

CENTURYTEL INC

FORM 10-Q (Quarterly Report)

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Address	P O BOX 4065 100 CENTURYTEL DR MONROE, Louisiana 71203
Telephone	318-388-9000
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, 1994

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 72-0651161
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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 October 31, 1994, there were 53,427,826 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 September 30		Nine months ended September 30	
	1994	1993	1994	1993
	(expressed in thousands, except per share amounts)			
REVENUES				
Telephone	\$ 99,487	90,092	286,226	255,918
Mobile Communications	42,028	22,673	109,149	61,010
Total revenues	141,515	112,765	395,375	316,928
OPERATING EXPENSES				
Cost of sales and other operating expenses	70,519	58,985	202,413	167,288
Depreciation and amortization	25,215	20,303	69,582	56,553
Total operating expenses	95,734	79,288	271,995	223,841
OPERATING INCOME	45,781	33,477	123,380	93,087
OTHER INCOME (EXPENSE)				
Interest expense	(11,513)	(7,807)	(30,839)	(22,186)
Gain on sale of asset	-	-	-	1,661
Earnings from unconsolidated cellular partnerships	4,604	2,596	10,579	4,938
Other income and expense	917	1,141	1,046	2,345
Total other income (expense)	(5,992)	(4,070)	(19,214)	(13,242)
INCOME BEFORE INCOME TAXES	39,789	29,407	104,166	79,845
INCOME TAXES	15,176	11,811	38,867	29,992
NET INCOME	\$ 24,613	17,596	65,299	49,853
PRIMARY EARNINGS PER SHARE	\$.46	.34	1.22	.98
FULLY DILUTED EARNINGS PER SHARE	\$.44	.33	1.18	.96
DIVIDENDS PER COMMON SHARE	\$.0800	.0775	.2400	.2325

See accompanying notes to consolidated financial statements.

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

ASSETS	September 30, 1994	December 31, 1993
-----	-----	-----
	(expressed in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,996	9,777
Accounts receivable		
Customers, less allowance for doubtful		
accounts of \$2,757,000 and \$1,473,000	40,573	34,438
Other	21,720	21,771
Materials and supplies, at cost	5,619	4,418
Other	1,593	2,068
	-----	-----
	86,501	72,472
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	923,411	827,776
	-----	-----
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired	434,571	297,158
Other investments	115,763	98,142
Note receivable	25,000	-
Deferred charges	25,813	23,842
	-----	-----
	601,147	419,142
	-----	-----
	\$1,611,059	1,319,390
	=====	=====
LIABILITIES AND EQUITY		

CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 13,289	14,233
Notes payable to banks	46,600	69,200
Accounts payable	50,166	49,506
Accrued expenses and other liabilities		
Salaries and benefits	15,738	15,990
Taxes	27,950	9,327
Interest	9,291	6,476
Other	8,792	5,162
Advance billings and customer deposits	11,514	9,312
	-----	-----
	183,340	179,206
	-----	-----
LONG-TERM DEBT	637,988	460,933
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES	174,553	165,483
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock, \$1.00 par value, authorized		
100,000,000 shares, issued and outstanding		
53,423,264 and 51,294,705 shares	53,423	51,295
Paid-in capital	315,696	262,294
Retained earnings	261,374	208,945
Employee Stock Ownership Plan commitment	(17,590)	(9,220)
Preferred stock - non-redeemable	2,275	454
	-----	-----
	615,178	513,768
	-----	-----
	\$1,611,059	1,319,390
	=====	=====

See accompanying notes to consolidated financial statements.

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

	Nine months ended September 30	
	1994	1993
	(expressed in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 51,295	48,897
Issuance of common stock for acquisitions	2,000	2,183
Issuance of common stock through dividend reinvestment, stock purchase and incentive plans	126	182
Conversion of preferred stock into common stock	2	-
Balance at end of period	53,423	51,262
PAID-IN CAPITAL		
Balance at beginning of period	262,294	191,522
Issuance of common stock for acquisitions	50,311	67,333
Issuance of common stock through dividend reinvestment, stock purchase and incentive plans	2,451	2,537
Conversion of preferred stock into common stock	52	-
Amortization of unearned compensation	588	476
Balance at end of period	315,696	261,868
RETAINED EARNINGS		
Balance at beginning of period	208,945	155,676
Net income	65,299	49,853
Cash dividends declared		
Common stock-\$.2400 and \$.2325 per share, respectively	(12,800)	(11,730)
Preferred stock	(70)	(24)
Balance at end of period	261,374	193,775
ESOP COMMITMENT		
Balance at beginning of period	(9,220)	(11,100)
Commitment to ESOP	(10,000)	-
Reduction of ESOP Commitment	1,630	1,380
Balance at end of period	(17,590)	(9,720)
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning of period	454	454
Issuance of preferred stock for acquisition	1,875	-
Conversion of preferred stock into common stock	(54)	-
Balance at end of period	2,275	454
TOTAL STOCKHOLDERS' EQUITY	\$615,178	497,639
	=====	=====
See accompanying notes to consolidated financial statements.		

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

	Nine months ended September 30	
	1994	1993
	(expressed in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 65,299	49,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,134	63,667
Deferred income taxes	(5,602)	(4,527)
Equity in earnings of unconsolidated cellular partnerships	(11,449)	(4,935)
Gain on sale of asset	-	(1,661)
Changes in current assets and current liabilities:		
Increase in accounts receivable	(1,070)	(6,067)
Increase (decrease) in accounts payable	(4,504)	15,294
Increase in accrued taxes	18,525	13,058
Changes in other current assets and other current liabilities, net	6,594	(2,694)
Other, net	8,639	6,562
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,566	128,550
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(147,352)	(145,535)
Acquisitions, net of cash acquired	(54,899)	(35,594)
Purchase of life insurance investment	(7,664)	(7,670)
Note receivable	(25,000)	-
Other, net	1,882	(70)
NET CASH USED IN INVESTING ACTIVITIES	(233,033)	(188,869)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	209,072	86,402
Payments of long-term debt	(90,731)	(28,931)
Notes payable, net	(22,600)	32,585
Proceeds from issuance of common stock	2,578	2,719
Cash dividends paid	(12,870)	(11,754)
Other, net	1,237	1,502
NET CASH PROVIDED BY FINANCING ACTIVITIES	86,686	82,523
Net increase in cash and cash equivalents	7,219	22,204
Cash and cash equivalents at beginning of period	9,777	9,771
Cash and cash equivalents at end of period	\$ 16,996	31,975
Supplemental cash flow information:		
Income taxes paid	\$ 26,686	27,373
Interest paid	\$ 28,024	23,620
See accompanying notes to consolidated financial statements.		

CENTURY TELEPHONE ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1994

(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, 1993. Certain 1993 amounts have been reclassified to be consistent with the 1994 presentation.

The unaudited financial information for the three months and nine months ended September 30, 1994 and 1993 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 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) Accounting Pronouncement

In the first quarter of 1994 the Company adopted Statement of Financial Accounting Standards No. 112 ("SFAS 112"), "Employers' Accounting for Postemployment Benefits". SFAS 112 requires the adoption of accrual accounting for workers compensation, disability and other benefits provided after employment but before retirement by requiring accrual of the expected cost when it is probable that a benefit obligation has been incurred and the amount can be reasonably estimated. Liabilities for postemployment benefits in the consolidated balance sheet as of December 31, 1993 were not materially different than those required by SFAS 112; therefore, no cumulative effect of change in accounting principle was recorded upon adoption of SFAS 112.

(3) Net Property, Plant and Equipment

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

	September 30, 1994	December 31, 1993
	-----	-----
	(expressed in thousands)	
Telephone, at original cost	\$1,057,225	979,449
Accumulated depreciation	(299,707)	(288,479)
	-----	-----
	757,518	690,970
	-----	-----
Mobile Communications, at cost	159,322	113,252
Accumulated depreciation	(44,564)	(27,736)
	-----	-----
	114,758	85,516
	-----	-----
Other, at cost	82,583	77,737
Accumulated depreciation	(31,448)	(26,447)
	-----	-----
	51,135	51,290
	-----	-----
	\$ 923,411	827,776
	=====	=====

(4) Long-Term Debt

On May 6, 1994, the Company completed the issuance of \$50,000,000 of 10-year, 7.75% senior notes and \$100,000,000 of 30-year, 8.25% senior notes. The proceeds were used to reduce certain of the Company's short-term bank indebtedness. Interest payments are due semi-annually in May and November and principal payments are due in 2004 and 2024 upon maturity of the 10-year and 30-year notes, respectively. The 30-year notes are subject to redemption at any time on or after May 1, 2004 at the option of the Company.

Notes payable to banks were classified as long-term debt at September 30, 1994 to the extent of borrowings available under a two-year revolving line of credit (convertible to a five-year term loan) and a three-year revolving credit facility.

(5) Sale of Asset

The Company sold a minority investment in a telephone company in the first quarter of 1993 which resulted in a pre-tax gain of \$1,661,000 (\$1,080,000 after-tax; \$.02 per share).

(6) Acquisitions

On April 8, 1993, the Company consummated the acquisition of San Marcos Telephone Company, Inc. ("SMTC") in a stock and cash transaction and acquired SM Telecorp, Inc., an affiliate of SMTC, for cash. Subsequent to the acquisitions, the Company changed the names of San Marcos Telephone Company, Inc. and the principal operating subsidiary of SM Telecorp, Inc. to Century Telephone of San Marcos, Inc. and Century Telecommunications, Inc., respectively. The total acquisition price for both companies approximated \$100,000,000 (based on Century's stock price on April 8, 1993). As a result of the acquisitions, which were accounted for as purchases, the Company acquired approximately 22,500 telephone access lines in and around San Marcos, Texas, along with a 35% ownership interest in the Austin, Texas Metropolitan Statistical Area ("MSA") wireline cellular market and a 9.6% interest in the Texas Rural Service Area ("RSA") #16 wireline cellular market, together representing approximately 309,000 pops (the Company's pro rata share of population of the licensed areas) at acquisition.

