (lines 34..36).....	42,171,160	1,816,782	2,650,933	764	41,337,773
38	Total Switching and Central Office (lines 32..36).....	61,001,625	2,169,548	4,243,204	(47)	58,927,922
39	2310 Information Origination/Termination.....					
40	2351 Public Telephone Terminal Equipment.....					
41	2362 Other Terminal Equipment.....					
42	Total Information Origination/Termination (lines 39..41).....					

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
43	2411 Poles.....	1,614,230	28,422	2,836	477	1,640,293
44	2421.1 Aerial Cable - Metallic.....	7,121,987	147,952	28,003	(3,241)	7,238,695
45	2421.2 Aerial Cable - Nonmetallic.....	1,005,896	39,389			1,045,285
46	2422.1 Underground Cable - Metallic.....	1,204,889	5,598			1,210,487
47	2422.2 Underground Cable - Nonmetallic.....	132,804				132,804
48	2423.1 Buried Cable - Metallic.....	113,523,472	1,855,145	90,040	(513)	115,288,064
49	2423.2 Buried Cable - Nonmetallic.....	15,070,655	126,708	8,376		15,188,987
50	2424 Submarine and Deep Sea Cable.....					
51	2426 Intrabuilding Network Cable.....	133,560				133,560
52	2431 Aerial Wire.....	201,786		4,060		197,726
53	2441 Conduit Systems.....	2,102,797	144			2,102,941
54	Total Cable and Wire Facilities (lines 43..53).....	142,112,076	2,203,358	133,315	(3,277)	144,178,842
55	2680 Amortizable Tangible Assets.....					
56	2690 Intangibles.....	31,864				31,864
57	Total Other Assets (lines 55..56).....	31,864				31,864
58	Telecommunications Plant in Service (lines 28+38+42+54+57).....	212,040,933	4,612,023	4,494,647	19,681	212,177,990
Accumulated Depreciation and Amortization						
59	3100 Depreciation - Telecommunications Plant in Service.....	175,867,327	<-- Beginning and Ending Balances Required -->			181,860,066
60	3200 Depreciation - Property Held for Future Telecommunications Use.....		<-- Beginning and Ending Balances Required -->			
61	3300 Depreciation - Nonoperating.....		<-- Beginning and Ending Balances Required -->			
62	3410 Amortization.....	2,928,964	<-- Beginning and Ending Balances Required -->			2,929,017
63	Accumulated Depreciation and Amortization (lines 59..62).....	178,796,291	<-- Beginning and Ending Balances Required -->			184,789,083
64	Net Plant (line 19 less line 63).....	51,959,810	<-- Beginning and Ending Balances Required -->			46,495,403
65	Total Assets (lines 7+12+64).....					80,200,358

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Liabilities and Equity						
66	4010-4030 Accounts and Notes Payable.....					1,178,561
67	4040 Customer Deposits					89,488
68	4070 Income Taxes - Accrued.....					
69	4080 Other Taxes - Accrued.....					72,634
70	4100 Net Current Deferred Operating Income Tax.....		<-- Beginning and Ending Balances Required -->			
71	4110 Net Current Deferred Nonoperating Income Tax.....					
72	4130 Other Current Liabilities.....					1,213,113
73	Total Current Liabilities (lines 66..72).....					2,553,796
74	4200 Long Term Debt.....					7,483,632
75	4310 Other Long Term Liabilities.....					
76	4320 Unamortized Operating Investment Tax Credits - Net.....					
77	4330 Unamortized Nonoperating Investment Tax Credits - Net.....					
78	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....	2,786,476	<-- Beginning and Ending Balances Required -->			2,325,871
79	4340.2 Net Noncurrent Deferred Operating State Income Tax.....	562,580	<-- Beginning and Ending Balances Required -->			469,585
80	4341 Net Deferred Tax Liability Adjustments.....					
81	4350 Net Noncurrent Deferred Nonoperating Income Tax.....					
82	4361 Deferred Tax Regulatory Liability - Net.....		<-- Beginning and Ending Balances Required -->			
83	4370 Other Jurisdictional Liabilities and Deferred Credits - Net.....	75,079	<-- Beginning and Ending Balances Required -->			69,619
84	Total Other Liabilities and Deferred Credits (lines 74..83).....					10,348,707
85	4510 Capital Stock.....					303,100
86	4520 Additional Paid-In Capital.....					53,873,129
87	4530 Treasury Stock.....					
88	4540 Other Capital.....					
89	4550 Retained Earnings (from Retained Earnings, below).....					13,121,626
90	Total Stockholders' Equity (lines 85..89).....					67,297,855
91	Total Liabilities and Equity (lines 73+84+90).....					80,200,358

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Retained Earnings						
92	460	Balance at January 1.....				9,326,158
93	465	Net Income (from Income Statement, Schedule I-1, line 82).....				6,795,468
94	470	Dividends Declared.....				3,000,000
95	475	Miscellaneous Debits (Include explanation in footnotes).....				
96	480	Miscellaneous Credits (Include explanation in footnotes).....				
97	490	Balance at December 31 (lines 92+93+96 less line 94 less 95).....				13,121,626

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION								
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.							
	DEPRECIATION							
1	2112 Vehicles	551,949	170,183	9,009	50,924		680,217	14.10%
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	531,079	33,933		21,831	2,637	540,544	3.60%
4	2121 Buildings	4,202,451	213,094		14,513		4,401,032	3.30%
5	2122 Furniture							
6	2123 Office Equipment	34,329	458		15,758		19,029	6.10%
7	2124 General Purpose Computers	31,291	6,484	9,840	4,791	1,418	41,406	3.50%
8	Total Support (lines 1..7)	5,351,099	424,152	18,849	107,817	4,055	5,682,228	
9	2211 Nondigital Switching							
10	2212.1 Digital Electronic Switching - Circuit	16,946,005	181,006		1,593,174		15,533,837	9.90%
11	2212.2 Digital Electronic Switching - Packet							
12	Total Switching (lines 9..11)	16,946,005	181,006		1,593,174		15,533,837	
13	2220 Operator Systems							
14	2231 Radio Systems	7,039,693	73,364		486,342		6,626,715	11.70%
15	2232.1 Circuit Equipment - Electronic	2,549,234	433,502		(22,705,466)		25,688,202	7.50%
16	2232.2 Circuit Equipment - Optical	25,303,461	166,212		24,865,978		603,695	7.50%
17	Total Circuit (lines 14..16)	34,892,388	673,078		2,646,854		32,918,612	
18	2310 Information Origination/Termination							
19	2351 Public Tel. Terminal Equipment							
20	2362 Other Terminal Equipment							
21	2411 Poles	1,989,554	211,227		3,485		2,197,296	13.00%
22	2421.1 Aerial Cable - Metallic	7,275,596	660,289		44,593		7,891,292	9.20%
23	2421.2 Aerial Cable - Nonmetallic	125,491	55,674				181,165	5.40%
24	2422.1 Underground Cable - Metallic	1,148,482	91,673				1,240,155	7.60%
25	2422.2 Underground Cable - Nonmetallic	59,974	6,109				66,083	4.60%
26	2423.1 Buried Cable - Metallic	101,723,958	7,425,153		99,354		109,049,757	6.50%
27	2423.2 Buried Cable - Nonmetallic	5,365,066	681,691		8,631		6,038,126	4.50%
28	2424 Submarine and Deep Sea Cable							
29	2426 Intrabuilding Network Cable	133,564	(4)				133,560	7.60%
30	2431 Aerial Wire	41,949	19,524		4,498		56,975	9.70%
31	2441 Conduit Systems	814,201	56,779				870,980	2.70%
32	Total Cable and Wire (lines 21..31)	118,677,835	9,208,115		160,561		127,725,389	
33	Total Depreciation (lines 8+12+13+17+18+19+20+32)	175,867,327	10,486,351	18,849	4,508,406	4,055	181,860,066	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION									
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)	
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)			
<input type="checkbox"/>	NOT REQUIRED, because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.								
	AMORTIZATION								
34	2680 Amortizable Tangible Assets								
35	2690 Intangibles	2,928,964	53				2,929,017		
36	Total Amortization (lines 34..35)	2,928,964	53				2,929,017		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-3. ANALYSIS OF CHARGES RELATED TO PLANT RETIRED						
Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.					
1	2112 Vehicles	61,235			(10,311)	50,924
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	21,831				21,831
4	2121 Buildings	14,513				14,513
5	2122 Furniture					
6	2123 Office Equipment	15,758				15,758
7	2124 General Purpose Computers	4,791				4,791
8	2211 Nondigital Switching					
9	2212.1 Digital Electronic Switching - Circuit	1,592,271			903	1,593,174
10	2212.2 Digital Electronic Switching - Packet					
11	2220 Operator Systems					
12	2231 Radio Systems	486,342				486,342
13	2232.1 Circuit Equipment - Electronic	2,154,556			(24,860,021)	(22,705,465)
14	2232.2 Circuit Equipment - Optical	10,035			24,855,942	24,865,977
15	2310 Information Origination/Termination					
16	2351 Public Tel. Terminal Equipment					
17	2362 Other Terminal Equipment					
18	2411 Poles	2,836	614		35	3,485
19	2421.1 Aerial Cable - Metallic	28,003	7,997		8,593	44,593
20	2421.2 Aerial Cable - Nonmetallic					
21	2422.1 Underground Cable - Metallic					
22	2422.2 Underground Cable - Nonmetallic					
23	2423.1 Buried Cable - Metallic	90,040	15,693	(6,379)		99,354
24	2423.2 Buried Cable - Nonmetallic	8,376	255			8,631
25	2424 Submarine and Deep Sea Cable					
26	2426 Intrabuilding Network Cable					
27	2431 Aerial Wire	4,060	438			4,498
28	2441 Conduit Systems					
29	Total Charges Related to Plant Retired (lines 1..28)	4,494,647	24,997	(6,379)	(4,859)	4,508,406

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-4. LONG-TERM DEBT				
Line No.	Description of Obligation (a)	Balance Outstanding at the End of the Year (b)	Interest	
			Stated Rate On the Face Amount (c)	Dollar Amount Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.			
1	Rural Utilities Service	5,594,774	2.00%	118,373
2	Rural Utilities Service	2,914,100	5.00%	146,903
3				
4	Less Current Maturities	(1,025,242)		
5				
6				
7				
8				
9				
10				
11				
12				
13				
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17				
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21				
22				
23				
24				
25				
26	Total	7,483,632	3.54%	265,276

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
	Operating Revenues		
1	5000 Local Service Revenues.....	9,731,281	
2	5070 Distributions of State Universal Service Funds.....		
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	2,588,939	
4	5081.2 Collections of Federal Universal Service Funds.....	5,474,036	
5	5081.3 Collections of State Universal Service Funds.....	2,203,611	
6	5081.4 Distributions of Federal Universal Service Funds.....		
7	5081.5-9 Other Intrastate End User Revenues.....		
8	5082.1 Switched Access Revenue - Interstate.....	7,571,039	
9	5082.2 Switched Access Revenue - Intrastate.....	3,350,582	
10	5083.1 Special Access Revenue - Interstate.....	2,465,481	
11	5083.2 Special Access Revenue - Intrastate.....	1,297,373	
12	Total Network Access Revenues (lines 3..11).....	24,951,061	
13	5105 Long Distance Message Revenue.....	(5,324)	
14	5200.1 Directory Revenue.....	243,622	
15	5200.2 Carrier Billing and Collection Revenue.....	478,099	
16	5200.3 Other Miscellaneous Revenue.....	271,289	
17	Total Miscellaneous Revenues (lines 14..16).....	993,010	
18	5280 Nonregulated Operating Revenue.....		
19	5300 Uncollectible Revenues.....	47,423	
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	35,622,605	
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues....	18,389,409	
	Operating Expenses		
22	6110-6114 Network Support Expenses.....	65,081	
23	6120-6124 General Support Expenses.....	674,344	
24	6211 Nondigital Switching Expense.....		
25	6212.1 Digital Electronic Expense - Circuit.....	1,170,281	
26	6212.2 Digital Electronic Expense - Packet.....	98,905	
27	Total Central Office Switching Expenses (lines 24..26).....	1,269,186	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
28	6220 Operator Systems Expense.....		
29	6231 Radio System Expense.....	97,791	
30	6232.1 Circuit Equipment Expense - Electronic.....	29,116	
31	6232.2 Circuit Equipment Expense - Optical.....	912,555	
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	1,039,462	
33	6310-6341 Information Origination/Termination Expense.....		
34	6351 Public Telephone Terminal Equipment Expense.....		
35	6362 Other Terminal Equipment Expense.....		
36	Total Information Origination/Termination (lines 33..35).....		
37	6411 Poles Expense.....	257,543	
38	6421 Aerial Cable Expense.....	494,715	
39	6422 Underground Cable Expense.....	4,626	
40	6423 Buried Cable Expense.....	2,938,105	
41	6424 Submarine and Deep Sea Cable Expense.....	415	
42	6426 Intrabuilding Network Cable Expense.....	3,275	
43	6431 Aerial Wire Expense.....	6,381	
44	6441 Conduit Systems Expense.....	108	
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	3,705,168	
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	6,753,241	
47	6511 Property Held for Future Telecommunications Use Expense.....		
48	6512 Provisioning Expense.....	5,134	
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	5,134	
50	6530-6535 Network Operations Expenses.....	1,414,526	
51	6540 Access Expense.....	256,885	
52	6550.1 Federal Universal Support Contributions.....	455,267	
53	6550.2 State Universal Support Contributions.....	711,537	
54	Total Universal Service Fund Contributions (lines 52..53).....	1,166,804	
55	6560.1 Depreciation - Telecommunications Plant in Service.....	10,486,351	<-- B-2, Total of Column (c) Depreciation
56	6560.2 Depreciation - Property Held for Future Telecommunications Use.....		
57	6560.3 Amortization Expense.....	53	<-- B-2, Total of Column (c) Amortization
58	Total Depreciation and Amortization Expenses (lines 55..57).....	10,486,404	
59	Total Plant Nonspecific Expenses (lines 49+50+51+54+58).....	13,329,753	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.
 TOTAL COMPANY OPERATIONS

1. Dollars are whole.
2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
60	6610-6613 Marketing Expenses.....	512,835	
61	6620 Services Expenses.....	1,762,732	
62	Total Customer Operations Expenses (lines 60..61).....	2,275,567	
63	6720 General and Administrative Expense.....	3,035,052	
64	6790 Less: Provision for Uncollectible Notes Receivable.....		
65	Total Operating Expenses (lines 46+59+62+63-64).....	25,393,613	
66	Net Revenue (line 20 less line 65).....	10,228,992	
Other Income and Expenses			
67	7100 Other Operating Income and Expenses.....		
68	7210 Operating Investment Tax Credits - Net.....		
69	7220 Operating Federal Income Taxes.....	3,975,843	(This space is not used.)
70	7230 Operating State and Local Income Taxes.....	802,708	
71	7240 Operating Other Taxes.....	668,944	
72	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(460,479)	
73	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(92,970)	
74	Net Operating Taxes (lines 68..73).....	4,894,046	
75	Net Operating Income (lines 66+67-74).....	5,334,946	
76	7300 Nonoperating Income and Expenses.....	1,478,293	
77	7400 Nonoperating Taxes.....		
78	7500 Interest and Related Items.....	289,186	
79	7600 Extraordinary Items.....		
80	7910 Income Effect of Jurisdictional Differences - Net.....		
81	7990 Nonregulated Net Income.....	271,415	
82	Net Income (lines 75+76+79+80+81-77-78).....	6,795,468	
I-2. FULL-TIME EMPLOYEES			
1	Management Employees (Regulated Activities).....	1	(This space is not used.)
2	Nonmanagement Employees (Regulated Activities).....	32	
3	Employees Allocated From or Paid by Affiliated Companies (Regulated Activities).....		
4	Total Full-Time Employees (lines 1..3 - Regulated Activities).....	33	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year						Total Compensation Paid by Affiliates (g)	Total Compensation (Columns b+c+d+e+g) (h)
		Total Compensation Paid by Respondent				Other Compensation			
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Total Amount (e)	Description (f)			
	A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year. A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.								
1	Glen F. Post, III - Chairman & CEO								
2	Karen A. Puckett - President & COO								
3	R. Stewart Ewing, Jr. - Executive VP								
4	David D. Cole - Senior Vice President								
5	Michael E. Maslowski - Senior VP								
6	Stacey W. Goff - Senior VP, General								
7	Counsel, & Assistant Secretary								
8	Neil A. Sweasy - VP & Controller								
9	G. Clay Bailey - VP & Treasurer								
10	Terry Beeler - Vice President								
11	Tim Walden - Vice President								
12	Ivan Hughes - Vice President								
13	Jeff Glover - Vice President								
14	Timothy J. Grigar - General Manager								
15	Kay C. Buchart - Secretary								
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									

CONFIDENTIAL - SEE LEAH DOUGAN FOR ACTUAL REPORT SENT TO OREGON COMMISSION

Amount Charged to Oregon Operating Accounts <i>(i)</i>

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-4. OPERATING TAXES OTHER THAN FEDERAL INCOME TAX			
Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.		
	State Income Tax:		(This space is not used.)
1	Current	802,708	
2	Current Deferred	(92,970)	
3	Prior Deferred		
4	Total Current and Deferred State Income Tax (lines 1..3)	709,738	
5	7240 Property Taxes	505,502	
6	7240 Privilege Taxes, Fees, and Other Assessments		
7	7240 Other Taxes	163,442	
8	Total Other Operating Taxes (lines 4..7)	1,378,682	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-6. RECONCILIATION OF REPORTED NET INCOME
 WITH TAXABLE INCOME FOR FEDERAL INCOME TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	35,670,028	35,670,028	
2	Total expenses (Accounts 6xxx and 5300)	25,441,036	25,441,036	
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	1,930,003	1,482,934	447,069
4	Operating Taxes Other Than Federal (Accounts 72xx)	1,408,969	1,379,462	29,507
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	289,186	289,186	
7	Net income before federal income tax (lines 1..6)	10,460,840	10,043,278	417,562
	Tax additions (identify):			
8	Tax depreciation and amortization (additions)	1,395,655	1,395,269	386
9	Paid time off	10,426	10,426	
10	Bad debts	(2,612)	(2,612)	
11	Amortization plant acq; preop costs			
12	Uniform capitalization & other	87,763	87,763	
13	Total additions (lines 8..12)	1,491,232	1,490,846	386
	Tax deductions and nontaxable income (identify):			
14	Tax depreciation and amortization (deductions)			
15	Removal costs	24,898	24,898	
16	AFDC	6,913	6,913	
17	Deferred SIT	95,553	95,528	25
18				
19	Total deductions (lines 14..18)	127,364	127,339	25
20	Taxable net income as shown on tax return (lines 7+13-19)	11,824,708	11,406,785	417,923
	Tax computation and adjustments (identify):			
21	Current federal income tax expense	4,138,645	3,992,372	146,273
22	Adjustments-FAS109 true-up	(12,668)	(12,668)	
23				
24	Total current federal income tax expense (lines 21..23)	4,125,977	3,979,704	146,273
25	Net investment tax credits			
26	Current deferred federal income tax expense	(473,273)	(473,147)	(126)
27	Prior deferred federal income tax expense	12,668	12,668	
	Less federal income tax on RTB gain included in miscellaneous income	3,861	3,861	
28	Net federal income tax expense shown on Schedule I-1 (lines 24..27)	3,661,511	3,515,364	146,147
<input type="checkbox"/>	Federal income tax information is not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs extra time because:			

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-7. RECONCILIATION OF REPORTED NET INCOME
 WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	35,670,028	35,670,028	
2	Total expenses (Accounts 6xxx and 5300)	25,441,036	25,441,036	
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	1,930,003	1,482,934	447,069
4	Operating Taxes Other Than Oregon State (Accounts 72xx)	668,944	668,944	
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	289,186	289,186	
7	Net income before Oregon income tax (lines 1..6)	11,200,865	10,753,796	447,069
	Tax additions (identify):			
8	Tax depreciation and amortization (additions)	1,395,655	1,395,269	386
9	Paid time off	10,426	10,426	
10	Bad debts	(2,612)	(2,612)	
11	Uniform capitalization & other	87,763	87,763	
12	Total additions (lines 8..11)	1,491,232	1,490,846	386
	Tax deductions and nontaxable income (identify):			
13	Tax depreciation and amortization (deductions)			
14	Removal costs	24,898	24,898	
15	AFDC	6,913	6,913	
16				
17	Total deductions (lines 13..16)	31,811	31,811	
18	Taxable income on tax return (lines 7+12-17)	12,660,286	12,212,831	447,455
19	Apportionment factor (applies to multistate companies)	1.000	1.000	1.000
20	Apportioned taxable income	12,660,273	12,212,818	447,455
21	Oregon income tax rate	6.600%	6.600%	6.600%
22	Oregon income tax	835,578	806,046	29,532
	Adjustments:			
23	FAS109 true-up	(2,558)	(2,558)	
24				
25	Total current Oregon income tax expense (lines 23..24)	833,020	803,488	29,532
26	Current deferred Oregon income tax expense	(95,553)	(95,528)	(25)
27	Prior deferred Oregon income tax expense	2,558	2,558	
	Less federal income tax on RTB gain included in miscellaneous income	780	780	
28	Net Oregon income taxes on Schedule I-1 (lines 25..27)	739,245	709,738	29,507
<input type="checkbox"/>	Oregon excise (corporate income) tax information is not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs extra time because:			

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS

A. Cost Allocation Manual (CAM)

- The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-034-0740.
- The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.
- The respondent's filed CAM is not up to date. A revised CAM is attached.
- The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about _____, _____.
The respondent needs this extra time because _____

B. Intercompany Loans

Line No.	Name of Affiliated Company (a)	Respondent Lent (L) or Borrowed (B) (b)	Highest Amount Out-Standing During Year (c)	Total Interest Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405.			
<input checked="" type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1	N/A			
2				
3				
4				
5				
6				

C. Intracompany Transfers and Payments

Line No.	Segment or Division of Respondent (a)	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts subject to Part 64) (b)	Total Company Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input type="checkbox"/>	NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405.			
<input checked="" type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1	CenturyTel Service Group, Inc.	Allocations to Nonregulated Segments	52,071	
2	CenturyTel Supply Group, Inc.	Allocations to Nonregulated Segments	80,293	
3				
4				
5				
6				
7	Other Transfers or Payments (where annual amounts < \$50,000)		22,456	38,489
8	Total Intracompany Transactions		154,820	38,489

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS				
D. Intercompany Transactions				
Line No.	Name of Affiliated Company (a)	Description of Transaction and Date of Contract (b)	Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input type="checkbox"/>	NOT REQUIRED. The respondent is an average schedule company, or a cooperative that does not make annual access charge filings, or subject to price cap regulation under ORS 759.405			
<input type="checkbox"/>	SEE PART E. The utility does not make annual access charge filings.			
<input checked="" type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
	(1) Total Payments Made by the Respondent to Affiliated Companies During the Year:			
1	CenturyTel, Inc.	Allocations for services, etc.	434,519	
2	CenturyTel Service Group, Inc.	Allocations for services, etc.	5,100,065	
3	CenturyTel Supply Group, Inc.	Allocations for services, etc.	110,545	
4	CenturyTel Hldgs MO, Inc.	Allocations for services, etc.	485,299	
5	CenturyTel of Washington, Inc.	Allocations for services, etc.	313,118	
6	CenturyTel of Oregon	Allocations for services, etc.		2,174,742
7				
8				
9				
10				
11	Total Other Payments (where annual payments < \$50,000)		53,521	
12	Total Payments Made by the Respondent to Affiliated Companies During the Year		6,497,067	2,174,742
	(2) Total Payments Made by Affiliated Companies to the Respondent During the Year:			
13	CenturyTel Long Distance, Inc.	Billing & Collection/Special Access	316,054	
14	CenturyTel Internet, Inc.	Billing & Collection/Special Access	97,454	
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Other Payments (where annual payments < \$50,000)		30,035	
24	Total Payments Made by Affiliated Companies to the Respondent During the Year		443,543	

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS			
E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges			
	Names of Parties to Affiliated Interest Contracts Issued During the Year <i>(a)</i>	Dollar Amount of the Contract <i>(b)</i>	Date of Contract <i>(c)</i>
<input type="checkbox"/> NOT REQUIRED. The respondent is an average schedule company or a cooperative that does not make annual access charge filings. <input checked="" type="checkbox"/> NOT REQUIRED. The respondent is a cost company and makes annual access charge filings. See Part D. <input type="checkbox"/> REQUIRED (ORS 759.393 and OARs 860-027-0100 and 860-034-0396). Utility does not make annual access charge filings. List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.			

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-1. SWITCHES AND ACCESS LINES IN SERVICE			
Line No.	Description (a)	Balance at End of Year (b)	
1	Total Central Office Switches in Service	17	
Access Lines in Service by Customer:			
Residential Access Lines:			
2	Single Party.....	22,174	
3	Multiparty.....	12	
4	Total Residential Access Lines (lines 2..3)	22,186	
Business Access Lines:			
5	Single Line.....	1,853	
6	Multi Line.....	4,347	
7	PBX Trunks.....	461	
8	Centrex-CO Line Count.....	856	
9	ISDN "B" Channels.....		
10	Total Business Access Lines (lines 5..9)	7,517	
Other Access Lines:			
11	Radio Common Carrier (RCC) and Mobile.....	1	
12	WATS Closed End (inWATS and outWATS).....		
13	Switched Access - FGA FX/ONAL.....		
14	Payphone (public and semipublic).....	98	
15	UNE Network Access Channels (NACs).....		
16	Dedicated (non-switched) Private Lines and Special Access.....		
17	Wideband Data Lines.....		
18	Other.....	1,096	
19	Total Other Access Lines (lines 11..18)	1,195	
20	Total Access Lines (lines 4+10+19)	30,898	

(This space is not used.)

Company: CenturyTel of Eastern Oregon, Inc.

TOTAL OREGON OPERATIONS

CONFIDENTIAL

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-2. MINUTES OF USE		
Line No.	Description (a)	Total Amount During the Year (b)
<u>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</u>		
Access Minutes Billed to Qwest Corporation :		
1	Interstate Minutes.....	redacted
2	Intrastate Minutes (IntraLATA).....	redacted
3	Total Access Minutes Billed to Qwest (lines 1+2).....	redacted
Access Minutes Billed to Embarq/United Telephone Company of the Northwest :		
4	Interstate Minutes.....	redacted
5	Intrastate Minutes (IntraLATA).....	redacted
6	Total Access Minutes Billed to Embarq (lines 4+5).....	redacted
Access Minutes Billed to Verizon Northwest :		
7	Interstate Minutes.....	redacted
8	Intrastate Minutes (IntraLATA).....	redacted
9	Total Access Minutes Billed to Verizon (lines 7+8).....	redacted
Access Minutes Billed to Other IXCs :		
10	Interstate Minutes.....	redacted
11	Intrastate Minutes (InterLATA and IntraLATA).....	redacted
12	Total Access Minutes Billed to Other IXCs (lines 10+11).....	redacted
13	Total Access Minutes Billed to IXCs (lines 3+6+9+12).....	#VALUE!
<u>Oregon Toll Conversation Minutes</u>		
14	January 1 through March 31.....	redacted
15	April 1 through June 30.....	redacted
16	July 1 through September 30.....	redacted
17	October 1 through December 31.....	redacted
18	Total Toll Originating Minutes (lines 14..17).....	redacted
<u>Percent of Total Toll Conversation Minutes Originating in Oregon</u>		
19	Interstate Minutes.....	redacted
20	Intrastate Minutes (InterLATA and IntraLATA).....	redacted
21	Total Toll Minutes Originating in Oregon (lines 19+20) <i>(must equal 100%)</i>	redacted

Minutes of use are not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs this extra time because:

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

LEC. ANNUAL REPORT FOR LOCAL EXCHANGE CARRIERS			
A. Identity of Respondent			
1	Exact Legal Name of Respondent (You): CenturyTel of Eastern Oregon, Inc.		Certificate of Authority Granted in Docket No. / OPUC ID No.: UM-95-87-106 / 7822
	Business Street Address, City, State, Zip: 100 CenturyTel Drive Monroe, LA 71203		
	Mailing Address (if same as street address, write "SAME"): P.O. Box 4065 Monroe, LA 71211		
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): SAME		
3	Former Business Names (if none, write "NONE"): Pacific Telecom, Inc.		
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest": NONE		
5	Name of Person (including title) Whom OPUC Should Contact About This Report: Ted Hankins - Director of Economic Analysis		Voice Telephone Number: (318) 388-9416
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 100 CenturyTel Drive Monroe, LA 71203		
	E-mail Address: ted.hankins@centurytel.com		Facsimile Number: (318) 388-9602
6	Name of Person (including title) Whom the General Public Should Contact: Ted Hankins - Director of Economic Analysis		Voice Telephone Number: (318) 388-9416
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 100 CenturyTel Drive Monroe, LA 71203		
	E-mail Address: ted.hankins@centurytel.com		Facsimile Number: (318) 388-9602
B. OPUC Action Needed			
<input type="checkbox"/> UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records. <input type="checkbox"/> CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process. <input type="checkbox"/> SEND SUMMARY REPORT TO YOU. If you want OPUC to send a copy of staff's summary report about local exchange carriers to the person listed under Question 5 in Part A, check this box.			
C. Signature			
<p>I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's telecommunications operations in Oregon.</p>			
_____ (signature)		_____ (date)	
_____ Neil A. Sweasy (typed or printed name)		_____ Vice President & Controller (typed or printed title)	
(Failure to file this report may result in loss of certificate of authority.)			

