

CENTURYTEL INC

FORM 10-Q (Quarterly Report)

Filed 8/9/1996 For Period Ending 6/30/1996

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 June 30, 1996

or

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

Commission File Number: 1-7784

CENTURY TELEPHONE ENTERPRISES, 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) 388-9500

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 July 31, 1996, there were 59,719,447 shares of common stock outstanding.

CENTURY TELEPHONE ENTERPRISES, INC.

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PART I. FINANCIAL INFORMATION

CENTURY TELEPHONE ENTERPRISES, INC. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Three months ended June 30		Six months ended June 30	
1996	1995	1996	1995

(Dollars, except per share amounts, and shares expressed in thousands)

OPERATING REVENUES

Telephone	\$111,403	102,264	222,034	202,827
Mobile Communications	63,588	47,877	118,592	90,026
Other	11,547	6,674	21,726	12,741
Total operating revenues	186,538	156,815	362,352	305,594
OPERATING EXPENSES				
Cost of sales and operating expenses	96,421	79,881	185,981	154,541
Depreciation and amortization	32,420	27,252	63,159	53,410
Total operating expenses	128,841	107,133	249,140	207,951
OPERATING INCOME	57,697	49,682	113,212	97,643
OTHER INCOME (EXPENSE)				
Interest expense	(11,353)	(10,451)	(22,949)	(21,847)
Income from unconsolidated cellular entities	6,960	3,374	12,594	8,098
Gain on sales of assets	-	-	-	5,909
Minority interest	(1,973)	(1,895)	(4,529)	(3,841)
Other income and expense	910	1,257	1,057	1,700
Total other income (expense)	(5,456)	(7,715)	(13,827)	(9,981)
INCOME BEFORE INCOME TAX EXPENSE	52,241	41,967	99,385	87,662
Income tax expense	19,300	15,800	36,779	34,495
NET INCOME	\$ 32,941	26,167	62,606	53,167

PRIMARY EARNINGS PER SHARE	\$.55	.45	1.05	.93
	=====	=====	=====	=====
FULLY DILUTED EARNINGS PER SHARE	\$.55	.45	1.04	.92
	=====	=====	=====	=====
DIVIDENDS PER COMMON SHARE	\$.09	.0825	.18	.165
	=====	=====	=====	=====
AVERAGE PRIMARY SHARES OUTSTANDING	59,969	58,453	59,723	57,318
	=====	=====	=====	=====
AVERAGE FULLY DILUTED SHARES OUTSTANDING	60,695	58,659	60,449	58,659
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 1996	December 31, 1995
	-----	-----
	(Dollars in thousands)	
ASSETS		
- - - - -		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,892	8,540
Accounts receivable		
Customers, less allowance of		
\$3,404 and \$2,768	56,759	50,943
Other	25,222	24,219
Materials and supplies, at average cost	6,364	6,608
Other	5,102	5,019
	-----	-----
	107,339	95,329
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	1,090,439	1,047,808
	-----	-----
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired,		
less accumulated amortization of		
\$59,936 and \$52,944	512,782	493,655
Other	224,554	225,629
	-----	-----
	737,336	719,284
	-----	-----
	\$ 1,935,114	1,862,421
	=====	=====
LIABILITIES AND EQUITY		
- - - - -		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 17,367	15,325
Notes payable	-	14,199
Accounts payable	49,985	55,329
Accrued expenses and other liabilities		
Salaries and benefits	19,316	18,178
Taxes	15,172	12,489
Interest	5,568	6,024
Other	7,271	5,337
Advance billings and customer deposits	14,540	13,043
	-----	-----
	129,219	139,924
	-----	-----
LONG-TERM DEBT	621,422	622,904

DEFERRED CREDITS AND OTHER LIABILITIES	218,622	211,169
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized 175,000,000 shares, issued and outstanding 59,707,961 and 59,113,670 shares	59,708	59,114
Paid-in capital	469,333	453,584
Retained earnings	439,214	387,424
Unearned ESOP shares	(12,520)	(13,960)
Preferred stock - non-redeemable	10,116	2,262
	965,851	888,424
	\$ 1,935,114	1,862,421
	=====	=====

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Six months ended June 30	
	1996	1995
	-----	-----
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 59,114	53,574
Issuance of common stock for acquisitions	257	-
Conversion of debentures into common stock	-	4,540
Issuance of common stock through dividend reinvestment, incentive and benefit plans	306	254
Conversion of preferred stock into common stock	31	-
	-----	-----
Balance at end of period	59,708	58,368
	-----	-----
PAID-IN CAPITAL		
Balance at beginning of period	453,584	319,235
Issuance of common stock for acquisitions	8,201	-
Conversion of debentures into common stock	-	108,596
Issuance of common stock through dividend reinvestment, incentive and benefit plans	6,720	3,479
Amortization of unearned compensation and other	738	439
Conversion of preferred stock into common stock	90	-
	-----	-----
Balance at end of period	469,333	431,749
	-----	-----
RETAINED EARNINGS		
Balance at beginning of period	387,424	291,999
Net income	62,606	53,167
Cash dividends declared		
Common stock-\$.18 and \$.165 per share, respectively	(10,652)	(9,552)
Preferred stock	(164)	(61)
	-----	-----
Balance at end of period	439,214	335,553
	-----	-----
UNEARNED ESOP SHARES		
Balance at beginning of period	(13,960)	(16,840)
Release of ESOP shares	1,440	1,440
	-----	-----
Balance at end of period	(12,520)	(15,400)
	-----	-----

PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning of period	2,262	2,268
Issuance of preferred stock for acquisition	7,975	-
Conversion of preferred stock into common stock	(121)	-
	-----	-----
Balance at end of period	10,116	2,268
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	\$965,851	812,538
	=====	=====