On February 10, 1994, the Company acquired Celutel, Inc. ("Celutel") in a stock and cash transaction. Approximately \$51,400,000 of the purchase price was paid in cash, with the remainder paid through the issuance of approximately 1,900,000 shares of Century's common stock, the closing price of which was \$26.25 per share on February 10, 1994. In connection with the acquisition, Century refinanced approximately \$41,700,000 of Celutel's debt. The acquisition was accounted for as a purchase and approximately \$140,000,000 of cost in excess of net assets acquired was recorded as a result of the acquisition. Celutel currently provides cellular service to approximately 33,200 customers in five non-wireline provider systems in MSAs in Mississippi and Texas.

On March 31, 1994, the Company acquired a local exchange telephone company in Michigan which currently serves approximately 2,600 access lines and which owns a minority interest of approximately 11% in a cellular partnership operated by the Company. The acquisition, which was accounted for as a purchase, was consummated through the issuance of approximately 98,000 shares of Century's common stock and 75,000 shares of Century's preferred stock. The closing price of Century's common stock was \$23.125 per share on March 31, 1994.

(7) Expected Acquisition and Dispositions

In June 1994 the Company entered into a definitive agreement to sell its ownership interest in a cellular RSA in Minnesota (the "Minnesota RSA") in exchange for \$21,500,000 cash. In October 1994 the Company entered into an asset exchange agreement which supersedes (assuming the asset exchange is completed) the June definitive agreement. The asset exchange agreement provides for the Company to exchange the assets comprising the Minnesota RSA for (i) the assets of the Pine Bluff, Arkansas MSA cellular system, (ii) \$3,500,000 cash and (iii) a secured, guaranteed one-year \$7,000,000 promissory note which accrues interest at prime plus 1%. The asset exchange is subject to, among other things, Federal Communications Commission ("FCC") approval and other customary closing conditions. The Company expects to recognize a gain of approximately \$.16 per share upon future consummation of the transaction.

In October 1994 the Company entered into definitive agreements under which it will sell its ownership interests in several cellular RSAs located primarily in western states and two MSAs in the midwest, which represent an aggregate of approximately 300,000 pops. Each sale is subject to regulatory approvals (including FCC approval) and various other closing conditions. The Company expects to recognize an aggregate gain of approximately \$.05 per share assuming all the transactions are consummated.

Subject to certain closing conditions, the Company has agreed to sell its paging operations.

(8) Note Receivable

In May 1994 Century loaned an unaffiliated telephone holding company \$25,000,000. The loan bears interest at prime plus 1 1/2%; interest is payable quarterly. Quarterly principal payments are scheduled to begin in August 1995 with the unpaid balance becoming due in May 1998. The Company received a security interest in the holding company's capital stock, a guaranty from such company's principal stockholder and certain first refusal rights to acquire certain properties under various specified circumstances.

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 the other information included in the Company's annual report on Form 10-K for the year ended December 31, 1993. The results of operations for the three months and/or nine months ended September 30, 1994 are not necessarily indicative of the results of operations which might be expected for the entire year.

RESULTS OF OPERATIONS

Three Months Ended September 30, 1994 Compared to Three Months Ended September 30, 1993

Net income for the third quarter of 1994 was \$24,613,000 compared to \$17,596,000 during the third quarter of 1993. This increase was primarily due to a \$12,304,000 increase in operating income and a \$2,008,000 increase in earnings from unconsolidated cellular partnerships. These factors were partially offset by increases in interest expense and income tax expense of \$3,706,000 and \$3,365,000, respectively.

	Three months ended September 30	
	1994	1993
	(expressed in thousands, except per share amounts)	
Operating income		
Telephone	\$33,740	29,616
Mobile Communications	12,041	3,861
	45,781	33,477
Interest expense	(11,513)	(7,807)
Earnings from unconsolidated cellular partnerships	4,604	2,596
Other income and expense	917	1,141
Income taxes	(15,176)	(11,811)
Net income	\$24,613	17,596
	=====	=====
Fully diluted earnings per share	\$.44	.33
	=====	=====

Fully diluted earnings per share increased to \$.44 for the three months ended September 30, 1994 from \$.33 for the three months ended September 30, 1993, a 33.3% increase. The average number of fully diluted shares outstanding increased 3.1% as a result of shares issued for acquisitions and through the Company's dividend reinvestment, stock purchase and incentive plans.

The mobile communications operating income reflects the operations of the cellular partnerships in which the Company has a majority interest. The minority interest partners' share of the income (or loss) of such partnerships is reflected as an expense in other income and expense. The Company's share of income (or loss) from the cellular partnerships in which it has less than a majority interest is reflected in earnings from unconsolidated cellular partnerships. The operating income of the mobile communications segment during the third quarter of 1994 includes the operations of Celutel, Inc. ("Celutel") which was acquired in February 1994.

Contributions to revenues and operating income by the Company's telephone operations and mobile communications operations for the three months ended September 30, 1994 and 1993 were as follows:

	Three months ended September 30	
	1994	1993
Revenues		
Telephone operations	70.3%	79.9
Mobile Communications operations	29.7%	20.1
Operating income		
Telephone operations	73.7%	88.5
Mobile Communications operations	26.3%	11.5

Telephone Operations

	Three months ended September 30	
	1994	1993
	(expressed in thousands)	
Revenues		
Local	\$26,192	22,688
Network access and long distance	61,614	56,161
Other	11,681	11,243
	99,487	90,092
Operating expenses		
Plant operations	22,031	20,691
Customer operations	8,870	8,204
Corporate and other	15,331	14,421
Depreciation and amortization	19,515	17,160
	65,747	60,476
Operating income	\$33,740	29,616
	=====	=====

Telephone operating income increased \$4,124,000 (13.9%) due to an increase in revenues of \$9,395,000 (10.4%) which more than offset an increase in operating expenses of \$5,271,000 (8.7%).

The increase in revenues was primarily due to the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies, increased recovery from the Federal Communications Commission ("FCC") mandated Universal Service Fund ("USF"), an increase in local rates of certain of the Company's telephone subsidiaries, and internal access line growth of 3.9%. During the third quarter of 1994, revenues from the USF increased approximately \$2,800,000 over such revenues during the third quarter of 1993. For additional information relating to telephone revenues, see Nine Months Ended September 30, 1994 Compared to Nine Months Ended September 30, 1993 - Telephone Operations.

Operating expenses, exclusive of depreciation and amortization, increased \$2,916,000 (6.7%) primarily due to increases in salaries and wages, employee benefits and other general operating expenses.

Depreciation and amortization increased \$2,355,000 in the third quarter of 1994 compared to the third quarter of 1993. The third quarter of 1994 included depreciation recorded in anticipation of the approval of increases, as of January 1, 1994, in depreciation rates in certain jurisdictions. Higher levels of plant in service also contributed to the increased depreciation.

Mobile Communications Operations

	Three months ended September 30	
	1994	1993
	(expressed in thousands)	
Revenues		
Cellular service	\$39,611	20,679
Equipment and paging	2,417	1,994
	42,028	22,673
Operating expenses		
Cost of sales and other	8,142	5,142
General, administrative and customer service	8,678	6,107
Sales and marketing	7,467	4,420
Depreciation and amortization	5,700	3,143
	29,987	18,812
Operating income	\$12,041	3,861
	=====	=====

Mobile communications operating income increased \$8,180,000 (211.9%) to \$12,041,000 in the third quarter of 1994 from \$3,861,000 in the third quarter of 1993. Mobile communications revenues increased \$19,355,000 (85.4%) which more than offset an increase in operating expenses of \$11,175,000 (59.4%).

The increase in cellular service revenues was substantially due to (i) a 62.4% increase, exclusive of Celutel, in the average number of cellular units in service and (ii) service revenues generated by Celutel which aggregated approximately \$7,800,000 during the third quarter of 1994. The average number of cellular units in service in majority-owned markets during the third quarter of 1994 and 1993 was 182,000 and 92,000, respectively. The average monthly cellular service revenue per subscriber declined to \$73 during the third quarter of 1994 from \$75 during the third quarter of 1993, substantially due to the continued trend that a higher percentage of recent subscribers tend to be lower-usage customers. The average monthly service revenue per subscriber may further decline (i) as market penetration increases and additional lower-usage customers are activated and (ii) as competitive pressures intensify. The Company will continue to focus on customer service and to attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by increasing coverage areas through the construction of additional cell sites.

Cost of sales and other operating expenses increased \$3,000,000 due to expenses incurred in connection with providing service to a larger number of subscribers, the continued development of the Company's cellular systems, and the Celutel acquisition.

The increase of \$2,571,000 in general, administrative and customer service expenses was primarily due to costs incurred in connection with the Celutel operations and increased costs associated with serving a larger number of cellular customers.

Sales and marketing expenses increased \$3,047,000 due primarily to an increase in commissions paid to agents for selling cellular services to new customers and to the Celutel acquisition.

Depreciation and amortization increased \$2,557,000 due to a higher level of plant in service and to depreciation and amortization associated with the Celutel acquisition.

Interest Expense

Interest expense increased \$3,706,000 (47.5%) during the third quarter of 1994 compared to the third quarter of 1993 due to a 33% increase in average debt outstanding (primarily due to debt issued in connection with the Celutel acquisition) and to an increase in average interest rates.

Earnings from Unconsolidated Cellular Partnerships

The increase of \$2,008,000 in earnings from unconsolidated cellular partnerships during the third quarter of 1994 compared to the third quarter of 1993 was due to the improvement in profitability of cellular partnerships in which the Company owns less than a majority interest.

Other Income and Expense

Other income and expense decreased \$224,000 in the third quarter of 1994 compared to the third quarter of 1993.

The increased profitability of the Company's majority-owned and operated cellular partnerships resulted in a corresponding increase in the expense recorded by the Company to reflect the minority interest partners' share of the profits. Such increase in expense was partially offset by interest income earned on a \$25,000,000 note receivable. For additional information, see Liquidity and Capital Resources and Note 8 of Notes to Consolidated Financial Statements.

Income Taxes

Income tax expense increased \$3,365,000 during the third quarter of 1994 compared to the third quarter of 1993 primarily due to an increase in income before taxes.