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

D. Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. **(NOTE: If you check this box, you MUST complete the rest of this section.)**
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
Telephone Repair (24 hours)	1-800-824-2877	
Oregon Utility Notification Center (OUNC) District Code Numbers:		
PTI 18 PTI 19		
SAFETY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:
James Reeves - Manager Area Operations	541-573-7304	james.reeves@centurytel.com

E. Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1.544 Mbps).
- 2b Intrastate private line service – higher capacity (1.544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.01, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year. **(NOTE that you must still complete Section K of this report.)**

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)

- Skip Part F, because Box 11 in Part E is checked.
- If Box 11 in Part E is not checked. Therefore, please complete Part F.

Table F. Telecommunications Operations in Oregon

Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	Redacted
2	Oregon Lines at the End of the Year	Redacted
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	Redacted
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year:	
	a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>)	Redacted
	b. Interstate Toll Conversation Minutes as a Percentage of Total	Redacted
	c. Intrastate Toll Conversation Minutes as a Percentage of Total	Redacted
	d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	Redacted

G. Local Exchange Switched Service (CONFIDENTIAL)

- Skip Part G, because Box 1 in Part E is not checked.
- If Box 1 in Part E is checked. Therefore, please complete Part G.

1. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of ILECs?
 - NO. Skip to Part G, Question 4.
 - YES.
2. What type of rate did you pay ILECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Where in Oregon did you provide the local exchange services, which were purchased from ILECs for resale? Provide the approximate percent of lines in each region at year end:

Table G3. Percentage of Respondent-Provided Local Exchange Lines by Region at Year End

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (<i>must equal 100%</i>) (g)
% of Lines							

4. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of CLECs?
 - NO. Skip to Part G, Question 7.
 - YES.
5. What type of rate did you pay CLECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or CLEC).

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

6. Where in Oregon did you provide the local exchange services, which were purchased from CLECs for resale? Provide the approximate percent of lines in each region at year end:

Table G6. Percentage (%) of Respondent-Provided Local Exchange Lines By Region at Year End Provided Through Resale of CLECs' Retail Services

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (must equal 100%) (g)
% of Lines							

7. For CLECs: Did you purchase or lease UNE-P or UNE-P equivalents from ILECs in Oregon during the year?
 NO.
 YES. Complete Tables G7a and G7b.

Table G7a. UNE-P Purchased or Leased by CLECs from ILECs

Line	Description (a)	Units Purchased for Residential Use (b)	Units Purchased for Business Use (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

Table G7b. UNE-P Purchased or Leased by CLECs from ILECs

UNE-P (a)	Portland Metropolitan (b)	Willamette Valley (c)	Southwest Interior (d)	Coast (e)	Central (f)	East (g)
Residential UNE-P						
Residential Equivalent						
Business UNE-P						
Business Equivalent						

8. For ILECs: Did you sell or lease UNE-P or UNE-P equivalents to CLECs in Oregon during the year?
 NO.
 YES. Complete Table G8.

Table G8. UNE-P Sold or Leased by ILECs to CLECs

Line	Description (a)	Number of UNE-P in Oregon at Year End from ILECs (b)	Gross Oregon Revenues Billed for December Services from UNE-P in Column (b) (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

9. Did you provide local exchange switched service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO.
 YES. You owned and operated the following types of facilities during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

10. Report the following information for Oregon customers to whom you provided local exchange switched service during the year, including UNE-P and UNE-P Equivalent above:

Table G10. Local Exchange Switched Service

Line	Type of Service (a)	Customers at Year End (b)	Lines at Year End (c)	Gross Oregon Revenues Billed from Lines in Column (c)	
				During December (d)	During the Year (e)
1	Residential	redacted	redacted	redacted	redacted
2	Business	redacted	redacted	redacted	redacted
3	Wholesale (such as sales to resellers)				

11. Consistent with your answer in Table G10, Column C above, report the number of local exchange lines you provided at year end in the six geographic regions shown below, by customer type.

**Table G11. Local Exchange Lines by Region and Type of Customer at Year End
 Detail of Table G10, Column C**

Line	Regions (a)	Residential (b)	Business (c)	Wholesale (d)
1	Portland Metropolitan			
2	Willamette Valley	redacted	redacted	
3	Southwest Interior	redacted	redacted	
4	Coast	redacted	redacted	
5	Central	redacted	redacted	
6	East	redacted	redacted	
7	Total (lines 1 through 6)		redacted	

H. Intrastate Private Line Service (CONFIDENTIAL)

- Skip Part H, because Boxes 2a and 2b in Part E are not checked.
- If Box 2a in Part E is checked, please complete Part H.
- If Box 2b in Part E is checked, please complete Part H.

1. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of ILECs?
 - NO. Skip to Part H, Question 3.
 - YES.
2. What type of rate did you pay the ILECs for retail intrastate private line service by reselling in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of CLECs?
 - NO. Skip to Part H, Question 6.
 - YES.

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

4. What type of rate did you pay CLECs for retail intrastate private line service in Oregon during the year?
 Wholesale discounted rate.
 Full retail rate.
 Both rates (depends on which service or CLEC).
5. For CLECs: Did you provide intrastate private line service in Oregon during the year, at least in part, by purchasing or leasing UNEs from ILECs?
 NO. Skip to Part H, Question 6.
 YES. Complete Table H5.

Table H5. UNEs Purchased or Leased from ILECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

6. For ILECs: Did you sell UNEs for intrastate private line service in Oregon during the year to CLECs?
 NO.
 YES. Complete Table H6.

Table H6. UNEs Sold or Leased to CLECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

7. Did you provide intrastate private line service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO. Skip to Part H, Question 9.
 YES. You owned and operated the following types of facilities in Oregon during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

8. Report the following information for Oregon customers to whom you provided intrastate private line service in Oregon during the year:

Table H8. Intrastate Private Line Service

Line	Description (a)	Amount (b)
1	Number of Private Line Customers at Year End	redacted
2	Number of Private Line Circuits at Year End:	
	a. Lower Capacity (less than 1.544 Mbps)	redacted
	b. Higher Capacity (1.544 Mbps or higher)	redacted
3	Gross Oregon Revenues Billed for December Services from Circuits	redacted
4	Annual Gross Oregon Revenues Billed for Services from Circuits	redacted

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

9. Consistent with the number of circuits provided in Table H8, lines 2a and 2b above, report the number of intrastate private line circuit terminations you provided in the six geographic regions shown below.
 Note: One private line circuit is counted as two or more terminations.

Table H9. Intrastate Private Line Circuits Terminations by Region at Year End
 Detail of Table H8, Column B, Lines 2a and 2b

Line	Regions (a)	Lower Capacity (b)	Higher Capacity (c)	Total (b+c) (d)
1	Portland Metropolitan			
2	Willamette Valley	redacted	redacted	redacted
3	Southwest Interior	redacted	redacted	redacted
4	Coast	redacted		redacted
5	Central	redacted	redacted	redacted
6	East	redacted	redacted	redacted

I. Digital Subscriber Line (xDSL) (CONFIDENTIAL)

- Skip Part I, because Box 4 in Part E is not checked.
 If Box 4 in Part E is checked, please complete Part I.

1. Did you provide xDSL service to Oregon customers during the year?
 NO. Skip to Part J.
 YES. Complete Tables I1 and I2.

Table I1. xDSL Service Provided

Line	Description (a)	Units (b)
1	Number of xDSL at Year End	redacted
2	Gross Oregon Billed Revenues for xDSL:	
	a. Services Rendered in December	redacted
	b. Services Rendered During the Year	redacted

Table I2. xDSL Service Provided by Region at Year End

Line	Regions (a)	Units (b)
1	Portland Metropolitan	
2	Willamette Valley	redacted
3	Southwest Interior	redacted
4	Coast	redacted
5	Central	redacted
6	East	redacted

Company: CenturyTel of Eastern Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 7822

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

J. Providing Telecommunications Services through Other Facilities

- Skip Part I, because Boxes 8 and 9 in Part E are not checked.
- If Boxes 8 or 9 in Part E are checked, please complete Table J.

Table J. Other Facilities

Line	Service Provided By (a)	No. of Customers (b)	No. of Phone Numbers (c)
1	Facilities Other than Cable and VoIP		
2	Cable Television Facilities		
3	VoIP		

K. Business Plans and Competition (CONFIDENTIAL)

1. Provide your capital expenditures for local exchange service (not wireless or long distance services) allocated to Oregon at year end (*check one box*):
 - Less than \$10,000.
 - \$10,000 - \$50,000.
 - \$50,001 - \$100,000.
 - \$100,000 - \$1 million.
 - \$1,000,001 - \$10 million.
 - More than \$10 million.

2. What do you believe are the reasons that you do not have a bigger share of Oregon's residential market (*check all that apply*)?
 - Cannot compete on price.
 - Cannot compete on facilities.
 - The incumbent local exchange carrier has name familiarity.
 - Do not have enough of your own network capacity.
 - Competition from cell phones.
 - Lower customer density makes residential competition difficult or expensive.
 - Other (*explain*): _____

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
 PUC must receive your completed report by April 1, 2008.

Address it to the attention of:

Annual Reports, Utility Program
 Public Utility Commission of Oregon
 PO Box 2148
 Salem, Oregon 97308-2148
 Facsimile: (503) 373-7752

ANNUAL REPORT FORM O

Total Company and Total Oregon Operations

OF

CenturyTel of Oregon, Inc.

(name of responding telecommunications cooperative or utility)

TO THE
PUBLIC UTILITY COMMISSION OF OREGON

Street Address: 550 Capitol Street NE Suite 215, Salem OR 97301-2551

Mailing Address: PO Box 2148, Salem OR 97308-2148

FOR THE YEAR ENDING DECEMBER 31, 2007

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- A-2..... Important Changes During the Year
- A-3..... Stockholders
- * B-1..... Balance Sheet
- B-2..... Analysis of Depreciation and Amortization
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Supplemental Information Required from Multi-State Utilities

- Ob-1..... Oregon Rate Base
- Ob-2..... Analysis of Oregon Depreciation and Amortization
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- Oi-1..... Oregon Income Statement
- Oi-2..... Full-Time Employees in Oregon
- Oi-3..... (not used)
- Oi-4..... Oregon Operating Taxes Other Than Federal Income Tax
- Os-1..... Oregon Switches and Access Lines in Service

© This schedule contains **CONFIDENTIAL** information.

* All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific LECs may leave portions of other schedules blank, as indicated in the instructions.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Schedules from other reports are not acceptable. See attached instructions for more information.

A-1. GENERAL INFORMATION

A. Identity of Respondent

1.	Exact Legal Name of Respondent: CenturyTel of Oregon, Inc.	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): SAME	
	Name of Person (including title) Whom OPUC Should Contact About This Report: Ted Hankins	Business Street Address: 100 CenturyTel Drive Monroe, LA 71203	Voice Telephone Number: (318) 388-9416
2.	E-mail Address: ted.hankins@centurytel.com	Mailing Address (if same as street address, write "SAME"): P.O. Box 4065 Monroe, LA 71211	Facsimile Number: (318) 388-9602

B. Other Published Annual Reports

- REPORT TO STOCKHOLDERS / MEMBERS.** A copy of the annual report to stockholders or members was will be sent to OPUC on or about _____, _____.
- Annual reports to stockholders or members are not published.
- RUS REPORT.** A copy of the published annual report to the Rural Utilities Service was will be sent to OPUC on or about _____, _____.
- The respondent does not report to the Rural Utilities Service.
- ARMIS REPORT.** A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about _____, _____.
- The respondent does not file ARMIS reports with the Federal Communications Commission.
- LEC REPORT.** A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached.

C. Signature

I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2007, through December 31, 2007.

 (signature) Neil Sweasy Vice-President & Controller _____
 (printed or typed name) (printed or typed title) (date)

Sch. LEC, Part F, line 1 is incomplete.

Sch. LEC, Parts G-J are incomplete.

Company: CenturyTel of Oregon, Inc.

Schedules from other reports may be acceptable. See attached instructions for more information.

A-2. IMPORTANT CHANGES DURING THE YEAR

<p>1. CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY. If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.</p> <p>2. CHANGES IN ACCOUNTING STANDARDS. Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.</p> <p>3. CHANGES IN OWNERSHIP OR DIRECT CONTROL. If ownership or direct control over the respondent changed during the year, provide the following information:</p> <ul style="list-style-type: none"> a. State the form of control (i.e., sole or joint). b. State the names and addresses of the directly controlling organizations or persons. c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.). d. State the extent of control. e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain. f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust. 	<p><input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative.</p> <p style="text-align: center;">NONE</p> <p style="text-align: center;">NONE</p> <p style="text-align: center;">NONE</p>
---	--

A-3. STOCKHOLDERS

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
1	Common	10,461	<input type="checkbox"/> NOT REQUIRED, because the respondent is a cooperative. CenturyTel of the Northwest, Inc.
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	Date of Compilation: December 31, 2007		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Assets						
1	1120 Cash and Equivalents.....					12,458,555
2	1170 Receivables.....					3,069,709
3	1171 Allowance for Doubtful Accounts.....					(99,599)
4	1220 Inventories.....		<-- Beginning and Ending Balances Required -->			754
5	1280 Prepayments.....					106,040
6	1350 Other Current Assets.....					
7	Total Current Assets (lines 1..6).....					15,535,459
8	1406 Nonregulated Investments.....					26,330
9	1410 Other Noncurrent Assets.....					
10	1438 Deferred Maintenance, Retirements, and Other Deferred Charges.....	1,813	<-- Beginning and Ending Balances Required -->			1,813
11	1500 Other Jurisdictional Assets - Net.....					
12	Total Noncurrent Assets (lines 8..11).....					28,143
13	2001 Telecommunications Plant in Service (line 58).....	107,684,659	<-- Beginning and Ending Balances Required -->			110,697,676
14	2002 Property Held for Future Telecommunications Use.....					
15	2003 Telecommunications Plant Under Construction.....					348,325
16	2005 Telecommunications Plant Adjustment.....		<-- Beginning and Ending Balances Required -->			
17	2006 Nonoperating Plant.....					
18	2007 Goodwill.....					
19	Total Plant (lines 13..18).....	107,684,659	<-- Beginning and Ending Balances Required -->			111,046,001

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Telecommunications Plant in Service						
20	2111 Land.....	465,661				465,661
21	2112 Motor Vehicles.....	1,642,966	95,042	197,538	(9,769)	1,530,701
22	2113 Aircraft.....					
23	2114 Tools and Other Work Equipment.....	899,208	107,008	28,847	8,269	985,638
24	2121 Buildings.....	4,644,543	162,698	8,730		4,798,511
25	2122 Furniture.....	34,502				34,502
26	2123 Office Equipment.....	45,762				45,762
27	2124 General Purpose Computers.....	835,767	29,753	159,383	(21,316)	684,821
28	Total Land and Support (lines 20..27).....	8,568,409	394,501	394,498	(22,816)	8,545,596
29	2211 Nondigital Switching.....					
30	2212.1 Digital Electronic Switching - Circuit.....	19,630,516	5,760	248,925	(12,215)	19,375,136
31	2212.2 Digital Electronic Switching - Packet.....	1,401,334	5,847		(5,847)	1,401,334
32	Total Central Office - Switching (lines 29..31).....	21,031,850	11,607	248,925	(18,062)	20,776,470
33	2220 Operator Systems.....					
34	2231 Radio Systems.....	8,321				8,321
35	2232.1 Circuit Equipment - Electronic.....	5,292,263	1,573,734	286,920	14,290,613	20,869,690
36	2232.2 Circuit Equipment - Optical.....	15,770,861	273,788		(14,272,504)	1,772,145
37	Total Circuit (lines 34..36).....	21,071,445	1,847,522	286,920	18,109	22,650,156
38	Total Switching and Central Office (lines 32..36).....	42,103,295	1,859,129	535,845	47	43,426,626
39	2310 Information Origination/Termination.....					
40	2351 Public Telephone Terminal Equipment.....					
41	2362 Other Terminal Equipment.....					
42	Total Information Origination/Termination (lines 39..41).....					

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
43	2411 Poles.....	1,205,128	45,710	14,711	1,176	1,237,303
44	2421.1 Aerial Cable - Metallic.....	6,523,108	108,079	22,823	(2,863)	6,605,501
45	2421.2 Aerial Cable - Nonmetallic.....	539,102	25,150			564,252
46	2422.1 Underground Cable - Metallic.....	1,302,945	64,950	36,692	(652)	1,330,551
47	2422.2 Underground Cable - Nonmetallic.....	288,580	11,292			299,872
48	2423.1 Buried Cable - Metallic.....	43,084,938	1,424,439	105,974	4,479	44,407,882
49	2423.2 Buried Cable - Nonmetallic.....	2,015,374	179,444		(880)	2,193,938
50	2424 Submarine and Deep Sea Cable.....					
51	2426 Intrabuilding Network Cable.....	22,579				22,579
52	2431 Aerial Wire.....	119,360	773	64	(1,260)	118,809
53	2441 Conduit Systems.....	1,905,048	86,469	53,543		1,937,974
54	Total Cable and Wire Facilities (lines 43..53).....	57,006,162	1,946,306	233,807		58,718,661
55	2680 Amortizable Tangible Assets.....	2,500				2,500
56	2690 Intangibles.....	4,293				4,293
57	Total Other Assets (lines 55..56).....	6,793				6,793
58	Telecommunications Plant in Service (lines 28+38+42+54+57).....	107,684,659	4,199,936	1,164,150	(22,769)	110,697,676
Accumulated Depreciation and Amortization						
59	3100 Depreciation - Telecommunications Plant in Service.....	81,722,683	<-- Beginning and Ending Balances Required -->			86,610,827
60	3200 Depreciation - Property Held for Future Telecommunications Use.....		<-- Beginning and Ending Balances Required -->			
61	3300 Depreciation - Nonoperating.....		<-- Beginning and Ending Balances Required -->			
62	3410 Amortization.....	4,599	<-- Beginning and Ending Balances Required -->			5,111
63	Accumulated Depreciation and Amortization (lines 59..62).....	81,727,282	<-- Beginning and Ending Balances Required -->			86,615,938
64	Net Plant (line 19 less line 63).....	25,957,377	<-- Beginning and Ending Balances Required -->			24,430,063
65	Total Assets (lines 7+12+64).....					39,993,665

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Liabilities and Equity						
66	4010-4030 Accounts and Notes Payable.....					506,506
67	4040 Customer Deposits					88,258
68	4070 Income Taxes - Accrued.....					1,559
69	4080 Other Taxes - Accrued.....					73,554
70	4100 Net Current Deferred Operating Income Tax.....		<-- Beginning and Ending Balances Required -->			
71	4110 Net Current Deferred Nonoperating Income Tax.....					
72	4130 Other Current Liabilities.....					509,311
73	Total Current Liabilities (lines 66..72).....					1,179,188
74	4200 Long Term Debt.....					
75	4310 Other Long Term Liabilities.....					
76	4320 Unamortized Operating Investment Tax Credits - Net.....					
77	4330 Unamortized Nonoperating Investment Tax Credits - Net.....					
78	4340.1 Net Noncurrent Deferred Operating Federal Income Tax.....	1,857,262	<-- Beginning and Ending Balances Required -->			1,443,221
79	4340.2 Net Noncurrent Deferred Operating State Income Tax.....	374,975	<-- Beginning and Ending Balances Required -->			291,381
80	4341 Net Deferred Tax Liability Adjustments.....					
81	4350 Net Noncurrent Deferred Nonoperating Income Tax.....					
82	4361 Deferred Tax Regulatory Liability - Net.....		<-- Beginning and Ending Balances Required -->			
83	4370 Other Jurisdictional Liabilities and Deferred Credits - Net.....	81,661	<-- Beginning and Ending Balances Required -->			18,785
84	Total Other Liabilities and Deferred Credits (lines 74..83).....					1,753,387
85	4510 Capital Stock.....					12,992,303
86	4520 Additional Paid-In Capital.....					
87	4530 Treasury Stock.....					
88	4540 Other Capital.....					
89	4550 Retained Earnings (from Retained Earnings, below).....					24,068,787
90	Total Stockholders' Equity (lines 85..89).....					37,061,090
91	Total Liabilities and Equity (lines 73+84+90).....					39,993,665

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-1. BALANCE SHEET						
Line No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
Retained Earnings						
92	460	Balance at January 1.....				21,681,463
93	465	Net Income (from Income Statement, Schedule I-1, line 82).....				8,387,324
94	470	Dividends Declared.....				6,000,000
95	475	Miscellaneous Debits (Include explanation in footnotes).....				
96	480	Miscellaneous Credits (Include explanation in footnotes).....				
97	490	Balance at December 31 (lines 92+93+96 less line 94 less 95).....				24,068,787

Note: Net plant beginning balance does not tie to what was reported last year due to this year's report not asking for the beginning balance for Telecommunications Plant under Construction.

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION								
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)		
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.							
	DEPRECIATION							
1	2112 Vehicles	1,304,605	218,498		169,149	9,009	1,344,945	14.10%
2	2113 Aircraft							
3	2114 Tools and Other Work Equipment	(12,828)	33,474	5,376	28,847		(2,825)	3.60%
4	2121 Buildings	3,367,406	154,823		8,730		3,513,499	3.30%
5	2122 Furniture	(11,190)	2,657				(8,533)	7.70%
6	2123 Office Equipment	34,290	2,856				37,146	6.10%
7	2124 General Purpose Computers	321,806	27,680	6,894	159,383	11,387	185,610	3.50%
8	Total Support (lines 1..7)	5,004,089	439,988	12,270	366,109	20,396	5,069,842	
9	2211 Nondigital Switching							
10	2212.1 Digital Electronic Switching - Circuit	18,152,044	47,212		250,134		17,949,122	9.90%
11	2212.2 Digital Electronic Switching - Packet	1,090,042	75,420		7		1,165,455	9.90%
12	Total Switching (lines 9..11)	19,242,086	122,632		250,141		19,114,577	
13	2220 Operator Systems							
14	2231 Radio Systems	10,873					10,873	11.70%
15	2232.1 Circuit Equipment - Electronic	1,049,988	1,486,129		(9,666,263)		12,202,380	7.50%
16	2232.2 Circuit Equipment - Optical	10,326,144	121,664		9,955,143		492,665	7.50%
17	Total Circuit (lines 14..16)	11,387,005	1,607,793		288,880		12,705,918	
18	2310 Information Origination/Termination							
19	2351 Public Tel. Terminal Equipment							
20	2362 Other Terminal Equipment							
21	2411 Poles	1,197,390	158,863		17,569		1,338,684	13.00%
22	2421.1 Aerial Cable - Metallic	7,665,455	603,961		36,982		8,232,434	9.20%
23	2421.2 Aerial Cable - Nonmetallic	162,438	29,585				192,023	5.40%
24	2422.1 Underground Cable - Metallic	1,347,935	99,993		39,101		1,408,827	7.60%
25	2422.2 Underground Cable - Nonmetallic	102,154	13,398				115,552	4.60%
26	2423.1 Buried Cable - Metallic	33,852,234	2,839,616		109,655		36,582,195	6.50%
27	2423.2 Buried Cable - Nonmetallic	772,013	93,392		85		865,320	4.50%
28	2424 Submarine and Deep Sea Cable							
29	2426 Intrabuilding Network Cable	22,579					22,579	
30	2431 Aerial Wire	204,767	298		246		204,819	9.70%
31	2441 Conduit Systems	762,538	51,795		56,276		758,057	2.70%
32	Total Cable and Wire (lines 21..31)	46,089,503	3,890,901		259,914		49,720,490	
33	Total Depreciation (lines 8+12+13+17+18+19+20+32)	81,722,683	6,061,314	12,270	1,165,044	20,396	86,610,827	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION									
Line No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year		CHARGES During the Year		Accumulated Balance at End of Year (g)	Composite Amortization Rate (%) (h)	
			Charged to Expense Account (c)	Other Credits (d)	Plant Retired (e)	Other Charges (f)			
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.								
	AMORTIZATION								
34	2680 Amortizable Tangible Assets	542	500				1,042	20.00%	
35	2690 Intangibles	4,058	11				4,069	2.00%	
36	Total Amortization (lines 34..35)	4,600	511				5,111		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-3. ANALYSIS OF CHARGES RELATED TO PLANT RETIRED						
Line No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.					
1	2112 Vehicles	197,538			(28,389)	169,149
2	2113 Aircraft					
3	2114 Tools and Other Work Equipment	28,847				28,847
4	2121 Buildings	8,730				8,730
5	2122 Furniture					
6	2123 Office Equipment					
7	2124 General Purpose Computers	159,383				159,383
8	2211 Nondigital Switching					
9	2212.1 Digital Electronic Switching - Circuit	248,925			1,209	250,134
10	2212.2 Digital Electronic Switching - Packet				7	7
11	2220 Operator Systems					
12	2231 Radio Systems					
13	2232.1 Circuit Equipment - Electronic	286,920			(9,953,183)	(9,666,263)
14	2232.2 Circuit Equipment - Optical				9,955,143	9,955,143
15	2310 Information Origination/Termination					
16	2351 Public Tel. Terminal Equipment					
17	2362 Other Terminal Equipment					
18	2411 Poles	14,711	4,643	(1,785)		17,569
19	2421.1 Aerial Cable - Metallic	22,823	14,313		(154)	36,982
20	2421.2 Aerial Cable - Nonmetallic					
21	2422.1 Underground Cable - Metallic	36,692	2,409			39,101
22	2422.2 Underground Cable - Nonmetallic					
23	2423.1 Buried Cable - Metallic	105,974	3,681			109,655
24	2423.2 Buried Cable - Nonmetallic		85			85
25	2424 Submarine and Deep Sea Cable					
26	2426 Intrabuilding Network Cable					
27	2431 Aerial Wire	64	178		4	246
28	2441 Conduit Systems	53,543	2,733			56,276
29	Total Charges Related to Plant Retired (lines 1..28)	1,164,150	28,042	(1,785)	(25,363)	1,165,044

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.
 TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.
2. Schedules from other reports may be acceptable. See attached instructions for more information.

B-4. LONG-TERM DEBT				
Line No.	Description of Obligation (a)	Balance Outstanding at the End of the Year (b)	Interest	
			Stated Rate On the Face Amount (c)	Dollar Amount Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company, or a large utility that elected price cap regulation under ORS 759.405.			
1	Not Applicable			
2				
3				
4				
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24				
25				
26	Total			

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
	Operating Revenues		
1	5000 Local Service Revenues.....	11,577,219	
2	5070 Distributions of State Universal Service Funds.....		
3	5081.1 Subscriber Line Charges and Presubscribed Interexchange Carrier Charges.....	2,916,157	
4	5081.2 Collections of Federal Universal Service Funds.....	3,638,974	
5	5081.3 Collections of State Universal Service Funds.....	2,538,589	
6	5081.4 Distributions of Federal Universal Service Funds.....		
7	5081.5-9 Other Intrastate End User Revenues.....		
8	5082.1 Switched Access Revenue - Interstate.....	4,036,472	
9	5082.2 Switched Access Revenue - Intrastate.....	3,417,558	
10	5083.1 Special Access Revenue - Interstate.....	3,020,571	
11	5083.2 Special Access Revenue - Intrastate.....	498,195	
12	Total Network Access Revenues (lines 3..11).....	20,066,516	
13	5105 Long Distance Message Revenue.....	(3,758)	
14	5200.1 Directory Revenue.....	854,319	(This space is not used.)
15	5200.2 Carrier Billing and Collection Revenue.....	605,475	
16	5200.3 Other Miscellaneous Revenue.....	338,709	
17	Total Miscellaneous Revenues (lines 14..16).....	1,798,503	
18	5280 Nonregulated Operating Revenue.....		
19	5300 Uncollectible Revenues.....	20,272	
20	Total Operating Revenues (lines 1+2+12+13+17+18-19).....	33,418,208	
21	Interstate and Foreign (International) Revenues Included in the Above Operating Revenues...	13,992,943	
	Operating Expenses		
22	6110-6114 Network Support Expenses.....	52,725	
23	6120-6124 General Support Expenses.....	526,958	
24	6211 Nondigital Switching Expense.....		
25	6212.1 Digital Electronic Expense - Circuit.....	1,213,776	
26	6212.2 Digital Electronic Expense - Packet.....	53,341	
27	Total Central Office Switching Expenses (lines 24..26).....	1,267,117	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
28	6220 Operator Systems Expense.....		
29	6231 Radio System Expense.....	41	
30	6232.1 Circuit Equipment Expense - Electronic.....	2,262	
31	6232.2 Circuit Equipment Expense - Optical.....	593,750	
32	Total Switching and Central Office Transmission Expenses (lines 28..31).....	596,053	
33	6310-6341 Information Origination/Termination Expense.....		
34	6351 Public Telephone Terminal Equipment Expense.....		
35	6362 Other Terminal Equipment Expense.....	796	
36	Total Information Origination/Termination (lines 33..35).....	796	
37	6411 Poles Expense.....	251,711	
38	6421 Aerial Cable Expense.....	713,970	
39	6422 Underground Cable Expense.....	6,062	
40	6423 Buried Cable Expense.....	2,719,459	
41	6424 Submarine and Deep Sea Cable Expense.....		
42	6426 Intrabuilding Network Cable Expense.....	1,794	
43	6431 Aerial Wire Expense.....	12,161	
44	6441 Conduit Systems Expense.....	3,900	
45	Total Cable and Wire Facilities Expenses (lines 37..44).....	3,709,057	
46	Total Plant Specific Expenses (lines 22+23+27+32+36+45).....	6,152,706	
47	6511 Property Held for Future Telecommunications Use Expense.....		
48	6512 Provisioning Expense.....	3,770	
49	Total Other Property, Plant, and Equipment Expense (lines 47..48).....	3,770	
50	6530-6535 Network Operations Expenses.....	950,331	
51	6540 Access Expense.....	292,401	
52	6550.1 Federal Universal Support Contributions.....	586,327	
53	6550.2 State Universal Support Contributions.....	843,335	
54	Total Universal Service Fund Contributions (lines 52..53).....	1,429,662	
55	6560.1 Depreciation - Telecommunications Plant in Service.....	6,061,314	<-- B-2, Total of Column (c) Depreciation
56	6560.2 Depreciation - Property Held for Future Telecommunications Use.....		
57	6560.3 Amortization Expense.....	511	<-- B-2, Total of Column (c) Amortization
58	Total Depreciation and Amortization Expenses (lines 55..57).....	6,061,825	
59	Total Plant Nonspecific Expenses (lines 49+50+51+54+58).....	8,737,989	

(This space is not used.)