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30	
	1996	1995
	-----	-----
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 62,606	53,167
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	63,159	53,410
Deferred income taxes	2,893	2,055
Income from unconsolidated cellular entities	(12,594)	(8,098)
Minority interest	4,529	3,841
Loss on investment in unconsolidated personal communications services entity	1,100	-
Gain on sales of assets	-	(5,909)
Changes in current assets and current liabilities:		
Increase in accounts receivable	(6,593)	(2,905)
Increase (decrease) in accounts payable	(5,438)	673
Increase (decrease) in other accrued taxes	2,544	(952)
Changes in other current assets and other current liabilities, net	5,983	(1,229)
Increase in other noncurrent liabilities	3,570	2,258
Other, net	3,841	4,772
	-----	-----
Net cash provided by operating activities	125,600	101,083
	-----	-----
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(99,321)	(98,438)
Acquisitions, net of cash acquired	(17,022)	(6,009)
Proceeds from sales of assets	-	17,922
Reimbursement of investment in unconsolidated personal communications services entity	18,900	-
Investments in unconsolidated cellular entities	(744)	(7,044)
Distributions from unconsolidated cellular entities	5,129	1,386
Purchase of life insurance investment	(5,248)	(6,409)
Other, net	1,368	(156)
	-----	-----
Net cash used in investing activities	(96,938)	(98,748)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	45,395	6,498
Payments of long-term debt	(50,822)	(5,310)
Notes payable, net	(14,199)	1,500
Proceeds from issuance of common stock	7,011	3,496
Cash dividends	(10,816)	(9,613)
Other, net	121	90
	-----	-----
Net cash used in financing activities	(23,310)	(3,339)

Net increase (decrease) in cash and cash equivalents	5,352	(1,004)
Cash and cash equivalents at beginning of period	8,540	7,154
	-----	-----
Cash and cash equivalents at end of period	\$ 13,892	6,150
	=====	=====
Supplemental cash flow information:		
Income taxes paid	\$ 34,851	34,672
	=====	=====
Interest paid	\$ 23,405	24,923
	=====	=====

See accompanying notes to consolidated financial statements.

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CENTURY TELEPHONE ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1996
(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 financial statements and footnotes included in this Form 10-Q should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1995. Certain 1995 amounts have been reclassified to be consistent with the 1996 presentation.

The unaudited financial information for the three months and six months ended June 30, 1996 and 1995 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 results of operations for the three-month and six-month periods have been included therein. The results of operations for the first six 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:

	June 30, 1996	December 31, 1995
	-----	-----
	(Dollars in thousands)	
Telephone, at original cost	\$1,252,035	1,207,347
Accumulated depreciation	(393,573)	(357,633)
	-----	-----
	858,462	849,714
	-----	-----
Mobile Communications, at cost	230,838	191,594
Accumulated depreciation	(65,218)	(54,927)
	-----	-----
	165,620	136,667
	-----	-----
Corporate and other, at cost	106,990	100,613
Accumulated depreciation	(40,633)	(39,186)
	-----	-----
	66,357	61,427
	-----	-----
	\$1,090,439	1,047,808
	=====	=====

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(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 June 30, 1996 and 1995) were accounted for by the equity method.

	Six months ended June 30	
	1996	1995
	(Dollars in thousands)	
Results of operations		
Revenues	\$459,275	336,812
Operating income	\$142,288	111,677
Net income	\$143,132	112,833

(4) Sales of Assets

In the first quarter of 1995 the Company sold, for an aggregate of approximately \$17.9 million cash, its ownership interests in certain non-strategic Rural Service Area cellular systems located primarily in western states and three Metropolitan Statistical Area cellular systems located in the midwest, which represented an aggregate of approximately 253,000 pops. These transactions resulted in a pre-tax gain of \$5.9 million (\$2.0 million after-tax).

(5) Accounting Pronouncements

The Company adopted Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," during the first quarter of 1996. SFAS 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used, and for long-lived assets and certain identifiable intangibles to be disposed of. SFAS 121 also requires that a rate-regulated enterprise recognize an impairment for the amount of costs excluded when a regulator excludes all or part of a cost from the enterprise's rate base. The effect of adoption of SFAS 121 did not materially affect the Company's consolidated financial position or results of operations.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation." SFAS 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. As allowed by SFAS 123, the Company plans to continue to measure compensation cost for employee stock compensation plans using the method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and will provide pro forma disclosures in the Notes to the Consolidated Financial Statements as required by SFAS 123.

CENTURY TELEPHONE ENTERPRISES, 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 other information included in the Company's annual report on Form 10-K for the year ended December 31, 1995. The results of operations for the three months and six months ended June 30, 1996 are not necessarily indicative of the results of operations which might be expected for the entire year.

RESULTS OF OPERATIONS

Three Months Ended June 30, 1996 Compared
to Three Months Ended June 30, 1995

Net income for the second quarter of 1996 was \$32.9 million compared to \$26.2 million during the second quarter of 1995, a 25.9% increase. Operating income increased \$8.0 million and income from unconsolidated cellular entities increased \$3.6 million. Such increases were partially offset by, among other things, a \$3.5 million increase in income tax expense.

Three months ended June 30	
1996	1995
(Dollars, except per	

	share amounts, and shares in thousands)	
Operating income		
Telephone	\$37,796	35,025
Mobile Communications	19,782	13,787
Other	119	870
	-----	-----
	57,697	49,682
Interest expense	(11,353)	(10,451)
Income from unconsolidated cellular entities	6,960	3,374
Minority interest	(1,973)	(1,895)
Other income and expense	910	1,257
Income tax expense	(19,300)	(15,800)
	-----	-----
Net income	\$32,941	26,167
	=====	=====
Fully diluted earnings per share	\$.55	.45
	=====	=====
Average fully diluted shares outstanding	60,695	58,659
	=====	=====

Fully diluted earnings per share increased to \$.55 for the three months ended June 30, 1996 from \$.45 during the three months ended June 30, 1995, a 22.2% increase. The average number of fully diluted shares outstanding increased 3.5%, primarily as a result of shares issued for acquisitions and through the Company's dividend reinvestment, incentive and benefit plans.