Nine Months Ended September 30, 1994 Compared to Nine Months Ended September 30, 1993

Net income for the nine months ended September 30, 1994 was \$65,299,000 compared to \$49,853,000 for the nine months ended September 30, 1993. This increase was primarily due to a \$30,293,000 increase in operating income and a \$5,641,000 increase in earnings from unconsolidated cellular partnerships. These factors were partially offset by increases in interest expense and income tax expense of \$8,653,000 and \$8,875,000, respectively, and by a decrease of \$1,299,000 in other income and expense. The first nine months of 1993 included a \$1,661,000 pre-tax gain on the sale of a minority investment in a telephone company.

	Nine months ended September 30	
	1994	1993
	(expressed in thousands, except per share amounts)	
Operating income		
Telephone	\$ 98,526	83,431
Mobile Communications	24,854	9,656
	123,380	93,087
Interest expense	(30,839)	(22,186)
Gain on sale of asset	-	1,661
Earnings from unconsolidated cellular partnerships	10,579	4,938
Other income and expense	1,046	2,345
Income taxes	(38,867)	(29,992)
	65,299	49,853
Net income	\$ 65,299	49,853
	=====	=====
Fully diluted earnings per share	\$ 1.18	.96
	=====	=====

Fully diluted earnings per share increased to \$1.18 for the nine months ended September 30, 1994 from \$.96 for the nine months ended September 30, 1993, a 22.9% increase. The average number of fully diluted shares outstanding increased 4.2% as a result of shares issued for acquisitions and through the Company's dividend reinvestment, stock purchase and incentive plans.

The operating income of the telephone segment during the nine months ended September 30, 1993 includes six months of operations of Century Telephone of San Marcos, Inc. ("San Marcos") which was acquired in April 1993.

The mobile communications operating income reflects the operations of the cellular partnerships in which the Company has a majority interest. The minority interest partners' share of the income (or loss) of such partnerships is reflected as an expense in other income and expense. The Company's share of income (or loss) from the cellular partnerships in which it has less than a majority interest is reflected in earnings from unconsolidated cellular partnerships. The operating income of the mobile communications segment during the nine months ended September 30, 1994 includes the operations of Celutel since its acquisition on February 10, 1994.

Contributions to revenues and operating income by the Company's telephone operations and mobile communications operations for the nine months ended September 30, 1994 and 1993 were as follows:

	Nine months ended September 30	
	1994	1993
Revenues		
Telephone operations	72.4%	80.7
Mobile Communications operations	27.6%	19.3
Operating income		
Telephone operations	79.9%	89.6
Mobile Communications operations	20.1%	10.4

Telephone Operations

	Nine months ended September 30	
	1994	1993
	(expressed in thousands)	
Revenues		
Local	\$ 73,664	65,878
Network access and long distance	179,539	158,848
Other	33,023	31,192
	286,226	255,918
Operating expenses		
Plant operations	63,621	60,412
Customer operations	25,734	23,130
Corporate and other	44,019	40,700
Depreciation and amortization	54,326	48,245
	187,700	172,487
Operating income	\$ 98,526	83,431
	=====	=====

Telephone operating income increased \$15,095,000 (18.1%) due to an increase in revenues of \$30,308,000 (11.8%) which more than offset an increase in operating expenses of \$15,213,000 (8.8%).

The increase in revenues was partially due (approximately \$5,900,000) to San Marcos which contributed nine months of revenues during the nine-month period ended September 30, 1994 compared to six months of revenues during the comparable period in 1993. The remaining increase in revenues was primarily due to the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies, increased recovery from the FCC mandated USF, an increase in local rates of certain of the Company's telephone subsidiaries in July 1994, and internal access line growth of 3.5%. During the first nine months of 1994, revenues from the USF increased approximately \$6,400,000 over such revenues during the first nine months of 1993.

The Public Service Commission of Wisconsin ("PSCW") previously ordered the Wisconsin state support fund existing at July 1, 1993 to be phased-out. Certain of the Company's subsidiaries affected by the order have received approval from the PSCW for increased local rates and other compensation which offset the loss of the amounts that the Company's subsidiaries had been receiving from the state support fund.

In July 1994 the Wisconsin Telecommunications Act of 1993 was signed into law. The act provides, among other things, for the PSCW to authorize competitors to provide local exchange service. During 1994 other states, including some in which the Company has operations, took legislative and/or regulatory steps to further introduce competition into the local exchange carrier business. Local exchange competition is expected to initially affect large urban areas to a greater extent than rural, suburban and small urban areas such as those in which the Company's telephone operations are located.

After initiating an informal earnings review during 1993 of all independent local exchange carriers in Louisiana, the Louisiana Public Service Commission ("LPSC") recently docketed a formal earnings review of such carriers. There is no assurance that this review will not lead to future revenue reductions.

Certain long distance carriers have requested the Company to reduce intrastate access tariffed rates for certain of its telephone subsidiaries. In March 1994 a major long distance carrier filed a petition with the LPSC requesting that the commission investigate and lower the rates for intrastate access charges charged to long distance carriers by certain local exchange telephone companies, including the subsidiaries of the Company which operate in Louisiana. There is no assurance that this request will not result in reduced intrastate access revenues.

The \$9,132,000 (7.4%) increase in operating expenses, exclusive of depreciation and amortization, was partially due (approximately \$3,800,000) to San Marcos which contributed nine months of expenses during the nine-month period ended September 30, 1994 compared to six months of expenses during the comparable period in 1993. The remainder of the increase in operating expenses was due to increases in salaries and wages, employee benefits and other general operating expenses, net of a reduction of approximately \$1,100,000 in postemployment benefit expense.

During the first nine months of 1994, depreciation and amortization increased \$6,081,000 due partially to \$1,400,000 of depreciation and amortization related to the San Marcos operations. In addition, the nine months ended September 30, 1994 included depreciation recorded in anticipation of the approval of increases, as of January 1, 1994, in depreciation rates in certain jurisdictions. Higher levels of plant in service also contributed to the increased depreciation.

The Company's regulated telephone operations are subject to the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." Under SFAS 71 the Company is required to account for the economic effects of the rate-making process, including the recognition of depreciation and amortization of plant and equipment over lives approved by the regulators. The ongoing applicability of SFAS 71 to the Company's regulated telephone operations are being monitored due to the changing regulatory environment and to increasing competition. Should the regulated operations of the Company no longer qualify for the application of SFAS 71 at some future date, the required accounting impact could result in a material, non-cash charge against earnings.

Mobile Communications Operations

	Nine months ended September 30	
	1994	1993
	(expressed in thousands)	
Revenues		
Cellular service	\$101,640	54,958
Equipment and paging	7,509	6,052
	109,149	61,010
Operating expenses		
Cost of sales and other	22,639	14,149
General, administrative and customer service	24,361	16,901
Sales and marketing	22,039	11,996
Depreciation and amortization	15,256	8,308
	84,295	51,354
Operating income	\$ 24,854	9,656
	=====	=====

Mobile communications operating income increased \$15,198,000 (157.4%) to \$24,854,000 during the nine months ended September 30, 1994 from \$9,656,000 during the nine months ended September 30, 1993. Mobile communications revenues increased \$48,139,000 (78.9%) which more than offset an increase in operating expenses of \$32,941,000 (64.1%).

The increase in cellular service revenues was substantially due to (i) a 61.3% increase, exclusive of Celutel, in the average number of cellular units in service and (ii) service revenues generated by Celutel since it was acquired by the Company on February 10, 1994 which aggregated approximately \$18,600,000 during the nine-month period ended September 30, 1994. The average number of cellular units in service in majority-owned markets during the nine months ended September 30, 1994 and 1993 was 162,000 and 85,000, respectively. The average monthly cellular service revenue per subscriber declined to \$70 during the first nine months of 1994 from \$72 during the first nine months of 1993, substantially due to the continued trend that a higher percentage of recent subscribers tend to be lower-usage customers. The average monthly service revenue per subscriber may further decline (i) as market penetration increases and additional lower-usage customers are activated and (ii) as competitive pressures intensify. The Company will continue to focus on customer service and to attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by increasing coverage areas through the construction of additional cell sites.

Cost of sales and other operating expenses increased \$8,490,000 due to expenses incurred in connection with providing service to a larger number of subscribers, the continued development of the Company's cellular systems, and the Celutel acquisition.

The increase of \$7,460,000 in general, administrative and customer service expenses was primarily due to costs incurred in connection with the Celutel operations and increased costs associated with serving a larger number of cellular customers.

Sales and marketing expenses increased \$10,043,000 due primarily to an increase in commissions paid to agents for selling cellular services to new customers and to the Celutel acquisition.

Depreciation and amortization increased \$6,948,000 due to a higher level of plant in service and to depreciation and amortization associated with the Celutel acquisition.

Interest Expense

Interest expense increased \$8,653,000 (39.0%) during the nine months ended September 30, 1994 compared to the nine months ended September 30, 1993 primarily due to a 37% increase in average debt outstanding (significantly due to debt issued in connection with the Celutel acquisition).

Gain on Sale of Asset

During the first quarter of 1993, the Company sold its minority investment in a telephone company which resulted in a pre-tax gain of \$1,661,000 (\$1,080,000 after-tax).

Earnings from Unconsolidated Cellular Partnerships

Earnings from unconsolidated cellular partnerships increased \$5,641,000 during the first nine months of 1994 compared to the first nine months of 1993 due to the Company's share of income from the partnership interests acquired in the San Marcos acquisition in April 1993 and to the improvement in profitability of other cellular partnerships in which the Company owns less than a majority interest.

Other Income and Expense

Other income and expense for the first nine months of 1994 was \$1,046,000 compared to \$2,345,000 during the first nine months of 1993.

The increased profitability of the Company's majority-owned and operated cellular partnerships resulted in a corresponding increase in the expense recorded by the Company to reflect the minority interest partners' share of the profits.

Other income and expense also includes the results of operations of subsidiaries of the Company which are not included in telephone operations or mobile communications operations including, but not limited to, the Company's competitive access subsidiary and the Company's non-regulated long distance operations. Although not material to consolidated operations, the combined results of such subsidiaries were less favorable during the first nine months of 1994 compared to the first nine months of 1993 primarily due to losses incurred by recently-formed or recently-acquired subsidiaries.

Such increases in expenses were partially offset by interest income earned on a \$25,000,000 note receivable. For additional information, see Liquidity and Capital Resources and Note 8 of Notes to Consolidated Financial Statements.

