

CENTURYTEL INC

FORM 10-Q (Quarterly Report)

Filed 11/12/1999 For Period Ending 9/30/1999

Address	P O BOX 4065 100 CENTURYTEL DR MONROE, Louisiana 71203
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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 10-Q

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

For the quarterly period ended September 30, 1999

or

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

Commission File Number: 1-7784

CENTURYTEL, INC.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

72-0651161
(I.R.S. 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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

As of October 31, 1999, there were 139,679,442 shares of common stock outstanding.

CENTURYTEL, INC.

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PART I. FINANCIAL INFORMATION

CenturyTel, Inc. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
(Dollars, except per share amounts, and shares expressed in thousands)				
OPERATING REVENUES				
Telephone	\$ 277,352	275,397	849,426	800,532
Wireless	111,652	106,664	320,245	305,704
Other	30,201	19,888	80,540	55,811
Total operating revenues	419,205	401,949	1,250,211	1,162,047
OPERATING EXPENSES				
Cost of sales and operating expenses	204,846	192,155	598,611	559,955
Depreciation and amortization	84,300	81,610	260,293	242,288
Total operating expenses	289,146	273,765	858,904	802,243
OPERATING INCOME	130,059	128,184	391,307	359,804
OTHER INCOME (EXPENSE)				
Interest expense	(34,997)	(41,904)	(114,725)	(126,785)
Income from unconsolidated cellular entities	10,801	9,162	26,913	25,105
Minority interest	(3,460)	(3,619)	(25,560)	(10,264)
Gain on sale or exchange of assets, net	1,201	-	51,160	49,859
Other income and expense	1,108	1,159	6,722	2,454
Total other income (expense)	(25,347)	(35,202)	(55,490)	(59,631)
INCOME BEFORE INCOME TAX EXPENSE	104,712	92,982	335,817	300,173
Income tax expense	40,183	38,304	156,721	123,610
NET INCOME	\$ 64,529	54,678	179,096	176,563
BASIC EARNINGS PER SHARE*	\$.46	.40	1.29	1.29
DILUTED EARNINGS PER SHARE*	\$.46	.39	1.27	1.26
DIVIDENDS PER COMMON SHARE*	\$.045	.043	.135	.130

AVERAGE BASIC SHARES OUTSTANDING*	139,085	137,207	138,668	136,857
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AVERAGE DILUTED SHARES OUTSTANDING*	141,504	140,322	141,331	139,908
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*Reflects March 1999 stock split. See Note 4.
See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
(Dollars in thousands)				
Net income	\$ 64,529	54,678	179,096	176,563
Other comprehensive income, net of tax:				
Unrealized holding gains (losses) arising during period, net of \$1,230, (\$340), \$3,659 and \$5,552 tax	2,284	(631)	6,796	10,310
Reclassification adjustment for gains included in net income, net of \$3,625 and \$11,027 tax	-	-	(6,733)	(20,478)
Other comprehensive income, net of \$1,230, (\$340), \$34, and (\$5,475) tax	2,284	(631)	63	(10,168)
Comprehensive income	\$ 66,813	54,047	179,159	166,395

See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 1999	December 31, 1998
(Dollars in thousands)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,233	5,742
Accounts receivable, less allowance of \$3,539 and \$4,155	215,015	185,398
Materials and supplies, at average cost	27,858	23,709
Other	5,206	11,389
	285,312	226,238
NET PROPERTY, PLANT AND EQUIPMENT	2,194,944	2,351,453
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired, less accumulated amortization of \$151,257 and \$133,135	1,629,636	1,956,701
Other	431,264	401,063
	2,060,900	2,357,764
	\$ 4,541,156	4,935,455
LIABILITIES AND EQUITY		

CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 53,306	53,010
Accounts payable	107,594	87,627
Accrued expenses and other liabilities		
Salaries and benefits	40,597	36,900
Taxes	36,881	33,411
Interest	23,235	36,926
Other	22,889	24,249
Advance billings and customer deposits	31,938	32,721
	316,440	304,844

LONG-TERM DEBT	2,042,235	2,558,000

DEFERRED CREDITS AND OTHER LIABILITIES	468,241	541,129

STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, 350,000,000 shares authorized, 139,672,352 and 138,082,926 shares issued and outstanding	139,672	138,083
Paid-in capital	471,583	451,535
Accumulated other comprehensive income-unrealized holding gain on investments, net of taxes	7,280	7,217
Retained earnings	1,092,670	932,611
Unearned ESOP shares	(4,940)	(6,070)
Preferred stock - non-redeemable	7,975	8,106
	1,714,240	1,531,482
	\$ 4,541,156	4,935,455
=====		
See accompanying notes to consolidated financial statements.		

CENTURYTEL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 138,083	91,104
Issuance of common stock for acquisitions	-	28
Conversion of convertible securities into common stock	330	169
Issuance of common stock through dividend reinvestment, incentive and benefit plans	1,259	623
Balance at end of period	139,672	91,924
PAID-IN CAPITAL		
Balance at beginning of period	451,535	469,586
Issuance of common stock for acquisitions	-	1,059
Conversion of convertible securities into common stock	2,918	3,131
Issuance of common stock through dividend reinvestment, incentive and benefit plans	16,192	11,410
Amortization of unearned compensation and other	938	2,035
Balance at end of period	471,583	487,221
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance at beginning of period	7,217	11,893
Change in unrealized holding gain on investments, net of reclassification adjustment	63	(10,168)
Balance at end of period	7,280	1,725
RETAINED EARNINGS		
Balance at beginning of period	932,611	728,033
Net income	179,096	176,563

Cash dividends declared		
Common stock - \$.135 and \$.130 per share, respectively*	(18,733)	(17,811)
Preferred stock	(304)	(306)
Balance at end of period	1,092,670	886,479
UNEARNED ESOP SHARES		
Balance at beginning of period	(6,070)	(8,450)
Release of ESOP shares	1,130	1,630
Balance at end of period	(4,940)	(6,820)
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning of period	8,106	8,106
Conversion of preferred stock into common stock	(131)	-
Balance at end of period	7,975	8,106
TOTAL STOCKHOLDERS' EQUITY	\$1,714,240	1,468,635

*Reflects March 1999 stock split. See Note 4.
See accompanying notes to consolidated financial statements.

CENTURYTEL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 179,096	176,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	260,293	242,288
Deferred income taxes	6,557	19,041
Income from unconsolidated cellular entities	(26,913)	(25,105)
Minority interest	25,560	10,264
Gain on sales of assets	(51,160)	(49,859)
Changes in current assets and current liabilities:		
Accounts receivable	(37,145)	(15,370)
Accounts payable	17,460	(6,184)
Accrued taxes	(60,659)	(43,952)
Other current assets and other current liabilities, net	(6,953)	9,364
Changes in other noncurrent assets	(26,922)	(11,171)
Changes in other noncurrent liabilities	(5,941)	3,535
Other, net	17,229	7,763
Net cash provided by operating activities	290,502	317,177
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(236,998)	(204,627)
Acquisitions, net of cash acquired	(16,771)	(5,028)
Proceeds from sales of assets	453,916	132,307
Distributions from unconsolidated cellular entities	16,315	17,715
Purchase of life insurance investment, net	(2,545)	(2,557)
Other, net	(2,221)	2,337
Net cash provided by (used in) investing activities	211,696	(59,853)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	64,551	772,894
Payments of long-term debt	(532,535)	(999,877)
Payment upon settlement of hedge contracts	-	(40,237)
Payment of deferred debt issuance costs	-	(6,625)
Proceeds from issuance of common stock	15,055	12,110
Cash dividends	(19,037)	(18,117)
Other, net	1,259	451
Net cash used in financing activities	(470,707)	(279,401)

Net increase (decrease) in cash and cash equivalents	31,491	(22,077)
Cash and cash equivalents at beginning of period	5,742	26,017
Cash and cash equivalents at end of period	\$ 37,233	3,940
Supplemental cash flow information:		
Income taxes paid	\$ 223,659	158,365
Interest paid	\$ 128,416	124,190

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1999

(UNAUDITED)

(1) Basis of Financial Reporting

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, the Company believes the disclosures which are made are adequate to make the information presented not misleading. The consolidated financial statements and footnotes included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. Certain 1998 amounts have been reclassified to be consistent with the Company's 1999 presentation, including the reclassification of the Company's personal communication services operations from other operations to the wireless segment.