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Contributions to operating revenues and operating income by the Company's telephone, mobile communications, and other operations for the three months ended June 30, 1996 and 1995 were as follows:

	Three months ended June 30	
	1996	1995
Operating revenues		
Telephone operations	59.7%	65.2
Mobile Communications operations	34.1%	30.5
Other operations	6.2%	4.3
Operating income		
Telephone operations	65.5%	70.5
Mobile Communications operations	34.3%	27.8
Other operations	.2%	1.7
Telephone Operations		
	Three months ended June 30	
	1996	1995
	-----	-----
	(Dollars in thousands)	
Operating revenues		
Local service	\$30,209	27,638
Network access and long distance	68,338	62,571
Other	12,856	12,055
	-----	-----
	111,403	102,264
	-----	-----
Operating expenses		
Plant operations	22,318	21,039
Customer operations	10,917	9,940
Corporate and other	16,603	15,652
Depreciation and amortization	23,769	20,608
	-----	-----
	73,607	67,239
	-----	-----
Operating income	\$37,796	35,025
	=====	=====

Telephone operating income increased \$2.8 million (7.9%) due to an increase in operating revenues of \$9.1 million (8.9%) which more than offset an increase in operating expenses of \$6.4 million (9.5%).

The \$9.1 million increase in revenues was substantially due to a \$3.4 million increase in revenues based on minutes of use, of which approximately \$1.2 million was associated with a change, effective in the third quarter of 1995, in the methodology applied in the network access revenue billing process. As the intrastate switched access rate reduction in Louisiana continues to be phased in as discussed below, future access revenues will be reduced each quarter up to approximately one-half of this \$1.2 million amount in addition to the reductions disclosed in the Company's Form 10-K for the year ended December 31, 1995. Also contributing to the \$9.1 million increase in revenues was a \$1.6 million increase which resulted from the increase in the number of customer access lines; a \$1.6 million increase in amounts received from the Federal Communications Commission mandated Universal Service Fund; a \$1.3 million increase in the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies; and a \$1.0 million increase in revenues related to leasing, selling, installing, maintaining and repairing customer premise telecommunications equipment and wiring ("CPE services"). These increases were partially offset by a \$450,000 reduction in access fees due to the previously-announced reduction in intrastate switched access rates mandated by the Louisiana Public Service Commission ("LPSC") which is being phased in from July 1995 through July 1997. For additional information, see "Six Months Ended June 30, 1996 Compared to Six Months Ended June 30, 1995 -- Telephone Operations."

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During the second quarter of 1996, plant operations expenses increased \$1.3 million (6.1%), primarily due to a \$526,000 increase in expenses related to CPE services and a \$530,000 increase in salaries and wages.

Customer operations expenses increased \$977,000 (9.8%) in the second quarter of 1996, primarily due to increases of \$533,000 in salaries and wages and \$274,000 in expenses related to CPE services. A significant portion of the increases in these customer operations expenses related to the Company's increased sales and marketing efforts.

Of the \$951,000 (6.1%) increase in corporate and other expenses, \$566,000 was attributable to increased operating taxes and \$539,000 to the provision of CPE services.

Depreciation and amortization increased \$3.2 million (15.3%) primarily due to higher levels of plant in service.

Mobile Communications Operations

	Three months ended June 30	
	1996	1995
	(Dollars in thousands)	
Operating revenues		
Cellular service	\$62,554	46,422
Equipment	1,034	1,455
	63,588	47,877
Operating expenses		
Cost of sales	2,865	2,553
Other operating expenses	9,457	7,027
General, administrative and customer service	12,898	9,068
Sales and marketing	10,728	9,380
Depreciation and amortization	7,858	6,062
	43,806	34,090
Operating income	\$19,782	13,787

The mobile communications segment reflects 100% of the results of operations of the cellular entities in which the Company has a majority interest. The minority interest owners' share of the income of such entities was \$2.0 million during the second quarter of 1996 and \$1.9 million during the second quarter of 1995 and 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 (which is not included in the mobile communications segment) is accounted for using the equity method and is reflected in "Income from unconsolidated cellular entities." The Company's share of income from such entities was \$7.0 million and \$3.4 million during the three months ended June 30, 1996 and 1995, respectively. See Income from Unconsolidated Cellular Entities for additional information.

Mobile communications operating income increased \$6.0 million (43.5%) to \$19.8 million in the second quarter of 1996 from \$13.8 million in the second quarter of 1995. Mobile communications operating revenues increased \$15.7 million (32.8%) which more than offset an increase in operating expenses of \$9.7 million (28.5%).

The increase in cellular service revenues was substantially due to the increase in the number of cellular customers. The average number of cellular units in service in majority-owned markets during the second quarter of 1996 and 1995 was 316,100 and 232,300, respectively. Exclusive of acquisitions, access and usage revenues increased \$9.4 million in the second quarter of 1996 and roaming and toll revenues increased \$4.1 million. Cellular operations acquired during the last half of 1995 contributed \$2.6 million of service revenues during the second quarter of 1996.

The average monthly cellular service revenue per customer declined to \$66 during the second quarter of 1996 from \$67 during the second quarter of 1995. It has been an industry-wide trend that early subscribers have normally been the heaviest users and that a higher percentage of new subscribers tend to be lower usage customers. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures intensify and place additional pressure on rates. 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, all of which may result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate cellular 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.

Equipment revenues decreased \$421,000 in the second quarter of 1996 compared to the second quarter of 1995. Although the Company sold more phones in the second quarter of 1996 than in the second quarter of 1995, revenues decreased because the Company has increasingly sold phones below cost, a practice which is common in the cellular industry. The increase in cost of sales during the second quarter of 1996 resulted from the increase in the number of cellular phones sold.

Other operating expenses increased \$2.4 million (34.6%) in the second quarter of 1996 primarily due to a \$1.6 million increase in the net cost paid to other carriers related to (i) the provision of cellular service by such other carriers to the Company's customers who roam in the other carriers' service areas in excess of the amounts the Company bills its customers (such costs are expected to increase as the Company continues to expand its reduced rate calling areas) and (ii) cellular fraud. In addition, a \$572,000 increase in interconnection costs resulted primarily from the operation of new cell sites.