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-1. INCOME STATEMENT			
Line No.	Description (a)	Total Amount During the Year (b)	
60	6610-6613 Marketing Expenses.....	646,496	
61	6620 Services Expenses.....	1,959,337	
62	Total Customer Operations Expenses (lines 60..61).....	2,605,833	
63	6720 General and Administrative Expense.....	2,630,738	
64	6790 Less: Provision for Uncollectible Notes Receivable.....		
65	Total Operating Expenses (lines 46+59+62+63-64).....	20,127,266	
66	Net Revenue (line 20 less line 65).....	13,290,942	
Other Income and Expenses			
67	7100 Other Operating Income and Expenses.....		
68	7210 Operating Investment Tax Credits - Net.....		
69	7220 Operating Federal Income Taxes.....	4,831,391	(This space is not used.)
70	7230 Operating State and Local Income Taxes.....	975,441	
71	7240 Operating Other Taxes.....	618,607	
72	7250.1 Provision for Deferred Operating Federal Income Tax - Net.....	(413,613)	
73	7250.2 Provision for Deferred Operating State Income Tax - Net.....	(83,507)	
74	Net Operating Taxes (lines 68..73).....	5,928,319	
75	Net Operating Income (lines 66+67-74).....	7,362,623	
76	7300 Nonoperating Income and Expenses.....	831,125	
77	7400 Nonoperating Taxes.....		
78	7500 Interest and Related Items.....	4,636	
79	7600 Extraordinary Items.....		
80	7910 Income Effect of Jurisdictional Differences - Net.....		
81	7990 Nonregulated Net Income.....	198,212	
82	Net Income (lines 75+76+79+80+81-77-78).....	8,387,324	
I-2. FULL-TIME EMPLOYEES			
1	Management Employees (Regulated Activities).....	1	(This space is not used.)
2	Nonmanagement Employees (Regulated Activities).....	67	
3	Employees Allocated From or Paid by Affiliated Companies (Regulated Activities).....		
4	Total Full-Time Employees (lines 1..3 - Regulated Activities).....	68	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole; other amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS

Line No.	Name of Person, Title, and Department (a)	Total Amount of Compensation Paid During the Year						Amount Charged to Oregon Operating Accounts (i)	
		Total Compensation Paid by Respondent					Total Compensation Paid by Affiliates (g)		Total Compensation (Columns b+c+d+e+g) (h)
		Salaries (b)	Insurance and Pensions (c)	Director Fees (d)	Other Compensation				
Total Amount (e)	Description (f)								
	A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year. A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.								
1	Glen F. Post, III - Chairman & CEO								
2	Karen A. Puckett - President & COO								
3	R. Stewart Ewing, Jr. - Executive VP								
4	David D. Cole - Senior Vice President								
5	Michael E. Maslowski - Senior VP								
6	Stacey W. Goff - Senior VP, General								
7	Counsel, & Assistant Secretary								
8	Neil A. Sweasy - VP & Controller								
9	G. Clay Bailey - VP & Treasurer								
10	Terry Beeler - Vice President								
11	Tim Walden - Vice President								
12	Ivan Hughes - Vice President								
13	Jeff Glover - Vice President								
14	Timothy J. Grigar - General Manager								
15	Kay C. Buchart - Secretary								
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									

CONFIDENTIAL - SEE LEAH DOUGAN FOR ACTUAL REPORT SENT TO OREGON COMMISSION

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

I-4. OPERATING TAXES OTHER THAN FEDERAL INCOME TAX			
Line No.	Description (a)	Total Amount During the Year (b)	
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.		
	State Income Tax:		(This space is not used.)
1	Current	975,441	
2	Current Deferred	(83,507)	
3	Prior Deferred		
4	Total Current and Deferred State Income Tax (lines 1..3)	891,934	
5	7240 Property Taxes	419,981	
6	7240 Privilege Taxes, Fees, and Other Assessments		
7	7240 Other Taxes	198,626	
8	Total Other Operating Taxes (lines 4..7)	1,510,541	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-6. RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	33,438,480	33,438,480	
2	Total expenses (Accounts 6xxx and 5300)	20,147,538	20,147,538	
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	1,157,614	831,125	326,489
4	Operating Taxes Other Than Federal (Accounts 72xx)	1,532,089	1,510,541	21,548
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	4,636	4,636	
7	Net income before federal income tax (lines 1..6)	12,911,831	12,606,890	304,941
	Tax additions (identify):			
8	Tax depreciation and amortization (additions)	1,278,535	1,277,225	1,310
9	Paid time off	(41,156)	(41,156)	
10	Bad debts	(75,685)	(75,685)	
11	Amortization plant acq.; preop costs			
12	Uniform capitalization & other	47,194	47,194	
13	Total additions (lines 8..12)	1,208,888	1,207,578	1,310
	Tax deductions and nontaxable income (identify):			
14	Tax depreciation and amortization (deductions)			
15	Removal costs	28,042	28,042	
16	AFDC			
17	Deferred SIT	76,925	76,838	87
18				
19	Total deductions (lines 14..18)	104,967	104,880	87
20	Taxable net income as shown on tax return (lines 7+13-19)	14,015,752	13,709,588	306,164
	Tax computation and adjustments (identify):			
21	Current federal income tax expense	4,905,517	4,798,360	107,157
22	Adjustments-FAS109 true-up	33,031	33,031	
23				
24	Total current federal income tax expense (lines 21..23)	4,938,548	4,831,391	107,157
25	Net investment tax credits			
26	Current deferred federal income tax expense	(381,010)	(380,582)	(428)
27	Prior deferred federal income tax expense	(33,031)	(33,031)	
28	Net federal income tax expense shown on Schedule I-1 (lines 24..27)	4,524,507	4,417,778	106,729

Federal income tax information is not available. The respondent will file this data with OPUC on or about _____, _____.
The respondent needs extra time because:

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Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY AND TOTAL OREGON OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

**I-7. RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/>	NOT REQUIRED , because the respondent is an average schedule company; or a cooperative that reports no Oregon income tax on Schedule I-1; or a large utility that elected price cap regulation under ORS 759.405; or a large utility that is subject to unbundling requirements under docket UM 351.			
1	Total revenues (Accounts 5xxx except 5300)	33,438,480	33,438,480	
2	Total expenses (Accounts 6xxx and 5300)	20,147,538	20,147,538	
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	1,157,614	831,125	326,489
4	Operating Taxes Other Than Oregon State (Accounts 72xx)	618,607	618,607	
5	Nonoperating Taxes (Accounts 74xx)			
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	4,636	4,636	
7	Net income before Oregon income tax (lines 1..6)	13,825,313	13,498,824	326,489
	Tax additions (identify):			
8	Tax depreciation and amortization (additions)	1,278,535	1,277,225	1,310
9	Paid time off	(41,156)	(41,156)	
10	Bad debt	(75,685)	(75,685)	
11	Uniform capitalization & other	47,194	47,194	
12	Total additions (lines 8..11)	1,208,888	1,207,578	1,310
	Tax deductions and nontaxable income (identify):			
13	Tax depreciation and amortization (deductions)			
14	Removal cost	28,042	28,042	
15				
16				
17	Total deductions (lines 13..16)	28,042	28,042	
18	Taxable income on tax return (lines 7+12-17)	15,006,159	14,678,360	327,799
19	Apportionment factor (applies to multistate companies)	1.000	1.000	1.008
20	Apportioned taxable income	15,006,167	14,678,364	327,803
21	Oregon income tax rate	6.600%	6.600%	6.600%
22	Oregon income tax	990,407	968,772	21,635
	Adjustments:			
23	FAS109 true-up	6,669	6,669	
24				
25	Total current Oregon income tax expense (lines 23..24)	997,076	975,441	21,635
26	Current deferred Oregon income tax expense	(76,925)	(76,838)	(87)
27	Prior deferred Oregon income tax expense	(6,669)	(6,669)	
28	Net Oregon income taxes on Schedule I-1 (lines 25..27)	913,482	891,934	21,548
<input type="checkbox"/>	Oregon excise (corporate income) tax information is not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs extra time because:			

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS

A. Cost Allocation Manual (CAM)

- The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-034-0740.
- The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.
- The respondent's filed CAM is not up to date. A revised CAM is attached.
- The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about _____, _____.
The respondent needs this extra time because _____

B. Intercompany Loans

Line No.	Name of Affiliated Company (a)	Respondent Lent (L) or Borrowed (B) (b)	Highest Amount Out-Standing During Year (c)	Total Interest Accrued During the Year (d)
<input type="checkbox"/>	NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405.			
<input checked="" type="checkbox"/>	REQUIRED: The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1	N/A			
2				
3				
4				
5				
6				

C. Intracompany Transfers and Payments

Line No.	Segment or Division of Respondent (a)	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts subject to Part 64) (b)	Total Company Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input type="checkbox"/>	NOT REQUIRED: The respondent is an average schedule company, or does not make annual access charge filings, or is subject to price cap regulation under ORS 759.405.			
<input checked="" type="checkbox"/>	REQUIRED: The respondent is a cost company and makes annual access charge filings. See attached instructions.			
1	CenturyTel Service Group, Inc.	Allocations to non-regulated segments	52,591	
2	CenturyTel Supply Group, Inc.	Allocations to non-regulated segments	114,841	
3				
4				
5				
6				
7	Other Transfers or Payments (where annual amounts < \$50,000)		22,482	71
8	Total Intracompany Transactions		189,914	71

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Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS				
D. Intercompany Transactions				
Line No.	Name of Affiliated Company (a)	Description of Transaction and Date of Contract (b)	Charges and Credits to Operating Accounts (c)	Total Oregon Charges and Credits to Operating Accounts (d)
<input type="checkbox"/>	NOT REQUIRED. The respondent is an average schedule company, or a cooperative that does not make annual access charge filings, or subject to price cap regulation under ORS 759.405			
<input type="checkbox"/>	SEE PART E. The utility does not make annual access charge filings.			
<input checked="" type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.			
	(1) Total Payments Made by the Respondent to Affiliated Companies During the Year:			
1	CenturyTel, Inc.	Allocations for service, etc.	344,742	
2	CenturyTel Service Group, Inc.	Allocations for service, etc.	4,443,246	
3	CenturyTel Supply Group, Inc.	Allocations for service, etc.	115,861	
4	CenturyTel Hldgs MO, Inc.	Allocations for service, etc.	424,794	
5	CenturyTel of Washington, Inc.	Allocations for service, etc.	359,597	
6				
7				
8				
9				
10				
11	Total Other Payments (where annual payments < \$50,000)		55,960	1,839
12	Total Payments Made by the Respondent to Affiliated Companies During the Year		5,744,200	1,839
	(2) Total Payments Made by Affiliated Companies to the Respondent During the Year:			
13	CenturyTel Long Distance, Inc.	Billing & Collections/Special Access	387,165	
14	CenturyTel Internet, Inc.	Billing & Collections/Special Access	153,172	
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Other Payments (where annual payments < \$50,000)		32,665	
24	Total Payments Made by Affiliated Companies to the Respondent During the Year		573,002	

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. Dollars are whole.

2. Schedules from other reports may be acceptable. See attached instructions for more information.

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS			
E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges			
	Names of Parties to Affiliated Interest Contracts Issued During the Year <i>(a)</i>	Dollar Amount of the Contract <i>(b)</i>	Date of Contract <i>(c)</i>
<input type="checkbox"/> NOT REQUIRED. The respondent is an average schedule company or a cooperative that does not make annual access charge filings. <input checked="" type="checkbox"/> NOT REQUIRED. The respondent is a cost company and makes annual access charge filings. See Part D. <input type="checkbox"/> REQUIRED (ORS 759.393 and OARs 860-027-0100 and 860-034-0396). Utility does not make annual access charge filings. List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.			

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2007

Company: CenturyTel of Oregon, Inc.

TOTAL COMPANY OPERATIONS

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-1. SWITCHES AND ACCESS LINES IN SERVICE			
Line No.	Description (a)	Balance at End of Year (b)	
1	Total Central Office Switches in Service	8	
	Access Lines in Service by Customer:		
	Residential Access Lines:		
2	Single Party.....	26,755	
3	Multiparty.....	10	
4	Total Residential Access Lines (lines 2..3)	26,765	
	Business Access Lines:		
5	Single Line.....	1,589	
6	Multi Line.....	3,508	
7	PBX Trunks.....	240	
8	Centrex-CO Line Count.....	1,060	
9	ISDN "B" Channels.....	3	
10	Total Business Access Lines (lines 5..9)	6,400	
	Other Access Lines:		
11	Radio Common Carrier (RCC) and Mobile.....		
12	WATS Closed End (inWATS and outWATS).....		
13	Switched Access - FGA FX/ONAL.....	8	
14	Payphone (public and semipublic).....	62	
15	UNE Network Access Channels (NACs).....		
16	Dedicated (non-switched) Private Lines and Special Access.....		
17	Wideband Data Lines.....		
18	Other.....	1,380	
19	Total Other Access Lines (lines 11..18)	1,450	
20	Total Access Lines (lines 4+10+19)	34,615	

(This space is not used.)

Company: CenturyTel of Oregon, Inc.

TOTAL OREGON OPERATIONS

CONFIDENTIAL

1. All amounts are whole.

2. Schedules from other reports are not acceptable. See attached instructions for more information.

S-2. MINUTES OF USE		
Line No.	Description (a)	Total Amount During the Year (b)
<u>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</u>		
Access Minutes Billed to Qwest Corporation :		
1	Interstate Minutes.....	Redacted
2	Intrastate Minutes (IntraLATA).....	Redacted
3	Total Access Minutes Billed to Qwest (lines 1+2).....	Redacted
Access Minutes Billed to Embarq/United Telephone Company of the Northwest :		
4	Interstate Minutes.....	Redacted
5	Intrastate Minutes (IntraLATA).....	Redacted
6	Total Access Minutes Billed to Embarq (lines 4+5).....	Redacted
Access Minutes Billed to Verizon Northwest :		
7	Interstate Minutes.....	Redacted
8	Intrastate Minutes (IntraLATA).....	Redacted
9	Total Access Minutes Billed to Verizon (lines 7+8).....	Redacted
Access Minutes Billed to Other IXCs :		
10	Interstate Minutes.....	Redacted
11	Intrastate Minutes (InterLATA and IntraLATA).....	Redacted
12	Total Access Minutes Billed to Other IXCs (lines 10+11).....	Redacted
13	Total Access Minutes Billed to IXCs (lines 3+6+9+12).....	#VALUE!
<u>Oregon Toll Conversation Minutes</u>		
14	January 1 through March 31.....	Redacted
15	April 1 through June 30.....	Redacted
16	July 1 through September 30.....	Redacted
17	October 1 through December 31.....	Redacted
18	Total Toll Originating Minutes (lines 14..17).....	Redacted
<u>Percent of Total Toll Conversation Minutes Originating in Oregon</u>		
19	Interstate Minutes.....	Redacted
20	Intrastate Minutes (InterLATA and IntraLATA).....	Redacted
21	Total Toll Minutes Originating in Oregon (lines 19+20) <i>(must equal 100%)</i>	Redacted

Minutes of use are not available. The respondent will file this data with OPUC on or about _____, _____. The respondent needs this extra time because:

Schedules from other reports are not acceptable.
See the attached instructions for definitions and more information.

LEC. ANNUAL REPORT FOR LOCAL EXCHANGE CARRIERS			
A. Identity of Respondent			
1	Exact Legal Name of Respondent (You): CenturyTel of Oregon, Inc.	Certificate of Authority Granted in Docket No. UM-95-87-106	OPUC ID No.: 47
	Business Street Address, City, State, Zip: 100 CenturyTel Drive Monroe, LA 71203		
	Mailing Address (if same as street address, write "SAME"): P.O. Box 4065 Monroe, LA 71211		
2	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): SAME		
3	Former Business Names (if none, write "NONE"): Telephone Utilities of Oregon		
4	Names of Any Telecommunications Providers or Operations Doing Business in Oregon That Are Affiliated With You (if none, write "NONE"); see ORS 759.010 for the statutory definition of "affiliated interest": NONE		
5	Name of Person (including title) Whom OPUC Should Contact About This Report: Ted Hankins	Voice Telephone Number: (318) 388-9416	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 100 CenturyTel Drive Monroe, LA 71203		
	E-mail Address: ted.hankins@centurytel.com	Facsimile Number: (318) 388-9602	
6	Name of Person (including title) Whom the General Public Should Contact: Ted Hankins	Voice Telephone Number: (318) 388-9416	
	Mailing Address (if same as mailing address in Box 1 above, write "SAME"): 100 CenturyTel Drive Monroe, LA 71203		
	E-mail Address: ted.hankins@centurytel.com	Facsimile Number: (318) 388-9602	
B. OPUC Action Needed			
<input type="checkbox"/> UPDATE COMMISSION'S RECORDS. If any responses to the questions in Parts A, D, or E have changed since your last report or filing with OPUC, check this box. This will prompt staff to update OPUC's records. <input type="checkbox"/> CANCEL YOUR CERTIFICATE. If you want OPUC to cancel your certificate of authority issued under ORS 759.020, check this box. This will prompt staff to begin the process. <input type="checkbox"/> SEND SUMMARY REPORT TO YOU. If you want OPUC to send a copy of staff's summary report about local exchange carriers to the person listed under Question 5 in Part A, check this box.			
C. Signature			
I certify that I am the responsible officer or director of the above-named company and I examined this report. To the best of my knowledge, information and belief, all statements in this report are true, and the report correctly states the respondent's telecommunications operations in Oregon.			
_____ (signature)		_____ (date)	
_____ Neil A. Sweasy (typed or printed name)		_____ Vice President & Controller (typed or printed title)	
(Failure to file this report may result in loss of certificate of authority.)			

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

D. Telecommunications Equipment Owned on Public Rights of Way

Do you own any equipment on public rights of way (for example, wires, cables, pole attachments, or conduit attachments) to provide telecommunications services in Oregon?

- 1 NO.
- 2 YES. **(NOTE: If you check this box, you MUST complete the rest of this section.)**
- 3 If you checked Box 2 (YES), provide information for emergency and safety contacts. You must give immediate notice of any changes associated with this information.

EMERGENCY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Whom OPUC Should Contact in an Emergency:	Voice Phone Number:	
Telephone Repair (24 hours)	1-800-824-2877	
Oregon Utility Notification Center (OUNC) District Code Numbers:		
TUO 06		
SAFETY CONTACT <i>(type or print legibly)</i>		
Name of Person (including title) Responsible for NESC Safety Compliance:	Voice Phone Number:	E-mail Address:
Ross Skinner - Manager Area Operations	360-249-0550	ross.skinner@centurytel.com

E. Telecommunications Services Provided

You provided the following services in Oregon at any time during the year (check all boxes that apply and include both Oregon interstate and intrastate services):

- 1 Local exchange switched (dial tone) service.
- 2a Intrastate private line service – lower capacity (less than 1.544 Mbps).
- 2b Intrastate private line service – higher capacity (1.544 Mbps or higher).
- 3a Long distance toll service.
- 3b If you checked Box 3a and you have blockage other than P.01, check Box 3b and describe the blockage:

- 4 xDSL (Digital Subscriber Line)
- 5 Access service to long distance or interexchange carriers.
- 6 Directory assistance service.
- 7 Operator service.
- 8 Telecommunications services using cable television facilities.
- 9 Telecommunications services using VoIP (Voice over Internet Protocol).
- 10 Other Telecommunications Services. If you checked Box 10, describe types of other services provided; how they were provided, whether by resale or your own facilities; and your use of UNEs:

- 11 NONE. Did not provide any telecommunications services in Oregon during the year. **(NOTE that you must still complete Section K of this report.)**

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

F. Telecommunications Operations (CONFIDENTIAL)

- Skip Part F, because Box 11 in Part E is checked.
- If Box 11 in Part E is not checked. Therefore, please complete Part F.

Table F. Telecommunications Operations in Oregon

Line	Oregon Operations (a)	Amount (b)
1	Oregon Customers at the End of the Year	redacted
2	Oregon Lines at the End of the Year	redacted
3	Gross Oregon Revenues During Year (<i>interstate + intrastate in whole \$</i>)	redacted
4	If you checked Box 3 in Part E, provide your toll conversation minutes originating in Oregon during the year:	
	a. Number of Toll Conversation Minutes (<i>interstate + intrastate</i>)	redacted
	b. Interstate Toll Conversation Minutes as a Percentage of Total	redacted
	c. Intrastate Toll Conversation Minutes as a Percentage of Total	redacted
	d. Total Percentage (<i>line 4b + line 4c must equal 100%</i>)	redacted

G. Local Exchange Switched Service (CONFIDENTIAL)

- Skip Part G, because Box 1 in Part E is not checked.
- If Box 1 in Part E is checked. Therefore, please complete Part G.

1. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of ILECs?
 - NO. Skip to Part G, Question 4.
 - YES.
2. What type of rate did you pay ILECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Where in Oregon did you provide the local exchange services, which were purchased from ILECs for resale? Provide the approximate percent of lines in each region at year end:

Table G3. Percentage of Respondent-Provided Local Exchange Lines by Region at Year End

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (<i>must equal 100%</i>) (g)
% of Lines							

4. Did you provide local exchange switched service in Oregon during the year, at least in part, by reselling the retail local exchange switched services of CLECs?
 - NO. Skip to Part G, Question 7.
 - YES.
5. What type of rate did you pay CLECs for retail local exchange switched service in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or CLEC).

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

6. Where in Oregon did you provide the local exchange services, which were purchased from CLECs for resale? Provide the approximate percent of lines in each region at year end:

Table G6. Percentage (%) of Respondent-Provided Local Exchange Lines By Region at Year End Provided Through Resale of CLECs' Retail Services

	Portland Metropolitan (a)	Willamette Valley (b)	Southwest Interior (c)	Coast (d)	Central (e)	East (f)	Total (must equal 100%) (g)
% of Lines							

7. For CLECs: Did you purchase or lease UNE-P or UNE-P equivalents from ILECs in Oregon during the year?
 NO.
 YES. Complete Tables G7a and G7b.

Table G7a. UNE-P Purchased or Leased by CLECs from ILECs

Line	Description (a)	Units Purchased for Residential Use (b)	Units Purchased for Business Use (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

Table G7b. UNE-P Purchased or Leased by CLECs from ILECs

UNE-P (a)	Portland Metropolitan (b)	Willamette Valley (c)	Southwest Interior (d)	Coast (e)	Central (f)	East (g)
Residential UNE-P						
Residential Equivalent						
Business UNE-P						
Business Equivalent						

8. For ILECs: Did you sell or lease UNE-P or UNE-P equivalents to CLECs in Oregon during the year?
 NO.
 YES. Complete Table G8.

Table G8. UNE-P Sold or Leased by ILECs to CLECs

Line	Description (a)	Number of UNE-P in Oregon at Year End from ILECs (b)	Gross Oregon Revenues Billed for December Services from UNE-P in Column (b) (c)
1	UNE-P		
2	UNE-P Equivalent *		

* UNE-P Equivalent or UNE-P replacement, such as QPP (Qwest Platform Plus).

9. Did you provide local exchange switched service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO.
 YES. You owned and operated the following types of facilities during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

G. Local Exchange Switched Service (CONFIDENTIAL)

10. Report the following information for Oregon customers to whom you provided local exchange switched service during the year, including UNE-P and UNE-P Equivalent above:

Table G10. Local Exchange Switched Service

Line	Type of Service (a)	Customers at Year End (b)	Lines at Year End (c)	Gross Oregon Revenues Billed from Lines in Column (c)	
				During December (d)	During the Year (e)
1	Residential	redacted	redacted	redacted	redacted
2	Business	redacted	redacted	redacted	redacted
3	Wholesale (such as sales to resellers)				

11. Consistent with your answer in Table G10, Column C above, report the number of local exchange lines you provided at year end in the six geographic regions shown below, by customer type.

**Table G11. Local Exchange Lines by Region and Type of Customer at Year End
 Detail of Table G10, Column C**

Line	Regions (a)	Residential (b)	Business (c)	Wholesale (d)
1	Portland Metropolitan	redacted	redacted	
2	Willamette Valley	redacted	redacted	
3	Southwest Interior	redacted	redacted	
4	Coast	redacted	redacted	
5	Central			
6	East			
7	Total (lines 1 through 6)		redacted	

H. Intrastate Private Line Service (CONFIDENTIAL)

- Skip Part H, because Boxes 2a and 2b in Part E are not checked.
- If Box 2a in Part E is checked, please complete Part H.
- If Box 2b in Part E is checked, please complete Part H.

1. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of ILECs?
 - NO. Skip to Part H, Question 3.
 - YES.
2. What type of rate did you pay the ILECs for retail intrastate private line service by reselling in Oregon during the year?
 - Wholesale discounted rate.
 - Full retail rate.
 - Both rates (depends on which service or ILEC).
3. Did you provide intrastate private line service in Oregon during the year, at least in part, by reselling the intrastate private line services of CLECs?
 - NO. Skip to Part H, Question 6.
 - YES.

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

4. What type of rate did you pay CLECs for retail intrastate private line service in Oregon during the year?
 Wholesale discounted rate.
 Full retail rate.
 Both rates (depends on which service or CLEC).
5. For CLECs: Did you provide intrastate private line service in Oregon during the year, at least in part, by purchasing or leasing UNEs from ILECs?
 NO. Skip to Part H, Question 6.
 YES. Complete Table H5.

Table H5. UNEs Purchased or Leased from ILECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

6. For ILECs: Did you sell UNEs for intrastate private line service in Oregon during the year to CLECs?
 NO.
 YES. Complete Table H6.

Table H6. UNEs Sold or Leased to CLECs for Intrastate Private Line Service

Description (a)	Number of UNEs at Year End Lower Capacity (less than 1.544 Mbps) (b)	Number of UNEs at Year End Higher Capacity (1.544 Mbps or higher) (c)
UNEs -- Combination of Loop and Dedicated Transport		

7. Did you provide intrastate private line service in Oregon during the year, at least in part, by means of telecommunications facilities that you own and operate?
 NO. Skip to Part H, Question 9.
 YES. You owned and operated the following types of facilities in Oregon during the year (check all that apply):
 Switches and routers.
 Loops (connect end users with switching center).
 Interoffice transport facilities (between switching centers).

8. Report the following information for Oregon customers to whom you provided intrastate private line service in Oregon during the year:

Table H8. Intrastate Private Line Service

Line	Description (a)	Amount (b)
1	Number of Private Line Customers at Year End	redacted
2	Number of Private Line Circuits at Year End:	
	a. Lower Capacity (less than 1.544 Mbps)	redacted
	b. Higher Capacity (1.544 Mbps or higher)	redacted
3	Gross Oregon Revenues Billed for December Services from Circuits	redacted
4	Annual Gross Oregon Revenues Billed for Services from Circuits	redacted

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.

H. Intrastate Private Line Service (CONFIDENTIAL)

9. Consistent with the number of circuits provided in Table H8, lines 2a and 2b above, report the number of intrastate private line circuit terminations you provided in the six geographic regions shown below.
 Note: One private line circuit is counted as two or more terminations.

Table H9. Intrastate Private Line Circuits Terminations by Region at Year End
 Detail of Table H8, Column B, Lines 2a and 2b

Line	Regions (a)	Lower Capacity (b)	Higher Capacity (c)	Total (b+c) (d)
1	Portland Metropolitan	redacted	redacted	redacted
2	Willamette Valley	redacted	redacted	redacted
3	Southwest Interior		redacted	redacted
4	Coast	redacted		redacted
5	Central			
6	East			

I. Digital Subscriber Line (xDSL) (CONFIDENTIAL)

- Skip Part I, because Box 4 in Part E is not checked.
 If Box 4 in Part E is checked, please complete Part I.

1. Did you provide xDSL service to Oregon customers during the year?
 NO. Skip to Part J.
 YES. Complete Tables I1 and I2.

Table I1. xDSL Service Provided

Line	Description (a)	Units (b)
1	Number of xDSL at Year End	redacted
2	Gross Oregon Billed Revenues for xDSL:	
	a. Services Rendered in December	redacted
	b. Services Rendered During the Year	redacted

Table I2. xDSL Service Provided by Region at Year End

Line	Regions (a)	Units (b)
1	Portland Metropolitan	redacted
2	Willamette Valley	redacted
3	Southwest Interior	redacted
4	Coast	redacted
5	Central	
6	East	

Company: CenturyTel of Oregon, Inc.
 OREGON OPERATIONS

OPUC ID No.: 47

*Schedules from other reports are not acceptable.
 See the attached instructions for definitions and more information.*

J. Providing Telecommunications Services through Other Facilities

- Skip Part I, because Boxes 8 and 9 in Part E are not checked.
- If Boxes 8 or 9 in Part E are checked, please complete Table J.

Table J. Other Facilities

Line	Service Provided By (a)	No. of Customers (b)	No. of Phone Numbers (c)
1	Facilities Other than Cable and VoIP		
2	Cable Television Facilities		
3	VoIP		

K. Business Plans and Competition (CONFIDENTIAL)

1. Provide your capital expenditures for local exchange service (not wireless or long distance services) allocated to Oregon at year end (*check one box*):
 - Less than \$10,000.
 - \$10,000 - \$50,000.
 - \$50,001 - \$100,000.
 - \$100,000 - \$1 million.
 - \$1,000,001 - \$10 million.
 - More than \$10 million.