Income Taxes

Income tax expense increased \$8,875,000 during the nine months ended September 30, 1994 compared to the nine months ended September 30, 1993 primarily due to an increase in income before taxes.

Other

For certain information about a pending acquisition and pending dispositions, see Note 7 of Notes to Consolidated Financial Statements.

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 capital improvement program. Cash provided by mobile communications operations has increased each year since that segment became cash-flow positive in 1991.

Net cash provided by operating activities was \$153,566,000 during the first nine months of 1994 compared to \$128,550,000 during the first nine months of 1993. The Company's accompanying consolidated statements of cash flows identifies major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to the telephone and mobile communications operations of the Company, see Results of Operations.

Net cash used in investing activities was \$233,033,000 and \$188,869,000 for the nine months ended September 30, 1994 and 1993, respectively. Cash used in connection with the February 1994 acquisition of Celutel (exclusive of the refinancing of approximately \$41,700,000 of Celutel's debt) was \$54,899,000. Cash used in connection with the April 1993 San Marcos acquisitions was \$35,594,000. Payments for property, plant and equipment were \$1,817,000 more in the first nine months of 1994 than in the comparable period during 1993. Capital expenditures for the nine months ended September 30, 1994 were \$112,066,000 for telephone, \$29,191,000 for mobile communications and \$6,095,000 for other operations.

In connection with the corporate restructuring of a local exchange telephone company that has been viewed from time to time as an acquisition candidate, Century loaned the telephone company's newly-formed holding company \$25,000,000 in May 1994. In exchange, the Company received a security interest in the holding company's capital stock, a guaranty from such company's principal stockholder and certain first refusal rights to acquire certain properties under various specified circumstances. For additional information see Note 8 of Notes to Consolidated Financial Statements.

Net cash provided by financing activities during the first nine months of 1994 and 1993 was \$86,686,000 and \$82,523,000, respectively. During the first quarter of 1994, the Company filed a shelf registration statement registering \$400,000,000 of senior unsecured debt securities under which the Company issued \$150,000,000 of senior notes on May 6, 1994. See Note 4 of Notes to Consolidated Financial Statements. The proceeds were used to discharge the Company's indebtedness under a \$90,000,000 bridge loan incurred to fund substantially all of the Company's cash requirements in connection with the acquisition of Celutel in February 1994 (including approximately \$41,700,000 of Celutel's debt which was refinanced), and to reduce the Company's short-term bank indebtedness under various credit facilities bearing interest at rates ranging from 4.0% to 4.6%.

Budgeted capital expenditures for 1994 total \$142,000,000 for telephone operations and revised budgeted capital expenditures for mobile communications operations total approximately \$55,000,000 (of which approximately \$12,000,000 will be funded by minority interest partners in cellular partnerships operated by the Company). The Company anticipates that capital expenditures in its telephone operations will continue to include the installation of fiber optic cable, the replacement of mechanical switches with digital switches and the upgrading of its plant and equipment to provide enhanced services. Mobile communications capital

expenditures are expected to continue to focus primarily on the construction of additional cell sites and the upgrading of the Company's cellular systems to increase capacity and enhance the Company's ability to provide digital service in the future. Revised budgeted capital expenditures for other operations total \$7,000,000, which includes capital construction costs currently planned to be expended by the Company's recently-formed competitive access subsidiary which in May 1994 obtained a franchise from Fort Worth, Texas to provide voice, data and certain video services in the Fort Worth market and subsequently received approval to extend the Fort Worth system to Arlington, Texas. The Company will continue to pursue the acquisition and development of other franchised competitive access markets.

The Company has decided not to participate in the FCC's December 1994 auction of 30 Mhz Major Trading Area broadband licenses to provide Personal Communications Services ("PCS"). If attractive opportunities arise, the Company may participate in the FCC's auctions of Basic Trading Area PCS licenses to be held during 1995. Pending these 1995 auctions, the Company will continue to equip its current cellular networks with digital enhancements which may, when applied with new microcellular technologies, permit the Company's cellular systems to provide services comparable with emerging PCS technologies.

As of September 30, 1994 the company had \$58,600,000 of undrawn borrowings available under committed bank credit facilities, along with \$25,000,000 available under uncommitted bank credit facilities. In addition, Century's telephone subsidiaries had available for use \$129,000,000 of commitments for long-term financing from the Rural Electrification Administration ("REA"). Applications for additional long-term financing for the Company's telephone subsidiaries have been filed with the REA and are in various stages of processing. Federal budget proposals which could significantly reduce the availability of new loan commitments to the Company's telephone subsidiaries under the REA program in future fiscal years were considered in prior years and are expected to continue to be considered. If the Company's telephone subsidiaries are unable to borrow additional funds through the REA program and are forced to borrow from conventional lenders at market rates, the cost of new loans might increase.

PART II. OTHER INFORMATION

CENTURY TELEPHONE ENTERPRISES, INC.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

3(i) Registrant's Restated Articles of Incorporation, dated September 30, 1994.

3(ii) Registrant's Bylaws, as amended through August 23, 1994.

4.1 Third Amendment to Revolving Credit Facility Agreement, dated August 15, 1994 between Registrant and NationsBank of Texas, N.A.

10.1 Registrant's Amended and Restated Supplemental Executive Retirement Plan, amended and restated as of July 1, 1994.

10.2 Registrant's Supplemental Defined Contribution Plan, effective as of January 1, 1994.

10.3 Registrant's Supplemental Dollars & Sense Plan, effective as of January 1, 1995.

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 September 30, 1994.

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: November 14, 1994

/s/ Murray H. Greer

Murray H. Greer

Controller

(Principal Accounting Officer)

CENTURY TELEPHONE ENTERPRISES, INC.

INDEX TO EXHIBITS

Exhibit

Number

- 3(i) Registrant's Restated Articles of Incorporation, dated September 30, 1994, included herein.
- 3(ii) Registrant's Bylaws, as amended through August 23, 1994, included herein.
- 4.1 Third Amendment to Revolving Credit Facility Agreement, dated August 15, 1994, included herein.
- 10.1 Registrant's Amended and Restated Supplemental Executive Retirement Plan, amended and restated as of July 1, 1994, included herein.
- 10.2 Registrant's Supplemental Defined Contribution Plan, effective as of January 1, 1994, included herein.
- 10.3 Registrant's Supplemental Dollars & Sense Plan, effective as of January 1, 1995, included herein.
- 11 Computations of Earnings Per Share, included herein.
- 27 Financial Data Schedule, included herein.

EXHIBIT 3(i)

RESTATED ARTICLES OF INCORPORATION
of
CENTURY TELEPHONE ENTERPRISES, INC.

Century Telephone Enterprises, Inc., a Louisiana corporation (the "Corporation"), through its undersigned President and Secretary and by authority of its Board of Directors, does hereby certify as of September 30, 1994 that:

FIRST: The Restated Articles of Incorporation of the Corporation set forth in paragraph Fourth below accurately reflects the Corporation's articles of incorporation and all amendments thereto in effect as of the date hereof without any substantive changes.

SECOND: Each amendment has been effected in conformity with law.

THIRD: The date of incorporation of the Corporation was April 30, 1968, and the date of these Restated Articles of Incorporation is September 30, 1994.

FOURTH: The Restated Articles of Incorporation of the Corporation are as follows:

ARTICLE I

Name

The name of this Corporation is Century Telephone Enterprises, Inc.

ARTICLE II

Purpose

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

ARTICLE III
Capital Stock

A. Authorized Shares; Voting Rights. 1. The Corporation is authorized to issue 100,000,000 shares of Common Stock, par value \$1.00 per share, and 2,000,000 shares of preferred stock, par value \$25.00 per share.

2. Each share of Common Stock and each outstanding share of the Series A and H Preferred Stock ("Voting Preferred Stock") which has been beneficially owned continuously by the same person since May 30, 1987 will entitle such person to ten votes with respect to such share on each matter properly submitted to the shareholders of the Corporation for their vote, consent, waiver, release or other action when the Common Stock and the Voting Preferred Stock vote together with respect to such matter.

3. For purposes of this paragraph A, a change in

beneficial ownership of a share of the Corporation's stock shall be deemed to have occurred whenever a change occurs in any person or group of persons who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) voting power, which includes the power to vote, or to direct the voting of such share; (ii) investment power, which includes the power to direct the sale or other disposition of such share; (iii) the right to receive or retain the proceeds of any sale or other disposition of such share; or (iv) the right to receive distributions, including cash dividends, in respect to such share.

a. In the absence of proof to the contrary provided in accordance with the procedures referred to in subparagraph (5) of this paragraph A, a change in beneficial ownership shall be deemed to have occurred whenever a share of stock is transferred of record into the name of any other person.

b. In the case of a share of Common Stock or Voting Preferred Stock held of record in the name of a corporation, general partnership, limited partnership, voting trustee, bank, trust company, broker, nominee or clearing agency, or in any other name except a natural person, if it has not been established pursuant to the procedures referred to in subparagraph (5) that such share was beneficially owned continuously since May 30, 1987 by the person who possesses all of the attributes of beneficial ownership referred to in clauses (i) through (iv) of subparagraph (3) of this paragraph A with respect to such share of Common Stock or Voting Preferred Stock, then such share of Common Stock or Voting Preferred Stock shall carry with it only one vote regardless of when record ownership of such share was acquired.

c. In the case of a share of stock held of record in the name of any person as trustee, agent, guardian or custodian under the Uniform Gifts to Minors Act as in effect in any state, a change in beneficial ownership shall be deemed to have occurred whenever there is a change in the beneficiary of such trust, the principal of such agent, the ward of such guardian or the minor for whom such custodian is acting.