General, administrative and customer service expenses increased \$3.8 million (42.2%) primarily due to increased expenses resulting from a larger customer base, such as customer service and retention (\$1.2 million), the provision for doubtful accounts (\$968,000) and general office expenses (\$1.2 million).

Sales and marketing costs increased \$1.3 million (14.4%) primarily due to a \$910,000 increase in costs incurred in selling the Company's products and services in retail locations, including Company-owned retail stores. The remaining increase was primarily due to an increase in advertising expense.

Depreciation and amortization increased \$1.8 million (29.6%) due primarily to a higher level of plant in service.

Other Operations

Other operations includes the results of operations of subsidiaries of the Company which are not included in the telephone or mobile communications segments, including, but not limited to, the Company's competitive access subsidiary and the Company's nonregulated long distance operations. Of the \$4.9 million (73.0%) increase in operating revenues, \$2.9 million was applicable to the long distance operations. Of the \$5.6 million (96.9%) increase in operating expenses, \$2.5 million was incurred by the long distance operations. During the second quarter of 1996, the operating loss of the Company's competitive access subsidiary was \$924,000 greater than in the second quarter of 1995.

Interest Expense

Interest expense increased \$902,000 (8.6%) during the second quarter of 1996 compared to the second quarter of 1995 due to an increase in average debt outstanding.

Income from Unconsolidated Cellular Entities

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$3.6 million (106.3%) during the second quarter of 1996 compared to the second quarter of 1995 due primarily to improvement in profitability of the cellular entities in which the Company owns less than a majority interest. In addition, the Company had recorded a \$1.0 million reduction in earnings from unconsolidated cellular entities in the second quarter of 1995 as a result of a multi-year retroactive adjustment recorded by the operator of a cellular partnership in which the Company owns less than a majority interest.

Minority Interest

The increased profitability of the Company's majority-owned and operated cellular entities resulted in a corresponding increase of \$934,000 in the expense recorded by the Company to reflect the minority interest owners' share of the profits. Such increase in expense was substantially offset by the effect of the Company acquiring, during the second quarter of 1996, an additional 25% interest in a cellular partnership which the Company operates and thereby decreasing the minority interest owners' share of such partnership.

Income Tax Expense

Income tax expense increased \$3.5 million (22.2%) during the second quarter of 1996 compared to the second quarter of 1995 primarily due to the increase in income before taxes.

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Six Months Ended June 30, 1996 Compared to Six Months Ended June 30, 1995

Net income for the first six months of 1996 increased \$9.4 million (17.8%) to \$62.6 million from \$53.2 million during the first six months of 1995. The increase was principally due to a \$15.6 million increase in operating income. During the first six months of 1995, the Company had recorded a \$5.9 million pre-tax gain on the sale of certain non-strategic cellular systems.

	Six months ended June 30	
	1996	1995
	(Dollars, except per share amounts, and shares in thousands)	
Operating income		
Telephone	\$ 76,415	69,370
Mobile Communications	35,952	26,998
Other	845	1,275
	113,212	97,643
Interest expense	(22,949)	(21,847)
Income from unconsolidated cellular entities	12,594	8,098
Gain on sales of assets	-	5,909
Minority interest	(4,529)	(3,841)
Other income and expense	1,057	1,700
Income tax expense	(36,779)	(34,495)
	-----	-----
Net income	\$ 62,606	53,167
	=====	=====
Fully diluted earnings per share	\$ 1.04	.92
	=====	=====
Average fully diluted shares outstanding	60,449	58,659
	=====	=====

Fully diluted earnings per share increased to \$1.04 for the six months ended June 30, 1996 from \$.92 during the six months ended June 30, 1995, a 13.0% increase. The average number of fully diluted shares outstanding increased 3.1%, primarily as a result of shares issued for acquisitions and through the Company's dividend reinvestment, incentive and benefit plans.

Contributions to operating revenues and operating income by the Company's telephone, mobile communications, and other operations for the six months ended June 30, 1996 and 1995 were as follows:

	Six months ended June 30	
	1996	1995
Operating revenues		
Telephone operations	61.3%	66.4
Mobile Communications operations	32.7%	29.5
Other operations	6.0%	4.1
Operating income		
Telephone operations	67.5%	71.0
Mobile Communications operations	31.8%	27.7
Other operations	.7%	1.3

Telephone Operations

	Six months ended June 30	
	1996	1995
	(Dollars in thousands)	
Operating revenues		
Local service	\$ 59,294	54,478
Network access and long distance	136,701	124,156
Other	26,039	24,193
	222,034	202,827
Operating expenses		
Plant operations	44,697	42,674
Customer operations	20,825	19,090
Corporate and other	33,417	30,814
Depreciation and amortization	46,680	40,879
	145,619	133,457
Operating income	\$ 76,415	69,370
	=====	=====

Telephone operating income increased \$7.0 million (10.2%) due to an increase in operating revenues of \$19.2 million (9.5%) which more than offset an increase in operating expenses of \$12.2 million (9.1%).

The \$19.2 million increase in revenues was substantially due to a \$6.3 million increase in revenues based on minutes of use, of which approximately \$2.4 million was associated with a change, effective in the third quarter of 1995, in the methodology applied in the network access revenue billing process. As the intrastate switched access rate reduction in Louisiana continues to be phased in as discussed below, future access revenues will be reduced during each six-month period up to approximately one-half of this \$2.4 million amount in addition to the reductions disclosed in the Company's Form 10-K for the year ended December 31, 1995. Also contributing to the \$19.2 million increase in revenues was a \$3.2 million increase which resulted from the increase in the number of customer access lines; a \$3.2 million increase in amounts received from the Federal Communications Commission mandated Universal Service Fund; a \$3.0 million increase in the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies; and a \$2.3 million increase in revenues related to CPE services.

These increases in revenues were partially offset by a \$900,000 reduction in access fees due to the previously-announced reduction in intrastate switched access rates mandated by the LPSC which is being phased in from July 1995 through July 1997. The Company anticipates certain other future revenue reductions resulting primarily from regulatory changes and competitive pressures. Based on all of these anticipated revenue reductions, the Company expects its internal telephone revenue growth rate to slow during the upcoming quarters.

