Exhibit

STANDARD & POOR'S

FULL ANALYSIS

Embarq Corp.

Corporate Credit Rating

BBB-/Negative/—

Primary Credit Analysts:
Susan Madison
New York
(1) 212-438-4516
susan_madison@
standardandpoors.com

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Major Rating Factors

Strengths:

- Dominant provider of local and long distance telecommunications services in its markets;
- Healthy EBITDA margins and solid free cash flow from geographically diverse operations;
- Revenue growth potential from increasing penetration of digital subscriber line (DSL) and other data services; and
- Our expectations that Embarq will adhere to a moderate financial policy to mitigate declining operating trends in residential voice services.

Weaknesses:

- Modestly declining revenue and cash flow due to continued access-line erosion fueled by wireless substitution and cable telephony competition; and
- Limited product diversity compared with cable competitors' broader and more-integrated bundle of services.

Rationale

The ratings on Overland Park, Kan.-based Embarq Corp. reflect the company's position as the dominant provider of local and long-distance telecom services in its markets, its solid operating margin, strong free cash flow characteristics, monthly recurring revenue from a sizable and geographically diverse customer base, and good growth potential from DSL data services.

Important to the ratings is an intermediate financial risk profile incorporating Standard & Poor's Ratings Services' expectations that Embarq will use a material portion of its discretionary cash flow for debt repayment to mitigate weak trends in its residential voice business. Tempering factors include modestly declining revenue and cash flow due to

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advancing access-line erosion caused by wireless substitution and cable telephony competition, as well as limited product diversity compared with cable competitors' broader and more-integrated bundle of services. Debt outstanding at March 31, 2007, totaled about $6.1 billion.

Embarq was formed in May 2006 from the spin-off of Sprint Nextel Corp.'s wireline operations. After adjusting prespin-off quarterly results as if the spin-off from Sprint Nextel had occurred on Jan. 1, 2006, service revenue declined 2.4% from the prior year for the quarter ended March 31, 2007, as the effect of access-line losses, particularly in the residential sector, offset the benefits of strong DSL revenue growth. Access lines declined 5.9% overall, driven primarily by a 7.6% decline in residential lines. Line losses stem from new households forgoing wireline services in favor of wireless in the past few years, and more recently, from cable companies rolling out attractive bundled video, data, and voice packages. Embarq estimated that 60% of its access lines overlapped with this rival service at year-end 2006.

Embarq's EBITDA margin, adjusted for one-time expenses associated with the spin-off and transition to a stand-alone company, remains in line with its peers, in the low-40% range. However, we remain concerned that profitability could decline because of discounting to slow customer losses, and higher operating expenses as the company adjusts to operating as a stand-alone entity.

Embarq's capitalization, solid discretionary cash flow, and moderate dividend policy suggest a low investment-grade financial risk profile, which has strengthened modestly since its spin-off from Sprint Nextel. Debt to latest-12-month EBITDA, adjusted for unfunded pension and other postretirement employee benefit obligations and nonrecurring transition expenses, declined to 2.4x at March 31, 2007, from 2.8x at the time of the May 2006 spin-off. After funding annual capital expenditures of about $890 million and a $364 million common dividend, we expect Embarq to generate about $400 million in discretionary cash flow in 2007, a portion of which will be used for further debt reduction.

Liquidity

Embarq has solid liquidity from discretionary cash flow, a $46 million cash balance at March 31, 2007, and about $1.4 billion available under a $1.5 billion revolving credit facility. However, a full draw on the credit facility without a corresponding increase in EBITDA (to keep debt to EBITDA below 3x) could pressure the rating. Debt maturities are negligible until 2011 when the credit facility matures.

Outlook

The outlook is negative. Uncertainty about the severity and duration of the competitive impact from cable telephony on customers, revenue, and cash flow could weigh on the ratings for the next two years, until cable companies complete their telephony rollouts and the competitive environment settles. While Embarq's discretionary cash flow should facilitate debt reduction and credit improvement in the face of modest EBITDA declines, a more severe EBITDA decline may not support an investment-grade business profile. The resulting credit deterioration could thus trigger a downgrade. Conversely, if access-line erosion stabilizes in the 4%-5% area and the company is able to reduce debt to EBITDA, fully adjusted for pensions and other postretirement benefits, to the low-2x area from 2.4x, the outlook could be revised to stable.