The unaudited financial information for the three months and nine months ended September 30, 1999 and 1998 has not been audited by independent public accountants; however, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position as of September 30, 1999 and the results of operations for the applicable three-month and nine-month periods have been included therein. The results of operations for the first nine months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

(2) Net Property, Plant and Equipment

Net property, plant and equipment is composed of the following:

	September 30, 1999	December 31, 1998
	(Dollars in thousands)	
Telephone, at original cost	\$ 3,366,882	3,660,252
Accumulated depreciation	(1,558,418)	(1,661,315)
	1,808,464	1,998,937
Wireless, at cost	458,197	436,897
Accumulated depreciation	(203,469)	(178,969)
	254,728	257,928
Other operations, at cost	238,418	192,509
Accumulated depreciation	(106,666)	(97,921)
	131,752	94,588
	\$ 2,194,944	2,351,453

(3) Earnings from Unconsolidated Cellular Entities

The following summarizes the unaudited combined results of operations of the cellular entities in which the Company's investments (as of September 30, 1999 and 1998) were accounted for by the equity method:

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Results of operations		
Revenues	\$ 995,973	937,670
Operating income	\$ 310,332	334,405
Net income	\$ 309,141	336,393

(4) Stock Split

On February 23, 1999, the Company's Board of Directors declared a three-for-two common stock split effected as a 50% stock dividend distributed on March 31, 1999. Shares outstanding and per share data for 1998 have been restated to reflect this stock split.

(5) Sales of Assets

In the first quarter of 1999 the Company recorded a pre-tax gain aggregating \$10.4 million (\$6.7 million after-tax; \$.04 per diluted share) due to the sale of its remaining common shares of MCIWorldCom, Inc.

In May 1999, the Company sold the stock of substantially all of its Alaska-based operations to Alaska Communications Systems Holdings, Inc. The Company received approximately \$300 million in after-tax cash as a result of the transaction. No gain or loss was recorded upon the disposition of these properties.

In June 1999, the Company sold the assets of its cellular operations in Brownsville and McAllen, Texas to Western Wireless Corporation for approximately \$96 million cash. In connection therewith, the Company recorded a pre-tax gain of approximately \$39.6 million, and an after-tax loss of approximately \$7.8 million (\$.05 per diluted share.)

(6) Pending Acquisitions

In June 1999, the Company signed a definitive asset purchase agreement with affiliates of GTE Corporation ("GTE") to purchase GTE's telephone access lines (which numbered approximately 214,269 at December 31, 1998) and related local exchange assets in Arkansas for approximately \$845.8 million, subject to certain adjustments. In July 1999, the Company acquired a 61.5% (56.9% fully-diluted) interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 116,000 at December 31, 1998) and related local exchange assets in Missouri for approximately \$290 million, subject to certain adjustments. The Company has agreed to make a preferred equity investment in the newly organized company of approximately \$55 million and to finance substantially all of the remainder of the purchase price.

In August 1999, the Company acquired an 89% interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement with a GTE affiliate to purchase telephone access lines (which numbered approximately 61,600 as of December 31, 1998) and related local exchange assets in Wisconsin for approximately \$170 million cash, subject to certain adjustments. The Company has agreed to make an equity investment in the newly organized company of approximately \$37.8 million and currently expects to finance substantially all of the remainder of the purchase price. In October 1999, the Company also entered into a definitive asset purchase agreement to purchase additional telephone access lines (which numbered approximately 64,800 as of December 31, 1998) and related local exchange assets in Wisconsin from a GTE affiliate for approximately \$195 million cash, subject to certain adjustments.

All of these GTE transactions are expected to close mid-year 2000, pending regulatory approvals and certain other closing conditions.

(7) Business Segments

The Company has two separately reportable business segments: telephone and wireless. The operating income of these segments is reviewed by the chief operating decision maker to assess performance and make business decisions. Other operations include, but are not limited to, the Company's non-regulated long distance operations, call center operations and security monitoring operations.

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
	(Dollars in thousands)			
Operating revenues				
Telephone segment	\$ 277,352	275,397	849,426	800,532
Wireless segment	111,652	106,664	320,245	305,704
Other operations	30,201	19,888	80,540	55,811

	\$ 419,205	401,949	1,250,211	1,162,047
Operating income				
Telephone segment	\$ 81,852	88,210	260,916	245,007
Wireless segment	40,705	36,263	111,797	103,131
Other operations	7,502	3,711	18,594	11,666
	\$ 130,059	128,184	391,307	359,804
Operating income	\$ 130,059	128,184	391,307	359,804
Interest expense	(34,997)	(41,904)	(114,725)	(126,785)
Income from unconsolidated cellular entities	10,801	9,162	26,913	25,105
Minority interest	(3,460)	(3,619)	(25,560)	(10,264)
Gain on sale or exchange of assets, net	1,201	-	51,160	49,859
Other income and expense	1,108	1,159	6,722	2,454
Income before income tax expense	\$ 104,712	92,982	335,817	300,173

	September 30, 1999	December 31, 1998
	(Dollars in thousands)	
Total assets		
Telephone segment	\$ 3,215,593	3,674,148
Wireless segment	1,175,864	1,114,955
Other operations	149,699	146,352
Total assets	\$ 4,541,156	4,935,455

CENTURYTEL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. The results of operations for the three months and nine months ended September 30, 1999 are not necessarily indicative of the results of operations which might be expected for the entire year.

CenturyTel, Inc. (the "Company"), is a regional diversified communications company that is primarily engaged in providing local telephone services and cellular telephone communications services. At September 30, 1999, the Company's local exchange telephone subsidiaries operated over 1.26 million telephone access lines primarily in rural, suburban and small urban areas in 20 states, and the Company's majority-owned and operated cellular entities had more than 650,000 cellular subscribers. On December 1, 1998, the Company acquired from affiliates of Ameritech Corporation ("Ameritech") telephone operations serving 86,000 access lines in northern and central Wisconsin and the related telephone directories for approximately \$221 million cash. The operations of the former Ameritech properties are included in the Company's results of operations beginning December 1, 1998. On May 14, 1999, the Company sold substantially all of its Alaska-based operations serving approximately 134,900 telephone access lines and 3,000 cellular subscribers. On June 1, 1999, the Company sold the assets of its Brownsville and McAllen, Texas cellular operations serving approximately 7,500 cellular subscribers. The operations of these disposed properties are included in the Company's results of operations up to the respective dates of disposition.

In addition to historical information, management's discussion and analysis includes certain forward-looking statements regarding events and financial trends that may affect the Company's future operating results and financial position. Such forward-looking statements 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: 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 timely consummate its pending acquisitions and effectively manage its growth, including integrating newly acquired properties into the Company's operations, hiring adequate numbers of qualified staff and successfully upgrading its billing and other information systems; the success and expense of the remediation efforts of the Company and its vendors in achieving year 2000 compliance; and the effects of more general factors such as changes in general market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the business are described in greater detail in Item 1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update any of its forward-looking statements for any reason.

RESULTS OF OPERATIONS

Three Months Ended September 30, 1999 Compared to Three Months Ended September 30, 1998

Net income for the third quarter of 1999 was \$64.5 million compared to \$54.7 million during the third quarter of 1998. Diluted earnings per share increased to \$.46 during the three months ended September 30, 1999 from \$.39 during the three months ended September 30, 1998, a 17.9% increase.