During the first six months of 1996, plant operations expenses increased \$2.0 million (4.7%) primarily due to a \$1.2 million increase in expenses related to CPE services and a \$487,000 increase in salaries and wages.

Customer operations expenses increased \$1.7 million (9.1%) in the first six months of 1996, primarily due to increases of \$945,000 in salaries and wages and \$422,000 in expenses related to CPE services. A significant portion of the increases in these customer operations expenses related to the Company's increased sales and marketing efforts.

Of the \$2.6 million (8.4%) increase in corporate and other expenses, \$1.2 million was attributable to increased operating taxes and \$1.2 million to the provision of CPE services.

Depreciation and amortization increased \$5.8 million (14.2%) primarily due to higher levels of plant in service.

Mobile Communications Operations

	Six months ended June 30	
	1996	1995
	(Dollars in thousands)	
Operating revenues		

Cellular service	\$116,597	87,243
Equipment	1,995	2,783
	-----	-----
	118,592	90,026
	-----	-----
Operating expenses		
Cost of sales	5,722	4,475
Other operating expenses	16,353	12,637
General, administrative and customer service	25,097	17,848
Sales and marketing	20,207	16,424
Depreciation and amortization	15,261	11,644
	-----	-----
	82,640	63,028
	-----	-----
Operating income	\$ 35,952	26,998
	=====	=====

The mobile communications segment reflects 100% of the results of operations of the cellular entities in which the Company has a majority interest. The minority interest owners' share of the income of such entities was \$4.5 million during the first six months of 1996 and \$3.8 million during the first six months of 1995 and 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 (which is not included in the mobile communications segment) is accounted for using the equity method and is reflected in "Income from unconsolidated cellular entities." The Company's share of income from such entities was \$12.6 million and \$8.1 million during the six months ended June 30, 1996 and 1995, respectively. See Income from Unconsolidated Cellular Entities for additional information.

Mobile communications operating income increased \$9.0 million (33.2%) to \$36.0 million in the first six months of 1996 from \$27.0 million in the first six months of 1995. Mobile communications operating revenues increased \$28.6 million (31.7%) which more than offset an increase in operating expenses of \$19.6 million (31.1%).

The increase in cellular service revenues was primarily due to the increase in the number of cellular customers. The average number of cellular units in service in majority-owned markets during the first six months of 1996 and 1995 was 306,900 and 224,500, respectively. Exclusive of acquisitions, access and usage revenues increased \$17.6 million in the first six months of 1996 and roaming and toll revenues increased \$6.4 million. Cellular operations acquired during the last half of 1995 contributed \$5.0 million of service revenues during the first six months of 1996.

The average monthly cellular service revenue per customer declined to \$63 during the first six months of 1996 from \$65 during the first six months of 1995. It has been an industry-wide trend that early subscribers have normally been the heaviest users and that a higher percentage of new

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subscribers tend to be lower usage customers. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures intensify and place additional pressure on rates. 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, all of which may result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate cellular 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.

Equipment revenues decreased \$788,000 during the six months ended June 30, 1996 compared to the six months ended June 30, 1995. Although the Company sold more phones in the first six months of 1996 than in the first six months of 1995, revenues decreased because the Company has increasingly sold phones below cost, a practice which is common in the cellular industry. The increase in cost of sales during the first six months of 1996 resulted from the increase in the number of cellular phones sold.

Other operating expenses increased \$3.7 million (29.4%) during the six months ended June 30, 1996 primarily due to a \$2.6 million increase in the net cost paid to other carriers related to (i) the provision of cellular service by such other carriers to the Company's customers who roam in the other carriers' service areas in excess of the amounts the Company bills its customers (such costs are expected to increase as the Company continues to expand its reduced rate calling areas) and (ii) cellular fraud. In addition, a \$1.1 million increase in interconnection costs resulted primarily from the operation of new cell sites.

General, administrative and customer service expenses increased \$7.2 million (40.6%) primarily due to increased expenses resulting from a larger customer base, such as customer service and retention (\$2.3 million), the provision for doubtful accounts (\$1.8 million) and general office expenses (\$2.1 million).

Sales and marketing expenses increased \$3.8 million (23.0%) primarily due to a \$1.1 million increase in advertising and sales promotions expenses, a \$1.1 million increase in commissions paid to agents and employees for selling cellular service to new customers, and a \$1.6 million

increase in costs incurred in selling products and services in retail locations, including Company-owned retail stores.

Depreciation and amortization increased \$3.6 million (31.1%) due primarily to a higher level of plant in service.

Other Operations

Other operations includes the results of operations of subsidiaries of the Company which are not included in the telephone or mobile communications segments, including, but not limited to, the Company's competitive access subsidiary and the Company's nonregulated long distance operations. Of the \$9.0 million (70.5%) increase in operating revenues during the six months ended June 30, 1996 compared to the six months ended June 30, 1995, \$6.1 million was applicable to the long distance operations. Of the \$9.4 million (82.1%) increase in operating expenses, \$4.7 million was incurred by the long distance operations. During the first six months of 1996, the operating loss of the Company's competitive access subsidiary was \$1.2 million greater than during the first six months of 1995.

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Interest Expense

Interest expense increased \$1.1 million (5.0%) during the first six months of 1996 compared to the first six months of 1995 primarily due to an increase in average debt outstanding.

Income from Unconsolidated Cellular Entities

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$4.5 million (55.5%) during the first six months of 1996 compared to the first six months of 1995 due primarily to improvement in profitability of the cellular entities in which the Company owns less than a majority interest. During the first six months of 1995, the Company had recorded an \$800,000 reduction in earnings from unconsolidated cellular entities as a result of a multi-year retroactive adjustment recorded by the operator of a cellular partnership in which the Company owns less than a majority interest.

Gain on Sales of Assets

During the first quarter of 1995, the Company sold its ownership interests in certain non-strategic cellular systems which resulted in a pre-tax gain of \$5.9 million (\$2.0 million after-tax; \$.03 per fully diluted share). For additional information, see Note 4 of Notes to Consolidated Financial Statements.