2. What do you believe are the reasons that you do not have a bigger share of Oregon's residential market (*check all that apply*)?
 - Cannot compete on price.
 - Cannot compete on facilities.
 - The incumbent local exchange carrier has name familiarity.
 - Do not have enough of your own network capacity.
 - Competition from cell phones.
 - Lower customer density makes residential competition difficult or expensive.
 - Other (*explain*): _____

THIS COMPLETES THE REPORT.

Return to Part C, and sign and date the form.
 PUC must receive your completed report by April 1, 2008.

Address it to the attention of:

Annual Reports, Utility Program
 Public Utility Commission of Oregon
 PO Box 2148
 Salem, Oregon 97308-2148
 Facsimile: (503) 373-7752

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "EMBARQ CORPORATION", FILED IN THIS OFFICE ON THE SECOND DAY OF MAY, A.D. 2006, AT 4:19 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

3977528 8100

060409761



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 4712746

DATE: 05-02-06

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

EMBARQ CORPORATION

(ORIGINALLY INCORPORATED ON MAY 27, 2005)

The undersigned, for the purpose of amending and restating the Certificate of Incorporation of Embarq Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does certify that:

1. The present name of the Corporation is Embarq Corporation. The Corporation was originally incorporated on May 27, 2005 under the name LTD Holding Company.

2. The Certificate of Incorporation of the Corporation, as amended and restated herein, shall at the effective time of this amended and restated Certificate of Incorporation, read as follows:

ARTICLE I

NAME

The name of the corporation is Embarq Corporation (hereinafter referred to as the "*Corporation*").

ARTICLE II

PERIOD OF DURATION

The Corporation shall exist perpetually unless dissolved in accordance with applicable law.

ARTICLE III

REGISTERED OFFICE

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of the registered agent of the Corporation at that address is Corporation Service Company.

ARTICLE IV

PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

ARTICLE V

CAPITAL STOCK

SECTION 1. Authorized Stock. The total number of shares of all classes of stock which the Corporation has authority to issue is one billion four hundred fifty million (1,450,000,000), consisting of one billion two hundred fifty million (1,250,000,000) shares of Common Stock, par value one cent (\$.01) per share (the "*Common Stock*"), and two hundred million (200,000,000) shares of Preferred Stock, par value one cent (\$.01) per share (the "*Preferred Stock*"). The board of directors of the Corporation (the "*Board of Directors*") is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "*Certificate of Designations*"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Certificate of Designations.

SECTION 2. Voting Rights. Except as otherwise provided herein or in a Certificate of Designations, voting power for the election of directors and for all other purposes shall be vested exclusively in the holders of the Common Stock. Except as otherwise provided herein or in a Certificate of Designations, at every meeting of stockholders of the Corporation each holder of Common Stock shall be entitled to one vote per share on all matters submitted to a vote of stockholders; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Certificate of Designations relating to any series of Preferred Stock).

SECTION 3. Dividends. Subject to the rights, powers and preferences applicable to any series of Preferred Stock outstanding at any time, the holders of Common Stock shall be entitled to receive dividends when and as declared out of funds legally available therefor at such times and in such amounts as the Board of Directors may determine in its sole discretion. Holders of shares of Common Stock shall be entitled to share equally, share for share, in such dividends.

SECTION 4. Liquidation. If any voluntary or involuntary liquidation, dissolution or winding up of the Corporation occurs, then after payment or provision for payment of the debts and other liabilities of the Corporation, subject to the rights, powers and preferences of any series of Preferred Stock, the remaining assets of the Corporation available for distribution to stockholders shall be distributed ratably to the holders of Common Stock in proportion to the number of shares held by them. Neither the merger nor consolidation of the Corporation, nor the transfer of all or part of its assets, shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation within the meaning of this Section 4.

SECTION 5. No Preemptive Rights; No Cumulative Voting. No holder of shares of capital stock of any class or series of the Corporation or holder of any security or obligation convertible into shares of capital stock of any class or series of the Corporation shall have any preemptive right whatsoever to subscribe for, purchase or otherwise acquire shares of capital stock of any class or series of the Corporation, whether now or hereafter authorized; provided that this provision shall not (i) prohibit the Corporation from granting, contractually or otherwise, to any such holder, rights similar to preemptive rights entitling such holder to purchase additional securities of the Corporation or (ii) otherwise limit or otherwise modify any rights of any such holder pursuant to any such contract or other agreement. Stockholders of the Corporation shall not be entitled to cumulative voting of their shares in elections of directors.

SECTION 6. No Action Without a Meeting. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Notwithstanding the foregoing sentence, the holders of any series of Preferred Stock shall be entitled to take action by written consent to such extent, if any, as may be provided in the applicable Certificate of Designations.

SECTION 7. Special Meetings. Subject to the rights of the holders of any series of preferred stock, and as otherwise provided by law, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution adopted by a majority of the members of the Board of Directors then in office.

SECTION 8. Redemption of Shares Held by Aliens. Notwithstanding any other provision of this Certificate of Incorporation to the contrary, outstanding shares of Common Stock Beneficially Owned by Aliens may be redeemed by the Corporation, by action duly taken by the Board of Directors (with the approval of a majority of the Continuing Directors (as defined in Article X) at a meeting at which at least two-thirds of the Continuing Directors are present, except that no such approval of the Continuing Directors shall be required if: (i) the Fair Price Provisions have been deleted in their entirety or (ii) the transaction in question is not a "Business Combination" within the meaning of the Fair Price Provisions), to the extent necessary or advisable, in the judgment of the Board of Directors, for the Corporation or any of its Subsidiaries to comply with the requirements of Section 310.

The terms and conditions of such redemption shall be as follows, subject in any case to any other rights of a particular Alien or of the Corporation pursuant to any contract or agreement between such Alien and the Corporation:

(a) except as provided in Section 8(f) of Article V, the redemption price of the shares to be redeemed pursuant to this Section 8 of Article V shall be equal to the Market Price of such shares on the third Business Day before the date notice of such redemption is given pursuant to Section 8(d), provided that, except as provided in Section 8(f), such redemption price as to any Alien who purchased such shares of Common Stock within one year before the Redemption Date shall not (unless otherwise determined by the Board of Directors) exceed the purchase price paid by such Alien for such shares;

(b) the redemption price of such shares may be paid in cash, Redemption Securities or any combination thereof;

(c) if less than all of the shares Beneficially Owned by Aliens are to be redeemed, the shares to be redeemed shall be selected in such manner as shall be determined by the Board of Directors, which may include selection first of the most recently purchased shares thereof, selection by lot or selection in any other manner determined by the Board of Directors to be equitable;

(d) the Corporation shall give notice of the Redemption Date at least 30 days before the Redemption Date to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder) by delivering a written notice by first class mail, postage pre-paid, to the holders of record of the shares selected to be redeemed, addressed to such holders at their last address as shown upon the stock transfer books of the Corporation (each such notice of redemption specifying the date fixed for redemption, the redemption price, the place or places of payment and that payment will be made upon presentation and surrender of the certificates representing such shares), provided that the Redemption Date may be the date on which written notice is given to record holders if the cash or Redemption Securities necessary to effect the redemption have been deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed;

(e) on the Redemption Date, unless the Corporation shall have defaulted in paying or setting aside for payment the cash or Redemption Securities payable upon such redemption, any and all rights of Aliens in respect of shares so redeemed (including without limitation any rights to vote or participate in dividends), shall cease and terminate, and from and after such Redemption Date such Aliens shall be entitled only to receive the cash or Redemption Securities payable upon redemption of the shares to be redeemed; and

(f) such other terms and conditions as the Board of Directors shall determine to be equitable.

Any notice that is mailed as herein provided shall be conclusively presumed to have been duly given, whether or not the holder of shares to be redeemed received such notice, and failure to give such notice by mail, or any defect in such notice, to holders of shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares.

SECTION 9. Beneficial Ownership Inquiry.

(a) The Corporation may by written notice require a Person that is a holder of record of or that the Corporation knows to have, or has reasonable cause to believe has, Beneficial Ownership of Common Stock, to certify that, to the knowledge of such Person:

(i) no Common Stock as to which such Person has record ownership or Beneficial Ownership is Beneficially Owned by Aliens; or

(ii) the number of shares of Common Stock owned of record or Beneficially Owned by such Person that are owned of record or Beneficially Owned by Persons that are Aliens are as set forth in such certification.

(b) With respect to any Common Stock identified by such Person in response to Section 9(a)(ii) above, the Corporation may require such Person to provide such further information as the Corporation may reasonably require in order to implement the provisions of Section 8.

(c) For purposes of applying Section 8 with respect to any Common Stock, if any Person fails to provide the certification or other information to which the Corporation is entitled pursuant to this Section 9, the Corporation in its sole discretion may presume that the Common Stock in question is, or is not, Beneficially Owned by Aliens.

SECTION 10. Factual Determination. The Board of Directors shall have the power and duty to construe and apply the provisions of Sections 8 and 9 and, with respect to shares of Common Stock, to make all determinations necessary or desirable to implement such provisions, including but not limited to: (a) the number of shares of Common Stock that are Beneficially Owned by any Person; (b) whether a Person is an Alien; (c) the application of any other definition of this Certificate of Incorporation to the given facts; and (d) any other matter relating to the applicability or effect of Section 8.

SECTION 11. Definitions. For purposes of Sections 8, 9 and 10 and this Section 11 of this Article V, as applicable, the following terms have the following meanings (with terms defined in the singular having comparable meaning when used in the plural and vice versa), unless the context otherwise requires.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such Person.

"Alien" means "aliens," "their representatives," "a foreign government or representatives thereof" or "any corporation organized under the laws of a foreign country" as such terms are used in Section 310(b)(4) of the Communications Act of 1934, as amended, or as hereafter may be amended, or any successor provision of law.

"Applicable Law" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including common law), rules, regulations, ordinances or codes of any Governmental Authority and (b) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

"Associate" has the meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

"Beneficial Owner" (including, with its correlative meanings, **"Beneficially Own"** and **"Beneficial Ownership"**), with respect to any securities, means any Person which:

(a) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to acquire (whether such right is exercisable immediately or only after the passage of time) such securities pursuant to any agreement, arrangement or understanding (whether or not in writing), including, without limitation, upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise;

(b) has, or any of whose Affiliates or Associates has, directly or indirectly, the right to vote or dispose of (whether such right is exercisable immediately or only after the passage of time) or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 under the Exchange Act but including all such securities which a Person has the right to acquire beneficial ownership of whether or not such right is exercisable within the 60-day period specified therein) such securities, including pursuant to any agreement, arrangement or understanding (whether or not in writing); or

(c) has, or any of whose Affiliates or Associates has, any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting or disposing of any securities which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof).

"Business Day" means any day other than a day on which commercial banks in The City of New York are required or authorized by law to be closed.

"Closing Price" means, with respect to a security on any day, the last sale price, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on The New York Stock Exchange, Inc. or, if such security is not listed or admitted to trading on such exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the security is listed or admitted to trading or, if the security is not listed or admitted to trading on any national securities exchange, the last quoted sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use, or, if on any such date such security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the security selected in good

faith by the Board of Directors. If the security is not publicly held or so listed or publicly traded, "Closing Price" means the Fair Market Value of such security.

"**Control**" means, with respect to a Person or Group, either of the following:

- (a) ownership by such Person or Group of Votes entitling it to exercise in the aggregate more than 35% of the Voting Power of the entity in question; or
- (b) possession by such Person or Group of the power, directly or indirectly, (i) to elect a majority of the board of directors (or equivalent governing body) of the entity in question, or (ii) to direct or cause the direction of the management and policies of or with respect to the entity in question, whether through ownership of securities, by contract or otherwise.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Fair Market Value**" means, with respect to any asset, shares or other property, the cash price at which a willing seller would sell and a willing buyer would buy such asset, shares or other property in an arm's-length negotiated transaction without undue time restraints, as determined in good faith by a majority of the Independent Directors.

"**Fair Price Provisions**" means Article X of this Certificate of Incorporation, and any successor provision thereto.

"**Governmental Authority**" means any federation, nation, state, sovereign or government, any federal, supranational, regional, state or local political subdivision, any governmental or administrative body, instrumentality, department or agency or any court, tribunal, administrative hearing body, arbitration panel, commission or similar dispute resolving panel or body, and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of a government.

"**Group**" means any group within the meaning of Section 13(d)(3) of the Exchange Act.

"**Independent Director**" means any member of the Board of Directors who meets the director independence requirements of the rules and regulations of the New York Stock Exchange applicable to listed companies, as amended from time to time, or if the principal United States listing or quotation of the Common Stock is on another United States securities exchange or inter-dealer quotation system of a registered national securities association, the director independence requirements of the rules and regulations of that exchange or association, as amended from time to time; provided that if the Common Stock is not then traded on an exchange or association that maintains director independence requirements, the Independent Directors shall be determined in good faith by the Board of Directors.

"**Market Price**" means with respect to a security on any date, the Closing Price of such security on the Trading Day immediately before such date.

"Person" means an individual, a partnership, a limited liability company, an association, a joint venture, a corporation, a trust, any entity organized or existing under Applicable Law, an unincorporated organization or any Governmental Authority.

"Redemption Date" means the date fixed by the Board of Directors for the redemption of any shares of capital stock of the Corporation pursuant to Section 8 of Article V.

"Redemption Securities" means any debt or equity securities of the Corporation, any of its Subsidiaries, or any combination thereof having such terms and conditions as shall be approved by the Board of Directors and which, together with any cash to be paid as part of the redemption price pursuant to Section 8(b) of Article V, in the opinion of an investment banking firm of recognized national standing selected by the Board of Directors (which may be a firm which provides other investment banking, brokerage or other services to the Corporation), have a Market Price, at the time notice of redemption is given pursuant to Section 8(d) of Article V, at least equal to the redemption price required to be paid by Section 8(a) of Article V.

"Section 310" means Section 310 of the Communications Act of 1934, as amended (or any successor provision of law).

"Subsidiary" means, with respect to any Person (the **"Parent"**), any other Person in which the Parent, one or more direct or indirect Subsidiaries of the Parent, or the Parent and one or more of its direct or indirect Subsidiaries (a) have the ability, through ownership of securities individually or as a group, ordinarily, in the absence of contingencies, to elect a majority of the directors (or individuals performing similar functions) of such other Person, and (b) own more than 50% of the equity interests.

"Trading Day" means, with respect to any security, any day on which the principal national securities exchange on which such security is listed or admitted to trading or The Nasdaq Stock Market, Inc., if such security is listed or admitted to trading thereon, is open for the transaction of business (unless such trading shall have been suspended for the entire day) or, if such security is not listed or admitted to trading on any national securities exchange or The Nasdaq Stock Market, Inc., any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Vote" means, with respect to any entity, the ability to cast a vote at a stockholders', members' or comparable meeting of such entity with respect to the election of directors, managers or other members of such entity's governing body, or the ability to cast a general partnership or comparable vote.

"Voting Power" means, with respect to any entity as at any date, the aggregate number of Votes outstanding as at such date in respect of such entity.

ARTICLE VI

BOARD OF DIRECTORS

SECTION 1. General. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation. The number of directors which shall constitute the whole Board of Directors shall be specified in the bylaws of the Corporation.

SECTION 2. Written Ballot. The directors of the Corporation need not be elected by written ballot unless the bylaws of the Corporation so provide.

SECTION 3. Term. At each annual meeting of stockholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the next succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal.

SECTION 4. Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, though less than a quorum or by a sole remaining director (and not by stockholders), and any director so chosen shall hold office until the next annual meeting of stockholders and until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

SECTION 5. Stockholder Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the bylaws of the Corporation.

ARTICLE VII

BYLAWS

In furtherance and not in limitation of the powers conferred by statute, the bylaws of the Corporation may be adopted, amended, altered or repealed (a) by the holders of at least a majority of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, provided that an amendment to or adoption of any provision inconsistent with Sections 2.02, 2.03, 3.01, 3.02, Article VIII and 9.01 of the bylaws of the Corporation by the stockholders shall require the affirmative vote of the holders of at least

two-thirds of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, or (b) by a majority of the Board of Directors.

ARTICLE VIII

LIMITATION OF LIABILITY

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE IX

RIGHT TO AMEND CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this corporation required by law or by this Certificate of Incorporation, (a) the affirmative vote of the holders of at least two-thirds of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal, or to adopt any provisions inconsistent with, this Article IX, clause (a), Sections 6 or 7 of Article V, Sections 4 and 5 of Article VI, Article VII, or Article VIII and (b) the affirmative vote of the holders of at least three-fourths of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal, or to adopt any provisions inconsistent with, Article X and this Article IX, clause (b).

ARTICLE X

BUSINESS COMBINATIONS

SECTION 1. General. In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as expressly provided in Section 2 of this Article X, the affirmative vote of the holders of 75% of the outstanding shares of the Corporation entitled to vote in an election of directors shall be required for the approval or authorization of any Business Combination (as hereinafter defined).

SECTION 2. Limitations. The provisions of Section 1 of this Article X shall not be applicable if:

(a) The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined); provided, however, that such approval shall only be effective if obtained at a meeting of directors at which at least two-thirds of the Continuing Directors are present; or

(b) The Business Combination is a merger or consolidation and the cash or Fair Market Value (as hereinafter defined) of the property, securities or other consideration to be received per share by the stockholders of each class of stock of the Corporation in the Business Combination, if applicable, is not less than the highest per share price paid by the Interested Stockholder (as hereinafter defined), with appropriate adjustments for stock splits, stock dividends and like distributions, in the acquisition by the Interested Stockholder of any of its holdings of each class of the Corporation's capital stock.

SECTION 3. Definitions. For purposes of this Article X:

"Business Combination" means:

(i) any merger or consolidation of the Corporation or any subsidiary of the Corporation with (a) any Interested Stockholder or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as defined on January 1, 2006 in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of an Interested Stockholder;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any subsidiary of the Corporation that have an aggregate Fair Market Value of \$10,000,000 or more;

(iii) the issuance or transfer by the Corporation or any subsidiary of the Corporation (in one transaction or a series of transactions) of any securities of the Corporation or any subsidiary of the Corporation to any Interested Stockholder or any Affiliate of any Interested Stockholder in

exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of \$10,000,000 or more;

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder.

“Continuing Director” means any member of the Board of Directors who is unaffiliated with the Interested Stockholder and was a member of the Board of Directors prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Continuing Director if the successor is unaffiliated with the Interested Stockholder and is recommended or elected to succeed a Continuing Director by a majority of Continuing Directors, provided that such recommendation or election shall only be effective if made at a meeting of directors at which at least two-thirds of the Continuing Directors are present.

“Fair Market Value” means:

(i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-listed stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Exchange Act on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined in good faith by a majority of Continuing Directors, provided that such determination shall only be effective if made at a meeting of directors at which at least two-thirds of the Continuing Directors are present; or

(ii) in the case of property or securities other than cash or stock, the fair market value of such property or securities on the date in question as determined in good faith by a majority of Continuing Directors, provided

that such determination shall only be effective if made at a meeting of directors at which at least two-thirds of the Continuing Directors are present.

"Interested Stockholder" means and includes, as of the date of any proposed Business Combination, any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as defined on January 1, 2006 in Rule 12b-2 under the Exchange Act), "Beneficially Owns" (as defined on January 1, 2006 in Rule 13d-3 under the Exchange Act) in the aggregate 10% or more of the outstanding shares of the Corporation entitled to vote in an election of Directors, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation, which restates and integrates and does further amend the provisions of the Corporation's Certificate of Incorporation, having been duly proposed by the Board of Directors of the Corporation and approved in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, has been executed this 2nd day of May by Claudia S. Toussaint, its authorized officer.

EMBARQ CORPORATION



Claudia S. Toussaint

Vice President and Corporate Secretary

**AMENDED AND RESTATED
ARTICLES OF
INCORPORATION**

OF

**CENTURYTEL, INC.
(formerly Century Telephone
Enterprises, Inc.)**

UNITED STATES OF AMERICA
State of Louisiana

Fox McKeithen

SECRETARY OF STATE

As Secretary of State, of the State of Louisiana, I do hereby Certify that
a copy of Restated Articles of Incorporation of

CENTURY TELEPHONE ENTERPRISES, INC.

Domiciled at MONROE, LOUISIANA, changing the corporate name
to

CENTURYTEL, INC.

Was filed and recorded in this Office on May 07, 1999.

*In testimony whereof, I have hereunto set
my hand and caused the Seal of my Office
to be affixed at the City of Baton Rouge on,*

May 7, 1999


Fox McKeithen

RAS 28207600D 34787102

Secretary of State



UNITED STATES OF AMERICA



State of Louisiana

Jos McKeithen
SECRETARY OF STATE

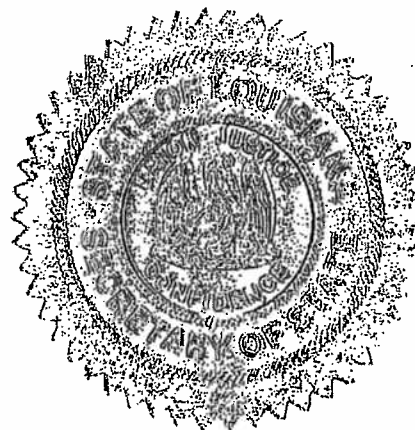
As Secretary of State, of the State of Louisiana, I do hereby Certify that the annexed transcript was prepared by and in this office from the record on file, of which purports to be a copy, and that it is full, true and correct.

In testimony whereof, I have hereunto set my hand and caused the Seal of my Office to be affixed at the City of Baton Rouge on,

MAY 07 1999

Jos McKeithen

Secretary of State



**AMENDED AND RESTATED
ARTICLES OF INCORPORATION**
of
CENTURYTEL, INC.
(formerly Century Telephone Enterprises, Inc.)

The undersigned Corporation, acting through its President and Secretary and by authority of its Board of Directors, does hereby certify as of May 6, 1999 that:

FIRST: The Amended and Restated Articles of Incorporation set forth in Paragraph Fifth below accurately set forth the articles of incorporation of the Corporation and all amendments thereto in effect on the date hereof, including the changes made in the manner described in Paragraph Fourth below.

SECOND: All such amendments have been effected in conformity with law.

THIRD: The date of incorporation of the Corporation was April 30, 1968, and the date of these Amended and Restated Articles of Incorporation is May 6, 1999.

FOURTH: On February 23, 1999, the Board of Directors of the Corporation, at a duly-convened regular meeting of the Board of Directors, unanimously adopted resolutions to (i) amend the Corporation's articles of incorporation to increase the number of authorized shares of the Corporation's common stock and to change the Corporation's name and (ii) restate the Corporation's articles of incorporation, in each case in the manner described further below. On May 6, 1999, the shareholders of the Corporation, at a duly-convened annual shareholders' meeting at which there were present or duly represented a quorum of the holders of the Corporation's total voting power, adopted resolutions to amend the Corporation's articles of incorporation as in effect prior to the date thereof, with each such resolution receiving not less than 146,065,346 affirmative votes, not more than 3,519,491 negative votes and not more than 389,905 votes as to which the shareholders abstained from voting. Pursuant to these proceedings, the Corporation's articles of incorporation have been modified to (i) amend Article III(A) to increase the number of authorized shares of common stock from 175 million to 350 million, (ii) amend Article I to change the Corporation's name from Century Telephone Enterprises, Inc. to CenturyTel, Inc., and (iii) restate the articles of incorporation to reflect the above-described amendments, to delete paragraph F of Article III, which heretofore set forth the terms of the Corporation's Series K Preferred Stock, to amend Article III(F)(2) (heretofore numbered Article III(G)(2)) to clarify the ranking of the Series L Preferred Stock, and to renumber the articles of incorporation to reflect the deleted sections.

FIFTH: The Amended and Restated Articles of Incorporation of the Corporation are as follows:

ARTICLE I

Name

The name of this Corporation is CenturyTel, Inc.

ARTICLE II

Purpose

The purpose of the Corporation is to engage in any lawful activity for which corporations may be formed under the Business Corporation Law of Louisiana.

ARTICLE III

Capital

A. Authorized Stock. The Corporation shall be authorized to issue an aggregate of 352 million shares of capital stock, of which 350 million shares shall be Common Stock, \$1.00 par value per share, and two million shares shall be Preferred Stock, \$25.00 par value per share.

B. Preferred Stock. (1) The Preferred Stock may be issued from time to time in one or more series.

(2) In respect to any series of Preferred Stock, the Board of Directors is hereby authorized to fix or alter the dividend rights, dividend rates, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series. In addition thereto the Board of Directors shall have such other powers with respect to the Preferred Stock and any series thereof as shall be permitted by applicable law.

(3) No full dividend for any quarterly dividend period may be declared or paid on shares of any series of Preferred Stock unless the full dividend for that period shall be concurrently declared or paid on all series of Preferred Stock outstanding in accordance with the terms of each series. If there are any accumulated dividends accrued or in arrears on any share of any series of Preferred Stock those dividends shall be paid in full before any full dividend shall be paid on any other series of Preferred Stock. If less than a full dividend is to be paid, the amount of the dividend to be distributed shall be divided among the shares of Preferred Stock for which

(3) Notwithstanding anything in this paragraph C to the contrary, no change in beneficial ownership shall be deemed to have occurred solely as a result of:

(a) any event that occurred prior to May 30, 1987, including contracts providing for options, rights of first refusal and similar arrangements, in existence on such date to which any holder of shares of stock is a party;

(b) any transfer of any interest in shares of stock pursuant to a bequest or inheritance, by operation of law upon the death of any individual, or by any other transfer without valuable consideration, including a gift that is made in good faith and not for the purpose of circumventing this paragraph C;

(c) any change in the beneficiary of any trust, or any distribution of a share of stock from trust, by reason of the birth, death, marriage or divorce of any natural person, the adoption of any natural person prior to age 18 or the passage of a given period of time or the attainment by any natural person of a specified age, or the creation or termination of any guardianship or custodian arrangement; or

(d) any appointment of a successor trustee, agent, guardian or custodian with respect to a share of stock.

(4) For purposes of this paragraph C, all determinations concerning changes in beneficial ownership, or the absence of any such change, shall be made by the Corporation. Written procedures designed to facilitate such determinations shall be established by the Corporation and refined from time to time. Such procedures shall provide, among other things, the manner of proof of facts that will be accepted and the frequency with which such proof may be required to be renewed. The Corporation and any transfer agent shall be entitled to rely on all information concerning beneficial ownership of a share of stock coming to their attention from any source and in any manner reasonably deemed by them to be reliable, but neither the Corporation nor any transfer agent shall be charged with any other knowledge concerning the beneficial ownership of a share of stock.

(5) Each share of Common Stock acquired by reason of any stock split or dividend shall be deemed to have been beneficially owned by the same person continuously from the same date as that on which beneficial ownership of the share of Common Stock, with respect to which such share of Common Stock was distributed, was acquired.

(6) Each share of Common Stock acquired upon conversion of the outstanding Series H Preferred Stock of the Corporation ("Convertible Stock") shall be deemed to have been beneficially owned by the same person continuously from the date on which such person acquired the Convertible Stock converted into such share of Common Stock.

(7) Where a holder beneficially owns shares having ten votes per share and shares having one vote per share, and transfers beneficial ownership of less than all of the shares held, the shares transferred shall be deemed to consist, in the absence of evidence to the contrary, of the shares having one vote per share.

(8) Shares of Common Stock held by the Corporation's employee benefit plans will be deemed to be beneficially owned by such plans regardless of how such shares are allocated to or voted by participants, until the shares are actually distributed to participants.

(9) Each share of Common Stock, whether at any particular time the holder thereof is entitled to exercise ten votes or one, shall be identical to all other shares of Common Stock in all other respects.

(10) Each share of Voting Preferred Stock, whether at any particular time the holder thereof is entitled to exercise ten votes or one, shall be identical in all other respects to all other shares of Voting Preferred Stock in the same designated series.

(11) Each share of Common Stock issued by the Corporation in a business combination transaction shall be deemed to have been beneficially owned by the person who received such share in the transaction continuously for the shortest period, as determined in good faith by the Board of Directors, that would be permitted for the transaction to be accounted for as a pooling of interests, provided that the Audit Committee of the Board of Directors has made a good faith determination that (a) such transaction has a bona fide business purpose, (b) it is in the best interests of the Corporation and its shareholders that such transaction be accounted for as a pooling of interests under generally accepted accounting principals and (c) such issuance of Common Stock does not have the effect of nullifying or materially restricting or disparately reducing the per share voting rights of holders of an outstanding class or classes of voting stock of the Corporation. Notwithstanding the foregoing, (i) the Corporation shall not issue shares in a business combination transaction if such issuance would result in a violation of any rule or regulation regarding the per share voting rights of publicly-traded securities that is promulgated by the Securities and Exchange Commission or the principal exchange upon which the Common Stock is then listed for trading and (ii) nothing herein shall be interpreted to require the Corporation to account for any business combination transaction in any particular manner.

D. Non-Assessability; Transfers; Pre-emptive Rights. The stock of this Corporation shall be fully paid and non-assessable when issued and shall be personal property. No transfer of such stock shall be binding upon this Corporation unless such transfer is made in accordance with these Articles and the by-laws of this Corporation and duly recorded in the books thereof. No stockholder shall have any pre-emptive right to subscribe to any or all additions to the stock of this Corporation.

E. Series H Preferred Stock. The Corporation's Preferred Stock, Series H ("Series H Shares"), shall consist of 20,000 shares of Preferred Stock.

(1) Holders of the outstanding Series H Shares shall be entitled to one vote per share thereof, voting with holders of shares of Common Stock and with holders of other voting shares of Preferred Stock as a single class, except as to those matters on which holders of Preferred Stock or a particular series thereof are required by applicable law to vote separately; and shall be entitled to receive, out of any funds legally available therefor, dividends at the rate of 7% per annum of the part value thereof, and no more, payable in cash quarterly on the last day of March, June, September, and December in each year, commencing 1975, when and as declared by the Board of Directors of the Corporation. Dividends shall accrue on each share of Series H from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Dividends shall be cumulative so that if dividends in respect of any previously quarterly dividend period at the prescribed rate per annum shall not have been paid on or declared and set apart for all Series H Shares at the time outstanding, the deficiency shall be fully paid on or declared and set apart for said shares before any dividend or other distribution shall be paid on or declared or set apart for shares of Common Stock.