	Three months ended September 30,	
	1999	1998
	(Dollars, except per share amounts, and shares in thousands)	
Operating income		
Telephone	\$ 81,852	88,210
Wireless	40,705	36,263
Other	7,502	3,711
Interest expense	130,059	128,184
Income from unconsolidated cellular entities	(34,997)	(41,904)
Minority interest	10,801	9,162
Gain on sale or exchange of assets, net	(3,460)	(3,619)
Other income and expense	1,201	-
Income tax expense	1,108	1,159
	(40,183)	(38,304)
Net income	\$ 64,529	54,678
Basic earnings per share	\$.46	.40
Diluted earnings per share	\$.46	.39
Average basic shares outstanding	139,085	137,207
Average diluted shares outstanding	141,504	140,322

Contributions to operating revenues and operating income by the Company's telephone, wireless, and other operations for the three months ended September 30, 1999 and 1998 were as follows:

	Three months ended September 30,	
	1999	1998
Operating revenues		
Telephone operations	66.2%	68.5
Wireless operations	26.6%	26.5
Other operations	7.2%	5.0
Operating income		
Telephone operations	62.9%	68.8
Wireless operations	31.3%	28.3
Other operations	5.8%	2.9

Telephone Operations

	Three months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Operating revenues		
Local service	\$ 86,010	84,082
Network access	159,682	159,422
Other	31,660	31,893
	277,352	275,397
Operating expenses		
Plant operations	66,446	62,402
Customer operations	22,073	22,107

Corporate and other	40,584	37,436
Depreciation and amortization	66,397	65,242
-----	-----	-----
	195,500	187,187
-----	-----	-----
Operating income	\$ 81,852	88,210
=====	=====	=====

Telephone operating income decreased \$6.4 million (7.2%) due to an increase in operating expenses of \$8.3 million (4.4%) which was partially offset by an increase in operating revenues of \$2.0 million (.7%).

Of the \$2.0 million increase in operating revenues, \$11.5 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$31.7 million decrease attributable to the sale of the Alaska based operations. The remaining \$22.2 million increase in revenues was partially due to a \$5.3 million increase in local network service revenues primarily due to an increase in the number of customer access lines; a \$4.4 million increase in the partial recovery of increased operating expenses through revenue sharing arrangements in which the Company participates with other telephone companies; a \$3.0 million increase related to the Company's sales, leases, installations, maintenance and repair of customer premise telecommunications equipment and wiring ("CPE services"); a \$3.7 million increase in revenues due to increased minutes of use; and a \$2.6 million increase in amounts received from the federal Universal Service Fund.

Plant operations expenses increased \$4.0 million (6.5%) of which \$3.4 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$9.5 million decrease due to the sale of the Alaska properties. The remaining \$10.1 million increase was primarily due to a \$4.0 million increase in access expenses primarily due to changes in revenue settlement methods of certain telephone subsidiaries in a limited number of states; a \$3.1 million increase in salaries and benefits; and a \$1.3 million increase in repair and maintenance expenses.

Customer operations expenses decreased \$34,000 of which \$3.3 million was due to the sale of the Alaska properties. Such decrease was substantially offset by a \$1.1 million increase in expenses attributable to the properties acquired from Ameritech and a \$1.0 million increase in marketing expenses.

Corporate and other expenses increased \$3.1 million (8.4%) primarily due to a \$3.1 million increase in contract labor expenses attributable to readying the Company's systems to be year 2000 compliant; a \$1.5 million increase in salaries and benefits; a \$1.2 million increase attributable to the properties acquired from Ameritech; a \$1.0 million increase in expenses associated with the provision of CPE services; and a \$957,000 increase in the provision for doubtful accounts. Such increases were partially offset by a \$4.9 million decrease due to the sale of the Alaska properties.

Depreciation and amortization increased \$1.2 million (1.8%), of which \$3.8 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$7.1 million decrease due to the sale of the Alaska properties. The remainder of the increase was primarily due to higher levels of plant in service.

Wireless Operations and Income From Unconsolidated Cellular Entities

	Three months ended September 30,	
	1999	1998
-----	-----	-----
	(Dollars in thousands)	
Operating income - wireless operations	\$ 40,705	36,263
Minority interest	(3,449)	(3,619)
Income from unconsolidated cellular entities	10,801	9,162
-----	-----	-----
	\$ 48,057	41,806
=====	=====	=====

The Company's wireless operations (discussed below) reflect 100% of the results of operations of the cellular entities in which the Company has a majority ownership interest. The minority interest owners' share of the income of such entities is reflected in the Company's Consolidated Statements of Income as an expense in "Minority interest." The Company's share of earnings from the cellular entities in which it has less than a majority interest is accounted for using the equity method and is reflected in the Company's Consolidated Statements of Income as "Income from unconsolidated cellular entities." See Income from Unconsolidated Cellular Entities for additional information.

Wireless Operations

	Three months ended September 30,	
	1999	1998
-----	-----	-----

	(Dollars in thousands)	
Operating revenues		
Service revenues	\$ 109,318	104,529
Equipment sales	2,334	2,135
	-----	-----
	111,652	106,664
	-----	-----
Operating expenses		
Cost of equipment sold	4,200	3,784
System operations	13,864	15,359
General, administrative and customer service	22,128	22,115
Sales and marketing	13,588	13,585
Depreciation and amortization	17,167	15,558
	-----	-----
	70,947	70,401
	-----	-----
Operating income	\$ 40,705	36,263
	=====	=====

Wireless operating income increased \$4.4 million (12.2%) to \$40.7 million in the third quarter of 1999 from \$36.3 million in the third quarter of 1998. Wireless operating revenues increased \$5.0 million (4.7%) while operating expenses increased \$546,000 (.8%).

The \$4.8 million increase in service revenues was primarily due to a \$4.9 million increase in local service revenues and a \$3.5 million increase in roaming usage, both of which are primarily attributable to a growth in the number of customers and increased minutes of use, partially offset by reduced rates. Such increases were partially offset by a \$3.6 million decrease due to the Company's sale of its Texas and Alaska cellular properties.

The following table illustrates the growth in the Company's wireless customer base in its majority-owned markets:

	Three months ended September 30,	
	1999	1998
-----	-----	-----
Customers at beginning of period	641,440	583,929
Gross units added internally	47,309	48,718
Disconnects	37,850	41,002
Net units added	9,459	7,716
Customers at end of period	650,899	591,645
-----	-----	-----

The average monthly service revenue per customer declined to \$57 during the third quarter of 1999 from \$59 during the third quarter of 1998 due to pricing rate reductions and the continued trend that a higher percentage of new subscribers tend to be lower usage customers. A majority of the Company's net unit additions for third quarter 1999 were prepaid customers. The average monthly service revenue per prepaid customer has been and is expected to continue to be less than the average monthly service revenue per contract customer. The average monthly service revenue per customer may further decline

(i) as market penetration increases and additional lower usage customers (including prepaid customers) are activated and (ii) as competitive pressures from current and future wireless communications providers intensify. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, most all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate usage by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

System operations expenses decreased \$1.5 million (9.7%) in the third quarter of 1999 primarily due to a \$1.2 million decrease in toll expenses; a \$943,000 decrease due to the sale of the Alaska and Texas properties; and an \$853,000 decrease in the amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas. Such decreases were partially offset by a \$1.4 million increase associated with operating a greater number of cell sites.

General, administrative and customer service expenses increased \$13,000. A \$3.7 million decrease in the provision for doubtful accounts was offset by a \$1.0 million increase in contract labor expense attributable to readying the Company's system to be year 2000 compliant and a \$2.5 million increase in general office expenses.

The Company's average monthly churn rate (the percentage of customers that terminate service) was 1.9% for the third quarter of 1999 and 2.3% for the third quarter of 1998.

Depreciation and amortization increased \$1.6 million (10.3%) primarily due to an increase in amortization of intangibles.