Minority Interest

The increased profitability of the Company's majority-owned and operated cellular entities resulted in a corresponding increase of \$1.5 million in the expense recorded by the Company to reflect the minority interest owners' share of the profits. Such increase in expense was partially offset by the effect of the Company acquiring, during the second quarter of 1996, an additional 25% interest in a cellular partnership which the Company operates and thereby decreasing the minority interest owners' share of such partnership.

Other Income and Expense

Other income and expense for the first six months of 1996 was \$1.1 million compared to \$1.7 million during the first six months of 1995. During 1995 the Company invested \$20.0 million in exchange for a minority equity interest in an entity formed for the purpose of participating in the Federal Communications Commission ("FCC") auction of one 30MHz Personal Communications Services ("PCS") license for each Basic Trading Area. In April 1996, such entity withdrew from participating in the auction and, as a result thereof, the Company withdrew its equity investment in such entity and recorded a \$1.1 million loss during the first quarter of 1996. The \$1.1 million was the portion of the Company's investment which, under the terms of its agreement with such entity, it was not entitled to recoup.

Income Tax Expense

Income tax expense increased \$2.3 million (6.6%) during the first six months of 1996 compared to the first six months of 1995 primarily due to the increase in income before taxes. The effective income tax rate attributable to the gain on sales of assets in the first quarter of 1995 was considerably higher than the Company's consolidated effective income tax rate for the first six months of 1995.

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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 telephone operations have historically provided a stable source of cash flow which has helped the Company continue its long-term

program of capital improvements. Cash provided by mobile communications operations has increased each year since that segment became cash-flow positive.

Net cash provided by operating activities was \$125.6 million during the first six months of 1996 compared to \$101.1 million during the first six months of 1995. 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, mobile communications operations, and other operations of the Company, see Results of Operations.

Net cash used in investing activities was \$96.9 million and \$98.7 million for the six months ended June 30, 1996 and 1995, respectively. Capital expenditures for the six months ended June 30, 1996 were \$49.5 million for telephone operations, \$41.4 million for mobile communications operations and \$8.4 million for other operations. The \$96.9 million of net cash used in investing activities in 1996 was net of the reimbursement of \$18.9 million related to the Company's withdrawal of its equity investment in an entity formed for the purpose of participating in the FCC auction of 30MHz PCS licenses. The \$98.7 million of net cash used in investing activities in 1995 was net of \$17.9 million of proceeds from the sale of certain cellular systems.

Net cash used in financing activities was \$23.3 million during the first six months of 1996 compared to \$3.3 million during the first six months of 1995. Net payments of debt, including notes payable and long-term debt, were \$22.3 million more during the first six months of 1996.

Budgeted capital expenditures for 1996 total \$102 million for telephone operations, \$61 million for mobile communications operations and \$26 million for other operations.

The Company intends to participate in the upcoming FCC auction of 10MHz PCS licenses.

In August 1996 Standard & Poor's upgraded Century's senior unsecured debt rating from BBB+ to A-.

As of June 30, 1996, Century's telephone subsidiaries had available for use \$146.8 million of commitments for long-term financing from the Rural Utilities Service ("RUS") and the Company had \$111.6 million of undrawn committed bank lines of credit. In addition, approximately \$125.0 million of uncommitted credit facilities were available to Century at June 30, 1996. The Company has experienced no significant problems in obtaining funds through the issuance of debt or equity for capital expenditures or other purposes.

OTHER MATTERS

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 to such operations. 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 \$100 million and \$150 million.

PART II. OTHER INFORMATION

CENTURY TELEPHONE ENTERPRISES, INC.

Item 4. Submission of Matters to a Vote of Security Holders

At the Company's annual meeting of shareholders held on May 9, 1996, the shareholders elected five Class II directors to serve for a term of three years.

The following number of votes were cast for or were withheld from the following nominees:

Class II Nominees	For	Withheld
-----	-----	-----

Virginia Boulet	117,519,853	2,568,472
Ernest Butler, Jr.	116,306,737	3,781,588
James B. Gardner	117,101,241	2,987,084
R. L. Hargrove, Jr.	117,531,403	2,556,922
Johnny Hebert	114,809,428	5,278,897

The Class I and Class III directors whose terms continued after the meeting are:

Class I	Class III
-----	-----
William R. Boles, Jr.	Calvin Czeschin
W. Bruce Hanks	F. Earl Hogan
C. G. Melville, Jr.	Harvey P. Perry
Glen F. Post, III	Jim D. Reppond
Clarke M. Williams	

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

10.1 Amendment, dated July 15, 1996, to Registrant's Stock Bonus Plan, PAYSOP and Trust.

10.2 Amendment, dated July 15, 1996, to Registrant's Employee Stock Ownership Plan and Trust.

10.3 Amendment, dated July 15, 1996, to Registrant's Dollars and Sense Plan and Trust.

10.4 Amendment, dated July 15, 1996, to Registrant's Supplemental Defined Contribution Plan, 1995 Amendment and Restatement.

10.5 Amendment, dated July 18, 1996, to Registrant's Supplemental Dollars and Sense Plan, 1995 Amendment and Restatement.

11 Computations of Earnings Per Share.

27 Financial Data Schedule.

B. Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended June 30, 1996.

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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.

CENTURY TELEPHONE ENTERPRISES, INC.

Date: August 9, 1996

/s/ Murray H. Greer

Murray H. Greer
Controller

(Principal Accounting Officer)

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CENTURY TELEPHONE ENTERPRISES, INC.

INDEX TO EXHIBITS

Exhibit
Number

- -----

- 10.1 Amendment, dated July 15, 1996, to Registrant's Stock Bonus Plan, PAYSOP and Trust, included herein.
- 10.2 Amendment, dated July 15, 1996, to Registrant's Employee Stock Ownership Plan and Trust, included herein.
- 10.3 Amendment, dated July 15, 1996, to Registrant's Dollars and Sense Plan and Trust, included herein.
- 10.4 Amendment, dated July 15, 1996, to Registrant's Supplemental Defined Contribution Plan, 1995 Amendment and Restatement, included herein.
- 10.5 Amendment, dated July 18, 1996, to Registrant's Supplemental Dollars and Sense Plan, 1995 Amendment and Restatement, included herein.
- 11 Computations of Earnings Per Share, included herein.
- 27 Financial Data Schedule, included herein.