4. Notwithstanding anything in this paragraph A to the contrary, no change in beneficial ownership shall be deemed to have occurred solely as a result of:

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

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

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

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

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

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

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

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

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

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

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

12. Each share of Common Stock issued by the Corporation in a business combination transaction shall be deemed to have been beneficially owned by the person who received such share in the transaction continuously for the shortest period, as determined in good faith by the Board of Directors, that would be permitted for the transactions to be accounted for as a pooling of interests, provided that the Audit Committee of the Board of Directors has made a good faith determination that (i) such transaction has a bona fide business purpose, (ii) it is in the best interests of the Corporation and its shareholders that such transaction be accounted for as a pooling of interests under generally accepted accounting principles and (iii) such issuance of Common Stock does not have the effect of nullifying or materially restricting or disparately reducing the per share voting rights of holders of an outstanding class or classes of voting stock of the Corporation. Notwithstanding the foregoing, the Corporation shall not issue shares in a business combination transaction if such issuance would result in a violation of Rule 19c-4 under the Securities Exchange Act of 1934 and nothing herein shall be interpreted to require the Corporation to account for any business combination transaction in any particular manner.

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

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

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

paid, the amount of the dividend to be distributed shall be divided among the shares of Preferred Stock for which dividends are accrued or in arrears in proportion to the aggregate amounts which would be distributable to those holders of Preferred Stock if full cumulative dividends had previously been paid thereon in accordance with the terms of each series.

C. Non-Assessability; Transfers. The stock of this Corporation shall be fully paid and non-assessable when issued, shall be represented by certificates, and shall be personal property. No transfer of the said stock shall be binding upon this Corporation unless said transfer is made in accordance with this charter and the by-laws of this Corporation and recorded in the books thereof.

D. Pre-emptive Rights. No stockholder shall have any pre-emptive right to subscribe to any or all additions to the stock of this Corporation.

E. Series A Preferred Stock. Preferred Stock, Series A ("Series A Shares") shall consist of 160,560 shares of Preferred Stock.

1. Holders of the outstanding Series A Shares shall be entitled to one vote per share thereof, voting with holders of shares of Common Stock and with holders of other voting shares of Preferred Stock as a single class, except as to those matters on which holders of Preferred Stock or a particular series thereof are required by applicable law to vote separately; and shall be entitled to receive, out of any funds legally available therefor, dividends at the rate of 6-1/8% per annum of the par value thereof, and no more, payable in cash quarterly on the last day of March, June, September and December, in each year when and as declared by the Board of Directors of the Corporation; provided that, if the Net Earnings per share of Common Stock of this Corporation reaches \$1.50 for the preceding calendar year, the annual dividend rate shall be 7-1/8% thereafter; and further provided that, if the Net Earnings per share of Common Stock reaches \$2.00 for the preceding calendar year, the annual dividend rate shall be 8-1/8% thereafter. For purposes hereof, "Net Earnings per share of Common Stock" shall be computed on a fully diluted basis in accordance with Release No. 15, as amended from time to time by the Accounting Principles Board (or any successor thereto) of the American Institute of Certified Public Accountants. Dividends shall accrue on each share of Series A from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Dividends shall be cumulative so that if dividends in respect of any previous quarterly dividend period at the prescribed rate per annum shall not have been paid on or declared and set apart from all Series A Shares at the time outstanding, the deficiency shall be fully paid on or declared and set apart for said shares before any dividend or other distribution shall be paid on or declared or set apart for shares of Common Stock.

2. In the event of a liquidation, dissolution or winding up of this Corporation, the holders of Series A Shares shall be entitled to receive, pro rata with all other holders of Preferred Stock of whatever series, to the extent available out of the assets of this Corporation whether such assets are capital

or surplus of any nature, an amount equal to the par value of such Preferred Stock, and in addition thereto, a further amount equal to the dividends unpaid and accumulated thereon, to the date that payment is made available to the holders of Preferred Stock, whether earned or declared or not, and no more, before any payment shall be made on any assets distributed to the holders of Common Stock.

A consolidation or merger of this Corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the Corporation, shall not be deemed to be a liquidation, dissolution or winding up, within the meaning of this paragraph.

3. If the average daily market price per share of this Corporation's Common Stock maintains a level of \$17.13 or higher for a period of at least ninety consecutive days, thereafter this Corporation, at the option of the Board of Directors, may at any time or from time to time redeem the whole or any part of the outstanding Series A Shares by paying in cash therefor twenty five dollars (\$25.00) per share and, in addition to the aforementioned amount, an amount in cash equal to all dividends thereon unpaid and accumulated as provided in (1) of this Paragraph E, whether earned or declared or not, to and including the date fixed for redemption, such sum being hereinafter sometimes referred to as the redemption price. In case of the redemption of a part only of the outstanding Series A Shares, this Corporation shall designate by lot, in such manner as the Board of Directors may determine, the shares to be redeemed, or shall effect such redemption pro rata. Less than all of the Series A Shares at any time outstanding may not be redeemed until all dividends accrued and in arrears upon all Series A Shares outstanding shall have been paid for all past dividend periods, and until full dividends for the then current dividend period on all Series A Shares then outstanding, other than the shares to be redeemed, shall have been paid or declared and the full amount thereof set apart for payment. At least thirty (30) days' previous notice by mail, postage prepaid, shall be given to the holders of record of the Series A Shares to be redeemed, such notice to be addressed to each shareholder at his post office address as shown by the records of this Corporation. On or after the date fixed for redemption and stated in such notice, each holder of Series A Shares called for redemption shall surrender his certificate evidencing such shares to this Corporation at the place designated in such notice and shall thereupon be entitled to receive payment of the redemption price. In case less than all the shares represented by any such surrendered certificate are redeemed, a new certificate shall be issued representing the unredeemed shares. If such notice of redemption shall have been duly given, and if on the date fixed for redemption funds necessary for the redemption shall be available thereof, then, notwithstanding that the certificates evidencing any shares so called for redemption shall not have been surrendered, the dividends with respect to the shares so called for redemption shall cease to accrue after the date fixed for redemption and all rights with respect to the shares so called for redemption shall forthwith after such date cease and determine, except only the right of the holders to receive the redemption price without interest upon surrender of their certificates thereof.

If, on or prior to any date fixed for redemption of Series A Shares, this Corporation deposits, with any bank or trust company, as a trust fund, a sum sufficient to redeem, on the date fixed for redemption thereof, the shares called for redemption, with irrevocable instructions and authority to the bank or trust company to give the notice or redemption thereof if such notice shall not previously have been given by this Corporation, or to complete the giving if such notice is theretofore commenced, and to pay, on and after the date fixed for redemption or prior thereto, the redemption price of the shares to their respective holders upon the surrender of their share certificates, then from and after the date of the deposit (although prior to the date fixed for redemption), the shares so called shall cease to accrue after the date fixed for redemption. The deposit shall be deemed to constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of the shares without interest, upon the surrender of their certificates therefor, and the right to convert said shares as provided herein at any time up to but not after the close of business on the day prior to the date fixed for redemption of such shares. Any moneys deposited on account of the redemption price of Series A Shares converted subsequent to the making of such deposit shall be repaid to the Corporation forthwith upon the conversion of such Series A Shares.

4. The holders of Series A Shares shall have conversion rights as follows:

a. The Series A Shares shall be convertible, at the option of the respective holders thereof, at any time prior to the day prior to such date, if any, as may have been fixed for the redemption thereof in any notice of redemption given as provided in (3) hereof, at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable shares (calculated to the nearest whole share, fractions of a share being disregarded) of Common Stock of the Corporation, at conversion price in effect at the time of conversion determined as hereinafter provided, each Series A Share being taken at \$25.00 for the purpose of such conversion. The price at which shares of Common Stock shall be deliverable upon conversion (herein called the "conversion price") shall be \$11.42 per share until January 15, 1977, and thereafter the sum of (i) the average daily closing market price thereof during the preceding 24 months of any national securities exchange upon which said Common Stock is listed for trading or, in the absence of said listing, then as reported by the National Association of Securities Dealers, Inc., but not more than \$11.42 and not less than \$8.12 per share; and (ii) one-half of the difference between said average market price and \$11.42 per share; provided, however, that any Series A Shares called for redemption shall be thereafter convertible, at the option of the holders thereof, at any time prior to the date fixed for redemption, into shares of

Common Stock, which shall be valued at \$11.42 per share for said purpose. Such conversion price shall be subject to adjustment from time to time in certain circumstances, as hereinafter provided. The Corporation shall make no payment or adjustment on account of any dividends accrued on the Series A Shares surrendered for conversion. In case of the call for redemption of any Series A Shares, the right of conversion shall terminate as to the shares designated for redemption, at the close of business on the day preceding the day fixed for redemption, unless default is made in the payment of the redemption price.

b. Before any holder of Series A Shares shall be entitled to convert the same to Common Stock, he shall surrender the certificates or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Shares, and shall give written notice to the Corporation at such office that he elects to convert the same and shall state in writing therein the name or names in which he wishes the certificate or certificates for Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Shares, or to his nominee or nominees, certificates for the number of full shares of Common Stock to which he shall be entitled, as aforesaid. Such conversion shall be deemed to have been made as of the date of surrender of the Series A Shares to be converted, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of that Common Stock on said date.

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

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

e. Whenever the conversion price is adjusted, as herein provided, the Corporation shall forthwith maintain at its office and file with the transfer agents for Series A Shares, if any, a statement signed by the Chairman of the Board, or the President, or a Vice President of the

Corporation, and by its Treasurer or an Assistant Treasurer, showing in detail the facts requiring such adjustment and the conversion price after such adjustment. Such transfer agents shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series A Shares desiring an inspection thereof.

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

g. In case:

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

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

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

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation; then, and in any such case, the Corporation shall cause to be mailed to the holders of record of the outstanding Series A Shares, at least 10 days prior to the date hereinafter specified, a notice stating the date on which (x) a record is to be taken

for the purpose of such dividend, distribution or rights, or (y) such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

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

i. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of Series A Shares pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the Series A Shares so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

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

F. Series H Preferred Stock. Preferred Stock, Series H ("Series H Series") shall consist of 20,000 shares of Preferred Stock.

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

time outstanding, the deficiency shall be fully paid on or declared and set apart for said shares before any dividend or other distribution shall be paid on or declared or set apart for shares of Common Stock.

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

A consolidation or merger of this Corporation with or into any other corporation or corporations, or a sale of all or substantially all of the assets of the Corporation, shall not be deemed to be a liquidation, dissolution or winding up, within the meaning of this paragraph.