Other Operations

	Three months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Operating revenues		
Long distance	\$ 22,602	13,263
Call center	3,352	2,754
Other	4,247	3,871
	30,201	19,888
Operating expenses		
Cost of sales and operating expenses	21,963	15,367
Depreciation and amortization	736	810
	22,699	16,177
Operating income	\$ 7,502	3,711
	=====	=====

Other operations include the results of operations of subsidiaries of the Company which are not included in the telephone or wireless segments, including, but not limited to, the Company's non-regulated long distance and call center operations. The \$9.3 million increase in long distance revenues was primarily attributable to the growth in the number of customers. The average number of long distance customers during the third quarter of 1999 and 1998 was 270,700 and 207,900, respectively.

Operating expenses increased \$6.5 million primarily due to a \$5.4 million increase in expenses of the Company's long distance operations primarily due to increased minutes of use due to an increase in the number of customers.

The Company anticipates that the growth of operating income for its other operations will slow in future periods as it incurs increasingly larger expenses in connection with expanding its security monitoring, fiber network and competitive local exchange businesses.

Interest Expense

Interest expense decreased \$6.9 million in the third quarter of 1999 compared to the third quarter of 1998 primarily due to a reduction in outstanding indebtedness.

Income from Unconsolidated Cellular Entities

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$1.6 million (17.9%) due to increased earnings from unconsolidated entities.

Income Tax Expense

Income tax expense increased \$1.9 million in the third quarter of 1999 compared to the third quarter of 1998. The effective income tax rate was 38.4% and 41.2% in the three months ended September 30, 1999 and 1998, respectively. Such decrease in the effective income tax rate was primarily due to two factors. First, the Company's 1999 sale of its Alaska and Texas operations resulted in a decrease in the amount of amortization of excess cost of net assets acquired (goodwill) that is non-deductible for tax purposes. Second, in the third quarter of 1999 the Company recorded a \$2.5 million state tax benefit relating to a loss carryback that will be utilized to recoup taxes paid in a previous year.

Nine Months Ended September 30, 1999 Compared to Nine Months Ended September 30, 1998

Net income (and diluted earnings per share) for the first nine months of 1999 and 1998 was \$179.1 million (\$1.27) and \$176.6 million (\$1.26), respectively. Net income (excluding the after-tax effect of asset sales) for the first nine months of 1999 was \$179.4 million compared to \$146.0 million during the first nine months of 1998. Diluted earnings per share (excluding the after-tax effect of asset sales) increased to \$1.27 during the nine months ended September 30, 1999 from \$1.05 during the nine months ended September 30, 1998, a 21.0% increase.

	Nine months ended September 30,	
	1999	1998
	(Dollars, except per share amounts, and shares in thousands)	
Operating income		
Telephone	\$ 260,916	245,007

Wireless	111,797	103,131
Other	18,594	11,666

	391,307	359,804
Interest expense	(114,725)	(126,785)
Income from unconsolidated cellular entities	26,913	25,105
Minority interest	(25,560)	(10,264)
Gain on sale or exchange of assets, net	51,160	49,859
Other income and expense	6,722	2,454
Income tax expense	(156,721)	(123,610)

Net income	\$ 179,096	176,563
=====		
Basic earnings per share	\$ 1.29	1.29
=====		
Diluted earnings per share	\$ 1.27	1.26
=====		
Average basic shares outstanding	138,668	136,857
=====		
Average diluted shares outstanding	141,331	139,908
=====		

Contributions to operating revenues and operating income by the Company's telephone, wireless, and other operations for the nine months ended September 30, 1999 and 1998 were as follows:

	Nine months ended September 30,	
	1999	1998

Operating revenues		
Telephone operations	67.9%	68.9
Wireless operations	25.6%	26.3
Other operations	6.5%	4.8
Operating income		
Telephone operations	66.7%	68.1
Wireless operations	28.6%	28.7
Other operations	4.7%	3.2

Telephone Operations

	Nine months ended September 30,	
	1999	1998

	(Dollars in thousands)	
Operating revenues		
Local service	\$ 266,119	243,664
Network access	482,626	462,576
Other	100,681	94,292

	849,426	800,532

Operating expenses		
Plant operations	196,960	176,609
Customer operations	67,968	67,956
Corporate and other	116,419	116,444
Depreciation and amortization	207,163	194,516

	588,510	555,525

Operating income	\$ 260,916	245,007
=====		

Telephone operating income increased \$15.9 million (6.5%) due to an increase in operating revenues of \$48.9 million (6.1%) which more than offset an increase in operating expenses of \$33.0 million (5.9%).

Of the \$48.9 million increase in operating revenues, \$35.3 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$42.7 million decrease due to the sale of the Alaska properties. The remaining \$56.3 million increase in revenues was partially due to a \$14.9 million increase in local network service revenues primarily due to an increase in the number of customer access lines; a \$7.4 million increase in the partial recovery of increased operating expenses through revenue sharing arrangements in which the Company

participates with other telephone companies; a \$6.3 million increase in amounts received from the federal Universal Service Fund; a \$5.9 million increase in revenues due to increased minutes of use; a \$5.1 million increase in revenues associated with the Company's provision of CPE services; a \$6.7 million increase in revenues resulting from revisions of revenue settlement agreements; and a \$3.9 million increase in revenues from the provision of Internet access.

Plant operations expenses increased \$20.4 million (11.5%) of which \$8.6 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$13.1 million decrease due to the sale of the Company's Alaska properties. The remaining \$24.9 million increase was partially due to a \$6.0 million increase in repair and maintenance expenses; a \$4.9 million increase in access expenses primarily due to changes in revenue settlement methods of certain telephone subsidiaries in a limited number of states; a \$4.7 million increase in network operations expenses; and a \$2.5 million increase in salaries and benefits.

Customer operations expenses increased \$12,000 of which \$3.0 million was attributable to the properties acquired from Ameritech, which was more than offset by a \$5.1 million decrease due to the sale of the Alaska properties. The remaining \$2.1 million increase was primarily due to a \$2.5 million increase in marketing expenses.

Corporate and other expenses decreased \$25,000 of which \$7.6 million was due to the sale of the Alaska properties, partially offset by a \$3.5 million increase attributable to the properties acquired from Ameritech. The remaining \$4.1 million increase was primarily due to a \$6.8 million increase in contract labor expenses associated with readying the Company's systems to be year 2000 compliant which was partially offset by a \$2.7 million decrease in salaries and benefits.

Depreciation and amortization increased \$12.6 million (6.5%), of which \$11.6 million was attributable to the properties acquired from Ameritech and \$11.4 million was due to higher levels of plant in service and nonrecurring depreciation charges which have been approved for certain subsidiaries. Such increases were partially offset by a \$10.5 million reduction in depreciation and amortization expenses resulting from the sale of the Company's Alaska properties.

Wireless Operations and Income From Unconsolidated Cellular Entities

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Operating income - wireless operations	\$ 111,797	103,131
Minority interest, exclusive of the effect of asset sales	(10,611)	(10,264)
Income from unconsolidated cellular entities	26,913	25,105
	\$ 128,099	117,972

The Company's wireless operations (discussed below) reflect 100% of the results of operations of the cellular entities in which the Company has a majority ownership interest. The minority interest owners' share of the income of such entities is reflected in the Company's Consolidated Statements of Income as an expense in "Minority interest." See Minority Interest for additional information. The Company's share of earnings from the cellular entities in which it has less than a majority interest is accounted for using the equity method and is reflected in the Company's Consolidated Statements of Income as "Income from unconsolidated cellular entities." See Income from Unconsolidated Cellular Entities for additional information.

Wireless Operations

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Operating revenues		
Service revenues	\$ 312,873	299,396
Equipment sales	7,372	6,308
	320,245	305,704
Operating expenses		
Cost of equipment sold	13,848	11,211
System operations	42,394	44,285
General, administrative and customer service	60,113	60,785
Sales and marketing	41,130	41,018
Depreciation and amortization	50,963	45,274

	208,448	202,573
Operating income	\$ 111,797	103,131

Wireless operating income increased \$8.7 million (8.4%) to \$111.8 million in the first nine months of 1999 from \$103.1 million in the first nine months of 1998. Wireless operating revenues increased \$14.5 million (4.8%) while operating expenses increased \$5.9 million (2.9%).