Exhibit 10.1
AMENDMENT TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
STOCK BONUS PLAN, PAYSOP AND TRUST

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN, that on this 15th day of July, 1996, before me, a Notary Public, duly commissioned and qualified in and for the Parish of Ouachita, State of Louisiana, therein residing and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

CENTURY TELEPHONE ENTERPRISES, INC., represented herein by its Senior Vice President and Chief Financial Officer, R. Stewart Ewing, Jr., as Settlor and Employer, which hereby executes the following amendment to the Century Telephone Enterprises, Inc. Stock Bonus Plan, PAYSOP and Trust, such amendment to be effective January 1, 1996:

Delete the second paragraph of Section 1.7 in its entirety and insert the following in lieu thereof:

"Notwithstanding the foregoing, Compensation for purposes of this Section shall not include: (i) reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation, and welfare benefits; (ii) overtime; (iii) completion bonuses and Christmas bonuses; and (iv) restricted stock awards under the Restricted Stock Plan or the Key Employee Incentive Compensation Plan."

THUS DONE AND SIGNED on the day first above shown, in the presence of the undersigned competent witnesses, who hereunto sign their names with the said appearer and me, Notary, after reading of the whole.

WITNESSES:

CENTURY TELEPHONE ENTERPRISES, INC.

/s/ Sandra B. Post

BY: /s/ R. Stewart Ewing, Jr.

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

/s/ Marta L. Cole

/s/ Kathy Tettleton

NOTARY PUBLIC

ACCEPTANCE OF AMENDMENT BY TRUSTEE

STATE OF LOUISIANA

PARISH OF OUACHITA

On this _____ day of _____, 1996,

BEFORE ME, a Notary Public, and in the presence of the undersigned competent witnesses, personally came and appeared:

REGIONS BANK OF LOUISIANA

which declared that it is appearing herein for the purpose of accepting and it does hereby accept the Amendment to the Century Telephone Enterprises, Inc. Stock Bonus Plan, PAYSOP and Trust adopted by the Settlor on the _____ day of , 1996.

THUS DONE AND SIGNED at Monroe, Louisiana, on the date first above written.

WITNESSES:

REGIONS BANK OF LOUISIANA

BY: _____

Barry Bledsoe
Executive Vice President

NOTARY PUBLIC

Exhibit 10.2
AMENDMENT TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN, that on this 15th day of July, 1996, before me, a Notary Public, duly commissioned and qualified in and for the Parish of Ouachita, State of Louisiana, therein residing and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

CENTURY TELEPHONE ENTERPRISES, INC., represented herein by its Senior Vice President and Chief Financial Officer, R. Stewart Ewing, Jr., as Settlor and Employer, which hereby executes the following amendment to the Century Telephone Enterprises, Inc. Employee Stock Ownership Plan and Trust, such amendment to be effective January 1, 1996:

Delete the second paragraph of Section 1.7 in its entirety and insert the following in lieu thereof:

"Notwithstanding the foregoing, Compensation for purposes of this Section shall not include: (i) reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation, and welfare benefits; (ii) overtime; (iii) completion bonuses and Christmas bonuses; and (iv) restricted stock awards under the Restricted Stock Plan or the Key Employee Incentive Compensation Plan."

THUS DONE AND SIGNED on the day first above shown, in the presence of the undersigned competent witnesses, who hereunto sign their names with the said appearer and me, Notary, after reading of the whole.

WITNESSES:

CENTURY TELEPHONE ENTERPRISES, INC.

/s/ Sandra B. Post

BY: /s/ R. Stewart Ewing, Jr.

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

/s/ Marta L. Cole

/s/ Kathy Tettleton

NOTARY PUBLIC

ACCEPTANCE OF AMENDMENT BY TRUSTEE

STATE OF LOUISIANA

PARISH OF OUACHITA

On this _____ day of _____, 1996,

BEFORE ME, a Notary Public, and in the presence of the undersigned competent witnesses, personally came and appeared:

REGIONS BANK OF LOUISIANA

which declared that it is appearing herein for the purpose of accepting and it does hereby accept the Amendment to the Century Telephone Enterprises, Inc. Employee Stock Ownership Plan and Trust adopted by the Settlor on the ____ day of , 1996.

THUS DONE AND SIGNED at Monroe, Louisiana, on the date first above written.

WITNESSES:

REGIONS BANK OF LOUISIANA

BY: _____
Barry Bledsoe
Executive Vice President

NOTARY PUBLIC

Exhibit 10.3
AMENDMENT TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
DOLLARS AND SENSE PLAN AND TRUST

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN, that on this 15th day of July, 1996, before me, a Notary Public, duly commissioned and qualified in and for the Parish of Ouachita, State of Louisiana, therein residing and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

CENTURY TELEPHONE ENTERPRISES, INC., represented herein by its Senior Vice President and Chief Financial Officer, R. Stewart Ewing, Jr., as Settlor and Employer, which hereby executes the following amendment to the Century Telephone Enterprises, Inc. Dollars and Sense Plan and Trust, such amendment to be effective for the first pay period beginning on or about July 1, 1996:

Delete the first paragraph of Section 1.31 in its entirety and insert the following in lieu thereof:

"Pay.' The Taxable Income paid to an Eligible Employee by an Employer while a Participant during the current period. Notwithstanding the foregoing, Compensation for purposes of this Section shall not include: (i) reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation, and welfare benefits; (ii) overtime; (iii) completion bonuses and Christmas bonuses; and (iv) restricted stock awards under the Restricted Stock Plan or the Key Employee Incentive Compensation Plan."

THUS DONE AND SIGNED on the day first above shown, in the presence of the undersigned competent witnesses, who hereunto sign their names with the said appearer and me, Notary, after reading of the whole.