Business Description: A Major Player In Nevada And Florida

Embarq is comprised of the operations principally attributed to Sprint Nextel Corp.'s former local phone division, which were spun off to Sprint Nextel shareholders in a tax-free transaction on May 17, 2006. Embarq served 6.8 million switched access lines in 18 states as of March 31, 2007, making it the largest local phone company behind the regional Bell operating companies. About one-third of access lines are in large, densely populated markets such as Las Vegas; Orlando, Tallahassee, and Naples, Fla.; one-third are in medium density markets (100-300 access lines per square mile); and the balance are in low-density rural markets. The states of Florida, North Carolina, Nevada, and Ohio account for about two-thirds of access lines. Residential customers account for roughly 63% of access lines and provide about 41% of revenue. Embarq also owns Sprint Nextel's former North Supply telecom equipment distribution business, which operates at a roughly EBITDA break-even level.

Business Risk Profile: Line Losses Pose A Challenge

As an incumbent local exchange carrier, Embarq is the dominant telecom provider in its markets. The business is mature, and historically had a strong investment-grade business risk profile because of slow, but steady growth provided by monthly recurring charges from millions of customers. However, secular changes in the past few years from broadband replacement of second lines, wireless substitution, and most recently, cable telephony, have caused access-line erosion and declining minutes of use, reducing the business risk to low-investment grade.

Uncertainty about the trajectory of line losses in the next few years is weighing on Embarq. Access-line erosion for the first quarter of 2007 worsened to 5.9%, from 4.1% in 2005, driven by increased cable telephony availability to customers within Embarq's service area. Based on the success of voice services for cable operators to date, initial penetration gains for this competing service could be substantial within a relatively short period. If these gains result in high-single-digit access-line erosion over an extended time period, the business risk profile could weaken to speculative grade. However, if line erosion slows to around 5%, and assuming the company has not resorted to excessive discounting to maintain the customer base, the business would continue to support a low investment-grade risk profile.

Good prospects for increasing DSL penetration

Embarq primarily competes with cable companies by bundling local and long distance service with high-speed internet services. High-speed Internet subscribers have grown by more than 40% over the past year and totaled 1.1 million at March 31, 2007. Embarq's DSL penetration of 16% is slightly below its peers and prospects for growth are good. However, the service is only available to about 77% of Embarq's customers because of the physical limitations of DSL technology. Potential discounting intended to boost DSL penetration could hurt profitability.

Since May 2004, the company also has resold EchoStar's Dish satellite TV service as part of a discounted bundle and had 170,000 video customers as of March 31, 2007, or less than 4% of residential customers. In addition, the company offers Embarq-branded wireless service using wholesale wireless network services purchased from Sprint. Although the resale of satellite TV or wireless service could enhance customer retention, such resale arrangements typically do not provide meaningful direct cash flow, even at subscriber levels substantially above the current low penetration.

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Wireless services also are unlikely to generate any near-term cash flow because of customer acquisition costs and small scale. Embarq has not indicated any plans for the types of enhanced broadband capabilities being pursued by other carriers. Although there is considerable uncertainty about success of such investments by other carriers, Embarq's business profile could suffer if it is unable to avert accelerating downward operating momentum without an advanced video service delivered over its own network.

Profitability

Access-line erosion and declining minutes of use, partly mitigated by data revenue growth, reduced service revenue in the first quarter of 2007 by about 2.4%. The performance of other independent local companies has been similar.

Embarq's overlap with cable telephony, available to about 60% of the company's access lines at year-end 2006, suggests a substantial increase in competition that could further erode the customer base and average revenue per user (ARPU). Embarq's EBITDA margin, in the low- to mid-40% area, is somewhat below its peers', reflecting the impact of falling revenue and costs associated with entry into the wireless business. Some onetime transition expenses will affect results in the near term. Any potential discounts introduced to slow customer erosion also could depress ARPU and weigh on profitability.