The \$13.5 million increase in service revenues was primarily due to an \$11.3 million increase in roaming usage and a \$2.2 million increase in local service revenues, both of which are primarily attributable to a growth in the number of customers and increased minutes of use, partially offset by reduced rates.

The following table illustrates the growth in the Company's wireless customer base in its majority owned markets:

	Nine months ended September 30,	
	1999	1998
Customers at beginning of period	624,290	569,983
Gross units added internally	146,754	140,407
Disconnects	109,582	118,745
Net units added	37,172	21,662
Effect of dispositions	(10,563)	-
Customers at end of period	650,899	591,645

The average monthly service revenue per customer declined to \$54 during the first nine months of 1999 from \$57 during the first nine months of 1998 due to pricing rate reductions and the continued trend that a higher percentage of new subscribers tend to be lower usage customers. A majority of the Company's net unit additions for 1999 were prepaid customers. The average monthly service revenue per prepaid customer has been and is expected to continue to be less than the average monthly service revenue per contract customer. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers (including prepaid customers) are activated and (ii) as competitive pressures from current and future wireless communications providers intensify. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, most all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate usage by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

Cost of equipment sold increased \$2.6 million (23.5%) primarily due to an increase in the number of phones sold.

System operations expenses decreased \$1.9 million (4.3%) in the first nine months of 1999 primarily due to a \$2.8 million decrease in the amounts paid to other carriers for service provided to the Company's customers who roam in the other carriers' service areas; a \$1.4 million decrease in toll costs; and a \$1.3 million decrease in expenses attributable to operations sold in 1999. Such decreases were partially offset by a \$3.9 million increase in expenses associated with operating a greater number of cell sites.

General, administrative and customer service expenses decreased \$672,000 (1.1%), of which \$8.3 million was attributable to a decrease in the provision for doubtful accounts. Such decrease was substantially offset by a \$3.5 million increase in customer service expenses; a \$1.9 million increase in contract labor expenses attributable to readying the Company's systems to be year 2000 compliant; and a \$3.3 million increase in general office expenses.

The Company's average monthly churn rate (the percentage of customers that terminate service) was 1.9% for the first nine months of 1999 and 2.3% for the first nine months of 1998.

Depreciation and amortization increased \$5.7 million (12.6%), of which \$4.0 million was due to an increase in amortization of intangibles and \$1.8 million was attributable to a higher level of plant in service.

Other Operations

	Nine months ended September 30,	
	1999	1998
	(Dollars in thousands)	
Operating revenues		
Long distance	\$ 59,043	36,865

Call center	8,899	7,702
Other	12,598	11,244
	80,540	55,811
Operating expenses		
Cost of sales and operating expenses	59,779	41,647
Depreciation and amortization	2,167	2,498
	61,946	44,145
Operating income	\$ 18,594	11,666

Other operations include the results of operations of subsidiaries of the Company which are not included in the telephone or wireless segments, including, but not limited to, the Company's non-regulated long distance and call center operations. The \$22.2 million increase in long distance revenues was attributable to the growth in the number of customers. The average number of long distance customers during the first nine months of 1999 and 1998 was 252,700 and 192,700, respectively.

Operating expenses increased \$17.8 million (40.3%) primarily due to (i) an increase of \$12.2 million in expenses of the Company's long distance operations primarily due to increased minutes of use due to an increase in the number of customers, (ii) a \$3.0 million increase associated with the Company's call center operations and (iii) a \$2.7 million increase in expenses due to expansion of the Company's security monitoring and fiber network businesses.

The Company anticipates that the growth of operating income for its other operations will slow in future periods as it incurs increasingly larger expenses in connection with expanding its security monitoring, fiber network and competitive local exchange businesses.

Interest Expense

Interest expense decreased \$12.1 million in the first nine months of 1999 compared to the first nine months of 1998 primarily due to a reduction in outstanding indebtedness.

Income from Unconsolidated Cellular Entities

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$1.8 million (7.2%) due to increased earnings from unconsolidated entities.

Minority Interest

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings or loss of the Company's majority-owned and operated cellular entities and majority-owned subsidiaries. Minority interest increased \$15.3 million during the first nine months of 1999 compared to the same period in 1998 primarily due to the minority partners' share of the gain on sale of assets of the Brownsville and McAllen, Texas cellular properties.

Gain on Sale or Exchange of Assets, Net

In the first nine months of 1999, the Company recorded pre-tax gains aggregating \$51.2 million. Approximately \$10.4 million of the pre-tax gains (\$6.7 million after-tax; \$.04 per diluted share) was due to the sale of the Company's remaining common shares of MCIWorldCom, Inc. Of the remaining \$40.8 million, \$39.6 million of the pre-tax gains (\$7.8 million loss after-tax; (\$.05) per diluted share) was due to the sale of the Company's Brownsville and McAllen, Texas cellular properties. For additional information, see Note 5 of Notes to Consolidated Financial Statements and Minority Interest.

In the first nine months of 1998, the Company recorded pre-tax gains aggregating \$49.9 million (\$30.5 million after-tax; \$.21 per diluted share) primarily due to the conversion of its investment in the common stock of Brooks Fiber Networks, Inc. into common stock of WorldCom, Inc., the subsequent sale of 750,000 shares of WorldCom, Inc. common stock, and the sale of minority interests in two non-strategic cellular entities.

Other Income and Expense

Other income and expense increased \$4.3 million in the first nine months of 1999 compared to the first nine months of 1998, substantially all of which relates to favorable non-recurring items recorded in 1999.

Income Tax Expense

Income tax expense increased \$33.1 million in the first nine months of 1999 compared to the first nine months of 1998. Exclusive of the effects of income tax expense on asset sales, the effective income tax rate was 40.1% and 41.7% for the nine months ended September 30, 1999 and 1998, respectively. Such decrease in the effective income tax rate was primarily due to two factors. First, the Company's 1999 sale of its Alaska and Texas operations resulted in a decrease in the amount of amortization of excess cost of net assets acquired (goodwill) that is non-deductible for tax purposes. Second, in the third quarter of 1999 the Company recorded a \$2.5 million state tax benefit relating to a loss carryback that will be utilized to recoup taxes paid in a previous year.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to provide a substantial portion of its cash needs. The Company's operations have historically provided a stable source of cash flow which has helped the Company continue its long-term program of capital improvements.

Net cash provided by operating activities was \$290.5 million during the first nine months of 1999 compared to \$317.2 million during the first nine months of 1998. The Company's accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to the telephone operations, wireless operations, and other operations of the Company, see Results of Operations.

Net cash provided by (used in) investing activities was \$211.7 million and (\$59.9) million for the nine months ended September 30, 1999 and 1998, respectively. Proceeds from the sale of assets were \$453.9 million in the first nine months of 1999 compared to \$132.3 million in the first nine months of 1998. Payments for property, plant and equipment were \$32.4 million more in the first nine months of 1999 than in the comparable period during 1998. Capital expenditures for the nine months ended September 30, 1999 were \$145.2 million for telephone, \$44.3 million for wireless and \$47.5 million for other operations.

Net cash used in financing activities was \$470.7 million during the first nine months of 1999 compared to \$279.4 million during the first nine months of 1998. Net payments of long-term debt were \$241.0 million more during the first nine months of 1999 compared to the first nine months of 1998 primarily due to utilization of proceeds received from the sales of assets. During the first nine months of 1998, the Company issued an aggregate of \$765 million of senior notes and debentures. The net proceeds of approximately \$758 million were used to reduce the bank indebtedness incurred in connection with the acquisition of Pacific Telecom, Inc. In addition, the Company paid approximately \$40 million in 1998 to settle numerous interest rate hedge contracts that had been entered into in anticipation of these debt issuances.

Revised budgeted capital expenditures for 1999 total \$215 million for telephone operations, \$70 million for wireless operations and \$60 million for corporate and other operations. Anticipated capital expenditures for 2000, excluding properties to be acquired, are expected to be between \$400-\$425 million.