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

a. The Series H Shares shall be convertible, at the option of the respective holders thereof, at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable shares (calculated to the nearest whole share, fractions of a share being disregarded) of Common Stock of the Corporation, at the conversion rate of one and twelve thirteenths ($1\frac{12}{13}$) shares of Common Stock for each Series H Share converted.

Such conversion rate shall be subject to adjustment from time to time in certain instances, as hereinafter provided. The Corporation shall make no payment or adjustment on account of any dividends accrued on the Series H Shares surrendered for conversion.

b. Before any holder of Series H Shares shall be entitled to convert the same in Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series H Shares, and shall give written notice to the Corporation at such office that he elects to convert the same and shall state in writing therein the name or names in which he wishes the certificate or certificates for Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series H Shares, or to his nominee or nominees, certificates for the number of full shares of Common Stock to which he shall be entitled, as aforesaid. Such conversion shall be deemed to have been made as of the date of surrender of the Series H Shares to be converted, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of that Common Stock on said date.

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

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

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

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

g. In case:

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

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

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

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

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

i. The Corporation shall pay any and all issue and other taxes that may be payable in respect to any issue or delivery of shares of Common Stock or conversion of Series H Shares pursuant hereto. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the Series H Shares so converted were registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has established, to the satisfaction of the Corporation, that such tax has been paid.

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

G. Series K Preferred Stock. The Corporation's 5% Cumulative Convertible Series K Preferred Stock ("Series K Shares") shall consist of 75,000 shares of Preferred Stock having the preferences, limitations and relative rights set forth below.

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

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

3. The holders of Series K Shares shall have the following dividend rights:

a. The holders of record of the Series K Shares shall be entitled to receive, when, as and if declared by the Board of Directors out of funds of the Corporation legally available therefor, an annual cash dividend of \$1.25 on each Series K Share, payable quarterly on each March 31, June 30, September 30 and December 31 on which any Series K Shares shall be outstanding (each a "Dividend Due Date"), commencing on the last day of the calendar quarter in which a wholly-owned subsidiary of the Corporation merges with and into Kingsley Telephone Company. Dividends on each Series K Share shall accrue and be cumulative from and after the date of issuance of such Series K Share and dividends payable for any partial quarterly period shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months. Dividends shall be payable to the holders of record as they appear on the Corporation's stock transfer books at

the close of business on the record date for such payment, which the Board of Directors shall fix not more than 60 days or less than 10 days preceding a Dividend Due Date. Holders of the Series K Shares shall not be entitled to any dividends, whether paid in cash, property or stock, in excess of the cumulative dividends as provided in this paragraph (a) and shall not be entitled to any interest thereon.

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

4. The holders of Series K Shares shall have the following conversion rights:

a. Subject to the rights of the Corporation specified in paragraph (b) below, each Series K Share shall be convertible, at any time, at the option of the holder thereof into that number of fully paid and nonassessable shares of the Common Stock obtained by dividing \$25.00 by the Conversion Price then in effect under the terms of this subsection (4). Unless and until changed in accordance with the terms of this subsection (4), the Conversion Price shall be \$25.33. In order for a holder of the Series K Shares to effect such conversion, the holder shall deliver to Society Shareholder Services, Inc., Dallas Texas, or such other agent as may be designated by the Board of Directors as the transfer agent for the Series K Shares (the "Transfer Agent"), the certificates representing such shares in accordance with paragraph (c) below accompanied by written notice jointly addressed to the Corporation and the Transfer Agent that the holder thereof elects to convert such shares or a specified portion thereof. Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates representing the Series K Shares being converted shall have been delivered to the Transfer Agent in accordance with each term and condition of paragraph (c) below, accompanied by the written notice jointly addressed to the Corporation and

the Transfer Agent of such conversion (the "Optional Conversion Date"), and the person or persons in whose names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the Common Stock represented thereby at such time. As of the close of business on the Optional Conversion Date, the Series K Shares shall be deemed to cease to be outstanding and all rights of any holder thereof shall be extinguished except for the rights arising under the Common Stock issued in exchange therefor and the right to receive accrued and unpaid dividends on such Series K Shares through the Optional Conversion Date on the terms specified in paragraph (d) below.

b. At any time after July 1, 1997, the Corporation, at its option, shall be entitled to convert, in whole but not in part, each outstanding Series K Share into that number of fully paid and nonassessable shares of Common Stock obtained by dividing \$25.00 by the Conversion Price then in effect. In order to effect such conversion, the Corporation shall mail notice to each record holder of the Series K Shares at least 30 but not more than 60 days prior to the date fixed for such conversion (the "Mandatory Conversion Date" and together with the Optional Conversion Date, the "Conversion Date"). Each notice shall specify the Mandatory Conversion Date and the Conversion Price then in effect. Any notice mailed in such manner shall be conclusively deemed to have been duly given regardless of whether such notice is in fact received. Upon receipt of such notice, the holder of Series K Shares shall promptly surrender to the Transfer Agent in accordance with paragraph

(c) below the certificate representing the converted Series K Shares. In order to facilitate the conversion of the Series K Shares, the Board of Directors may fix a record date for the determination of the holders of the Series K Shares, which shall not be more than 60 days prior to the Mandatory Conversion Date. As of the close of business on the Mandatory Conversion Date, the Series K Shares shall be deemed to cease to be outstanding and all rights of any holder thereof shall be extinguished except for the rights arising under the Common Stock issued in exchange therefore and the right to receive accrued and unpaid dividends on such Series K Shares through the Mandatory Conversion Date on the terms specified in paragraph (d) below; provided, however, that no certificates representing such Common Stock shall be issued and no dividends or other distributions shall be payable with respect to such Common Stock, until the certificates representing the Series K Shares have been surrendered to the Transfer Agent in accordance with paragraph (c) below.

c. In connection with surrendering to the Transfer Agent the certificates representing (or formerly representing) Series K Shares, the holder shall furnish the Transfer Agent with transfer instruments satisfactory to the Corporation and sufficient to transfer the Series K Shares being converted to the Corporation free of any adverse interest or claims. As promptly as practicable after the surrender of the Series K Shares in accordance with this

paragraph and any other requirement under this subsection

(4), the Corporation, acting directly or through the Transfer Agent, shall issue and deliver to such holder certificates for the number of whole shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions hereof (along with any interest payment specified in paragraph (a) or (b) above and cash payment in lieu of fractional shares specified in paragraph (e) below). Certificates will be issued for the balance of any remaining Series K Shares in any case in which fewer than all of the Series K Shares are converted. Any conversion under paragraph (a) or (b) shall be effected at the Conversion Price in effect on the Conversion Date.

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

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

(4), the term "Trading Day" means (i) if the Common Stock is listed or admitted for trading on any national securities exchange, days on which such national securities exchange is open for business, or (ii) if the Common Stock is not so listed or admitted for trading but is quoted by NASDAQ or any similar system of automated dissemination of quotations of securities prices, days on which trades may be made on such system.

f. The Conversion Price shall be adjusted from

time to time as follows:

(i) If the Corporation shall pay or make a dividend or other distribution on any class of capital stock of the Company in the form of Common Stock, then the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator of which shall be the aggregate number of shares of Common Stock that would be outstanding if such dividend or other distribution were effected as of such date. For the purposes of this subparagraph (i), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation.

(ii) If the Corporation shall issue rights, warrants or other securities convertible into Common Stock to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share (determined as provided in subparagraph (vi) below) of the Common Stock on the date fixed for the determination of shareholders entitled to receive such rights, warrants or convertible securities, then the Conversion Price in effect at the opening of business on the day following the date fixed for such determination shall be reduced by multiplying such Conversion Price by a fraction the numerator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock that the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such current market price and the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase. For the purposes of this subparagraph (ii), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation.

(iii) If the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, then the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be reduced proportionately in the manner provided in subparagraph (i) above, and, conversely, if the outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, then the Conversion Price in effect at the

opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased.

(iv) If the Corporation shall, by dividend or otherwise, distribute to all holders of its Common Stock evidences of its indebtedness or cash or other assets (excluding any dividend or distribution referred to in subparagraph (i) above, any rights, warrants or convertible securities referred to in subparagraph (ii) above, and any dividend payable solely in cash from the earnings of the Corporation), then in each case the Conversion Price shall be adjusted so that the Conversion Price shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the record date for the determination of holders of Common Stock entitled to receive such distribution by a fraction the numerator of which shall be the current market price per share (determined as provided in subparagraph (vi) below) of the Common Stock on such record date less the then fair market value per share (determined solely by the Board of Directors and described in a statement filed with the Transfer Agent) of the cash or other assets or evidences of indebtedness so distributed (and for which an adjustment to the Conversion Price has not previously been made pursuant to the terms of this paragraph (f)) applicable to one share of Common Stock and the denominator of which shall be such current market price per share of the Common Stock.

(v) The reclassification of Common Stock into securities, including securities other than Common Stock (other than any reclassification upon a consolidation, merger or statutory share exchange to which subparagraph (ix) below applies), shall be deemed to involve (A) a distribution of such securities other than Common Stock to all holders of Common Stock and the effective date of such reclassification shall be deemed to be "the date fixed for the determination of shareholders entitled to receive such distribution" and "the date fixed for such determination" within the meaning of subparagraph (ii) above, and (B) a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective," as the case may be, and "the day upon which such subdivision or combination becomes effective" within the meaning of paragraph (iii) above.

(vi) For the purpose of any computation under subparagraphs (ii) and (iv) above, the current market price per share of Common Stock on any day shall be deemed to be the average of the last reported sale price for the 20 consecutive Trading Days selected by

the Board of Directors commencing no more than 30 Trading Days before and ending no later than the day before the day in question on the NYSE (or, if the Common Stock is not then traded on the NYSE, then the last reported sale price on such other national securities exchange on which the Common Stock is listed or admitted to trading or, if not then listed or admitted to trading on any national securities exchange, then the last quoted bid price in the over-the-counter market as reported by NASDAQ or any similar system of automated dissemination of securities prices).