WITNESSES:

CENTURY TELEPHONE ENTERPRISES, INC.

/s/ Sandra B. Post

BY: /s/ R. Stewart Ewing, Jr.

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

/s/ Marta L. Cole

/s/ Kathy Tettleton

NOTARY PUBLIC

ACCEPTANCE OF AMENDMENT BY TRUSTEE

STATE OF

COUNTY OF

On this _____ day of _____, 1996,

BEFORE ME, a Notary Public, and in the presence of the undersigned competent witnesses, personally came and appeared:

BZW BARCLAYS GLOBAL INVESTORS, N.A.

which declared that it is appearing herein for the purpose of accepting and it does hereby accept the Amendment to the Century Telephone Enterprises, Inc. Dollars and Sense Plan and Trust adopted by the Settlor on the _____ day of , 1996.

THUS DONE AND SIGNED at , , on the date first above written.

WITNESSES:

BZW BARCLAYS GLOBAL INVESTORS, N.A.

BY: _____

Typed Name: _____

Title: _____

NOTARY PUBLIC

Exhibit 10.4
AMENDMENT TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
SUPPLEMENTAL DEFINED CONTRIBUTION PLAN
1995 AMENDMENT AND RESTATEMENT

This Amendment to the Century Telephone Enterprises, Inc. Supplemental Defined Contribution Plan, 1995 Amendment and Restatement, is executed this 15th day of July, 1996, effective as if included in the 1995 Amendment and Restatement.

1. Delete the first three lines of Article VI, Section 6.02 in their entirety and insert the following in lieu thereof:

6.02 If a Participant terminates service for reasons other than as listed in Section 6.01, his Account Balance shall be vested in accordance with the following schedule:

IN WITNESS WHEREOF, Century Telephone Enterprises, Inc. has executed this amendment in its corporate name on the date indicated above.

CENTURY TELEPHONE ENTERPRISES, INC.

BY: /s/ R. Stewart Ewing, Jr.

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

Exhibit 10.5
AMENDMENT TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
SUPPLEMENTAL DOLLARS & SENSE PLAN
1995 AMENDMENT AND RESTATEMENT

This Amendment to the Century Telephone Enterprises, Inc. Supplemental Dollars & Sense Plan, 1995 Amendment and Restatement, is executed this 18th day of July, 1996, effective as of the first pay period beginning on or about July 1, 1996.

1. Delete Section 2.10 in its entirety and insert the following in lieu thereof:

"2.10 'INCENTIVE COMPENSATION' shall mean the stock portion of any amount awarded to a Participant under the Company's Key Employee Incentive Compensation Program or other executive incentive compensation arrangement maintained by the Company. The stock portion of the award shall be considered Incentive Compensation in an amount equal to its cash equivalent at the time of conversion of the award from cash to stock. A Participant's Incentive Compensation shall be determined on an annual basis and shall, for purposes of this Plan, be allocated to the year in which the award is paid to the Participant."

2. Delete the last sentence of Section 5.01 in its entirety and insert the following in lieu thereof:

"An election to defer Incentive Compensation shall provide for a deferral to be made from the bonus check representing the cash portion of the award."

IN WITNESS WHEREOF, Century Telephone Enterprises, Inc. has executed this amendment in its corporate name on the date indicated above.

CENTURY TELEPHONE ENTERPRISES, INC.

BY: /s/ R. Stewart Ewing, Jr.

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

EXHIBIT 11

CENTURY TELEPHONE ENTERPRISES, INC.

**COMPUTATIONS OF EARNINGS PER SHARE
(UNAUDITED)**

	Three months ended June 30		Six months ended June 30	
	1996	1995	1996	1995
	(Dollars, except per share amounts, and shares expressed in thousands)			
Net income	\$32,941	26,167	62,606	53,167
Dividends applicable to preferred stock	(129)	(28)	(157)	(57)
Net income applicable to common stock	32,812	26,139	62,449	53,110
Dividends applicable to preferred stock	129	28	157	57
Interest on convertible securities, net of taxes	145	-	290	526
Net income as adjusted for purposes of computing fully diluted earnings per share	\$33,086 =====	26,167 =====	62,896 =====	53,693 =====
Weighted average number of shares:				
Outstanding during period	59,624	58,338	59,458	57,125
Common stock equivalent shares	679	490	607	577
Employee Stock Ownership Plan shares not committed to be released	(334)	(375)	(342)	(384)
Number of shares for computing primary earnings per share	59,969	58,453	59,723	57,318
Incremental common shares attributable to additional dilutive effect of convertible securities	726	206	726	1,341
Number of shares as adjusted for purposes of computing fully diluted earnings per share	60,695 =====	58,659 =====	60,449 =====	58,659 =====
Earnings per average common share	\$.55 =====	.45 =====	1.05 =====	.93 =====
Primary earnings per share	\$.55 =====	.45 =====	1.05 =====	.93 =====
Fully diluted earnings per share	\$.55 =====	.45 =====	1.04 =====	.92 =====

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CENTURY TELEPHONE ENTERPRISES, INC. AND SUBSIDIARIES AS OF JUNE 30, 1996 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH PERIOD THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	JUN 30 1996
CASH	13,892
SECURITIES	0
RECEIVABLES	60,163
ALLOWANCES	3,404
INVENTORY	6,364
CURRENT ASSETS	107,339
PP&E	1,589,863
DEPRECIATION	499,424
TOTAL ASSETS	1,935,114
CURRENT LIABILITIES	129,219
BONDS	621,422
COMMON	59,708
PREFERRED MANDATORY	0
PREFERRED	10,116
OTHER SE	896,027
TOTAL LIABILITY AND EQUITY	1,935,114
SALES	0
TOTAL REVENUES	362,352
CGS	0
TOTAL COSTS	249,140
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	22,949
INCOME PRETAX	99,385
INCOME TAX	36,779
INCOME CONTINUING	62,606
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	62,606
EPS PRIMARY	1.05
EPS DILUTED	1.04

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