As of September 30, 1999, Century's telephone subsidiaries had available for use \$131.5 million of commitments for long-term financing from the Rural Utilities Service and the Company had \$568.1 million of undrawn committed bank lines of credit.

In June 1999, the Company signed a definitive asset purchase agreement to purchase from affiliates of GTE Corporation ("GTE") telephone access lines (which numbered approximately 214,269 at December 31, 1998) and related local exchange assets in Arkansas for approximately \$845.8 million in cash. In July 1999, the Company acquired a 61.5% (56.9% fully diluted) interest in a joint venture company which has entered into a definitive asset purchase agreement with affiliates of GTE to purchase telephone access lines (which numbered approximately 116,000 at December 31, 1998) and related local exchange assets in Missouri for approximately \$290 million in cash. At closing, the Company has agreed to make approximately a \$55 million preferred equity investment in the new entity and it is anticipated that the Company will loan the new entity approximately \$220 million.

In August 1999, the Company acquired an 89% interest in a newly-organized joint venture company which has entered into a definitive asset purchase agreement to purchase telephone access lines (which numbered approximately 61,600 as of December 31, 1998) and related local exchange assets in Wisconsin from a GTE affiliate for approximately \$170 million cash. At closing the Company has agreed to make an equity investment in the newly organized company of approximately \$37.8 million and it is anticipated that the Company will loan the new entity approximately \$130 million. In October 1999, the Company also entered into a definitive asset purchase agreement to purchase additional telephone access lines (which numbered approximately 64,800 as of December 31, 1998) and related local exchange assets in Wisconsin from a GTE affiliate for approximately \$195 million cash.

The purchase price under each of these GTE agreements is subject to adjustments which are not expected to be material in the aggregate. These transactions are anticipated to close by mid-year 2000, subject to regulatory approvals and certain other closing conditions. Although financing plans are not yet complete and will be dependent upon the Company's review of its alternatives and market conditions, the Company currently anticipates selling a mix of securities that will include debt securities and may include equity or equity-linked securities. As a result of the Company's announcement of these acquisitions, Moody's placed its ratings of the Company's debt under review for possible downgrade and Standard & Poor's placed its ratings of the Company's debt on CreditWatch with negative implications.

OTHER MATTERS

Accounting for the Effects of Regulation

The Company currently accounts for its regulated telephone operations in accordance with the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." While the ongoing applicability of SFAS 71 to the Company's telephone operations is being monitored due to the changing regulatory, competitive and legislative environments, the Company believes that SFAS 71 still applies. However, it is possible that changes in regulation or legislation or anticipated changes in competition or in the demand for regulated services or products could result in the Company's telephone operations not being subject to SFAS 71 in the near future. In that event, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of Application of FASB Statement No. 71," would require the write-off of previously established regulatory assets and liabilities, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. Such discontinuance of the application of SFAS 71 would result in a material, noncash charge against earnings which would be reported as an extraordinary item. While the effect of implementing SFAS 101 cannot be precisely estimated at this time, management believes that the noncash, after-tax, extraordinary charge would be between \$320 million and \$370 million.

Regulatory Issues

On October 21, 1999, the Federal Communications Commission ("FCC") adopted an order implementing a new universal service support mechanism for non-rural carriers for high cost and rural markets. This order will shift non-rural telephone companies to a forward-looking cost model in determining their future universal support.

Because all of the Company's local exchange carriers ("LECs") have been designated as a rural carrier, this order will not directly impact the Company. However, this order may establish the benchmark for the treatment of universal support funding for rural carriers. The Company's LECs will continue to receive payments under the existing federal support mechanism for rural carriers until the FCC adopts funding support mechanisms based on forward-looking costs, which it is required to do, but no earlier than January 2001.

Year 2000 Readiness Disclosure

The Year 2000 issue concerns the inability of computer systems and certain other equipment to properly recognize and process data that uses two digits rather than four to designate particular years. The Company has implemented a Year 2000 Project Plan ("the Plan") to assess whether its systems that process date sensitive information will perform satisfactorily leading up to and beyond January 1, 2000. The goal of the Plan is to correct, prior to January 1, 2000, Year 2000-related problems with critical systems, the failure of which could reasonably be expected to have a material adverse effect on the Company's operations. The Plan was designed to (i) identify critical system elements that require date code remediation, (ii) remediate all such systems, and (iii) selectively test the remediated systems.

All phases of the Plan have been materially completed as of early fourth quarter 1999. As discussed further below, the Company believes the Plan has sufficiently identified, remediated and selectively tested critical Company-owned systems. However, because the Company relies upon third parties for the delivery of critical services and because not all Company-owned remediated systems have been or will be tested under the Plan, there can be no assurance that all critical systems will properly function subsequent to December 31, 1999. The Company will continue its Year 2000 monitoring efforts throughout the remainder of 1999.

The identification phase of the Plan identified Year 2000 issues in the following critical Company-owned systems: (i) switching and transmission hardware and software used by the Company to route and deliver telephone calls; (ii) network support systems, including customer service systems; and (iii) billing and collection systems used by the Company to invoice and process most of its customer payments. In addition, the Company (i) receives critical services from providers of utilities and other services to facilities that house employees and switching, transmission and other equipment and (ii) is dependent upon outside vendors for, among other things, the provision of critical network components and cellular billing services. The Company is also critically reliant upon the systems of other telecommunication carriers with which the Company's systems interconnect for the routing and delivery of telephone calls. The Company has also identified potential Year 2000-related liability with respect to telephone equipment manufactured by unaffiliated parties that the Company has sold or leased to its customers ("Customer Premises Equipment" or "CPE").

Based on the critical systems issues identified by the Plan, the Company has undertaken the following steps with respect to Company-owned systems, third-party vendors, other telecommunications carriers, and CPE customers:

- o The Company has remediated all identified Year 2000 deficiencies in Company-owned switching, transmission, billing and collection and other critical systems through the revision or replacement of current system components. Selective testing and verification of remediated Company-owned systems has been completed. Due to the large number of system components requiring remediation, the Company has not and will not test every remediated system, but will rely upon the results of selective testing to determine the effectiveness of remediation efforts. Testing results were not verified by third parties. The Company believes, however, that the remediation and testing undertaken under the Plan has sufficiently addressed Year 2000 deficiencies in Company-owned critical systems.

- o With respect to critical services provided by utilities and other third parties, the Company contacted all such suppliers during 1998. Thus far, a majority of those suppliers contacted have responded that their systems and service delivery mechanisms are Year 2000 compliant or can be made so through currently available modifications. The Company plans to continue monitoring all third-party remediation efforts and to make contingency plans for the delivery of such services as necessary.

- o The Company has received certain assurances from industry trade data and governmental reports regarding the year 2000 readiness of major

telecommunications companies with which the Company's switching systems interconnect. During 1999, the Company made specific inquiries with these and other telecommunication carriers to determine their compliance status. These carriers have informed the Company that they believe they will be Year 2000 ready by year's-end, although there can be no assurance to this effect.

o Finally, the Company has obtained Year 2000 compliance information from CPE manufacturers and has provided and will continue to provide this information to the Company's CPE customers through year-end 1999. The Company continues to work with its customers to identify Year 2000 problems in CPE. However, there can be no assurance that these efforts will be successful in preventing or reducing Year 2000-related claims.

While the Company currently believes that it has remediated and selectively tested Company-owned critical systems sufficiently to minimize any detrimental effect on its operations as a result of Year 2000 problems, there can be no assurance to this effect. Failure by the Company to effectively remediate its systems, or the failure of critical vendors and suppliers and other telecommunications carriers to remediate affected systems, could have a material adverse impact on the Company's business, financial condition, results of operations and prospects. Because the impact of Year 2000 issues on the Company is materially dependent on the mitigation efforts of parties outside the Company's control, the Company cannot assess with certainty the magnitude of any such potential adverse impact. However, the Company believes that the most reasonably likely worst case scenario of the failure by the Company, its suppliers or other telecommunications carriers with which the Company interconnects to resolve Year 2000 issues would be an inability by the Company

(i) to provide telecommunications services to the Company's customers, (ii) to route and deliver telephone calls originating from or terminating with other telecommunications carriers, (iii) to timely and accurately process service requests and (iv) to timely and accurately bill its customers. In addition to lost earnings, these failures could also result in loss of customers due to service interruptions and billing errors, substantial claims by customers and increased expenses associated with stabilizing operations and executing mitigation plans.