Financial Risk Profile: Maintaining A Moderate Policy Is Important

Accounting

Commitments and contingencies include operating leases. We capitalize the present value of these items and factor them into our broader financial ratio calculations. The leveraging effect of the operating lease adjustment is insignificant for Embarq.

Unfunded obligations of Embarq's pension and postretirement benefits plans totaled about $600 million as of Dec. 31, 2006, before income tax effects. Although these obligations have a minimal impact on credit measures, we view them obligations as debt-like and estimate that they boost debt to EBITDA by roughly 0.1x.

A majority of Embarq's total assets are long-lived, with definite lives, consisting primarily of property, plant, and equipment associated with communications networks. Shifting technology and customer demand can affect values or useful lives of these assets. The company performs annual studies to determine the appropriateness of the depreciable asset lives and recognizes an impairment charge if it determines that the carrying amount is greater than the recoverable value. A higher rate of depreciation or the recording of a noncash impairment charge would not affect cash flows, although it could suggest diminished potential for Embarq's business, which we may factor into our business risk assessment.

Corporate governance/Risk tolerance/Financial policies

Embarq's capitalization and dividend policy is in line with a low investment-grade financial profile. However, adherence to a moderate financial policy with debt reduction may become important to countering the adverse effects of customer losses and revenue deterioration likely in the near to intermediate term.

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Cash flow adequacy

Interest coverage is solid in the 6x area, but could weaken modestly, given prospects for declining EBITDA and minimal debt reduction. After $900 million in annual capital expenditures, or roughly 14% of revenue, free cash flow in 2007 will be about $800 million, which would be sufficient to support $383 million in annual dividends. However, access-line erosion could hasten free cash flow deterioration and reduce capacity to pay the dividend. Any potential investments needed to boost competitiveness, such as a fiber-optic network-based video strategy like those being pursued by other local phone companies, for example, also could decrease Embarq's ability to pay the dividend.

Capital structure/Asset protection

Leverage in the mid-2x area is acceptable for the 'BBB-' rating. The ratio is about 0.1x higher if unfunded pension and other postemployment benefit obligations are treated as debt. Embarq's strong discretionary cash flow should facilitate meaningful debt repayment and deleveraging. However, accelerating revenue erosion, even if accompanied by debt repayment from discretionary cash flow, could still boost leverage somewhat and pressure the ratings, especially if debt to EBITDA approaches 3x. There are no material debt maturities until the bank facility matures in 2011.

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Table 1

Embarq Corp.—Peer Comparison* (cont.'d)

Industry Sector: Telecommunications

	—Fiscal year ended Dec. 31, 2006—		
	Embarq Corp.	*Windstream Corp.*	*Citizens Communications Co.*
Rating as of June 20, 2007	BBB-/Negative/—	BB+/Negative/—	BB+/Negative/—
(Mil. $)			
Revenues	6,519.0	3,193.3	2,025.4
EBITDA	2,735.3	1,686.5	1,141.8
Net income from cont. oper.	784.0	445.6	254.0
Funds from operations (FFO)	1,844.8	1,015.4	838.9
Capital expenditures	1,053.1	399.8	266.7
Discretionary cash flow	694.7	264.5	258.6
Debt	6,932.9	5,701.8	4,654.4
Common equity	(468.0)	469.8	1,058.0
Adjusted ratios			
EBITDA/sales (%)	42.0	52.8	56.4
Oper. income/sales (%)	41.4	53.1	56.5
EBIT interest coverage (x)	3.4	3.2	2.1
EBITDA interest coverage (x)	5.7	4.4	3.3
Return on capital (%)	21.5	20.8	12.3
FFO/debt (%)	26.6	17.8	18.0
Discretionary cash flow/debt (%)	10.0	4.6	5.6
Debt/EBITDA (x)	2.5	3.4	4.1

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Table 1

Embarq Corp.—Peer Comparison (cont.'d)*				
Debt/total capital (%)	107.2	92.4		81.5