(2) In the event of a liquidation, dissolution or winding up of this Corporation, the holders of Series H Shares shall be entitled to receive, *pro rata* with all other holders of Preferred Stock of whatever series, to the extent available out of the assets of this Corporation, whether such assets are capital or surplus of any nature, an amount equal to the par value of such Preferred Stock, and in addition thereto, a further amount equal to the dividends unpaid and accumulated thereon, to the date that payment is earned or declared or not, and no more, before any payment shall be made or any assets distributed to the holders of Common Stock. A consolidation or merger of this Corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the Corporation, shall not be deemed to be a liquidation, dissolution or winding up, within the meaning of this paragraph.

(3) The holders of Series H Shares shall have conversion rights as follows:

(a) The Series H Shares shall be convertible, at the option of the respective holders thereof, at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable shares (calculated to the nearest whole share, fractions of a share being disregarded) of Common Stock of the Corporation, at the conversion rate of one and twelve thirteenths ($1\frac{12}{13}$) shares of Common Stock for each Series H Share converted. Such conversion rate shall be subject to adjustment from time to time in certain instances, as hereinafter provided. The Corporation shall make no payment or adjustment on account of any dividends accrued on the Series H Shares surrendered for conversion.

(b) Before any holder of Series H Shares shall be entitled to convert the same in Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series H Shares, and shall give written notice to the Corporation at such office that he elects to convert the same and shall state in writing therein the name or names in which he wishes the certificate.

or certificates for Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series H Shares, or to his nominee or nominees, certificates for the number of full shares of Common Stock to which he shall be entitled, as aforesaid. Such conversion shall be deemed to have been made as of the date of surrender of the Series H Shares to be converted, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of that Common Stock on said date.

(c) In case the Corporation shall at any time subdivide the outstanding shares of Common Stock, or shall issue as a dividend on Common Stock such number of shares of Common Stock as shall equal 10% or more of the number of shares of Common Stock outstanding immediately prior to the issuance of such dividend, the conversion price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Corporation shall at any time combine the outstanding shares of Common Stock, the conversion price in effect immediately prior to such combination shall be proportionately increased, effective at the close of business on the date of such subdivision, dividend or combination, as the case may be.

(d) No fractional shares of Common Stock shall be issued upon the conversion of Series H Shares. If any fractional interest in a share of Common Stock would, except for the provisions of this paragraph (d), be deliverable upon conversion hereunder, the Corporation shall adjust such fractional interest by rounding off said fractional interest to the nearest whole number of shares of Common Stock.

(e) Whenever the conversion is adjusted, as herein provided, the Corporation shall forthwith maintain at its office and file with the transfer agents for Series H Shares, if any, a statement signed by the Chairman of the Board, or the President, or a Vice President of the Corporation, and by its Treasurer or an Assistant Treasurer, showing in detail the facts requiring such adjustment and the conversion price after such adjustment. Such transfer agent shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series H Shares desiring an inspection thereof.

(f) In case of any capital reorganization or any reclassification of the capital stock of the Corporation or in case of the consolidation or merger of the Corporation with or into another corporation or the conveyance of all or substantially all of the assets of the Corporation to another corporation, each Series H Share shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series H Shares would have been entitled upon such reorganization, reclassification, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined by the Board of Directors) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the

Series H Shares, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the conversion price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series H Shares.

(g) In case:

1. the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend, or any other distribution, payable otherwise than in cash; or

2. the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase any shares of stock of any class or to receive any other rights; or

3. of any capital reorganization of the Corporation, reclassification of the capital stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock), consolidation or merger of the Corporation with or into another corporation, or conveyance of all or substantially all of the assets of the Corporation to another corporation; or

4. of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation; then, and in any such case, the Corporation shall cause to be mailed to the holders of record of the outstanding Series H Shares, at least 10 days prior to the date hereinafter specified, a notice stating the date on which (i) a record is to be taken for the purpose of such dividend, distribution, or rights, or (ii) such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

(h) The Corporation shall at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of effecting the conversion of the Series H Shares, the full number of shares of Common Stock deliverable upon the conversion of all Series H Shares from time to time outstanding.

(i) The Corporation shall pay any and all issue and other taxes that may be payable in respect to any issue or delivery of shares of Common Stock or conversion of Series H Shares pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the Series H Shares so converted

were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

(j) All certificates of the Series H Shares surrendered for conversion shall be appropriately cancelled on the books of the Corporation, and the shares so converted represented by such certificates shall be restored to the status of authorized but unissued Preferred Stock of the Corporation without designation as to series.

F. Series L Preferred Stock. The Corporation's 5% Cumulative Convertible Series L Preferred Stock ("Series L Shares") shall consist of 325,000 shares of Preferred Stock having the preferences, limitations and relative rights set forth below.

(1) Voting Rights. Holders of the Series L Shares shall be entitled to cast one vote per share, voting with holders of shares of Common Stock and with holders of other series of voting preferred stock as a single class on any matter to come before a meeting of the shareholders, except with respect to the casting of ballots on those matters as to which holders of Preferred Stock or a particular series thereof are required by law to vote separately.

(2) Rank. The Series L Shares shall, with respect to dividend rights and rights upon liquidation, dissolution and winding up, rank prior to the Common Stock and *pari passu* with respect to the Series H Shares. All equity securities of the Corporation to which the Series L Shares rank prior, whether with respect to dividends or upon liquidation, dissolution or winding-up or otherwise, including the Common Stock, are collectively referred to herein as the "Junior Securities"; all equity securities of the Corporation with which the Series L Shares rank *pari passu*, including the Series H Shares, are collectively referred to herein as the "Parity Securities"; and all other equity securities of the Corporation (other than any convertible debt securities) to which the Series L Shares ranks junior are collectively referred to herein as the "Senior Securities." The preferences, limitations and relative rights of the Series L Shares shall be subject to the preferences, limitations and relative rights of the Junior Securities, Parity Securities and Senior Securities issued after the Series L Shares are issued.

(3) Dividends. (a) The holders of record of the Series L Shares shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Corporation legally available therefor, an annual cash dividend of \$1.25 on each Series L Share, payable quarterly on each March 31, June 30, September 30 and December 31 on which any Series L Shares shall be outstanding (each a "Dividend Due Date"), commencing on the first such date following the issuance of the Series L Shares. Dividends on each Series L Share shall accrue and be cumulative from and after the date of issuance of such Series L Share and dividends payable for any partial quarterly period shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months. Dividends shall be payable to the holders of record as they appear on the Corporation's stock transfer books at the close of business on the record date for such payment, which the Board of Directors shall fix not more than 60 days or less than 10 days preceding a Dividend Due Date. Holders of the

Series L Shares shall not be entitled to any dividends, whether paid in cash, property or stock, in excess of the cumulative dividends as provided in this paragraph (a) and shall not be entitled to any interest thereon.

(b) Unless all cumulative dividends accrued on the Series L Shares have been or contemporaneously are declared and paid or declared and a sum set apart sufficient for such payment through the most recent Dividend Payment Date, then (i) except as provided below; no dividend or other distribution shall be declared or paid or set apart for payment on any Parity Securities, (ii) no dividend or other distribution shall be declared or paid or set aside for payment upon the Junior Securities (other than a dividend or distribution paid in shares of, or warrants, rights or options exercisable for or convertible into, Junior Securities) and (iii) no Junior Securities shall be redeemed, purchased or otherwise acquired for any consideration, nor shall any monies be paid to or made available for a sinking fund for the redemption of any Junior Securities, except by conversion of Junior Securities into, or by exchange of Junior Securities for, other Junior Securities. If any accrued dividends are not paid or set apart with respect to the Series L Shares and any Parity Securities, all dividends declared with respect to the Series L Shares and any Parity Securities shall be declared pro rata on a share-by-share basis among all Series L Shares and Parity Securities outstanding at the time.

(4) Conversion. (a) Each Series L Share shall be convertible, at any time, at the option of the holder thereof into that number of fully paid and nonassessable shares of the Common Stock obtained by dividing \$25.00 by the Conversion Price then in effect under the terms of this subsection (4). Unless and until changed in accordance with the terms of this subsection (4), the Conversion Price shall be \$41.25. In order for a holder of the Series L Shares to effect such conversion, the holder shall deliver to KeyCorp Shareholder Services, Inc., Dallas, Texas, or such other agent as may be designated by the Board of Directors as the transfer agent for the Series L Shares (the "Transfer Agent"), the certificates representing such shares in accordance with paragraph (b) below accompanied by written notice jointly addressed to the Corporation and the Transfer Agent that the holder thereof elects to convert such shares or a specified portion thereof. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates representing the Series L Shares being converted shall have been delivered to the Transfer Agent in accordance with each term and condition of paragraph (b) below, accompanied by the written notice jointly addressed to the Corporation and the Transfer Agent of such conversion (the "Conversion Date"), and the person or persons in whose names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the Common Stock represented thereby at such time. As of the close of business on the Conversion Date, the Series L Shares shall be deemed to cease to be outstanding and all rights of any holder thereof shall be extinguished except for the rights arising under the Common Stock issued in exchange therefor and the right to receive accrued and unpaid dividends on such Series L Shares through the Conversion Date on the terms specified in paragraph (c) below.

(b) In connection with surrendering to the Transfer Agent the certificates representing (or formerly representing) Series L Shares, the holder shall furnish the Transfer Agent with transfer instruments satisfactory to the Corporation and sufficient to transfer the Series L Shares being converted to the Corporation free of any adverse interest or claims. As promptly as practicable after the surrender of the Series L Shares in accordance with this paragraph and any other requirement under this subsection (4), the Corporation, acting directly or through the Transfer Agent, shall issue and deliver to such holder certificates for the number of whole shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions hereof (along with any interest payment specified in paragraph (a) above and any cash payment in lieu of fractional shares specified in paragraph (d) below). Certificates will be issued for the balance of any remaining Series L Shares in any case in which fewer than all of the Series L Shares are converted. Any conversion under paragraph (a) shall be effected at the Conversion Price in effect on the Conversion Date.

(c) If the Conversion Date with respect to any Series L Share occurs after any record date with respect to the payment of a dividend on the Series L Shares (the "Dividend Record Date") and on or prior to the Dividend Due Date, then (i) the dividend due on such Dividend Due Date shall be payable to the holder of record of such share as of the Dividend Record Date and (ii) the dividend that accrues from the close of business on the Dividend Record Date through the Conversion Date shall be payable to the holder of record of such share as of the Conversion Date. Except as provided in this subsection (4), no payment or adjustment shall be made upon any conversion on account of any dividends accrued on Series L Shares surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

(d) No fractional interest in a share of Common Stock shall be issued by the Corporation upon the conversion of any Series L Share. In lieu of any such fractional interest, the holder that would otherwise be entitled to such fractional interest shall receive a cash payment (computed to the nearest cent) equal to such fraction multiplied by the market value of a share of Common Stock, which shall be deemed to equal the last reported per share sale price of Common Stock on the New York Stock Exchange ("NYSE") (or, if the Common Stock is not then traded on the NYSE, the last reported per share sale price on such other national securities exchange on which the Common Stock is listed or admitted to trading or, if not then listed or admitted to trading on any national securities exchange, the last quoted bid price in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"), or any similar system of automated dissemination of securities prices) on the trading day immediately prior to the Conversion Date.

(e) The Conversion Price shall be adjusted from time to time as follows:

1. If the Corporation effects any (i) dividend or other distribution upon or in redemption of the Common Stock payable in the form of shares of capital stock of the Corporation or any of its subsidiaries or in the form of any other property (other than cash dividends paid in the ordinary course), (ii) combination of outstanding shares of Common Stock into a smaller

number of shares of Common Stock, (iii) split or other subdivision of outstanding shares of Common Stock into a larger number of shares of Common Stock, or (iv) reorganization, exchange or reclassification of Common Stock, or any consolidation or merger of the Corporation with another corporation, or the sale of all or substantially all of its assets to another corporation, or any other transaction effected in a manner such that holders of outstanding Common Stock shall be entitled to receive (either directly, or upon subsequent liquidation) stock, securities or other property with respect to or in exchange for Common Stock (a "Diluting Event"), then as a condition of such Diluting Event, lawful, appropriate, equitable and adequate adjustments shall be made to the Conversion Price whereby the holders of the Series L Shares shall thereafter be entitled to receive (under the same terms otherwise applicable to their receipt of the Common Stock upon conversion of the Series L Shares), in lieu of or in addition to, as the case may be, the number of shares of Common Stock issuable under this subsection (4), such shares of stock, securities or other property as may be issued or payable with respect to or in exchange for that number of shares of Common Stock to which such holders of Series L Shares were so entitled under this subsection (4), and in any such case appropriate, equitable and adequate adjustments shall also be made to such resulting consideration in like manner in connection with any subsequent Diluting Events. It is the intention of the parties that the foregoing shall have the effect of entitling such holders of Series L Shares to receive upon the due exercise of their conversion rights under this subsection (4) such stock, securities and other property (other than cash dividends paid in the ordinary course) as such holders would have received had they held the Common Stock issuable under this subsection (4) (or any replacement or additional stock, securities or property, as applicable) on the record date of such Diluting Event.

2. No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 5% of such price.

3. Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly deliver to the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall constitute conclusive evidence, absent manifest error, of the correctness of such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare and mail a notice to each holder of Series L Shares at each such holder's last address as the same appears on the books of the Corporation, which notice shall set forth the Conversion Price and a brief statement of the facts requiring the adjustment. The failure of the Corporation to take any such action shall not invalidate any corporate action by the Corporation.

(f) The Corporation covenants that (A) all shares of Common Stock that may be issued upon conversions of Series L Shares will upon issue be duly and validly issued, fully paid and nonassessable, and free of all liens, charges or preemptive rights, and (B) it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversions of Series L Shares, the whole number of shares of Common

Stock deliverable upon the conversion of all outstanding Series L Shares not theretofore converted.

(5) Liquidation Preference. (a) Upon any voluntary or involuntary dissolution, liquidation, or winding up of the Corporation (for the purposes of this subsection (5), a "Liquidation"), the holder of each Series L Share then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders, an amount equal to \$25 per share plus all dividends (whether or not declared or due) accrued and unpaid on such share on the date fixed for the distribution of assets of the Corporation to the holders of Series L Shares. With respect to the distribution of the Corporation's assets upon a Liquidation, the Series L Shares shall rank prior to Junior Securities, *pari passu* with the Parity Securities and junior to the Senior Securities.

(b) If upon any Liquidation of the Corporation, the assets available for distribution to the holders of Series L Shares and any Parity Securities then outstanding shall be insufficient to pay in full the liquidation distributions to the holders of outstanding Series L Shares and Parity Securities in accordance with the terms of these Articles of Incorporation, then the holders of such shares shall share ratably in such distribution of assets in accordance with the amount that would be payable on such distribution if the amounts to which the holders of the Series L Shares and Parity Securities are entitled were paid in full.

(c) Neither the voluntary sale, conveyance, lease, pledge, exchange or transfer of all or substantially all the property or assets of the Corporation, the merger or consolidation of the Corporation into or with any other corporation, the merger of any other corporation into the Corporation, a share exchange with any other corporation, nor any purchase or redemption of some or all of the shares of any class or series of stock of the Corporation, shall be deemed to be a Liquidation of the Corporation for the purposes of this subsection (5) (unless in connection therewith the Liquidation of the Corporation is specifically approved).

(d) The holder of any Series L Shares shall not be entitled to receive any payment owed for such shares under this subsection (5) until such holder shall cause to be delivered to the Corporation the certificate or certificates representing such Series L Shares and transfer instruments satisfactory to the Corporation and sufficient to transfer such Series L Shares to the Corporation free of any adverse interest. No interest shall accrue on any payment upon Liquidation after the due date thereof.

(e) After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Series L Shares will not be entitled to any further participation in any distribution of assets by the Corporation.

(6) Preemptive Rights. The Series L Shares is not entitled to any preemptive or subscription rights in respect of any securities of the Corporation.

G. Series BB Preference Stock. The Corporation's Series BB Participating Cumulative Preference Stock shall consist of 1,000,000 shares of Preferred Stock having the preferences, limitations and relative rights set forth below. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series BB Participating Cumulative Preference Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options or rights or upon the conversion of any outstanding securities issued by the Corporation convertible into Series BB Participating Cumulative Preference Stock.

(1) The holders of Series BB Participating Cumulative Preference Stock shall have the following dividend rights.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series BB Participating Cumulative Preference Stock with respect to dividends, the holders of shares of Series BB Participating Cumulative Preference Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series BB Participating Cumulative Preference Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series BB Participating Cumulative Preference Stock. In the event the Corporation shall at any time after August 27, 1996 (the "Right Declaration Date") (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series BB Participating Cumulative Preference Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series BB Participating Cumulative Preference Stock as provided in paragraph (a) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared

on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$10.00 per share on the Series BB Participating Cumulative Preference Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series BB Participating Cumulative Preference Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series BB Participating Cumulative Preference Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends of such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series BB Participating Cumulative Preference Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series BB Participating Cumulative Preference Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series BB Participating Cumulative Preference Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 45 days prior to the date fixed for the payment thereof.

(2) In addition to any voting rights otherwise required by law, the holders of shares of Series BB Participating Cumulative Preference Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series BB Participating Cumulative Preference Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series BB Participating Preference Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided in the Corporation's Articles of Incorporation or by law, the holders of shares of Series BB Participating Cumulative Preference Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) (i) If at any time dividends on any Series BB Participating Cumulative Preference Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series BB Participating Cumulative Preference Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series BB Participating Cumulative Preference Stock) with dividends in arrears in an amount equal to six quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two Directors.

(ii) During any default period, such voting right of the holders of Series BB Participating Cumulative Preference Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 2(c) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of 10% in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two Directors or, if such right is exercised at an annual meeting, to elect two Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series BB Participating Cumulative Preference Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any shareholder or shareholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board, the Chief Executive Officer, the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (c)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to the holder the last address appearing on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any shareholder

or shareholders owning in the aggregate not less than 10% of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (c)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the shareholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation, if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (c)(ii) of this Section 2) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (c) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Corporation's Articles of Incorporation or By-laws irrespective of any increase made pursuant to the provisions of paragraph (c)(ii) of this Section 2 (such number being subject, however, to change thereafter in any manner provided by law or in the Corporation's Articles of Incorporation or By-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(d) Except as set forth herein, holders of Series BB Participating Cumulative Preference Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(3) Any shares of Series BB Participating Cumulative Preference Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the shareholders or the Board of Directors, subject to the conditions and restrictions on issuance set forth in the Corporation's Articles of Incorporation.

(4) The Corporation shall abide by the following restrictions:

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series BB Participating Cumulative Preference Stock as provided for in

Section 1 are in arrears or the Corporation shall be in default in payment thereof, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series BB Participating Cumulative Preference Stock outstanding shall have been paid or set aside for payment in full, and in addition to any and all other rights which any holder of shares of Series BB Participating Cumulative Preference Stock may have in such circumstances, the Corporation shall not:

1. declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series BB Participating Cumulative Preference Stock;

2. declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series BB Participating Cumulative Preference Stock, unless dividends are paid ratably on the Series BB Participating Cumulative Preference Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

3. redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series BB Participating Cumulative Preference Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series BB Participating Cumulative Preference Stock; or

4. redeem or purchase or otherwise acquire for consideration any shares of Series BB Participating Cumulative Preference Stock, or any shares of stock ranking on a parity with the Series BB Participating Cumulative Preference Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

(5) Upon any liquidation, dissolution or winding up of the Corporation, the holders of Series BB Participating Cumulative Preference Stock shall have the following rights.

(a) Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, no distribution shall be made to the holders of shares of stock ranking (either as to dividends or upon liquidation, dissolution or winding up) junior to the Series BB Participating Cumulative Preference Stock unless, prior thereto, the holders of shares of Series BB Participating Cumulative Preference Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series BB Liquidation Preference"). Following the payment of the full amount of the Series BB Liquidation Preference, no additional distributions shall be made to the holders of shares of Series BB Participating Cumulative Preference Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series BB Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph (c) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series BB Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series BB Participating Cumulative Preference Stock and Common Stock, respectively, holders of Series BB Participating Cumulative Preference Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Cumulative Preference Stock and Common Stock, on a per share basis, respectively.

(b) In the event, however, that there are not sufficient assets available to permit payment in full of the Series BB Liquidation Preference and the liquidation preferences of all other series of Cumulative Preference Stock, if any, which rank on a parity with the Series BB Participating Cumulative Preference Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment then such remaining assets shall be distributed ratably to the holders of Common Stock.

(c) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(6) In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or converted into other stock or securities, cash and/or any other property, then in any such case the

shares of Series BB Participating Cumulative Preference Stock shall at the same time be similarly exchanged or converted in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is converted or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or conversion of shares of Series BB Participating Cumulative Preference Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(7) The shares of Series BB Participating Cumulative Preference Stock shall not be redeemable.

(8) The Articles of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series BB Participating Cumulative Preference Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series BB Participating Cumulative Preference Stock, voting separately as a class.

(9) Series BB Participating Cumulative Preference Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series BB Participating Cumulative Preference Stock.

ARTICLE IV

Directors

A. Number of Directors. The business and affairs of this Corporation shall be managed under the direction of the Board of Directors. The number of directors comprising the Board of Directors of this Corporation (exclusive of directors who may be elected by the holders of any one or more series of Preferred Stock voting separately) shall be 14 unless otherwise determined from time to time by resolution adopted by the affirmative votes of both (i) 80% of the directors then in office and (ii) a majority of the Continuing Directors (as defined in Article V(D)), voting as a separate group, provided, however, that no decrease in the number of directors shall shorten the term of any incumbent director.

B. Classification. The Board of Directors, other than those who may be elected by the holders of any one or more series of Preferred Stock voting separately, shall be divided, with respect to the time during which they shall hold office, into three classes, designated Class I, II and III, as

nearly equal in number as possible. Any increase or decrease in the number of directors shall be apportioned by the Board of Directors so that all classes of directors shall be as nearly equal in number as possible. At each annual meeting of shareholders, directors chosen to succeed those whose terms then expire shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election and until their successors are duly elected and qualified.

C. Vacancies. Except as provided in Article IV(G) hereof, any vacancy on the Board (including any vacancy resulting from an increase in the authorized number of directors or from a failure of the shareholders to elect the full number of authorized directors) may, notwithstanding any resulting absence of a quorum of directors, be filled only by the Board of Directors, acting by vote of both (i) a majority of the directors then in office and (ii) a majority of all the Continuing Directors, voting as a separate group, and any director so appointed shall serve until the next shareholders' meeting held for the election of directors of the class to which he shall have been appointed and until his successor is duly elected and qualified.

D. Removal. Subject to Article IV(G) hereof and notwithstanding any other provisions of these Articles or the Bylaws of this Corporation, any director or the entire Board of Directors may be removed at any time, but only for cause, by the affirmative vote at a meeting of shareholders called for such purpose of the holders of both (i) a majority of the Total Voting Power (as defined in Article V(D) hereof) entitled to be cast by the holders of Voting Stock (as defined in Article V(D) hereof), voting together as a single class, and (ii) a majority of the Total Voting Power entitled to be cast by the Independent Shareholders (as defined in Article V(D) hereof), voting as a separate group. At the same meeting in which the shareholders remove one or more directors, a successor or successors may be elected for the unexpired term of the director or directors removed. Except as set forth in this Article, directors shall not be subject to removal.

E. Tender Offers and Other Extraordinary Transactions. In connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its stockholders when evaluating a Business Combination (as defined in Article V(D) hereof) or a tender or exchange offer or a proposal by another Person or Persons to make a tender or exchange offer, the Board of Directors of the Corporation shall consider, in addition to the adequacy of the amount to be paid in connection with any such transaction, all of the following factors and any other factors which it deems relevant: (i) the social and economic effects of the transaction on the Corporation and its subsidiaries, and their respective employees, customers, creditors and other elements of the communities in which they operate or are located, (ii) the business and financial condition and earnings prospects of the acquiring Person or Persons, including, but not limited to, debt service and other existing or likely financial obligations of the acquiring Person or Persons, and the possible effect of such conditions upon the Corporation and its Subsidiaries and the other elements of the communities in which the Corporation and its subsidiaries operate or are located, and (iii) the competence, experience and integrity of the acquiring Person or Persons and its or their management.

F. Board Qualifications. (1) Except as otherwise provided in Article IV(G) hereof, no person shall be eligible for nomination, election or service as a director of the Corporation who shall:

(a) in the opinion of the Board of Directors fail to respond satisfactorily to the Corporation respecting any inquiry of the Corporation for information to enable the Corporation to make any certification required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988 or to determine the eligibility of such person under this Article;

(b) have been arrested or convicted of any offense concerning the distribution or possession of, or trafficking in, drugs or other controlled substances, provided that in the case of an arrest the Board of Directors may in its discretion determine that notwithstanding such arrest such persons shall remain eligible under this Article; or

(c) have engaged in actions that could lead to such an arrest or conviction and that the Board of Directors determines would make it unwise for such person to serve as a director of the Corporation.

(2) Any person serving as a director of the Corporation shall automatically cease to be a director on such date as he ceases to have the qualifications set forth in paragraph (1) above, and his position shall be considered vacant within the meaning of Article IV(C) hereof.

G. Directors Elected by Preferred Shareholders. Notwithstanding anything in these Articles of Incorporation to the contrary, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of these Articles of Incorporation (as they may be duly amended from time to time) fixing the rights and preferences of such Preferred Stock shall govern with respect to the nomination, election, term, removal, vacancies or other related matters with respect to such directors.

ARTICLE V

Certain Business Combinations

A. Vote Required in Business Combinations. No Business Combination may be effected unless all of the following conditions have been fulfilled:

(1) In addition to any vote otherwise required by law or these Articles, the proposal to effect a Business Combination shall have been approved by (i) a majority of the directors then in office and a majority of the Continuing Directors and (ii) by the affirmative votes of both of the following:

(a) 80% of the Total Voting Power entitled to be cast by holders of outstanding shares of Voting Stock of this Corporation, voting as a separate voting group; and

(b) Two-thirds of the Total Voting Power entitled to be cast by the Independent Stockholders present or duly represented at a meeting, voting as a separate voting group.

(2) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder (or any subsequent provisions replacing the Act, rules or regulations as a whole or in part) is mailed to all shareholders of the Corporation at least 30 days prior to the consummation of such Business Combination (regardless of whether such proxy or information statement is required pursuant to the Act or subsequent provisions).

B. Nonapplicability of Voting Requirements. The vote required by Paragraph A of this Article does not apply to a Business Combination if all conditions specified in either of paragraphs 1 or 2 below are met:

(1) The proposed Business Combination is approved prior to the time the Related Person involved in the proposed transaction became a Related Person by the affirmative votes of both a majority of the directors then in office and a majority of the Continuing Directors, voting as a separate group.

(2) All of the following five conditions have been met:

(a) The aggregate amount of the cash and the Market Value on the Valuation Date of consideration other than cash to be received per share by all holders of Common Stock in such Business Combination is at least equal to the highest of the following:

1. the highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or on behalf of the Related Person for any shares of Common Stock of the same class or series acquired by it within the two-year period immediately prior to the Announcement Date or in the transaction in which it became a Related Person, whichever is higher;

2. The Market Value per share of Common Stock of the same class or series on the Announcement Date or on the Determination Date, whichever is higher; or

3. The price per share equal to the Market Value per share of Common Stock of the same class or series determined pursuant to clause (2) immediately preceding, multiplied by the fraction of (i) the highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of Common Stock of the same class or series acquired by it within the two-year period immediately prior to the Announcement Date, over (ii) the Market Value per share of Common Stock of the same class or series on the first day in such two-year period on which the Related Person acquired any shares of Common Stock.

(b) The aggregate amount of the cash and the Market Value as of the Valuation Date of consideration other than cash to be received per share by holders of shares of any class or series of outstanding stock other than Common Stock is at least equal to the highest of the following, whether or not the Related Person has previously acquired any shares of a particular class or series of stock:

1. The highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of such class of stock acquired by it within the two-year period immediately prior to the Announcement Date or in the transaction in which it became a Related Person, whichever is higher;

2. The highest preferential amount per share to which the holders of shares of such class of stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of this Corporation;

3. The Market Value per share of such class of stock on the Announcement Date or on the Determination Date, whichever is higher; or

4. The price per share equal to the Market Value per share of such class of stock determined pursuant to clause (3) immediately preceding, multiplied by the fraction of (i) the highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of any class of Voting Stock acquired by it within the two-year period immediately prior to the Announcement Date, over (ii) the Market Value per share of the same class of Voting Stock on the first day in such two-year period on which the Related Person acquired any shares of the same class of Voting Stock.

(c) The consideration to be received by holders of any class or series of outstanding stock is to be in cash or in the same form as the Related Person has previously paid for shares of the same class or series of stock. If the Related Person has paid for shares of any class of stock with varying forms of consideration, the form of consideration for such

class of stock shall be either cash or the form used to acquire the largest number of shares of such class or series of stock previously acquired by it.

(d) After the Related Person has become a Related Person and prior to the consummation of such Business Combination:

1. There shall have been no failure to declare and pay at the regular date therefor any full periodic dividends, cumulative or not, on any outstanding Preferred Stock of this Corporation;

2. There shall have been no reduction in the annual rate of dividends paid on any class or series of stock of this Corporation that is not Preferred Stock except as necessary to reflect any subdivision of the stock, and no failure to increase the annual rate of dividends as necessary to reflect any reclassification, including any reverse stock split, recapitalization, reorganization, or any similar transaction which has the effect of reducing the number of outstanding shares of the stock; and

3. The Related Person did not become the Beneficial Owner of any additional shares of stock of this Corporation except as part of the transaction which resulted in such Related Person becoming a Related Person or by virtue of proportionate stock splits or stock dividends.