Contingency planning to maintain and restore service in the event of natural disasters, power failures and systems-related problems is a routine part of the Company's operations. The Company believes that such contingency plans will assist the Company in responding to the failure by outside service providers to successfully address Year 2000 issues. In addition, in connection with implementation of the Plan the Company has identified alternate vendors and service providers and manual alternatives to system operations. These Year 2000-specific contingency plans are materially complete, but their review and development will continue throughout 1999.

In connection with implementing the Plan, the Company incurred costs of \$4.2 million during 1998 (none of which was related to hardware costs or other capital items) and \$23.8 million during the first nine months of 1999 (\$16.6 million of which was related to hardware costs and other capital items). The Company has approximately \$6.9 million remaining in its Plan budget (of which \$4.5 million relates to hardware costs) which will be used to fund any additional Year 2000 projects identified during the remainder of 1999. Some portion of the remaining Plan budget may be used to pay for hardware costs and other capital items incurred under the Plan, but the Company believes that substantially all such costs have been identified and incurred. All costs will be expensed as incurred, except for hardware and other items that should be capitalized in accordance with generally accepted accounting principles. Some of the costs represent ongoing investment in systems upgrades, the timing of which has been accelerated in order to facilitate Year 2000 compliance. In some instances, such upgrades will position the Company to provide more and better-quality services to its customers than they currently receive. The Company expects to fund these costs with cash provided by operations.

Cost estimates and statements of the Company's plans and expectations discussed above are forward-looking statements that are derived using numerous assumptions of future events, many of which are outside the Company's control, including the availability and future cost of trained personnel and various other resources. Given the complexity of these issues and possible unidentified risks, actual results may vary materially from those anticipated and discussed above. Specific factors that might cause such differences include the failure of the Company's selective testing or other initiatives to identify and remediate all Year 2000-related problems, the success of Year 2000 remedial efforts of third parties, and similar uncertainties.

CENTURYTEL, INC.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The Company is not exposed to material future earnings or cash flow exposures from changes in interest rates on long-term debt obligations since the majority of the Company's long-term debt obligations are fixed rate. At September 30, 1999, the fair value of the Company's long-term debt was estimated to be \$2.2 billion based on the overall weighted average rate of the Company's long-term debt of 6.9% and an overall weighted maturity of 13 years compared to terms and rates currently available in long-term financing markets. For purposes hereof, market risk is estimated as the potential decrease in fair value of the Company's long-term debt resulting from a hypothetical increase of 69 basis points in interest rates (which represents ten percent of the Company's overall weighted average borrowing rate). Such an increase in interest rates would result in approximately a \$108.0 million decrease in fair value of the Company's long-term debt. The Company is currently evaluating utilization of certain derivative financial instruments as it has used such instruments in the past in connection with its long-term financings and it is possible that such instruments may be utilized again in connection with financing its acquisitions of local exchange assets in Arkansas, Missouri and Wisconsin.

PART II. OTHER INFORMATION

CENTURYTEL, INC.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

- 3(ii) Registrant's Bylaws, as amended through August 24, 1999.
- 11 Computations of Earnings Per Share.
- 27.1 Financial Data Schedule as of and for the nine months ended September 30, 1999.

B. Reports on Form 8-K

(i) The following item was reported in the Form 8-K filed July 9, 1999:

Item 5. Other Events - News release announcing execution of

a definitive agreement to enter into a strategic partnership with various co-investors to purchase telephone access lines in Missouri from an affiliate of GTE Corporation.

(ii) The following item was reported in the Form 8-K filed July 9, 1999:

Item 5. Other Events - News release announcing execution of

a definitive agreement to purchase from as affiliate of GTE Corporation assets comprising substantially all of GTE's local telephone operations in Arkansas.

(iii) The following item was reported in the Form 8-K filed July 29, 1999:

Item 5. Other Events - News release announcing second

quarter results of operations.

(iv) The following item was reported in the Form 8-K filed August 25, 1999:

Item 5. Other Events - New release announcing (i) execution

of a definitive agreement to enter into a joint venture with various co-investors to purchase telephone access lines in Wisconsin from an affiliate of GTE and (ii) execution of a preliminary letter of intent to purchase additional telephone access lines in Wisconsin from GTE.

SIGNATURE

Pursuant to the requirements 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.

Date: November 12, 1999

/s/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller

(Principal Accounting Officer)

EXHIBIT 3(ii)

BYLAWS

OF

CENTURYTEL, INC.

(as amended through August 24, 1999)

**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)

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 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.

B. Vice Chairman. The Board may from time to time elect one or more Vice Chairmen. The Vice Chairman shall serve in the absence or inability of the Chairman to serve. In the event of the death, resignation or permanent inability of the Chairman to serve, the Vice Chairman shall automatically succeed to the office of Chairman until such time as the Board of Directors duly elects a new Chairman. In the event that there is more than one Vice Chairmen, then the one who has served in that capacity for the longest period of time shall serve in the absence of the Chairman or assume the office of Chairman, as the case may be.

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 reports to the COO, by the COO).

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 of the Board or, if he is absent or unable or unwilling to act, by the President. Upon the written request of any two Directors delivered to the Chairman of the Board, 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 Indemnatee thereof and Indemnatee shall immediately notify the Determining Body of all facts relevant to the Claim known to such Indemnatee. Within 60 days of the receipt of such notice and information, together with such additional information as the Determining Body may request of Indemnatee, the Determining Body shall report to Indemnatee of its determination whether Indemnatee 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 Indemnatee 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 Indemnatee, no such revocation may be made later than 30 days after final disposition of the Claim.

(e) Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee reasonably determines that there is a conflict between the positions of the Corporation and Indemnatee with respect to the Claim, then Indemnatee shall be entitled to conduct his defense with counsel of his choice; and provided further that Indemnatee 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 Indemnatee 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 Indemnatee of the terms of such proposed settlement and shall fix a reasonable date by which Indemnatee shall respond. If Indemnatee agrees to such terms, he shall execute such documents as shall be necessary to make final the settlement. If Indemnatee does not agree with such terms, Indemnatee may proceed with the defense of the Claim in any manner he chooses, provided that if Indemnatee is not successful on the merits or otherwise, the Corporation's obligation to indemnify such Indemnatee as to any Expenses incurred by following his disagreement shall be limited to the lesser of (A) the total Expenses incurred by Indemnatee 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 Indemnatee any requirement to act or refrain from acting that would materially interfere with the conduct of Indemnatee's affairs, Indemnatee 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 Indemnatee 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, Indemnatee 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 Indemnatee for an amount paid in settlement that the Corporation has not approved.

(h) After notification to the Corporation of the existence of a Claim, Indemnatee 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 Indemnatee 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 Indemnatee the amount requested (regardless of Indemnatee's apparent ability to repay the funds) upon receipt of an undertaking by or on behalf of Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee and (ii) the Disbursing Officer shall pay to Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee in any court of competent jurisdiction.