*Fully adjusted (including postretirement obligations)

Table 2

Embarq Corp.—Financial Summary*

Industry Sector: Telecommunications

	—Fiscal year ended Dec. 31—		
	2006	***2005***	***2004***
Rating history	BBB-/Negative/—	NR	NR
(Mil. $)			
Revenues	6,519.0	6,254.0	6,139.0
EBITDA	2,735.3	2,666.6	2,611.1
Net income from continuing operations	784.0	894.0	917.0
Funds from operations (FFO)	1,877.8	1,996.4	2,134.3
Capital expenditures	986.1	839.3	978.2
Discretionary cash flow	750.7	94.1	233.1
Debt	6,932.9	1,555.5	1,668.5
Common equity	(468.0)	4,852.0	4,960.0
Adjusted ratios			
EBITDA/sales (%)	42.0	42.6	42.5
Oper. income/sales (bef. D&A) (%)	41.4	42.0	41.9
EBIT interest coverage (x)	4.9	18.7	15.1
EBITDA interest coverage (x)	8.3	30.4	24.7
Return on capital (%)	21.5	21.1	20.2
FFO/debt (%)	27.1	128.3	127.9
Discretionary cash flow/debt (%)	10.8	6.1	14.0
Debt/EBITDA (x)	2.5	0.6	0.6
Debt/total capital (%)	107.2	24.3	25.2

*Fully adjusted (including postretirement obligations). NR—Not rated.

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Table 3

Reconciliation Of Embarq Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.'d)

—Fiscal year ended Dec. 31, 2006—

Embarq Corp. reported amounts

	Debt	*Revenues*	*Operating income (before D&A)*	*Operating income (before D&A)*	*Operating income (after D&A)*	*Interest expense*	*Cash flow from operations*	*Cash flow from operations*	*Capital expenditures*
Reported	6,458.0	6,363.0	2,571.0	2,571.0	1,544.0	324.0	2,053.0	2,053.0	923.0

Table 3

Reconciliation Of Embarq Corp. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.'d)

—Fiscal year ended Dec. 31, 2006—	Debt	Revenues	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Standard & Poor's adjustments									
Operating leases	95.9	—	25.0	6.3	6.3	6.3	18.7	18.7	63.1
Postretirement benefit obligations	379.0	—	3.0	3.0	3.0	—	9.1	9.1	—
Share-based compensation expense	—	—	—	53.0	—	—	—	—	—
Reclassification of nonoperating income (expenses)	—	—	—	—	14.0	—	—	—	—
Reclassification of working-capital cash flow changes	—	—	—	—	—	—	—	(203.0)	—
Other	—	156.0	102.0	102.0	64.0	153.0	(33.0)	(33.0)	67.0
Standard & Poor's total adjustments	474.9	156.0	130.0	164.3	87.3	159.3	(5.2)	(208.2)	130.1
Standard & Poor's adjusted amounts									
Adjusted	6,932.9	6,519.0	2,701.0	2,735.3	1,631.3	483.3	2,047.8	1,844.8	1,053.1

*Embarq Corp. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income be

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Ratings Detail (As Of 28-Jun-2007)* (cont.'d)

Embarq Corp.	
Corporate Credit Rating	BBB-/Negative/—
Senior Secured	
Local Currency	BBB+
Senior Unsecured	
Local Currency	BBB-
Corporate Credit Ratings History	
04-May-2006	BBB-/Negative/—
Business Risk Profile	Satisfactory
Financial Risk Profile	Intermediate
Debt Maturities	

2007 $37 mil.
2008 $99 mil.
2009 $2 mil.
2010 $2 mil.
2011 $1.3 bil.

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Ratings Detail (As Of 28-Jun-2007) (cont.'d)*	
Related Entities	
Carolina Telephone & Telegraph Co.	
Senior Unsecured	
Local Currency	BBB-
Centel Corp.	
Senior Unsecured	
Local Currency	BBB-
Central Telephone Co.	
Senior Secured	
Local Currency	BBB+
Sprint - Florida, Inc.	
Senior Secured	
Local Currency	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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