

CENTURYTEL INC

FORM 8-K

(Unscheduled Material Events)

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CIK	0000018926
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 29, 1999

CENTURYTEL, INC.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other
jurisdiction of
incorporation)

1-7784
(Commission File
Number)

72-0651161
(IRS Employer
Identification No.)

100 Century Park Drive, Monroe, Louisiana

71203

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(318) 388-9000

Item 5. Other Events.

On June 29, 1999, the Registrant entered into a definitive agreement to purchase from an affiliate of GTE Corporation ("GTE") assets comprising substantially all of GTE's local telephone operations in Arkansas. In exchange, the Registrant has agreed to pay \$843.35 million in cash, subject to certain adjustments described below.

The assets to be purchased will include all telephone access lines (which numbered approximately 213,650 as of December 31, 1998) and related property and equipment comprising GTE's local exchange operations in 103 exchanges in predominantly rural and suburban markets throughout Arkansas, several of which are adjacent to properties currently owned and operated by the Registrant. The assets to be purchased will not include (i) GTE's Cellular, PCS, inter-LATA long distance or internet operations, (ii) GTE's inter-LATA fiber optic network assets or (iii) any rights under GTE's billing and collection contracts and certain other agreements. The Registrant will not assume any liabilities of GTE other than those associated with contracts, employees, customer deposits and certain other assets transferred in connection with the sale. The purchase price will be adjusted to, among other things, (i) reimburse GTE for certain pre-closing costs and (ii) compensate the Registrant if GTE fails to attain certain specified pre-closing capital expenditure targets. The aggregate effect of these adjustments is not expected to be material.

Consummation of the transaction is subject to, among other things, (i) the receipt of approvals from the Federal Communications Commission and the Arkansas Public Utilities Commission, (ii) compliance with the notification and waiting period requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (iii) the receipt of various third party consents, including releases from GTE bondholders terminating liens on the transferred assets, and (iv) various other customary closing conditions. The Registrant has agreed to pay GTE approximately \$42.2 million if the transaction is not consummated under certain specified conditions, including its incapacity to finance the transaction.

Additional information regarding the acquisition is set forth in the Registrant's press release announcing the transaction, which is filed as Exhibit 99.1 hereto and is incorporated in its entirety by reference herein.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTURYTEL, INC.

By: /S/ Neil A. Sweasy

Neil A. Sweasy
Vice President and
Controller

Dated: July 9, 1999

FOR IMMEDIATE RELEASE FOR MORE INFORMATION CONTACT:

June 29, 1999 Media: Patricia Cameron (318) 388-9674 patricia.cameron@centurytel.com Investors: Jeffrey S. Glover (318)388-9648 jeff.glover@centurytel.com

CenturyTel signs definitive agreement to purchase GTE's local exchange properties in Arkansas

Monroe, LA. . CenturyTel, Inc. (NYSE Symbol: CTL) signed a definitive asset purchase agreement today to purchase GTE's local exchange assets in Arkansas. In exchange, CenturyTel will pay GTE \$843.35 million in cash, subject to certain adjustments that are not expected to be material. The transaction is expected to close in the first quarter 2000, pending regulatory approvals and certain other closing conditions.

CenturyTel anticipates that at the time of closing these markets will encompass 230,000 access lines. In addition, CenturyTel expects these properties to generate annualized revenues of approximately \$165.3 million, and produce annualized cash flow of nearly \$92.5 million during the first year of operation.

"This acquisition represents another important step in executing our strategies to geographically cluster our operations and to acquire properties that provide opportunities for synergies and revenue growth," Glen F. Post, III, President and CEO of CenturyTel, said. "These properties complement CenturyTel's existing local telephone and wireless operations in the state, and will position us to offer additional communications services to our customers."

Long-term financing plans are not yet complete and will be dependent upon CenturyTel's review of its alternatives and market conditions. CenturyTel currently expects to fund the purchase price initially through bank credit facilities. Assuming that 50% of the purchase price is financed with convertible debt securities and using current interest rates, CenturyTel believes the acquisition will be one or two cents dilutive to 2000 earnings and accretive thereafter.

The transaction will boost CenturyTel's access line ownership in Arkansas to more than 275,000 lines as it becomes CenturyTel's second largest state in terms of access lines served.

"CenturyTel has operated in Arkansas for more than 30 years, and this transaction will allow us to further build upon our strong brand identity in the state," Post said. "We believe our positive relationships with customers, employees and regulators will benefit CenturyTel as we pursue the value-creating opportunities brought about by this acquisition. The GTE properties serve some excellent markets in the state, including Russellville, Jacksonville, Siloam Springs and others, many of which are near thriving cities such as Little Rock, Fayetteville, Bentonville and Fort Smith."

Customers will see no changes in their area codes, telephone numbers or local calling areas. At this time, we anticipate that rates will remain the same as GTE's current rates.

GTE employees who serve these areas will be offered positions with CenturyTel. Additional employment opportunities will also be created to replace certain functions currently handled by non-Arkansas GTE units.

In addition to historical information, this release includes certain forward-looking statements that are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: changes in prevailing interest rates or in the capital markets; the effects of ongoing deregulation in the telecommunications industry; the effects of greater than anticipated competition in the Company's markets; possible changes in the demand for the Company's products and services; the Company's ability to successfully introduce new offerings on a timely and cost-effective basis; the risks inherent in rapid technological change; the Company's ability to effectively manage its growth, including integrating newly acquired properties into the Company's operations; the success and expense of the remediation efforts of the Company and its vendors in achieving year 2000 compliance; any similar efforts, changes or other factors impacting the GTE properties to be sold; and the effects of more general factors such as changes in overall market or economic condition or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. Any public offering of convertible debt securities or other equity linked securities which the Company may make in connection with the acquisition will be effected only by means of a prospectus. This press release does not constitute an offer to sell or the solicitation of an offer to purchase any such securities.

CenturyTel, Inc. provides integrated communications services including local exchange, wireless, long distance, Internet access and security monitoring services to more than two million customers in 21 states. The company, headquartered in Monroe, La., is publicly traded on the New York Stock Exchange under the symbol CTL. CenturyTel is the ninth largest local exchange telephone company, based on access lines, and the 10th largest cellular company, based on population equivalents owned, in the United States. Visit CenturyTel's corporate website at (www.centurytel.com).