(b) If Indemnatee seeks a judicial adjudication of his rights under this Section, Indemnatee 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 Indemnatee is entitled to receive part but not all of the relief sought, then Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee 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 Indemnatee'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 six standing committees, the names, functions and powers of each of which shall be as follows:

A. The Executive Committee shall consist of not less than three Directors, 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 two or more Directors (the exact number of which shall be set from time to time by the Board), none of whom shall be a current or former officer or employee of the Corporation or any of its subsidiaries. The Compensation Committee is empowered to:

1. after receiving and considering the recommendations of the Chief Executive Officer, determine from time to time the salary of the Corporation's executive officers (as defined in Section 1.2 of Article I of these Bylaws) and the fees of the Corporation's directors;
2. administer each of the Corporation's incentive compensation plans and stock-based plans (including its 1983 Restricted Stock Plan, Key Employee Incentive Compensation Plan, 1988 Incentive Compensation Program, 1990 Incentive Compensation Program, 1995 Incentive Compensation Plan and any successor plans), and exercise all powers provided for in such plans;
3. approve any (i) proposed plan or arrangement offering or providing any benefits to one or more of the Corporation's executive officers or directors (other than any plan or arrangement offering benefits that do not discriminate in scope, terms or operation in favor of executive officers or directors and that are generally available to all salaried employees) and (ii) proposed amendment or change to any such plan or arrangement;
4. approve any (i) proposed employment or severance contract between the Corporation and an executive officer or proposed executive officer thereof and (ii) proposed extension or material amendment thereto;
5. issue executive compensation reports to the Corporation's share- holders in the manner required under the rules and regulations of the U.S. Securities and Exchange Commission;
6. retain independent consultants and legal advisors who will report directly to the Compensation Committee and be paid with funds of the Corporation; and
7. if requested by the Board, (i) review, determine or approve the compensation of any non-executive officer of the Corporation or any officer of the Corporation's subsidiaries, (ii) review, determine or approve any proposed amendments, contributions or changes to any of the Corporation's employee benefit plans, welfare plans, insurance or other benefit arrangements that are not directly administered or monitored by the Compensation Committee pursuant to the powers granted in paragraphs 2 and 3 above, and (iii) perform such other services as may be delegated to it by the Board.

No action of the type described in paragraphs 1 - 6 shall be valid unless it has been approved by the Compensation Committee or a duly-authorized subcommittee thereof. All actions of the Compensation Committee or any subcommittee thereof shall be subject to ratification by the full Board of Directors unless the Compensation Committee or the subcommittee reasonably determines that submitting a matter to the full Board of Directors for ratification would be prohibited by, or contrary to the intents and purposes of, any laws, rules, or regulations that require or contemplate that such matter be authorized by independent directors.

C. The Nominating Committee shall consist of two or more Directors and shall perform the following functions:

1. To consider and recommend to the Board nominees for election by shareholders or for appointment by the remaining Directors to fill vacancies on the Board;
2. To review and consider the performance of and to recommend the appointment or reappointment of officers of the Corporation.

D. The Audit Committee shall consist of two or more Directors, none of whom shall otherwise be employed by the Corporation, and shall have the following responsibilities:

1. To recommend to the Board the engagement or discharge of the Corporation's independent auditor of its financial statements;
2. To direct and supervise all investigations into matters relating to or rising from the performance and results of each independent audit;
3. To review with the Corporation's independent auditor the plan and results of each independent audit engagement;
4. To review the scope, adequacy and results of the Corporation's internal auditing procedures;
5. To review and to approve or disapprove each service to be performed for the Corporation by the independent auditor before such service is performed; except that the Committee is authorized to permit the President or the Chief Financial Officer to engage the independent auditor or perform any category of service specified by the Committee under circumstances deemed appropriate by the Audit Committee;
6. To review the degree of independence of the independent auditor;
7. To consider the range of audit and non-audit fees; and
8. To review the adequacy of the Corporation's system of internal accounting controls.

E. The Insurance Evaluation Committee shall consist of two or more Directors, and shall have the following responsibilities:

1. To review periodically the Corporation's insurance programs and to advise and recommend any action deemed appropriate with respect thereto; and
2. To review periodically the Corporation's insurance needs and to advise and recommend any action deemed appropriate with respect thereto.

F. The Shareholder Relations Committee shall consist of three or more non-officer directors and shall have the authority of the Board of Directors with respect to investigating, inquiring into and considering issues related to certain shareholders' interest and rights and considering and acting upon shareholder matters as assigned, from time to time, by the Chairman of the Board.

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 of two or more members of the standing committee. 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 hold office during the term designated by the Board.

Section 3. Procedures for Committees

Each Committee and subcommittee shall keep written minutes of its meetings. All action taken by a committee or any of its subcommittees shall be reported to the Board of Directors at its next meeting, whether regular or special. Failure to keep written minutes or to make such a report shall not affect the validity of action taken by a committee or subcommittee. Each committee or subcommittee may adopt such regulations (not inconsistent with the Articles of Incorporation, these Bylaws or any regulations 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) as it shall deem necessary for the proper conduct of its functions and the performance of its responsibilities.

Section 4. Meetings

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 law, the Articles of Incorporation, these Bylaws or any applicable resolution adopted by the Board of Directors) 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.

Section 5. Authority of Chairman to Appoint Committees

Whenever the Board of Directors is not in session, the Chairman may fill vacancies in any committees and may create such new committees as he deems necessary or useful and appoint Directors as members thereof. Any such action by the Chairman, and any action taken by such new committee, 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 By-laws, 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 12. 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.

EXHIBIT 11

CenturyTel, Inc.

COMPUTATIONS OF EARNINGS PER SHARE (UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	1999	1998	1999	1998
(Dollars, cept per share amounts, and sharesexpressed in thousands)				
Income (Numerator):				
Net income	\$ 64,529	54,678	179,096	176,563
Dividends applicable to preferred stock	(100)	(102)	(304)	(306)
Net income applicable to common stock	64,429	54,576	178,792	176,257
Dividends applicable to preferred stock	100	102	304	306
Interest on convertible securities, net of taxes	63	93	189	279
Net income as adjusted for purposes of computing diluted earnings per share	\$ 64,592	54,771	179,285	176,842
Shares (Denominator): *				
Weighted average number of shares:				
Outstanding during period	139,546	137,762	139,148	137,430
Employee Stock Ownership Plan shares not committed to be released	(461)	(555)	(480)	(573)
Number of shares for computing basic earnings per share	139,085	137,207	138,668	136,857
Incremental common shares attributable to additional dilutive effect of convertible securities	2,419	3,115	2,663	3,051
Number of shares as adjusted for purposes of computing diluted earnings per share	141,504	140,322	141,331	139,908
Basic earnings per share *	\$.46	.40	1.29	1.29
Diluted earnings per share *	\$.46	.39	1.27	1.26

* Reflects March 1999 stock split. See Note 4.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CENTURYTEL, INC. AND SUBSIDIARIES AS OF SEPTEMBER 30, 1999 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTH PERIOD THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS	
FISCAL YEAR END	DEC 31 1999	
PERIOD START	JAN 01 1999	
PERIOD END	SEP 30 1999	
CASH	37,233	
SECURITIES	0	
RECEIVABLES	218,554	
ALLOWANCES	3,539	
INVENTORY	27,858	
CURRENT ASSETS	285,312	
PP&E	4,063,497	
DEPRECIATION	1,868,553	
TOTAL ASSETS	4,541,156	
CURRENT LIABILITIES	316,440	
BONDS	2,042,235	
PREFERRED MANDATORY	0	
PREFERRED	7,975	
COMMON	139,672	
OTHER SE	1,566,593	
TOTAL LIABILITY AND EQUITY	4,541,156	
SALES	0	
TOTAL REVENUES	1,250,211	
CGS	0	
TOTAL COSTS	858,904	
OTHER EXPENSES	0	
LOSS PROVISION	0	
INTEREST EXPENSE	114,725	
INCOME PRETAX	335,817	
INCOME TAX	156,721	
INCOME CONTINUING	179,096	
DISCONTINUED	0	
EXTRAORDINARY	0	
CHANGES	0	
NET INCOME	179,096	
EPS BASIC	1.29	1
EPS DILUTED	1.27	1

¹ REFLECTS MARCH 1999 STOCK SPLIT. FINANCIAL DATA SCHEDULES FOR PRIOR PERIODS HAVE NOT BEEN RESTATED TO REFLECT SUCH STOCK SPLIT.

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