(vii) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% of such price; provided, however, that any adjustments which by reason of this subparagraph (vii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment and provided, further, that any adjustment shall be made in accordance with the provisions of this paragraph (f) (other than this subparagraph (vii)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Anything in this subparagraph (vii) to the contrary notwithstanding, the Corporation shall be entitled to make such reductions in the Conversion Price, in addition to those required by this paragraph (f), as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision or combination of shares, distribution of capital stock or rights or warrants to purchase stock or securities, or distribution of evidences of indebtedness or assets (other than cash dividends or distributions paid from retained earnings) hereafter made by the Corporation to its shareholders be a tax-free distribution for federal income tax purposes. All calculations shall be made to the nearest cent.

(viii) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly deliver to the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall constitute conclusive evidence, absent manifest error, of the correctness of such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare and mail a notice to each holder of Series K Shares at each such holder's last address as the same appears on the books of the Corporation, which notice shall set forth the Conversion Price and a brief statement of the facts requiring the adjustment.

(ix) If the Corporation shall be a party to any transaction, including, without limitation, a merger, consolidation or statutory share exchange but excluding a reincorporation merger and any transaction as to which subparagraphs (i) through (v) apply, in

which shares of Common Stock shall be converted into the right to receive securities, cash or other property (or any combination thereof) (each of the foregoing being referred to herein as a "Transaction"), then each holder of Series K Shares outstanding shall have the right thereafter to convert such shares only into the kind and amount of securities, cash and other property receivable in connection with such Transaction by a holder of the number of shares of Common Stock into which such Series K Shares might have been converted immediately prior to such Transaction, assuming such holder of Common Stock (A) is not an entity with which the Corporation consolidated, into which the Corporation merged, that merged into the Corporation, that engaged in a share exchange, or to which such sale or transfer was made, as the case may be (a "constituent entity"), or an affiliate of a constituent entity, (B) did not exercise dissenters' rights with respect to such Transaction and (C) failed to exercise his rights of election, if any, as to the kind or amount of securities, cash or other property receivable in connection with such Transaction (provided that if the kind or amount of securities, cash and other property receivable in connection with such Transaction is not the same for each share of Common Stock held immediately prior to such Transaction by holders other than a constituent entity or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this subparagraph (ix) the kind and amount of securities, cash and other property receivable in connection with such Transaction by each non-electing share shall be deemed to be the kind and amount so receivable per share by all or a plurality of the non-electing shares). If necessary, appropriate adjustment shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the holders of Series K Shares so that the provisions set forth herein shall thereafter correspondingly be made applicable, as nearly as may reasonably be, in relation to any shares of stock or other securities or property thereafter deliverable on the conversion of the shares. Any such adjustment shall be evidenced by a certificate of independent public accountants and a notice of such adjustment filed and mailed in the manner set forth in subparagraph (viii) above, and each containing the information set forth in such subparagraph (viii); and any adjustment so certified shall for all purposes hereof conclusively be deemed to be an appropriate adjustment. The above provisions shall similarly apply to successive Transactions.

(x) For purposes of this paragraph (f), "Common Stock" includes any stock of any class of the Corporation that has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and that is not subject to redemption by the Corporation. However, subject to

the provisions of subparagraph (ix) above, shares issuable on conversion of Series K Shares shall include only shares of the class designated as Common Stock of the Corporation on the date of the initial issuance of Series K Shares by the Corporation, or shares of any class or classes resulting from any reclassification thereof that have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and that are not subject to redemption by the Corporation; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion that the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

g. The Corporation shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issuance or delivery of shares of Common Stock in connection with conversions of Series K Shares pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock in a name other than that of the record holder of the Series K Shares to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

h. The Corporation covenants that (A) all shares of Common Stock that may be issued upon conversions of Series K Shares will upon issuance be duly and validly issued, fully paid and nonassessable, free of all liens and charges and not subject to any preemptive rights, and (B) it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common stock held in its treasury, or both, for the purpose of effecting conversions of Series K Shares, the whole number of shares of Common Stock deliverable upon the conversion of all outstanding Series K Shares.

5. The holders of Series K Shares shall have the following liquidation rights and preferences:

a. Upon any voluntary or involuntary dissolution, liquidation, or winding up of the Corporation (for the purposes of this subsection (5), a "Liquidation"), the holder of each Series K Share then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders an amount equal to \$25.00 per share plus all dividends (whether or not declared or due) accrued and unpaid on such share through the date fixed for the distribution of assets of the Corporation to the holders of Series K Shares. With respect

to the distribution of the Corporation's assets upon a Liquidation, the Series K Shares shall rank prior to Junior Securities, pari passu with the Parity Securities and junior to the Senior Securities.

b. If upon any Liquidation of the Corporation, the assets available for distribution to the holders of Series K Shares and any Parity Securities then outstanding shall be insufficient to pay in full the liquidation distributions to the holders of the outstanding Series K Shares and Parity Securities in accordance with the terms of these Articles of Incorporation, then the holders of such shares shall share ratably in such distribution of assets.

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

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

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

6. The Series K Shares is not entitled to any preemptive or subscription rights in respect of any securities of the Corporation.

H. Junior Preferred Stock. Series AA Junior Participating Preferred Stock (the "Junior Preferred Stock") shall consist of 200,000 shares of Preferred Stock, \$25 par value.

1. The rights of the holders of Junior Preferred Stock to dividends and distributions shall be as follows:

a. Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Junior Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (i) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times

the aggregate per share amount of all cash dividends declared or paid on the Common Stock, and (ii) a preferential cash dividend ("Preferential Dividends"), if any, on the 15th day of March, June, September, and December of each year or, if such 15th day is not a business day, on the business day immediately preceding such 15th day (each a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Junior Preferred Stock, in an amount equal to \$21.00 per share of Junior Preferred Stock less the per share amount of all cash dividends declared on the Junior Preferred Stock pursuant to clause

(i) of this sentence since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Junior Preferred Stock. In the event this Corporation shall, at any time after the issuance of any share or fraction of a share of Junior Preferred Stock, make any distribution on the shares of Common Stock, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Corporation or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subject to clause (i) of the immediately preceding sentence and other than a distribution of shares of Common Stock or other capital stock of this Corporation and other than a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Current Market Price of such share), then and in each such event this Corporation shall simultaneously pay on each then outstanding share of Junior Preferred Stock a distribution, in like kind, of 100 times (subject to the provisions for adjustment hereinafter set forth) such distribution paid on a share of Common Stock. The dividends and distributions on the Junior Preferred Stock to which holders thereof are entitled pursuant to clause (i) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Participating Dividends," and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Participating Dividends, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple." In the event this Corporation shall at any time after November 28, 1986 declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Participating Dividends which holders of shares of Junior Preferred Stock shall be entitled to receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number

of shares of Common Stock that were outstanding immediately prior to such event.

b. This Corporation shall declare each Participating Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Participating Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Participating Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Participating Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Junior Preferred Stock.

c. Preferential Dividends shall begin to accrue on outstanding shares of Junior Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Junior Preferred Stock. Accrued but unpaid Preferential Dividends shall cumulate but shall not bear interest. Preferential Dividends paid on the shares of Junior Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

2. The holders of shares of Junior Preferred Stock shall have the following voting rights:

a. Subject to the provisions for adjustment hereinafter set forth, each share of Junior Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of this Corporation. The number of votes which a holder of Junior Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple." In the event this Corporation shall at any time after November 28, 1986 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Junior Preferred Stock shall be entitled after such event shall be the Voting Multiple immediately prior to such event multiplied by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

b. Except as otherwise provided herein or by law, the holders of shares of Junior Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of this Corporation.

c. The holder of a fractional share of Junior Preferred Stock may vote any such fractional share in increments of 1/100 of a share on all matters submitted to a vote of the shareholders of this Corporation such that the holder of a fractional share of Junior Preferred Stock may cast one vote for each one hundredth of a share of Junior Preferred Stock held of record by him.

d. In the event that the Preferential Dividends accrued on the Junior Preferred Stock for four or more quarterly dividend periods, whether consecutive or not, shall not have been declared and paid or set apart for payment, the holders of record of the Junior Preferred Stock shall have the right, at the next meeting of shareholders called for the election of directors, voting as a class to elect two members to the Board of Directors, which directors shall be in addition to the number provided for under the By-laws prior to such event, to serve until the next Annual Meeting and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Preferential Dividends upon the outstanding shares of Junior Preferred Stock shall have been paid (or set aside for payment) in full. The holders of shares of Junior Preferred Stock shall continue to have the right to elect directors as provided by the immediately preceding sentence until all accrued and unpaid Preferential Dividends upon the outstanding shares of Junior Preferred Stock shall have been paid (or set aside for payment) in full. Such directors may be removed and replaced by such shareholders, and vacancies in such directorships may be filled only by such shareholders (or by the remaining director elected by such shareholders, if there be one) in the manner permitted by law; provided, however, that any such action by shareholders shall be taken at a meeting of shareholders and shall not be taken by written consent thereof.

e. Except as otherwise required by law or set forth herein, holders of Junior Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

3. This Corporation shall abide by the following restrictions:

a. Whenever Preferential Dividends or Participating Dividends are in arrears or this Corporation shall be in default in payment thereof, thereafter and until all accrued and unpaid Preferential Dividends and Participating Dividends, whether or not declared, on shares of Junior Preferred Stock outstanding shall have been paid or set aside for payment in full, and in addition to any and all other rights which any holder of shares of Junior Preferred Stock may have in such circumstances, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or

otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to, the Junior Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Junior Preferred Stock, unless dividends are paid ratably on the Junior Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) except as permitted by subparagraph (iv) below, redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Junior Preferred Stock, provided that this Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Junior Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Junior Preferred Stock, or any shares of stock ranking on a parity with the Junior Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

b. This Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph

(a) of this Section 3, purchase or otherwise acquire such shares at such time and in such manner.

c. This Corporation shall not issue any shares of Junior Preferred Stock except upon exercise of Rights issued pursuant to that certain Rights Agreement dated as of November 17, 1986 between the Corporation and the Rights Agent named therein (the "Rights Agreement"), a copy of which is on file with the Secretary of the Corporation at its principal executive office and shall be made available to shareholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict this Corporation from issuing for any purpose any series of

preferred stock with rights and privileges similar to, different from, or greater than, those of the Junior Preferred Stock.

4. Any shares of Junior Preferred Stock purchased or otherwise acquired by this Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. This Corporation shall cause all such shares upon their retirement and cancellation to become authorized but unissued shares of preferred stock, without designation as to series, and such shares may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors.