The provisions of clause (1) and (2) immediately preceding shall not apply if no Related Person or an Affiliate or Associate of the Related Person voted as a director of this Corporation in a manner inconsistent with such clauses and the Related Person, within ten days after any act or failure to act inconsistent with such clauses, notifies the Board of Directors of this Corporation in writing that the Related Person disapproves thereof and requests in good faith that the Board of Directors rectify such act or failure to act.

(e) After the Related Person has become a Related Person, the Related Person may not have received the benefit, directly or indirectly, except proportionately as a shareholder, of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by this Corporation or any of its Subsidiaries, whether in anticipation of or in connection with such Business Combination or otherwise.

C. Alternative Shareholder Vote for Business Combinations. In the event the conditions set forth in Subparagraph (B)(1) or (B)(2) have been met, the affirmative vote required of shareholders in order to approve the proposed Business Combination shall be 66-2/3% of the Total Voting Power present or duly represented at the meeting called for such purpose.

D. Definitions. The following terms, for all purposes of these Articles or the By-laws of this Corporation, shall have the following meaning:

(1) An "Affiliate" of, or a person "affiliated with," a specified person means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(2) "Announcement Date" means the first general public announcement of the proposal or intention to make a proposal of the Business Combination or its first communication generally to shareholders of this Corporation, whichever is earlier.

(3) "Associate," when used to indicate a relationship with any person, means any of the following:

(a) Any corporation or organization, other than this Corporation, of which such person is an officer, director or partner or is, directly or indirectly, the Beneficial Owner of 10% or more of any class of Equity Securities.

(b) Any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity.

(c) Any relative or spouse of such person, or any relative of such spouse, who has the same home as such person.

(d) Any investment company registered under the Investment Company Act of 1940 for which such person serves as investment advisor.

(4) A person shall be deemed to be the "Beneficial Owner" of any shares of capital stock (regardless whether owned of record):

(a) Which that person or any of its Affiliates or Associates, directly or indirectly, owns beneficially;

(b) Which such person or any of its Affiliates or Associates has (i) the right to acquire (whether exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or

(c) Which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of voting capital stock of the corporation or any of its subsidiaries.

(5) "Business Combination" means any of the following transactions, when entered into by the Corporation or a Subsidiary with, or upon a proposal by, a Related Person:

(a) The merger or consolidation of, or an exchange of securities by, the Corporation or any Subsidiary;

(b) The sale, lease, exchange, mortgage, pledge, transfer or any other disposition (in one or a series of transactions) of any assets of the Corporation, or of any Subsidiary, having an aggregate book or fair market value of \$1,000,000 or more, measured at the time the transaction or transactions are approved by the Board of Directors;

(c) The adoption of a plan or proposal for the liquidation or dissolution of the Corporation or any Subsidiary;

(d) The issuance or transfer by the Corporation or any Subsidiary (in one or a series of transactions) of securities of the Corporation, or of any Subsidiary, having a fair market value of \$1,000,000 or more;

(e) The reclassification of securities (including a reverse stock split), recapitalization, consolidation or any other transaction (whether or not involving a Related Person) which has the direct or indirect effect of increasing the voting power (regardless whether then exercisable) or the proportionate amount of the outstanding shares of any class or series of Equity Securities of this Corporation or any of its Subsidiaries held by a Related Person, or any Associate or Affiliate of a Related Person;

(f) Any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation or any Subsidiary to a Related Person or any Affiliate or Associate thereof, except proportionately as a shareholder; or

(g) Any agreement, contract or other arrangement providing directly or indirectly for any of the foregoing.

(6) "Capital Stock" means any Common Stock, Preferred Stock or other capital stock of the Corporation, or any bonds, debentures, or other obligations granted voting rights by the Corporation pursuant to La. R.S. 12:75H.

(7) "Common Stock" means any stock other than a class or series of preferred or preference stock.

(8) "Continuing Director" shall mean any member of the Board of Directors who is not a Related Person or an Affiliate or Associate thereof, and who was a member of the Board of Directors prior to the time that the Related Person became a Related Person, and any successor to

a Continuing Director who is not a Related Person or an Affiliate or Associate thereof and was recommended to succeed a Continuing Director by a majority of Continuing Directors who were then members of the Board of Directors, provided that, in the absence of a Related Person, any reference to "Continuing Directors" shall mean all directors then in office.

(9) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. The beneficial ownership of 10% or more of the votes entitled to be cast by a corporation's voting stock creates a presumption of control.

(10) "Determination Date" means the date on which a Related Person first became a Related Person.

(11) "Equity Security" means any of the following:

(a) Any stock or similar security, certificate of interest or participation in any profit sharing agreement, voting trust certificate or certificate of deposit for an equity security.

(b) Any security convertible, with or without consideration, into an equity security, or any warrant or other security carrying any right to subscribe to or purchase an equity security.

(c) Any put, call, straddle or other option or privilege of buying an equity security from or selling an equity security to another without being bound to do so.

(12) "Independent Shareholder" or "Independent Stockholder" means a holder of Voting Stock of this Corporation who is not a Related Person.

(13) "Market Value" means the following:

(a) In the case of stock, the highest closing sale price on the date or during the period in question of a share of such stock on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock on the date or during the period in question on the National Association of Securities Dealers, Inc., Automated Quotations Systems, or any alternative system then in use, or, if no such quotations are available, the fair market value on the date or during the period in question of a share of such stock as determined by a majority of the Continuing Directors of this Corporation in good faith.

(b) In the case of property other than cash or stock, the fair market value of such property on the date or during the period in question as determined by a majority of the Continuing Directors of this Corporation in good faith.

(14) A "person" shall mean any individual, firm, corporation or other entity, or a group of persons acting or agreeing to act together in the manner set forth in Rule 13d-5 under the Securities Exchange Act of 1934, as in effect on January 1, 1984.

(15) "Related Person" means any person (other than the Corporation, a Subsidiary or any profit sharing, employee stock ownership or other employee benefit plan of the Corporation or any Subsidiary or any trust, trustee of or fiduciary with respect to any such plan acting in such capacity) who (a) is the direct or indirect Beneficial Owner of shares of Capital Stock representing more than 10% of the outstanding Total Voting Power entitled to vote for the election of directors, and any Affiliate or Associate of any such person, or (b) is an Affiliate or Associate of the Corporation and at any time within the two-year period immediately prior to the date in question was the Beneficial Owner, directly or indirectly, of shares of Capital Stock (including two or more classes or series voting together as a single class) representing 10% or more of the outstanding Total Voting Power entitled to vote for the election of directors. For the purpose of determining whether a person is the Beneficial Owner of a percentage, specified in this Article, of the outstanding Total Voting Power, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by that person through application of Article V(D)(3) but shall not include any other shares which may be issuable to any other person.

(16) "Subsidiary" means any corporation of which Voting Stock having a majority of the votes entitled to be cast is owned, directly or indirectly, by this Corporation.

(17) "Total Voting Power," when used in reference to any particular matter properly brought before the shareholders for their consideration and vote, means the total number of votes that holders of Capital Stock are entitled to cast with respect to such matter.

(18) "Valuation Date" means the following:

(a) For a Business Combination voted upon by shareholders, the latter of the date prior to the date of the shareholders' vote and the day 20 days prior to the consummation of the Business Combination; and

(b) For a Business Combination not voted upon by the shareholders, the date of the consummation of the Business Combination.

(19) "Voting Stock" means shares of Capital Stock of the Corporation entitled to vote generally in the election of directors.

E. Benefit of Statute. This Corporation claims and shall have the benefit of the provisions of R.S. 12:133 except that the provisions of R.S. 12:133 shall not apply to any business combination involving an interested shareholder that is an employee benefit plan or related trust of this Corporation.

ARTICLE VI

Shareholders' Meetings

A. Written Consents. Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken only upon the vote of the shareholders, present in person or represented by duly authorized proxy, at an annual or special meeting duly noticed and called, as provided in the Bylaws of the Corporation, and may not be taken by a written consent of the shareholders pursuant to the Business Corporation Law of the State of Louisiana.

B. Special Meetings. Subject to the terms of any outstanding class or series of Preferred Stock that entitles the holders thereof to call special meetings, the holders of a majority of the Total Voting Power of the Corporation shall be required to cause the Secretary of the Corporation to call a special meeting of shareholders pursuant to La. R.S. 12:73B (or any successor provision). Nothing in this Article VI shall limit the power of the President of the Corporation or its Board of Directors to call a special meeting of shareholders.

ARTICLE VII

Limitation of Liability and Indemnification

A. Limitation of Liability. No director or officer of the Corporation shall be liable to the Corporation or to its shareholders for monetary damages for breach of his fiduciary duty as a director or officer, provided that the foregoing provision shall not eliminate or limit the liability of a director or officer for (1) any breach of his duty of loyalty to the Corporation or its shareholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) liability for unlawful distributions of the Corporation's assets to, or redemptions or repurchases of the Corporation's shares from, shareholders of the Corporation, under and to the extent provided in La. R.S. 12:92D; or (4) any transaction from which he derived an improper personal benefit.

B. Authorization of Further Actions. The Board of Directors may (1) cause the Corporation to enter into contracts with its directors and officers providing for the limitation of liability set forth in this Article to the fullest extent permitted by law, (2) adopt By-laws or resolutions, or cause the Corporation to enter into contracts, providing for indemnification of directors and officers of the Corporation and other persons (including but not limited to directors and officers of the Corporation's direct and indirect Subsidiaries) to the fullest extent permitted by law and (3) cause the Corporation to exercise the insurance powers set forth in La. R.S. 12:83F,

notwithstanding that some or all of the members of the Board of Directors acting with respect to the foregoing may be parties to such contracts or beneficiaries of such By-laws or resolutions or the exercise of such powers. No repeal or amendment of any such By-laws or resolutions limiting the right to indemnification thereunder shall affect the entitlement of any person to indemnification whose claim thereto results from conduct occurring prior to the date of such repeal or amendment.

C. Subsidiaries. The Board of Directors may cause the Corporation to approve for the officers and directors of its direct and indirect Subsidiaries limitation of liability, indemnification and insurance provisions comparable to the foregoing.

D. Amendment of Article. Notwithstanding any other provisions of these Articles of Incorporation, the affirmative vote of the holders of at least 80% of the Total Voting Power shall be required to amend or repeal this Article VII, and any amendment or repeal of this Article shall not adversely affect any elimination or limitation of liability of a director or officer of the Corporation under this Article with respect to any action or inaction occurring prior to the time of such amendment or repeal.

ARTICLE VIII

Reversion

Except for cash, shares or other property or rights payable or issuable to the holders of Preferred Stock, the rights to which shall be determined under applicable state law, Cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, that are not claimed by the shareholders entitled thereto within one year after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the Corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, shall, at the expiration of such time, revert in full ownership to the Corporation, and the Corporation's obligation to pay such dividend or redemption price or issue such shares, as the case may be, shall thereupon cease, provided, however, that the Board of Directors may, at any time, for any reason satisfactory to it, but need not, authorize (i) payment of the amount of any cash or property dividend or redemption price or (ii) issuance of any shares, ownership of which has reverted to the Corporation pursuant to this Article, to the person or entity who or which would be entitled thereto had such reversion not occurred.

ARTICLE IX

Amendments

A. Charter Amendments. Articles IV (other than paragraphs F and G), V, VI(A) and IX of these Articles of Incorporation shall not be amended in any manner (whether by modification or repeal of an existing Article or Articles or by addition of a new Article or Articles) except upon

resolutions adopted by the affirmative vote of both (i) 80% of the Total Voting Power entitled to be cast by the holders of outstanding shares of Voting Stock, voting together as a single group, and (ii) two-thirds of the Total Voting Power entitled to be cast by the Independent Shareholders present or duly represented at a shareholders' meeting, voting as a separate group; provided, however, that if such resolutions shall first be adopted by both a majority of the directors then in office and a majority of the Continuing Directors, voting as a separate group, then such resolutions shall be deemed adopted by the shareholders upon the affirmative vote of a majority of the Total Voting Power entitled to be cast by the holders of outstanding shares of Voting Stock, voting as a single group.

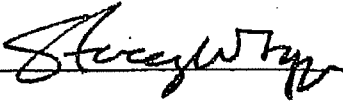
B. Bylaw Amendments. Bylaws of this Corporation may be altered, amended, or repealed or new Bylaws may be adopted by (i) the shareholders, but only upon the affirmative vote of both 80% of the Total Voting Power entitled to be cast by the holders of outstanding shares of Voting Stock, voting together as a single group, and two-thirds of the Total Voting Power entitled to be cast by the Independent Shareholders present or duly represented at a shareholders' meeting, voting as a separate group, or (ii) the Board of Directors, but only upon the affirmative vote of both a majority of the directors then in office and a majority of the Continuing Directors, voting as a separate group.

* * * * *

These Amended and Restated Articles of Incorporation are dated as of May 6, 1999.

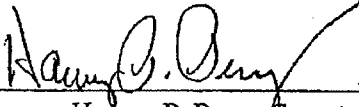
WITNESSES:

CENTURYTEL, INC.
(formerly Century Telephone Enterprises, Inc.)



By: 
Glen F. Post, III, President

Kay Buchart

By: 
Harvey P. Perry, Secretary

ACKNOWLEDGMENT

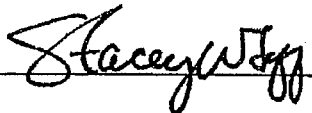
STATE OF LOUISIANA

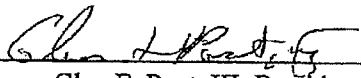
PARISH OF OUACHITA

BEFORE ME, the undersigned authority, personally came and appeared Glen F. Post, III and Harvey P. Perry, to me known to be the persons who signed the foregoing instrument as President and Secretary, respectively, and who, having been duly sworn, acknowledged and declared, in the presence of the two witnesses whose names are subscribed below, that they signed such instrument as their free act and deed for the purposes mentioned therein.

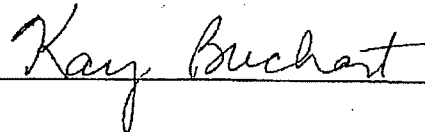
IN WITNESS WHEREOF, the appearers, witnesses and I have hereunto affixed our hands on this 6th day of May, 1999.

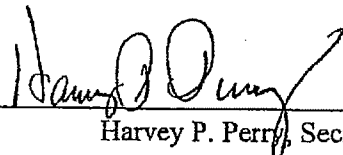
WITNESSES:





Glen F. Post, III, President





Harvey P. Perry, Secretary



NOTARY PUBLIC

KENNETH J. NAJDER
NOTARY PUBLIC
Parish of Orleans, State of Louisiana
My Commission is issued for Life.

Embarq Corporation
Incorporated under the laws
of the State of Delaware

AMENDED AND RESTATED
BYLAWS

As adopted on July 31, 2008

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AMENDED AND RESTATED

BYLAWS

OF

EMBARQ CORPORATION

ARTICLE I OFFICES

SECTION 1.01. *Registered Office.* Embarq Corporation (the “Corporation”) shall at all times maintain a registered office in the State of Delaware. The registered office and registered agent of the Corporation shall be fixed in the Corporation’s Amended and Restated Certificate of Incorporation (as it may be amended from time to time, the “Certificate of Incorporation”) and may be changed from time to time by the Corporation in the manner specified by law.

SECTION 1.02. *Other Offices.* The Corporation may also have offices at such other places both within and outside the State of Delaware as the board of directors of the Corporation (the “Board of Directors”) may from time to time determine or as may be appropriate for the business of the Corporation.

ARTICLE II MEETINGS OF STOCKHOLDERS

SECTION 2.01. *Time and Place of Meetings.* Meetings of the stockholders for the election of directors or for any other purpose will be held at such time and place, either within or without the State of Delaware, as designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a) of the Delaware General Corporation Law (the “DGCL”).

SECTION 2.02. *Annual Meeting.* (A) Annual meetings of stockholders will be held each year on such date and at such time as designated by the Board of Directors. At the annual meeting, and in accordance with the Certificate of Incorporation, stockholders shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

(B) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made only as follows: (1) pursuant to the Corporation’s notice of meeting delivered pursuant to Section 6.01 of these Bylaws, (2) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (3) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied

with the notice procedures set forth in this Section 2.02 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. For the avoidance of doubt, the foregoing clause (3) shall be the exclusive means for a stockholder to bring nominations or business (other than business included in the Corporation's notice of meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "Exchange Act")) before an annual meeting of stockholders.

(C) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 2.02(B)(3),

(1) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation;

(2) such business must be a proper matter for stockholder action under the DGCL and the Certificate of Incorporation;

(3) if the stockholder, or any Stockholder Associated Person (as defined below), has provided the Corporation with a Solicitation Statement, as that term is defined in Section 2.02(D)(3), such stockholder or Stockholder Associated Person must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Statement; and

(4) if no Solicitation Statement has been included in a stockholder's notice timely provided to the Corporation pursuant to this Section 2.02, the stockholder and any Stockholder Associated Person must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Statement under this Section 2.02.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than 90 or more than 120 days prior to the one-year anniversary of the date on which the Corporation first convened the preceding year's annual meeting of stockholders (the "Anniversary"); provided, however, that if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the Anniversary, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made. Neither the adjournment nor the public announcement of an adjournment of an annual meeting shall commence a new time period for the giving of a stockholder's notice.

Whenever used in these Bylaws, “Stockholder Associated Person” shall mean, as to any stockholder, (i) any beneficial owner on whose behalf the stockholder is proposing business or a nomination, and (ii) any person controlling, directly or indirectly, or acting in concert with, such stockholder or beneficial owner.

(D) In addition to the requirements of Section 2.02(C), a stockholder’s notice shall set forth:

(1) as to each person whom the stockholder proposes to nominate for election as a director (a) the name, age, business address and residence address of such person, (b) the class, series and number of any shares of stock of the Corporation that are beneficially owned or held of record by such person, (c) the date or dates such shares were acquired and the investment intent of such acquisition, and (d) all other information relating to such person as would be required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(2) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the text of any resolution proposed to be adopted at the meeting, the reasons for conducting such business at the meeting, any material interest in such business of (i) such stockholder and (ii) any Stockholder Associated Person, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom, and a representation that the stockholder is a stockholder of record and intends to appear in person or by proxy at the annual meeting to bring the business proposed in the notice before the meeting; and

(3) as to the stockholder giving the notice and any Stockholder Associated Person, (a) the name and address of such stockholder, as they appear on the Corporation’s stock transfer books, and of such Stockholder Associated Person, (b) the class, series and number of shares of the Corporation which are owned beneficially and of record by such (i) stockholder and (ii) such Stockholder Associated Person, (c) the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person, (d) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any share of stock of the Corporation; (e) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of

other business on the date of such stockholder's notice, and (f) whether either such stockholder or Stockholder Associated Person intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, at least the percentage of the Corporation's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be sufficient to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Statement").

(E) Notwithstanding anything in the second sentence of Section 2.02(C) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the Anniversary, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(F) Only such persons who are nominated in accordance with the provisions of this Section 2.02 shall be eligible for election to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the provisions of this Section 2.02. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the provisions of these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(G) Nothing in these Bylaws shall be deemed to affect any rights of the holders of any class or series of stock having a preference over the common stock as to dividends or upon liquidation to elect directors under specified circumstances. Notwithstanding the foregoing provisions of this Section 2.02, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth in this Section 2.02. Nothing in this Section 2.02 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(H) Whenever used in these Bylaws, "public announcement" shall mean disclosure (1) in a press release released by the Corporation that is reported by the Dow Jones News Service, Associated Press or comparable national news service, or is generally available on internet news sites, or (2) in a document publicly filed by the

Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

SECTION 2.03. Special Meetings. (A) Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the members of the Board of Directors then in office. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

(B) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (a) by or at the direction of the Board of Directors or (b) by any stockholder of record of the Corporation who is a stockholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in Section 2.02 for annual meetings, except that the stockholder's notice required by paragraphs (C) and (D) of Section 2.02 shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. A person shall not be eligible for election or reelection as a director at a special meeting unless such person is nominated (i) by or at the direction of the Board of Directors or (ii) by a stockholder of record in accordance with the notice procedures set forth in this Section 2.03.

(C) Notwithstanding the foregoing provisions of this Section 2.03, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.03. Nothing in this Section 2.03 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

SECTION 2.04. Notice of Meetings. Notice of any meeting of stockholders shall be given in accordance with Section 6.01 of these Bylaws. Notice of any meeting of stockholders may be waived in accordance with Section 6.02 of these Bylaws. Written notice of all meetings of stockholders stating the place, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called will be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by the DGCL or the Certificate of Incorporation. When a meeting is

adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, shall be given as otherwise required by these Bylaws.

SECTION 2.05. Quorum. Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law or by the Certificate of Incorporation, the holders representing a majority of the combined voting power of the capital stock issued and outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. If, however, such quorum is not present or represented at any meeting of the stockholders, the chairman of the meeting or stockholders representing a majority of the capital stock entitled to vote at the meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. The stockholders present at a duly called meeting at which a quorum was originally present may continue to transact business until adjourned, notwithstanding the withdrawal of enough stockholders to leave less than a quorum present.

SECTION 2.06. Proxies and Voting. (A) Subject to the rights of the holders of any series of preferred stock and except as otherwise required by law, the Certificate of Incorporation or these Bylaws, with respect to all matters other than the election of directors, the affirmative vote of the holders of at least a majority of the voting power of the capital stock present or represented at the meeting and entitled to vote thereon shall be the act of the stockholders. Except as otherwise provided in the Certificate of Incorporation, each stockholder represented at a meeting of stockholders is entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy, but no proxy will be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or

the chair of the meeting, in his or her discretion, may require that any votes cast at such meeting be cast by written ballot. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 2.06 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, if such copy, facsimile telecommunication or other reproduction is a complete reproduction of the entire original writing or transmission.

(B) The Corporation may, and if required by law shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and if required by law shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. To the extent required by law, every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

(C) Subject to the rights of the holders of any series of preferred stock and except as otherwise required by law or, the Certificate of Incorporation, each director to be elected by the stockholders must receive a majority of the votes cast with respect to the election of that director at any meeting for the election of directors at which a quorum is present, provided that if the number of nominees exceeds the number of directors to be elected in a contested election, the directors will be elected by a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of directors. For purposes of this section, (i) a “majority of votes cast” means that the number of votes cast “for” a director’s election exceeds the number of votes cast as “withheld” with respect to that director’s election, and (ii) a “contested election” means that the number of persons properly nominated to serve as directors of the Corporation exceeds the number of directors to be elected.

(D) If a nominee for director who is an incumbent director is not elected and no successor has been elected at the same meeting, the director must submit to the Board of Directors promptly after the certification of the election results a letter offering to resign from the Board of Directors (a “Resignation Offer”). The Nominating and Corporate Governance Committee will consider the Resignation Offer and will make a recommendation to the Board of Directors whether to accept the Resignation Offer, reject the Resignation Offer or take other action. The Board of Directors, taking into account the Nominating and Corporate Governance Committee’s recommendation, will act on each Resignation Offer within 90 days from the date of the certification of the election results and will disclose promptly in a Form 8-K filed with the Securities and Exchange Commission its decision and the rationale for the

decision. A director who submitted a Resignation Offer may not participate in the Nominating and Corporate Governance Committee or Board of Directors deliberations and determination whether or not to accept the Resignation Offer. If a majority of the members of the Nominating and Corporate Governance Committee submit Resignation Offers as a result of the same election, then the Board of Directors will appoint a committee from of one or more independent directors not submitting Resignation Offers to consider the Resignation Offers and make recommendations to the Board of Directors in place of the Nominating and Corporate Governance Committee. If all of the Corporation's independent directors submit Resignation Offers in connection with the same election, then the full Board of Directors, without receiving the recommendation of a committee of independent directors, will consider and act upon each director's Resignation Offer, excluding from the deliberations and determination in each case the director whose Resignation Offer is being considered. If the Board of Directors does not accept a director's Resignation Offer, that director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If the Board of Directors accepts a director's Resignation Offer pursuant to this Section, or if a new nominee for director is not elected pursuant to this section, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 3.02 or may decrease the size of the Board of Directors pursuant to the provisions of Section 3.01.

SECTION 2.07. Organization. A person designated by the Board of Directors or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the Chief Executive Officer of the Corporation shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

SECTION 2.08. Conduct of Business. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including the regulation of the manner of voting and the conduct of discussion. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

SECTION 2.09. List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder (but not the electronic mail address or other electronic contact information, unless the Board of Directors so directs) and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the

information required to gain access to such list is provided with the notice of the meeting or (ii) during ordinary business hours, at the Corporation's principal place of business. If the meeting is to be held at a place, then the list shall be produced and kept at the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder of the Corporation during the whole time of the meeting on a reasonably accessible electronic network, and the information required to gain access to such list shall be provided with the notice of the meeting.

SECTION 2.10. Stock Ledger. The stock ledger of the Corporation is the only evidence as to the stockholders who are entitled to examine the stock ledger, the list required by Section 2.09, or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

ARTICLE III DIRECTORS

SECTION 3.01. Number of Directors. Subject to any rights of holders of any series of preferred stock to elect directors under specified circumstances, the number of directors which shall constitute the whole Board of Directors shall be fixed from time to time solely pursuant to a resolution adopted by a majority of the Corporation's directors then in office; provided that the Board of Directors shall consist of at least six (6) members and shall have no more than fourteen (14) members. No reduction of the authorized number of directors shall have the effect of removing any director before the director's term of office expires.

SECTION 3.02. Vacancies. Any director may resign at any time by giving written notice to the Corporation. Any resignation will be effective upon actual receipt or, if later, as of the date and time or the occurrence of the event specified in the notice. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by a majority vote of the directors then in office, even if less than a quorum or by a sole remaining director (and not by stockholders), and directors so chosen shall hold office until the next annual meeting of stockholders and until their respective successors shall have been duly elected and qualified. If there are no directors in office, then an election of directors may be held in the manner provided by law.

When one or more directors resigns and the resignation is effective at a future date or upon the occurrence of a future event, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations

shall become effective, and each director so chosen shall hold office as provided in this Section 3.02.

SECTION 3.03. Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors, which may exercise all powers of the Corporation and do all lawful acts and things as are not required by statute, the Certificate of Incorporation or these Bylaws to be exercised or done by the stockholders.

SECTION 3.04. Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman, if there is one, the Chief Executive Officer, the President or a majority of directors. Notice thereof stating the place, date and hour of the meeting will be given to each director either by mail not less than forty-eight (48) hours before the time of the meeting, by telephone or other form of electronic transmission or communication not less than twenty-four (24) hours before the time of the meeting, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

SECTION 3.05. Quorum. Except as may be otherwise specifically provided by applicable law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum is an act of the Board of Directors. If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

SECTION 3.06. Actions of the Board of Directors in Lieu of a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.07. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 3.07 shall constitute presence in person at such meeting.

SECTION 3.08. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by applicable law and provided in the resolution of the Board of Directors or these Bylaws establishing such committee, shall have and may exercise all the lawfully delegable powers, duties and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee will keep regular minutes and report to the Board of Directors as appropriate. Each committee will comply with all applicable provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission and the rules and requirements of the NASDAQ National Market (“NASDAQ”) or the New York Stock Exchange (“NYSE”), as applicable, and will have the right to retain independent legal counsel and advisors at the Corporation’s expense.

Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member’s term on the Board of Directors. The Board of Directors may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee.

Meetings and actions of committees shall be governed by, and held and taken in accordance with the provisions of:

- (a) Section 3.04 (Meetings);
- (b) Section 3.05 (Quorum);
- (c) Section 3.06 (Actions in Lieu of a Meeting); and
- (d) Section 3.07 (Meetings by means of Conference Telephone)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members. Notwithstanding the foregoing:

- (i) the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee;

- (ii) special meetings of committees may also be called by resolution of the Board of Directors; and
- (iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee.

SECTION 3.09. Compensation. The Board of Directors may establish the compensation for, and reimbursement of the expenses of, directors for membership on the Board and on committees of the Board, attendance at meetings of the Board or committees of the Board, or for other services by the directors to the Corporation or any of its majority-owned subsidiaries, as the Board of Directors may determine.

SECTION 3.10. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, will be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's votes are counted for such purpose, if (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

SECTION 3.11. Removal of Directors. Subject to the rights, if any, of the holders of preferred stock, any or all of the directors of the Corporation may be removed at any time, with or without cause, upon the affirmative vote of a majority of the shares of the Corporation then entitled to vote generally in the election of directors, voting as a single class.

SECTION 3.12. Audit Committee. The Board of Directors shall establish an Audit Committee whose principal purpose will be to oversee the Corporation's and its subsidiaries' accounting and financial reporting processes, internal systems of control, independent auditor relationships and audits of consolidated financial statements of the Corporation and its subsidiaries. The Audit Committee will also appoint the independent auditors of the Corporation and any change in such appointment and

monitor the independence of the Corporation's auditors. In addition, the Audit Committee will assume such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time. In the event of any inconsistency between this Section 3.12 and the Certificate of Incorporation, the terms of the Certificate of Incorporation will govern.

SECTION 3.13. Compensation Committee. The Board of Directors shall establish a Compensation Committee whose principal duties will be to review employee compensation policies and programs as well as the compensation of the Chief Executive Officer, the President and other executive officers of the Corporation, along with such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time. In the event of any inconsistency between this Section 3.13 and the Certificate of Incorporation, the terms of the Certificate of Incorporation shall govern.

SECTION 3.14. Nominating and Corporate Governance Committee. The Board of Directors shall establish a Nominating and Corporate Governance Committee whose principal duties will be to consider and recommend candidates for election to the Board of Directors and advise the Board of Directors on corporate governance matters, as well as such other duties and responsibilities as the Board of Directors may confer upon the committee from time to time. In the event of any inconsistency between this Section 3.14 and the Certificate of Incorporation, the terms of the Certificate of Incorporation shall govern.

ARTICLE IV OFFICERS

SECTION 4.01. General. The officers of the Corporation will be elected by the Board of Directors. The Board of Directors, in its discretion, may elect a Chairman of the Board of Directors, a Chief Executive Officer, a President, a Secretary, a Chief Financial Officer, Vice Presidents, Assistant Secretaries and such other officers as determined by the Board of Directors from time to time in accordance with Section 4.11 of these Bylaws. Any number of offices may be held by the same person, unless otherwise prohibited by applicable law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders or directors of the Corporation.

SECTION 4.02. Election. The Board of Directors at its first meeting held after each annual meeting of stockholders will elect the officers of the Corporation who will hold their offices for such terms and will exercise such powers and perform such duties as determined from time to time by the Board of Directors. All officers of the Corporation will hold office until their successors are chosen and qualified, or until their earlier death, resignation or removal. Any vacancy occurring in any office of the Corporation will be filled by the Board of Directors.

SECTION 4.03. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments

relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the President and any Vice President or any other person authorized by the Board of Directors. The Chief Executive Officer or the President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer deems advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation owns securities and at any such meeting will possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

SECTION 4.04. Chairman of the Board of Directors. The Chairman of the Board of Directors, if there is one, will preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors also will perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these Bylaws or by the Board of Directors.

SECTION 4.05. Chief Executive Officer. Subject to the control of the Board of Directors and any supervisory powers the Board of Directors may give to the Chairman of the Board of Directors, the Chief Executive Officer shall have general supervision, direction, and control of the business and affairs of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall perform all duties incidental to this office that may be required by law and all such other duties as are properly required of this office by the Board of Directors or assigned to him or her by the Bylaws. Unless the Board of Directors shall otherwise determine, in the absence of the Chairman of the Board of Directors, the Chief Executive Officer shall preside at all meetings of the Board of Directors if the Chief Executive Officer is a member of the Board of Directors.

SECTION 4.06. President. Subject to the control of the Board of Directors and any supervisory powers the Board of Directors may give to the Chairman of the Board of Directors and the Chief Executive Officer, the President shall be the chief operating officer of the Corporation and shall perform all duties incidental to this office that may be required by law and all such other duties as are properly required of this office by the Board of Directors or assigned to him or her by the Bylaws. At the request of the Chief Executive Officer, or in the event of a vacancy or in the event of his or her inability or refusal to act, the President will perform the duties of the Chief Executive Officer, and when so acting, will have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

SECTION 4.07. Vice Presidents. At the request of the President or in the event of a vacancy or in the event of his or her inability or refusal to act, the Vice President or the Vice Presidents if there is more than one (in the order designated by the Board of Directors) will perform the duties of the President and, when so acting, will have all the powers of and be subject to all the restrictions upon the President.

Each Vice President will perform such other duties and have such other powers as the Board of Directors from time to time may prescribe. If there is no Vice President, the Board of Directors will designate the officer of the Corporation who, in the event of a vacancy or in the event of the inability or refusal of the President to act, will perform the duties of the President, and when so acting, will have all the powers of and be subject to all the restrictions upon the President.

SECTION 4.08. Secretary. The Secretary will be charged with keeping the stock ledger of the Corporation. The Secretary will attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary also will perform like duties for the standing committees. The Secretary will give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and will perform such other duties as may be prescribed by the Board of Directors, the Chief Executive Officer or the President, under whose supervision he or she will be. If there is no Secretary, or the Secretary is unable or refuses to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there is no Assistant Secretary, then the Board of Directors, the Chief Executive Officer or the President may choose another officer to cause such notice to be given.

The Secretary will have custody of the seal, if any, of the Corporation and the Secretary or any Assistant Secretary, if there is one, will have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal, if any, of the Corporation and to attest the affixing by his or her signature. The Secretary will see that all books, reports, statements, certificates and other documents and records required to be kept or filed by the DGCL and the corporation laws of other jurisdictions in which the Corporation is qualified to do business are properly kept or filed, as the case may be.

SECTION 4.09. Assistant Secretaries. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there are any, will perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, the President, any Vice President, if there are any, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, will perform the duties of the Secretary, and when so acting, will have all the powers of and be subject to all the restrictions upon the Secretary.

SECTION 4.10. Chief Financial Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the care and custody of the moneys, funds, valuable papers and documents of the Corporation (other than his or her own bond, if any, which shall be in the custody of the Chief Executive Officer or the President), and shall have, under the supervision of the Board of Directors, all the powers and duties commonly incident to his or her office. The Chief Financial Officer

shall be subject in every way to the order of the Board of Directors, and shall render to the Board of Directors, the Chief Executive Officer and/or the President of the Corporation, whenever they may require it, an account of all his or her transactions and of the financial condition of the Corporation. In addition to the foregoing, the Chief Financial Officer shall have such duties as may be prescribed or determined from time to time by the Board of Directors or by the Chief Executive Officer or the President if the Board of Directors does not do so.

SECTION 4.11. Other Officers. Such other officers as the Board of Directors may choose will perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

SECTION 4.12. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the Chief Executive Officer, the President or the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

SECTION 4.13. Removal. Any officer may be removed from office at any time, with or without cause, by the vote or written consent of a majority of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors. In addition, any officer appointed by the Chief Executive Officer or the President may be removed from office at any time, with or without cause, by the Chief Executive Officer or President.

SECTION 4.14. Compensation. The compensation of the executive officers shall be fixed from time to time by the Board of Directors, and no executive officer shall be prevented from receiving such compensation by reason of the fact that such executive officer is also a director of the Corporation.

SECTION 4.15. Authority and Duties of Officers. In addition to the foregoing authority and duties, all officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board of Directors. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE V STOCK

SECTION 5.01. Uncertificated Shares; Regulations. Unless otherwise provided by the Board of Directors, all classes or series of the Corporation's stock

shall be uncertificated shares. If the Board of Directors determines that the shares of any class or series of the Corporation's stock shall be represented by certificates, the issue, transfer, conversion and registration of such certificates of stock shall be governed by such regulations as the Board of Directors may establish.

SECTION 5.02. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders will apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5.03. Beneficial Owners. The Corporation is entitled to recognize the exclusive right of a person registered on its books as the owner of shares for all purposes, and is not bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has notice thereof, except as otherwise provided by law.

ARTICLE VI NOTICES

SECTION 6.01. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, and no provision is made as to how such notice shall be given in these Bylaws, such notice may be given (i) personally, (ii) by mailing a copy of such notice, postage prepaid, directly to such director, member of a committee or stockholder to his or her address as it appears in the records of the Corporation or (iii) by transmitting such notice thereof to him or her, in the case of notice to stockholders to the extent permissible under Section 232 of the DGCL, by facsimile or other electronic transmission to the number or electronic mail address specified in

the records of the Corporation or such other methods of electronic transmission permissible under Section 232 of the DGCL.

SECTION 6.02. *Waivers of Notice.* Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, and at the beginning of the meeting does object, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII GENERAL PROVISIONS

SECTION 7.01. *Dividends.* Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

SECTION 7.02. *Disbursements.* All checks or demands for money and notes of the Corporation will be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

SECTION 7.03. *Fiscal Year.* Unless otherwise fixed by resolution of the Board of Directors, the fiscal year of the Corporation will begin on January 1st and end on December 31st in each calendar year.

SECTION 7.04. *Corporate Seal.* The Board of Directors may adopt a corporate seal, containing the name of the Corporation, and use it by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 7.05. *Facsimile Signatures.* In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

SECTION 7.06. *Reliance upon Books, Reports and Records.* Each director and each member of any committee designated by the Board of Directors shall, in the

performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 7.07. Time Periods. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII INDEMNIFICATION

SECTION 8.01. Right to Indemnification. Each person who was or is a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (in each case hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, agent or trustee or in any other capacity while serving as a director, officer, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes under the Employment Retirement Income Security Act of 1974, as amended, or penalties and amounts paid in settlement) actually and reasonably incurred by such indemnitee in connection therewith; provided, however, that, except as provided in Section 8.03 with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors.

SECTION 8.02. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 8.01, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a

director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section 8.02 or otherwise.

SECTION 8.03. Right of Indemnitee to Bring Suit. If a claim under Section 8.01 or 8.02 is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VIII or otherwise shall be on the Corporation.

SECTION 8.04. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

SECTION 8.05. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

SECTION 8.06. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent permitted by law.

SECTION 8.07 Nature of Rights. The rights conferred upon indemnitees in this Article VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, agent or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VIII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE IX AMENDMENTS

SECTION 9.01 Amendments. These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted, by the Board of Directors. The affirmative vote of not less than a majority of the entire Board of Directors shall be required to adopt, amend, alter or repeal the Corporation's Bylaws. The Corporation's Bylaws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of not less than a majority of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, except that (and in addition to any other vote that may be required by law), to be amended by the stockholders of the Corporation, the affirmative vote of holders of not less than two-thirds of the voting power of all of the then outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to alter, amend or repeal, in whole or in part, Section 2.02, 2.03, 3.01, 3.02, Article VIII or this Section 9.01 of the Bylaws or to adopt any bylaw inconsistent with the purpose and intent of the foregoing provisions. Notice of such alteration, amendment, repeal or adoption of new Bylaws will be contained in the notice of any meeting of stockholders at which such matter is expected to be acted upon.

BYLAWS

OF

CENTURYTEL, INC.

(as amended through August 26, 2003)

**BYLAWS
CENTURYTEL, INC.**

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BYLAWS

- (Amended entirely May 23, 1995)
- (Amended Article I, Section I, Subsection 1.1(L), added new Subsection 1.1(O), and amended Subsection 1.2 - October 7, 1996)
- (Amended Article III, Section 1.1(B), Section 1 by adding new Subsection 1.3, Sections 3 and 4 amended in their entirety - November 21, 1996)
- (Amended Article I, Section I by adding, deleting, revising or renumbering various paragraphs of Subsection 1.1 and by revising Subsection 1.2 - October 7, 1998)
- (Amended Article I, Section I by adding or renumbering various paragraphs of Subsection 1.1, by revising Subsection 1.2, Article IV, Section 5, Subsections 5.2 and 5.7 amended in their entirety - November 19, 1998)
- (Amended Article I, Section I by adding Subsection 1.1(G), amending Subsection 1.2 and renumbering subsections - August 24, 1999)
- (Amended Article III, Section 1.1(D) - November 18, 1999)
- (Amended Article III in its entirety – February 25, 2003)
- (Amended Article I, Section 1.1(A, B and P) and Article II, Section 3.1 – August 26, 2003)

ARTICLE I

OFFICERS

Section 1. Required and Permitted Officers

1.1 Officers. The officers of the Corporation shall be a Chairman of the Board; a Chief Executive Officer; a President; a Secretary; and a Treasurer. The Board may elect such other officers as the Board may determine. An officer need not be a Director and any two or more of the offices may be held by one person, provided, however, that a person holding more than one office may not sign in more than one capacity any certificate or any instrument required to be signed by two officers. The required and permitted officers and duties thereof are as follows:

A. **Chairman of the Board (Chairman).** The Board shall elect from their own number a Chairman. The Chairman shall preside at all meetings of the shareholders and Directors, ensure that all orders, policies and resolutions of the Board are carried out and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. In the event of the death, resignation or permanent incapacitation of the Chief Executive Officer, the Chairman shall automatically succeed to the office of Chief Executive Officer until such time as the Board of Directors duly elects a new Chief Executive Officer and subject to any terms, conditions or limitations governing such succession as may be established by the Board.

B. **Vice Chairman of the Board (Vice Chairman).** The Board may from time to time elect from their own number a Vice Chairman. The Vice Chairman shall (i) preside at any meeting of the shareholders or Directors in the absence or inability of the Chairman to serve and (ii) perform such other duties as may be assigned by the Chairman, the Board of Directors or these Bylaws. In the event of the death, resignation or permanent incapacitation of the

Chairman, the Vice Chairman shall automatically succeed to the office of Chairman until such time as the Board of Directors duly elects a new Chairman and subject to any terms, conditions or limitations governing such succession as may be established by the Board.

C. Chief Executive Officer (CEO). The CEO, subject to the powers of the Chairman and the supervision of the Board of Directors, shall have general supervision, direction and control of the business and affairs of the Corporation. He may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws. The CEO shall have general supervision and direction of the officers of the Corporation and all such powers as may be reasonably incident to such responsibilities except where the supervision and direction of an officer is delegated expressly to another by the Board of Directors or these Bylaws. Without limiting the generality of the foregoing the CEO shall establish the annual salaries of each non-executive officer of the Corporation, unless otherwise directed by the Board, and the annual salaries of each officer of the Corporation's subsidiaries, unless otherwise directed by the respective boards of directors of such subsidiaries.

D. President. The President may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds, and other obligations and shall perform such other duties as may be prescribed from time to time by the Board of Directors, the Chairman, the CEO, or these Bylaws.

E. Chief Operating Officer (COO). The COO, subject to the powers of the CEO and the supervision of the Board of Directors, shall manage the day-to-day operations of the Corporation, shall perform such other duties as may be prescribed by the Board of Directors or the CEO, and shall have the general powers and duties usually vested in the chief operating officer of a corporation. Without limiting the generality of the foregoing, the COO shall supervise any other officer designated by the CEO and shall have all such powers as may be reasonably incident to such responsibilities. Unless otherwise provided by law or the Board of Directors, he may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, and bonds.

F. Chief Financial Officer. The Chief Financial Officer shall be the principal financial officer of the Corporation. He shall manage the financial affairs of the Corporation and direct the activities of the Treasurer, Controller and other officers responsible for the Corporation's finances. He shall be responsible for all internal and external financial reporting. Unless otherwise provided by law or the Board of Directors, he may sign, execute and deliver in the name of the Corporation powers of attorney, contracts, bonds, and other obligations, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by these Bylaws.

G. Chief Administrative Officer (CAO). The CAO, subject to the supervision of the Board of Directors, shall be in general and active charge of the administrative functions of the Corporation, shall perform such other duties as may be prescribed by the Board of Directors and shall have the general powers and duties usually vested in the chief administrative officer of a corporation. Without limiting the generality of the foregoing, the CAO shall have the authority

to hire and discharge employees and agents of the Corporation under his supervision, other than officers, and shall oversee the development and implementation of the Corporation's administrative policies.

H. Chief Information Officer (CIO). The CIO, subject to the powers of the CEO, shall be responsible for identifying and addressing the Corporation's information systems needs. The CIO shall be responsible for identifying changes and trends in computer and systems technology that affect the Corporation and its operations, determining long-term corporate-wide information needs and developing overall strategy for information needs and systems development. The CIO shall be responsible for assuring the integrity of corporate data, proprietary information and related intellectual property stored in the Corporation's information systems.

I. General Counsel. The General Counsel shall be directly responsible for advising the Board of Directors, the Corporation, and its officers and employees in matters affecting the legal affairs of the Corporation. He shall determine the need for and, if necessary, select outside counsel to represent the Corporation and approve all fees in connection with their representation. He shall also have such other powers, duties and authority as may be prescribed to him from time to time by the CEO, the Board of Directors, or these Bylaws.

J. Treasurer. As directed by the Chief Financial Officer, the Treasurer shall have general custody of all the funds and securities of the Corporation. He may sign, with the CEO, President, Chief Financial Officer or such other person or persons as may be specifically designated by the Board of Directors, all bills of exchange or promissory notes of the Corporation. He shall perform such other duties as may be prescribed from time to time by the Chief Financial Officer or these Bylaws.

K. Controller. As directed by the Chief Financial Officer, the Controller shall be responsible for the development and maintenance of the accounting systems used by the Corporation and its subsidiaries. The Controller shall be authorized to implement policies and procedures to ensure that the Corporation and its subsidiaries maintain internal accounting control systems designed to provide reasonable assurance that the accounting records accurately reflect business transactions and that such transactions are in accordance with management's authorization. Additionally, as directed by the Chief Financial Officer, the Controller shall be responsible for internal and external financial reporting for the Corporation and its subsidiaries.

L. Assistant Treasurer. The Assistant Treasurer shall have such powers and perform such duties as may be assigned by the Treasurer. In the absence or disability of the Treasurer, the Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer.

M. Secretary. The Secretary shall keep the minutes of all meetings of the shareholders, the Board of Directors and its committees or subcommittees. He shall cause notice to be given of meetings of shareholders, of the Board of Directors and of any committee or subcommittee of the Board. He shall have custody of the corporate seal and general charge of the records, documents and papers of the Corporation not pertaining to the duties vested in other officers, which shall at all reasonable times be open to the examination of any Director. He may

sign or execute contracts with any other officer thereunto authorized in the name of the Corporation and affix the seal of Corporation thereto. He shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws.

N. Assistant Secretary. The Assistant Secretary shall have powers and perform such duties as may be assigned by the Secretary. In the absence or disability of the Secretary, the Assistant Secretary shall perform the duties and exercise the powers of the Secretary.

O. Executive Vice President(s). The Executive Vice President(s) shall, in addition to exercising such powers and performing such duties associated with any other office held thereby, assist the CEO in discharging the duties of that office in any manner requested, and shall perform any other duties as may be prescribed by the Board of Directors, by the CEO or by these Bylaws.

P. Senior Vice President(s). The Senior Vice President(s) shall, in addition to exercising such powers and performing such duties associated with any other office held thereby, perform such duties as may be prescribed from time to time by the Board of Directors, by the CEO or by these Bylaws (or, with respect to any Senior Vice President(s) who report to some other executive officer, by such other executive officer).

Q. Vice President(s). The Vice President(s) shall have such powers and perform such duties as may be assigned to them by the Board of Directors, the CEO, the President, or any Executive Vice President, Senior Vice President or other officer to whom they report. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

R. Assistant Vice President(s). The Assistant Vice President(s) shall have such powers and perform such duties as may be assigned to them by the Board of Directors, the CEO, the President or the officer to whom they report. An Assistant Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

1.2 Executive Officer Group. The Executive Officer Group shall be comprised of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Chief Administrative Officer, the Chief Information Officer and each Executive or Senior Vice President.

Section 2. Election and Removal of Officers

2.1 Election. The officers shall be elected annually by the Board of Directors at its first meeting following the annual meeting of the shareholders and, at any time, the Board may remove any officer (with or without cause, and regardless of any contractual obligation to such officer) and fill a vacancy in any office, but any election to, removal from or appointment to fill a vacancy in any office, and the determination of the terms of employment thereof, shall require the affirmative votes of (a) a majority of the Directors then in office and (b) a majority of the Continuing Directors, voting as a separate group.

2.2 Removal. In addition, the Chief Executive Officer is empowered in his sole discretion to remove or suspend any officer or other employee of the Corporation who (a) fails to respond satisfactorily to the Corporation respecting any inquiry by the Corporation for information to enable it to make any certification required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988, (b) is arrested or convicted of any offense concerning the distribution or possession of, or trafficking in, drugs or other controlled substances, or (c) the Chief Executive Officer believes to have been engaged in actions that could lead to such an arrest or conviction.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers

In addition to the powers and authorities by these Bylaws expressly conferred upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws required to be exercised or done by the shareholders.

Section 2. Organizational and Regular Meetings

The Board of Directors shall hold an annual organizational meeting, without notice, immediately following the adjournment of the annual meeting of the shareholders and shall hold a regular meeting on the first Tuesday after the twentieth day in the months of February, May, August and November of each year. The Secretary shall give not less than five days' written notice to each Director of all regular meetings, which notice shall state the time and place of the meeting.

Section 3. Special Meetings

3.1 Call of Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or, if he is absent or unable to act, by the Vice Chairman or, if he is absent or unable to act, by the President. Upon the written request of any two Directors delivered to the Chairman, the Vice Chairman, the President or the Secretary of the Corporation, a special meeting shall be called.

3.2 Notice. Written notice of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by letter or by telegram, charges prepaid, addressed to him at his address shown in the Corporation's records. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail at least 72 hours prior to the meeting or delivered to an overnight mail delivery service or to the telegraph company in the place in which the principal office of the corporation is located at least 48 hours prior to the meeting. In case such notice is personally delivered as above provided, it shall be so delivered at least 24 hours prior to the meeting. The foregoing notwithstanding, if the Chairman or the

President shall determine, in his sole discretion, that the subject of the special meeting is urgent and must be considered by the Board without delay, notice may be given by personal delivery or by telephone not less than 12 hours prior to the time set for the meeting, provided a confirming telegram or overnight letter is sent to the Director contemporaneously. Such mailing, telegraphing, telephoning or personal delivery as above provided shall be due, legal and personal notice to such Director.

Section 4. Waiver of Notice

Any Director may waive notice of a meeting by written waiver executed either before or after the meeting. Directors present at any regular or special meeting shall be deemed to have received due, or to have waived, notice thereof, provided that a director who participates in a meeting by telephone shall not be deemed to have received or waived due notice if, at the beginning of the meeting, he objects to the transaction of any business because the meeting is not lawfully called.

Section 5. Quorum

A majority of the authorized number of Directors as fixed by or pursuant to the Articles of Incorporation shall be necessary to constitute a quorum for the transaction of business, provided, however, that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business. If a quorum is present when the meeting convened, the directors present may continue to do business, taking action by vote of a majority of a quorum, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum or the refusal of any director present to vote.

Section 6. Notice of Adjournment

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned.

Section 7. Written Consents

Anything to the contrary contained in these Bylaws notwithstanding, any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors at a meeting.

Section 8. Voting

At all meetings of the Board, each Director present shall have one vote. At all meetings of the Board, all questions, the manner of deciding which is not otherwise specifically regulated by law, the Articles of Incorporation or these Bylaws, shall be determined by a majority of the Directors present at the meeting, provided, however, that any shares of other corporations owned

by the Corporation shall be voted only pursuant to resolutions duly adopted upon the affirmative votes of (a) 80% of the Directors then in office and (b) a majority of the Continuing Directors, voting as a separate group.

Section 9. Use of Communications Equipment

Meetings of the Board of Directors may be held by means of telephone conference calls or similar communications equipment provided that all persons participating in the meeting can hear and communicate with each other.

Section 10. Indemnification

10.1 Definitions. As used in this Section:

(a) The term "Expenses" shall mean any expenses or costs (including, without limitation, attorney's fees, judgments, punitive or exemplary damages, fines and amounts paid in settlement). If any of the foregoing amounts paid on behalf of Indemnitee are not deductible by Indemnitee for federal or state income tax purposes, the Corporation will reimburse Indemnitee for tax liability with respect thereto by paying to Indemnitee an amount which, after taking into account taxes on such amount, equals Indemnitee's incremental tax liability.

(b) The term "Claim" shall mean any threatened, pending or completed claim, action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether made judicially or extra-judicially, or any separate issue or matter therein, as the context requires.

(c) The term "Determining Body" shall mean (i) those members of the Board of Directors who are not named as parties to the Claim for which indemnification is being sought ("Impartial Directors"), if there are at least three Impartial Directors, or (ii) a committee of at least three directors appointed by the Board of Directors (regardless of whether the members of the Board of Directors voting on such appointment are Impartial Directors) and composed of Impartial Directors or (iii) if there are fewer than three Impartial Directors or if the Board of Directors or a committee appointed thereby so directs (regardless of whether the members thereof are Impartial Directors), independent legal counsel, which may be the regular outside counsel of the Corporation.

(d) The term "Indemnitee" shall mean each director and officer and each former director and officer of the Corporation.

10.2 Indemnity. (a) To the extent any Expenses incurred by Indemnitee are in excess of the amounts reimbursed or indemnified pursuant to policies of liability insurance maintained by the Corporation, the Corporation shall indemnify and hold harmless Indemnitee against any such Expenses actually and reasonably incurred in connection with any Claim against Indemnitee (whether as a subject of or party to, or a proposed or threatened subject of or party to, the Claim) or in which Indemnitee is involved solely as a witness or person required to give evidence, by reason of his position (i) as a director or officer of the Corporation, (ii) as a director

or officer of any subsidiary of the Corporation or as a fiduciary with respect to any employee benefit plan of the Corporation, or (iii) as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other for-profit or not-for-profit entity or enterprise, if such position is or was held at the request of the Corporation, whether relating to service in such position before or after the effective date of this Section 10, if (i) the Indemnitee is successful in his defense of the Claim on the merits or otherwise or (ii) the Indemnitee has been found by the Determining Body (acting in good faith) to have met the Standard of Conduct; provided that (a) the amount of Expenses for which the Corporation shall indemnify Indemnitee may be reduced by the Determining Body to such amount as it deems proper if it determines in good faith that the Claim involved the receipt of a personal benefit by Indemnitee and (b) no indemnification shall be made in respect of any Claim as to which Indemnitee shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for willful or intentional misconduct in the performance of his duty to the Corporation or to have obtained an improper benefit, unless, and only to the extent that, a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the court shall deem proper; and provided further that, if the Claim involves Indemnitee by reason of his position with an entity or enterprise described in clause (ii) or (iii) of this Section 10.2(a) and if Indemnitee may be entitled to indemnification with respect to such Claim from such entity or enterprise, Indemnitee shall be entitled to indemnification hereunder only (x) if he has applied to such entity or enterprise for indemnification with respect to the Claim and (y) to the extent that indemnification to which he would be entitled hereunder but for this proviso exceeds the indemnification paid by such other entity or enterprise.

(b) For purposes of this Section, the Standard of Conduct is met when conduct by an Indemnitee with respect to which a Claim is asserted was conduct that he reasonably believed to be in, or not opposed to, the best interest of the Corporation, and, in the case of a Claim which is a criminal action or proceeding, conduct that the Indemnitee had no reasonable cause to believe was unlawful. The termination of any Claim by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet the Standard of Conduct.

(c) Promptly upon becoming aware of the existence of any Claim, Indemnitee shall notify the Chief Executive Officer of the existence of the Claim, who shall promptly advise the members of the Board of Directors thereof and that establishing the Determining Body will be a matter presented at the next regularly scheduled meeting of the Board of Directors. After the Determining Body has been established the Chief Executive Officer shall inform Indemnitee thereof and Indemnitee shall immediately notify the Determining Body of all facts relevant to the Claim known to such Indemnitee. Within 60 days of the receipt of such notice and information, together with such additional information as the Determining Body may request of Indemnitee, the Determining Body shall report to Indemnitee of its determination whether Indemnitee has met the Standard of Conduct. The Determining Body may extend the period of time for determining whether the Standard of Conduct has been met, but in no event shall such period of time be extended beyond an additional 60 days.

(d) If, after determining that the Standard of Conduct has been met, the Determining Body obtains facts of which it was not aware at the time it made such determination, the Determining Body on its own motion, after notifying the Indemnitee and providing him an opportunity to be heard, may, on the basis of such facts, revoke such determination, provided that, in the absence of actual fraud by Indemnitee, no such revocation may be made later than 30 days after final disposition of the Claim.

(e) Indemnitee shall promptly inform the Determining Body upon his becoming aware of any relevant facts not theretofore provided by him to the Determining Body, unless the Determining Body has obtained such facts by other means.

(f) In the case of any Claim not involving a proposed, threatened or pending criminal proceeding (i) if Indemnitee has, in the good faith judgment of the Determining Body, met the Standard of Conduct, the Corporation may, in its sole discretion, assume all responsibility for the defense of the Claim, and, in any event, the Corporation and Indemnitee each shall keep the other informed as to the progress of the defense of the Claim, including prompt disclosure of any proposals for settlement; provided that if the Corporation is a party to the Claim and Indemnitee reasonably determines that there is a conflict between the positions of the Corporation and Indemnitee with respect to the Claim, then Indemnitee shall be entitled to conduct his defense with counsel of his choice; and provided further that Indemnitee shall in any event be entitled at his expense to employ counsel chosen by him to participate in the defense of the Claim; and (ii) the Corporation shall fairly consider any proposals by Indemnitee for settlement of the Claim. If the Corporation proposes a settlement of the Claim and such settlement is acceptable to the person asserting the Claim or the Corporation believes a settlement proposed by the person asserting the Claim should be accepted, it shall inform Indemnitee of the terms of such proposed settlement and shall fix a reasonable date by which Indemnitee shall respond. If Indemnitee agrees to such terms, he shall execute such documents as shall be necessary to make final the settlement. If Indemnitee does not agree with such terms, Indemnitee may proceed with the defense of the Claim in any manner he chooses, provided that if Indemnitee is not successful on the merits or otherwise, the Corporation's obligation to indemnify such Indemnitee as to any Expenses incurred by following his disagreement shall be limited to the lesser of (A) the total Expenses incurred by Indemnitee following his decision not to agree to such proposed settlement or (B) the amount that the Corporation would have paid pursuant to the terms of the proposed settlement. If, however, the proposed settlement would impose upon Indemnitee any requirement to act or refrain from acting that would materially interfere with the conduct of Indemnitee's affairs, Indemnitee shall be permitted to refuse such settlement and proceed with the defense of the Claim, if he so desires, at the Corporation's expense in accordance with the terms and conditions of these Bylaws without regard to the limitations imposed by the immediately preceding sentence. In any event, the Corporation shall not be obligated to indemnify Indemnitee for an amount paid in settlement that the Corporation has not approved.

(g) In the case of a Claim involving a proposed, threatened or pending criminal proceeding, Indemnitee shall be entitled to conduct the defense of the Claim and to make all decisions with respect thereto, with counsel of his choice; provided that the Corporation

shall not be obligated to indemnify Indemnitee for an amount paid in settlement that the Corporation has not approved.

(h) After notification to the Corporation of the existence of a Claim, Indemnitee may from time to time request of the Chief Executive Officer or, if the Chief Executive Officer is a party to the Claim as to which indemnification is being sought, any officer who is not a party to the Claim and who is designated by the Chief Executive Officer (the "Disbursing Officer"), which designation shall be made promptly after receipt of the initial request, that the Corporation advance to Indemnitee the Expenses (other than fines, penalties, judgments or amounts paid in settlement) that he incurs in pursuing a defense of the Claim prior to the time that the Determining Body determines whether the Standard of Conduct has been met. The Disbursing Officer shall pay to Indemnitee the amount requested (regardless of Indemnitee's apparent ability to repay the funds) upon receipt of an undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation under the circumstances, provided that if the Disbursing Officer does not believe such amount to be reasonable, he shall advance the amount deemed by him to be reasonable and Indemnitee may apply directly to the Determining Body for the remainder of the amount requested.

(i) After a determination that the Standard of Conduct has been met, for so long as and to the extent that the Corporation is required to indemnify Indemnitee under these Bylaws, the provisions of Paragraph (h) shall continue to apply with respect to Expenses incurred after such time except that (i) no undertaking shall be required of Indemnitee and (ii) the Disbursing Officer shall pay to Indemnitee the amount of any fines, penalties or judgments against him which have become final for which the Corporation is obligated to indemnify him or any amount of indemnification ordered to be paid to him by a court.

(j) Any determination by the Corporation with respect to settlement of a Claim shall be made by the Determining Body.

(k) The Corporation and Indemnitee shall keep confidential to the extent permitted by law and their fiduciary obligations all facts and determinations provided pursuant to or arising out of the operation of these Bylaws and the Corporation and Indemnitee shall instruct its or his agents and employees to do likewise.

10.3 Enforcement. (a) The rights provided by this Section shall be enforceable by Indemnitee in any court of competent jurisdiction.

(b) If Indemnitee seeks a judicial adjudication of his rights under this Section, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by him in connection with such proceeding, but only if he prevails therein. If it shall be determined that Indemnitee is entitled to receive part but not all of the relief sought, then Indemnitee shall be entitled to be reimbursed for all Expenses incurred by him in connection with such proceeding if the indemnification amount to which he is determined to be entitled exceeds 50% of the amount of

his claim. Otherwise, the Expenses sought incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(c) In any judicial proceeding described in this subsection, the Corporation shall bear the burden of proving that Indemnitee is not entitled to Expenses sought with respect to any Claim.

10.4 Saving Clause. If any provision of this Section is determined by a court having jurisdiction over the matter to require the Corporation to do or refrain from doing any act that is in violation of applicable law, the court shall be empowered to modify or reform such provision so that, as modified or reformed, such provision provides the maximum indemnification permitted by law and such provision, as so modified or reformed, and the balance of this Section, shall be applied in accordance with their terms. Without limiting the generality of the foregoing, if any portion of this Section shall be invalidated on any ground, the Corporation shall nevertheless indemnify and Indemnitee to the full extent permitted by any applicable portion of this Section that shall not have been invalidated and to the full extent permitted by law with respect to that portion that has been invalidated.

10.5 Non-Exclusivity. (a) The indemnification and payment of Expenses provided by or granted pursuant to this Section shall not be deemed exclusive of any other rights to which Indemnitee is or may become entitled under any statute, article of incorporation, bylaw, authorization of shareholders or directors, agreement or otherwise.

(b) It is the intent of the Corporation by this Section to indemnify and hold harmless Indemnitee to the fullest extent permitted by law, so that if applicable law would permit the Corporation to provide broader indemnification rights than are currently permitted, the Corporation shall indemnify and hold harmless Indemnitee to the fullest extent permitted by applicable law notwithstanding that the other terms of this Section would provide for lesser indemnification.

10.6 Successors and Assigns. This Section shall be binding upon the Corporation, its successors and assigns, and shall inure to the benefit of Indemnitee's heirs, personal representatives, and assigns and to the benefit of the Corporation, its successors and assigns.

10.7 Indemnification of Other Persons. The Corporation may indemnify any person not a director or officer of the Corporation to the extent authorized by the Board of Directors or a committee of the Board expressly authorized by the Board of Directors.

Section 11. Certain Qualifications

No person shall be eligible for nomination, election or service as a director of the Corporation who shall (i) in the opinion of the Board of Directors fail to respond satisfactorily to the Corporation respecting any inquiry of the Corporation for information to enable the Corporation to make any certification required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988 or to determine the eligibility of such persons under this section; (ii) have been arrested or convicted of any offense concerning the distribution or

possession of, or trafficking in, drugs or other controlled substances, provided that in the case of an arrest the Board of Directors may in its discretion determine that notwithstanding such arrest such persons shall remain eligible under this Section; or (iii) have engaged in actions that could lead to such an arrest or conviction and that the Board of Directors determines would make it unwise for such person to serve as a director of the Corporation. Any person serving as a director of the Corporation shall automatically cease to be a director on such date as he ceases to have the qualifications set forth in this Section, and his position shall be considered vacant within the meaning of the Articles of Incorporation of the Corporation.

ARTICLE III

COMMITTEES

Section 1. Committees

1.1 Standing Committees. The Board of Directors shall have the standing committees specified below:

A. The Executive Committee shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), one of whom shall be the Chairman of the Board, who shall also serve as chairman of the Executive Committee. To the full extent permitted by law and the Articles of Incorporation, the Executive Committee shall have and may exercise all of the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session.

B. The Compensation Committee shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Compensation Committee and approved by the Board of Directors.

C. The Nominating and Corporate Governance Committee shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Nominating and Corporate Governance Committee and approved by the Board of Directors.

D. The Audit Committee shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Audit Committee and approved by the Board of Directors.

E. The Risk Evaluation Committee shall consist of three or more Directors (the exact number of which shall be set from time to time by the Board), who shall have such

qualifications, powers and responsibilities as specified in any charter that may from time to time be adopted by the Risk Evaluation Committee and approved by the Board of Directors.

1.2 Special Purpose Committees. The Board may authorize on an *ad hoc* basis special pricing committees in connection with the issuance of securities or such other special purpose committees as may be necessary or appropriate in connection with the Board's management of the business and affairs of the Corporation.

1.3 Subcommittees. As necessary or appropriate, each of the standing committees listed in Section 1.1 may organize a standing or *ad hoc* subcommittee for such purposes within the scope of its powers as it sees fit, and may delegate to such subcommittee any of its powers as may be necessary or appropriate to enable such subcommittee to discharge its duties and responsibilities. Any such subcommittee shall be composed solely of members of the standing committee, which shall appoint and replace such subcommittee members. Each subcommittee member shall hold office during the term designated by the standing committee, provided that such term shall automatically lapse if such member ceases to be a member of the standing committee or fails to meet any other qualifications that may be imposed by the standing committee.

Section 2. Appointment and Removal of Committee Members

Subject to Section 5 below, Directors shall be appointed to or removed from a committee only upon the affirmative votes of:

1. A majority of the Directors then in office; and
2. A majority of the Continuing Directors, voting as a separate group.

Each member of a committee shall serve until his or her successor is duly appointed and qualified.

Section 3. Procedures for Committees

Each committee or subcommittee may adopt such charters, procedures or regulations as it shall deem necessary for the proper conduct of its functions and the performance of its responsibilities, provided that such charters, procedures or regulations are consistent with (i) the Company's articles of incorporation, bylaws and corporate governance guidelines, (ii) applicable laws, regulations and stock exchange listing standards, and (iii) any regulations or procedures specified for such committee by the Board of Directors or for such subcommittee by the standing committee that authorized its organization under Section 1.3 (collectively, the "Governing Standards"). Unless otherwise determined by a committee or subcommittee, each meeting thereof shall be convened pursuant to the notice requirements pertaining to meetings of the full Board. Each committee and subcommittee shall keep written minutes of its meetings.

Section 4. Meetings

A committee or subcommittee may invite to its meetings other directors, representatives of management, counsel or other persons whose pertinent advice or counsel is sought by the committee or subcommittees. A majority of the members of any committee or subcommittee shall constitute a quorum and action by a majority (or by any super-majority required by the Governing Standards) of a quorum at any meeting of a committee or subcommittee shall be deemed action by the committee or subcommittee. The committee or subcommittee may also take action without meeting if all members thereof consent in writing thereto. Meetings of a committee or subcommittee may be held by telephone conference calls or other communications equipment provided each person participating may hear and be heard by all other meeting participants. Each committee shall make regular reports to the Board. All recommendations or actions of any committee or subcommittee shall be subject to approval or ratification by the full Board of Directors unless the committee or subcommittee possesses plenary power to act independently with respect to such matter and the submission of such matter to the full Board for action would be prohibited by, or contrary to the intent and purpose of, any Governing Standards.

Section 5. Authority of Chairman to Fill Vacancies

Whenever the Board of Directors is not in session, the Chairman may fill vacancies in any committees with the concurrence of the Nominating and Corporate Governance Committee. Any such action by the Chairman shall be subject to ratification or disapproval by the Board at its next meeting.

ARTICLE IV

SHAREHOLDERS' MEETINGS

Section 1. Place of Meetings

Unless otherwise required by law or these Bylaws, all meetings of the shareholders shall be held at the principal office of the Corporation or at such other place, within or without the State of Louisiana, as may be designated by the Board of Directors.

Section 2. Annual Meeting

An annual meeting of the shareholders shall be held on the date and at the time as the Board of Directors shall designate for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting. If no annual shareholders' meeting is held for a period of 18 months, any shareholder may call such meeting to be held at the registered office of the Corporation as shown on the records of the Secretary of State of the State of Louisiana.

Section 3. Special Meetings

Special meetings of the shareholders, for any purpose or purposes, may be called by the Chairman of the Board, the President or the Board of Directors. Subject to the terms of any outstanding class or series of Preferred Stock that entitles the holders thereof to call special meetings, the holders of a majority of the Total Voting Power shall be required to cause the Secretary of the Corporation to call a special meeting of shareholders pursuant to La. R.S. 12:73B (or any successor provision). Such requests of shareholders must state the specific purpose or purposes of the proposed special meeting, and the business to be brought before such meeting by the shareholders shall be limited to such purpose or purposes.

Section 4. Notice of Meetings

Except as otherwise provided by law, the authorized person or persons calling a shareholders' meeting shall cause written notice of the time and place of the meeting to be given to all shareholders of record entitled to vote at such meeting at least 10 days and not more than 60 days prior to the day fixed for the meeting. Notice of the annual meeting need not state the purpose or purposes thereof, unless action is to be taken at the meeting as to which notice is required by law, the Articles of Incorporation or the Bylaws. Notice of a special meeting shall state the purpose or purposes thereof. Any previously scheduled meeting of the shareholders may be postponed, and (unless provided otherwise by law or the Articles of Incorporation) any special meeting of the shareholders may be canceled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of shareholders.

Section 5. Notice of Shareholder Nominations and Shareholder Business

5.1 Business Brought Before Meetings. At any meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. Nominations for the election of directors at a meeting at which directors are to be elected may be made by or at the direction of the Board of Directors, or a committee duly appointed thereby, or by any shareholder of record entitled to vote generally for the election of directors who complies with the procedures set forth below. Other matters to be properly brought before a meeting of the shareholders must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, including matters covered by Rule 14a-8 of the Securities and Exchange Commission, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by any shareholder of record entitled to vote at such meeting who complies with the procedures set forth below.

5.2 Required Notice. A notice of the intent of a shareholder to make a nomination or to bring any other matter before the meeting shall be made in writing and received by the Secretary of the Corporation not more than 180 days and not less than 90 days in advance of the first anniversary of the preceding year's annual meeting of shareholders or, in the event of a special meeting of shareholders or annual meeting scheduled to be held either 30 days earlier or later than such anniversary date, such notice shall be received by the Secretary of the Corporation within 15 days of the earlier of the date on which notice of such meeting is first

mailed to shareholders or public disclosure of the meeting date is made. In no event shall the public announcement of an adjournment of a shareholders' meeting commence a new time period for the giving of a shareholder's notice as described above.

5.3 Contents of Notice. Every such notice by a shareholder shall set forth:

(a) the name, age, business address and residential address of the shareholder of record who intends to make a nomination or bring up any other matter, and any beneficial owner or other person acting in concert with such shareholder;

(b) a representation that the shareholder is a holder of record of shares of the Corporation's capital stock that accord such shareholder the voting rights specified in paragraph 5.1 above and that the shareholder intends to appear in person at the meeting to make the nomination or bring up the matter specified in the notice;

(c) with respect to notice of an intent to make a nomination, a description of all agreements, arrangements or understandings among the shareholder, any person acting in concert with the shareholder, each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;

(d) with respect to notice of an intent to make a nomination, (i) the name, age, business address and residential address of each person proposed for nomination, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of capital stock of the Corporation of which such person is the beneficial owner, and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had such nominee been nominated by the Board of Directors; and

(e) with respect to notice of an intent to bring up any other matter, a complete and accurate description of the matter, the reasons for conducting such business at the meeting, and any material interest in the matter of the shareholder and the beneficial owner, if any, on whose behalf the proposal is made.

5.4 Other Required Information. Notice of an intent to make a nomination shall be accompanied by the written consent of each nominee to serve as a director of the Corporation if so elected and an affidavit of each such nominee certifying that he meets the qualifications specified in Section 11 of Article II of these Bylaws. The Corporation may require any proposed nominee to furnish such other information or certifications as may be reasonably required by the Corporation to determine the eligibility and qualifications of such person to serve as a director.

5.5 Disqualification of Certain Proposals. With respect to any proposal by a shareholder to bring before a meeting any matter other than the nomination of directors, the following shall govern:

(a) If the Secretary of the Corporation has received sufficient notice of a proposal that may properly be brought before the meeting, a proposal sufficient notice of which is subsequently received by the Secretary and that is substantially duplicative of the first proposal shall not be properly brought before the meeting. If in the judgment of the Board of Directors a proposal deals with substantially the same subject matter as a prior proposal submitted to shareholders at a meeting held within the preceding five years, it shall not be properly brought before any meeting held within three years after the latest such previous submission if (i) the proposal was submitted at only one meeting during such preceding period and it received affirmative votes representing less than 3% of the total number of votes cast in regard thereto, (ii) the proposal was submitted at only two meetings during such preceding period and it received at the time of its second submission affirmative votes representing less than 6% of the total number of votes cast in regard thereto, or (iii) the proposal was submitted at three or more meetings during such preceding period and it received at the time of its latest submission affirmative votes representing less than 10% of the total number of votes cast in regard thereto.

(b) Notwithstanding compliance with all of the procedures set forth above in this Section, no proposal shall be deemed to be properly brought before a meeting of shareholders if, in the judgment of the Board, it is not a proper subject for action by shareholders under Louisiana law.

5.6 Power to Disregard Proposals. At the meeting of shareholders, the chairman shall declare out of order and disregard any nomination or other matter not presented in accordance with the foregoing procedures or which is otherwise contrary to the foregoing terms and conditions.

5.7 Rights and Obligations of Shareholders Under Federal Proxy Rules. Nothing in this Section shall be deemed to modify (i) any obligations of a shareholder to comply with all applicable requirements of the Securities Exchange Act of 1934 and the regulations promulgated thereunder with respect to the matters set forth in this Section of the Bylaws or (ii) any rights or obligations of shareholders with respect to requesting inclusion of proposals in the Corporation's proxy statement or soliciting their own proxies pursuant to the proxy rules of the Securities and Exchange Commission.

5.8 Rights of Preferred Shareholders. Nothing in this Section shall be deemed to modify any rights of holders of any outstanding class or series of Preferred Stock to elect directors or bring other matters before a shareholders' meeting in the manner specified by the terms and conditions governing such stock.

Section 6. Quorum

6.1 Establishment of Quorum. At all meetings of shareholders, the holders of a majority of the Total Voting Power shall constitute a quorum to organize the meeting, provided, however, that at any meeting the notice of which sets forth any matter that, by law or the Articles of Incorporation, must be approved by the affirmative vote of the holders of a specified percentage in excess of a majority of the Total Voting Power present or represented at the shareholders' meeting, the holders of that specified percentage shall constitute a quorum, and

further provided that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of such class or series shall constitute a quorum of such class or series for the transaction of such business. Shares of Voting Stock as to which the holders have voted or abstained from voting with respect to any matter considered at a meeting, or which are subject to Non-Votes (as defined in Section 6.3 below), shall be counted as present for purposes of constituting a quorum to organize a meeting.

6.2 Withdrawal. If a quorum is present or represented at a duly organized meeting, such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, or the refusal of any shareholders present to vote.

6.3 Non-Votes. As used in these Bylaws, "Non-Votes" shall mean the number of votes as to which the record holder or proxy holder of shares of Capital Stock has been precluded from voting thereon (whether by law, regulations of the Securities and Exchange Commission, rules or bylaws of any national securities exchange or other self-regulatory organization, or otherwise), including without limitation votes as to which brokers may not or do not exercise discretionary voting power under the rules of the New York Stock Exchange with respect to any matter for which the broker has not received voting instructions from the beneficial owner of the voting shares.

Section 7. Voting Power Present or Represented

For purposes of determining the amount of Total Voting Power present or represented at any annual or special meeting of shareholders with respect to voting on any particular matter, shares as to which the holders have abstained from voting, and shares which are subject to Non-Votes (as defined in Section 6.3), will be treated as not present and not cast.

Section 8. Voting Requirements

When a quorum is present at any meeting, the vote of the holders of a majority of the Total Voting Power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of law or the Articles of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question. Directors shall be elected by plurality vote.

Section 9. Proxies

At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder and bearing a date not more than 11 months prior to the meeting, unless the instrument provides for a longer period, but in no case will an outstanding proxy be valid for longer than three years from the date of its execution. The person appointed as proxy need not be a shareholder of the Corporation.

Section 10. Adjournments

10.1 Adjournments of Meetings. Adjournments of any annual or special meeting of shareholders may be taken without new notice being given unless a new record date is fixed for the adjourned meeting, but any meeting at which directors are to be elected shall be adjourned only from day to day until such directors shall have been elected.

10.2 Lack of Quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, subject, however, to the provisions of Section 10.1 hereof. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in Section 6.1 hereof, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 11. Written Consents

Any action required or permitted to be taken at any annual or special meeting of shareholders may be taken only upon the vote of the shareholders, present in person or represented by duly authorized proxy, at an annual or special meeting duly noticed and called, as provided in these Bylaws, and may not be taken by a written consent of the shareholders pursuant to the Business Corporation Law of the State of Louisiana.

Section 12. List of Shareholders

At every meeting of shareholders, a list of shareholders entitled to vote, arranged alphabetically and certified by the Secretary or by the agent of the Corporation having charge of transfers of shares, showing the number and class of shares held by each shareholder on the record date for the meeting, shall be produced on the request of any shareholder.

Section 13. Procedure at Shareholders' Meetings

The Chairman of the Board, or in his absence, the Vice Chairman, shall preside as chairman at all shareholders' meetings. The organization of each shareholders' meeting and all matters relating to the manner of conducting the meeting shall be determined by the chairman, including the order of business, the conduct of discussion and the manner of voting. Meetings shall be conducted in a manner designed to accomplish the business of the meeting in a prompt and orderly fashion and to be fair and equitable to all shareholders, but it shall not be necessary to follow Roberts' Rules of Order or any other manual of parliamentary procedure.

ARTICLE V

CERTIFICATES OF STOCK

Certificates of stock issued by the Corporation shall be numbered and shall be entered into the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the President or any Vice President and by the Treasurer, Secretary or any Assistant Secretary, all in the manner required by law.

ARTICLE VI

REGISTERED SHAREHOLDERS

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any beneficial, equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of Louisiana.

ARTICLE VII

LOSS OF CERTIFICATE

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact, and the Board of Directors, the General Counsel or the Secretary may, in his or its discretion, require the owner of the lost or destroyed certificate or his legal representative, to give the Corporation a bond, in such sum as the Board of Directors, the General Counsel or the Secretary may require, to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss or destruction of any such certificate; a new certificate of the same tenor and for the same number of shares as the one alleged to be lost or destroyed, may be issued without requiring any bond when, in the judgment of the Board of Directors, the General Counsel or the Secretary, it is proper to do so.

ARTICLE VIII

CHECKS

All checks, drafts and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

ARTICLE IX

DIVIDENDS

Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meetings, pursuant to law.

ARTICLE X

INAPPLICABILITY OF LOUISIANA CONTROL SHARE STATUTE

Effective May 23, 1995, the provisions of La. R.S. 12:135 through 12:140.2 shall not apply to control share acquisitions of shares of the Corporation's Capital Stock.

ARTICLE XI

CERTAIN DEFINITIONS

The terms Capital Stock, Continuing Directors, Total Voting Power and Voting Stock shall have the meanings ascribed to them in the Articles of Incorporation, provided, however, that for purposes of Sections 3 and 6 of Article IV of these Bylaws, Total Voting Power shall mean the total number of votes that holders of Capital Stock are entitled to cast generally in the election of directors.

ARTICLE XII

AMENDMENTS

These Bylaws may only be altered, amended or repealed in the manner specified in the Articles of Incorporation.

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CenturyTel and EMBARQ Announce Overwhelming Shareholder Approval of Merger

Combination Will Create Industry-Leading Communications Provider

MONROE, La. and OVERLAND PARK, Kan – January 27, 2009 – CenturyTel (NYSE: CTL) and EMBARQ (NYSE: EQ) today announce that shareholders of both companies have approved all proposals related to the CenturyTel/EMBARQ merger.

At a special meeting of CenturyTel shareholders held today in Monroe, La., CenturyTel shareholders approved the issuance of CenturyTel common stock to EMBARQ shareholders in connection with the proposed merger. This proposal was approved by more than 96% of the total votes cast at the meeting by CenturyTel shareholders.

At a special meeting of EMBARQ shareholders held today in Overland Park, Kan., EMBARQ shareholders also voted to adopt the merger agreement with CenturyTel. This proposal was approved by more than 79% of the total outstanding shares of EMBARQ common stock and approximately 99% of the total votes cast.

All of the vote results have been certified by the independent inspector of elections at each company's special meeting of shareholders.

"We are pleased that CenturyTel and EMBARQ shareholders have given their overwhelming support to the merger of CenturyTel and EMBARQ. With these approvals, we have taken another important step forward to combine our companies, maximize our assets, and unite our employees to deliver additional value for our customers. The significantly greater scale and scope of our combined operations will better position us to take advantage of efficiency and growth opportunities in an increasingly competitive and challenging marketplace," said Glen F. Post III, CenturyTel chairman and chief executive officer.

"The extremely strong support illustrates shareholder understanding of the value created by this combination. Implementing best practices and best-in-class operational support systems will enhance our customer experience. Expanded networks, knowledge and

experience will enhance the combined company's ability to deliver a broad range of products and services. The combined company will strive to be the leading broadband provider in our markets," said Tom Gerke, EMBARQ chief executive officer.

In addition to approving the issuance of common stock to EMBARQ shareholders, CenturyTel shareholders approved two additional related proposals to be implemented only upon consummation of the merger:

- Amending the CenturyTel articles of incorporation to eliminate the special ten-vote voting rights of certain CenturyTel shareholders.
- Amending the CenturyTel articles of incorporation to increase the authorized number of shares of CenturyTel common stock from 350 million to 800 million.

Combined, CenturyTel and EMBARQ will have an operating presence in 33 states, nearly eight million access lines, approximately two million broadband customers and more than 400,000 video subscribers, based on data as of Sept. 30, 2008. The merger, announced Oct. 27, 2008, is expected to close during the second quarter of 2009 after federal and state regulatory approvals are received.

Under the terms of the merger agreement, EMBARQ shareholders will receive 1.37 CenturyTel shares for each share of EMBARQ common stock they own at closing. Upon closing of the transaction, EMBARQ shareholders are expected to own approximately 66% and CenturyTel shareholders are expected to own approximately 34% of the combined company. Excluding one-time integration costs, the parties expect the transaction to be accretive to CenturyTel's free cash flow per share in 2010, the first full year following the expected closing.

For more information about the proposed merger, visit www.centuryteleambarqmerger.com.

About CenturyTel

CenturyTel (NYSE: CTL) is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through our broadband and fiber transport networks. Included in the S&P 500 Index, CenturyTel delivers advanced communications with a personal touch to customers in 25 states. Visit us at www.centurytel.com.

About EMBARQ

Embarq Corporation (NYSE: EQ), headquartered in Overland Park, Kansas, offers a complete suite of communications services. EMBARQ has operations in 18 states and is in the Fortune 500(R) list of America's largest corporations. For consumers, EMBARQ offers an innovative portfolio of services that includes reliable local and long distance home phone service, high-speed Internet, wireless, and satellite TV from DISH Network(R) -- all on one monthly bill. For businesses, EMBARQ has a comprehensive

range of flexible and integrated services designed to help businesses of all sizes be more productive and communicate with their customers. This service portfolio includes local voice and data services, long distance, Business Class High Speed Internet, wireless, satellite TV from DIRECTV(R), enhanced data network services, voice and data communication equipment and managed network services. For more information, visit embarq.com.

Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this press release, including statements as to the expected benefits of the acquisition such as efficiencies, cost savings, enhanced revenues, growth potential, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as "estimates," "expects," "projects," "plans," and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including receipt of required approvals by regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized or may take longer to realize than expected, the possibility that costs or difficulties related to the integration of EMBARQ operations into CenturyTel will be greater than expected, the ability of the combined company to retain and hire key personnel, the impact of regulatory, competitive and technological changes and other risk factors relating to our industry as detailed from time to time in each of CenturyTel's and EMBARQ's reports filed with the Securities and Exchange Commission (SEC). There can be no assurance regarding the timing of the consummation of the merger or that the proposed acquisition will in fact be consummated. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof. Unless legally required, CenturyTel and EMBARQ undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



EMBARQ Enters Into Amendment to Credit Facility

Amendment Would Take Effect upon Closing of CenturyTel-EMBARQ Merger

MONROE, La. and OVERLAND PARK, Kan., Jan. 23 /PRNewswire-FirstCall/ -- CenturyTel, Inc. (NYSE: CTL) and Embarq Corporation (NYSE: EQ) announced today that EMBARQ has entered into an amendment to its revolving credit facility. Absent this amendment, the existing EMBARQ credit facility would have been extinguished at the close of the previously announced merger between CenturyTel and EMBARQ. The amendment, which only becomes effective upon the close of the merger, enables the EMBARQ facility, as amended, to remain in place after the close.

Key terms of the amended facility are as follows:

- Effective upon CenturyTel-EMBARQ merger close
- \$800 million unsecured revolving credit facility
- Borrowing cost equal to LIBOR plus 300 basis points at current credit ratings
- Matures May 10, 2011 (consistent with the existing EMBARQ credit facility)
- Lender group comprised of 23 domestic and international banks

For more information on the amendment, please see the Current Report on Form 8-K filed today by EMBARQ, which is available at <http://www.sec.gov>.

In connection with the execution of the merger agreement among EMBARQ, CenturyTel and a wholly owned subsidiary of CenturyTel, CenturyTel entered into a financing commitment letter that provided for an \$800 million bridge facility to fund, among other things, the repayment of outstanding borrowings under the EMBARQ credit facility. Due to the amendment to EMBARQ's revolving credit facility, CenturyTel does not expect this bridge financing to be required to consummate the merger. Therefore, CenturyTel intends to terminate the financing commitment letter.

About CenturyTel

CenturyTel (NYSE: CTL) is a leading provider of communications, high-speed Internet and entertainment services in small-to-mid-size cities through our broadband and fiber transport networks. Included in the S&P 500 Index, CenturyTel delivers advanced communications with a personal touch to customers in 25 states. Visit us at <http://www.centurytel.com>.

About EMBARQ

Embarq Corporation (NYSE: EQ), headquartered in Overland Park, Kansas, offers a complete suite of communications services. EMBARQ has operations in 18 states and is in the Fortune 500(R) list of America's largest corporations.

For consumers, EMBARQ offers an innovative portfolio of services that includes reliable local and long distance home phone service, high-speed Internet, wireless, and satellite TV from DISH Network(R) - all on one monthly bill.

For businesses, EMBARQ has a comprehensive range of flexible and integrated services designed to help businesses of all sizes be more productive and communicate with their customers. This service portfolio includes local voice and data services, long distance, Business Class High Speed Internet, wireless, satellite TV from DIRECTV(R), enhanced data network services, voice and data communication equipment and managed network services.

For more information, visit embarq.com.

Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this document, including statements as to the expected benefits of the acquisition or amended credit facility, and other statements identified by words such as "estimates," "expects," "projects," "plans," and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including changes in the credit markets or CenturyTel's capital requirements, receipt of required approvals by CenturyTel and EMBARQ stockholders and regulatory agencies, the possibility that the anticipated benefits from the acquisition cannot be fully realized or may take longer to realize than expected, the possibility that costs or difficulties related to the integration of EMBARQ operations into CenturyTel will be greater than expected, the ability of the

combined company to retain and hire key personnel, the impact of regulatory, competitive and technological changes and other risk factors relating to our industry as detailed from time to time in each of CenturyTel's and EMBARQ's reports filed with the Securities and Exchange Commission (SEC). There can be no assurance regarding the timing or the consummation of the merger or that the proposed credit facility amendment will take effect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this document. Unless legally required, CenturyTel and EMBARQ undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information

In connection with the proposed merger, CenturyTel has filed, and the Securities and Exchange Commission (SEC) has declared effective, a Registration Statement on Form S-4 that includes a joint proxy statement of CenturyTel and EMBARQ that also constitutes a prospectus of CenturyTel. CenturyTel and EMBARQ began mailing the definitive joint proxy statement/prospectus to their respective shareholders on December 22, 2008. **INVESTORS ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT-PROSPECTUS BECAUSE IT CONTAINS IMPORTANT INFORMATION.** You may 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 <http://www.sec.gov>. Copies of the joint proxy statement-prospectus and the filings with the SEC that are incorporated by reference in the joint proxy statement-prospectus may 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: Shareholder Relations.

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. These documents can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation are included in the joint proxy statement-prospectus and other relevant materials filed with the SEC. 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.

SOURCE Embarq Corporation

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