5. Upon any voluntary or involuntary liquidation, dissolution or winding up of this Corporation, no distribution shall be made (a) to the holders of shares of stock ranking junior to the Junior Preferred Stock (upon liquidation, dissolution or winding up) unless the holders of shares of Junior Preferred Stock shall have received, subject to adjustment as hereinafter provided, the greater of either (i) \$8,500 per share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (ii) the amount equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (b) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Junior Preferred Stock, unless simultaneously therewith distributions are made ratably on the Junior Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Junior Preferred Stock are entitled under clause (a)(i) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Junior Preferred Stock shall be entitled upon liquidation, dissolution or winding up of this Corporation pursuant to clause (a)(ii) of the foregoing sentence is hereinafter referred to as the "Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of this Corporation applicable pursuant to said clause to the determination of the Participating Liquidation Amount, which shall be 100 initially but shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple." In the event this Corporation shall at any time after November 28, 1986 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Liquidation Multiple therefor applicable to the determination of the Participating Liquidation Amount to which holders of Junior Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

6. The holders of shares of Junior Preferred Stock

shall have the following rights:

a. In the event that holders of shares of Common Stock of this Corporation receive after November 28, 1986 in respect of their shares of Common Stock any share of capital stock of this Corporation (other than any share of Common Stock of the Corporation), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise ("Transaction"), then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of this Corporation of the shares of Junior Preferred Stock shall be adjusted so that after such event the holders of Junior Preferred Stock shall be entitled, in respect of each share of Junior Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such Transaction multiplied by the additional dividends which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock, (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock and (iii) such additional distributions upon liquidation, dissolution or winding up of this Corporation as equal the Liquidation Multiple in effect immediately prior to such Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of this Corporation by virtue of the receipt in the Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

b. In the event that holders of shares of Common Stock of this Corporation receive after November 28, 1986 in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Current Market Price (as hereinafter defined) of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of this Corporation of the shares of Junior Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Vote Multiple and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Vote Multiple and the Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such

issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Current Market Price of the Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

c. In the event that holders of shares of Common Stock of this Corporation receive after November 28, 1986 in respect of their shares of Common Stock any right or warrant to purchase capital stock of this Corporation (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of this Corporation (other than Common Stock), at a purchase price per share less than the Current Market Price of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of this Corporation of the shares of Junior Preferred Stock shall each be adjusted so that after such event each holder of a share of Junior Preferred Stock shall be entitled, in respect of each share of Junior Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event, to receive (i) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of shares of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of this Corporation as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of this Corporation upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction, the numerator of which shall be the difference between the Current Market Price (as hereinafter defined) of a share of the capital stock subject to a right or warrant distributed to the holders of shares of Common Stock of this Corporation as contemplated by this paragraph immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Current Market Price of a share of such capital stock immediately after the distribution of such right or warrant.

d. For purposes of this Section (6), the

"Current Market Price" of a share of capital stock of this Corporation (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing prices per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that such Current Market Price of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after the ex-dividend date for (i) a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Current Market Price shall be appropriately adjusted by the Board of Directors of this Corporation to reflect the Current Market Price of such stock to take into account ex-dividend trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange, or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or if on any such date the shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of this Corporation. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of this Corporation is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Current Market Price thereof as aforesaid, "Current Market Price" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of this Corporation. In either case referred to in the foregoing sentence, the determination of Current Market Price shall be described in a statement filed with the Secretary of the Corporation.

7. In case this Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into

other stock or securities, cash and/or any other property, then in any such case each outstanding share of Junior Preferred Stock shall at the time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Vote Multiple, the Dividend Multiple or the Liquidation Multiple in effect immediately prior to such event.

8. Adjustments to the Junior Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs. This Corporation shall give prompt written notice to each holder of a share of Junior Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of this Corporation of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of this Corporation to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

9. The shares of Junior Preferred Stock shall not be redeemable at the option of this Corporation or any holder thereof. Notwithstanding the foregoing sentence of this Section, this Corporation may acquire shares of Junior Preferred Stock in any other manner permitted by law, the provisions hereof and the Articles of Incorporation of the Corporation.

10. Unless otherwise provided in these Articles of Incorporation, the Junior Preferred Stock shall rank junior to all other series of the Corporation's preferred stock (as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up) and senior to the Common Stock.

11. The provisions of this Section of the Articles of Incorporation shall not be amended in any manner which would materially affect the rights, privileges or powers of the Junior Preferred Stock without, in addition to any other vote of shareholders required by law, the affirmative vote of the holders of eighty percent or more of the outstanding shares of Junior Preferred Stock, voting together as a single class.

ARTICLE IV

Exculpation of Directors and Officers

No director or officer of the Corporation shall be liable to the Corporation or to its shareholders for monetary damages for breach of his fiduciary duty as a director or officer, provided that the foregoing provision shall not eliminate or limit the liability of a director or officer for (a) any breach of his duty of loyalty to the Corporation or its shareholders; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) liability for unlawful distributions of the Corporation's assets to, or redemption or repurchase of the Corporation's shares from, shareholders of the Corporation, under and to the extent provided in La.R.S. 12:92D; or (d) any transaction from which he derived an improper personal benefit.

The Board of Directors may (a) cause the Corporation to enter into contracts with directors and officers providing for the limitation of liability set forth in this Article IV and for indemnification of directors and officers to the fullest extent permitted by law and (b) adopt by-laws or resolutions providing for indemnification of directors, officers and other persons to the fullest extent permitted by law, notwithstanding that some or all of the members of the Board of Directors acting with respect to the foregoing may be parties to such contracts or beneficiaries of such by-laws or resolutions.

Notwithstanding any other provisions of these Articles of Incorporation, the affirmative vote of at least 80% of the total voting power shall be required to amend or repeal this Article IV, and any amendment or repeal of this Article IV shall not adversely affect any elimination or limitation of liability of a director or officer of the Corporation under this Article IV with respect to any action or inaction occurring prior to the time of such amendment or repeal.

ARTICLE V

Survivability of Indemnification Rights

No amendment or repeal of any by-law or resolution limiting the right to indemnification provided by such by-law or resolution shall affect any person's entitlement to indemnification whose claim thereto results from conduct occurring prior to the date of such amendment or repeal.

ARTICLE VI

Reversion

Except for cash, shares or other property or rights payable or issuable to the holders of Preferred Stock, the rights to which shall be determined under applicable state law, cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares, which are not claimed by the shareholder entitled thereto within one year after the dividend or redemption price became payable or the shares became issuable, despite reasonable efforts by the Corporation to pay the dividend or redemption price or deliver the certificates for the shares to such shareholders within such time, shall, at the expiration of such time, revert in full ownership to the Corporation, and the Corporation's obligation to pay such dividend or redemption price of issue such shares, as the case may be, shall thereupon cease; provided that the Board of Directors may, at any time, for any reason satisfactory to it, but need not, authorize (1) payment of the amount of any cash or property dividend or redemption price or (2) issuance of any shares, ownership of which has reverted to the Corporation pursuant to this Article VI, to the person or entity who or which would be entitled thereto had such reversion not occurred.

ARTICLE VII

Special Meetings of Shareholders

A majority of the total voting power of the Corporation shall be required to cause the Secretary of the Corporation to

call a special meeting of shareholders pursuant to La. R.S. 12:73B. Nothing in this Article VII shall limit the power of the President of the Corporation or its Board of Directors to call a special meeting of shareholders.

ARTICLE VIII

Board of Directors; Business Combinations

A. Definitions. The following terms, for all purposes of these Articles or the By-laws of this Corporation, shall have the following meaning:

1. An "Affiliate" of, or a person "affiliated with," a specified person means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.
2. "Associate," when used to indicate a relationship with any person, means any of the following:
 - a. Any corporation or organization, other than this Corporation, of which such person is an officer, director or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of equity securities.
 - b. Any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity.
 - c. Any relative or spouse of such person, or any relative of such spouse, who has the same home as such person.
 - d. Any investment company registered under the Investment Company Act of 1940 for which such person serves as investment advisor.
3. A person shall be deemed to be the "Beneficial Owner" of any shares of capital stock (regardless whether owned of record):
 - a. Which that person or any of its Affiliates or Associates, directly or indirectly, owns beneficially; or
 - b. Which such person or any of its Affiliates or Associates has (i) the right to acquire (whether exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding; or
 - c. Which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of voting capital stock of the Corporation or any of its subsidiaries.

4. "Business Combination" means any of the following transactions, when entered into by the Corporation or a subsidiary of the Corporation with, or upon a proposal by, a Related Person:
- a. The merger or consolidation of, or an exchange of securities by, the Corporation or any subsidiary of the Corporation; or
 - b. The sale, lease, exchange, mortgage, pledge, transfer or any other disposition (in one or a series of transactions) of any assets of the Corporation, or of any subsidiary of the Corporation, having an aggregate book or fair market value of \$1,000,000 or more, measured at the time the transaction or transactions are approved by the

Board of Directors; or
 - c. The adoption of a plan or proposal for the liquidation or dissolution of the Corporation or any subsidiary of the Corporation; or
 - d. The issuance or transfer by the Corporation or any subsidiary of the Corporation (in one or a series of transactions) of securities of the Corporation, or of any subsidiary of the Corporation, having a fair market value of \$1,000,000 or more; or
 - e. The reclassification of securities (including a reverse stock split), recapitalization, consolidation or any other transaction (whether or not involving a Related Person) which has the direct or indirect effect of increasing the voting power (regardless whether then exercisable) or the proportionate amount of the outstanding shares of any class or series of equity securities of this Corporation or any of its subsidiaries of a Related Person, or any Associate or Affiliate of a Related Person; or
 - f. Any agreement, contract or other arrangement providing directly or indirectly for any of the foregoing.
5. "Common Stock" means any stock other than a class or series of preferred or preference stock.
6. "Continuing Director" shall mean any member of the Board of Directors who is not affiliated with a Related Person and who was a member of the Board of Directors prior to the time that the Related Person became a Related Person, and any successor to a Continuing Director who is not affiliated with the Related Person and is recommended to succeed a Continuing Director by a majority of Continuing Directors who are then members of the Board of Directors.
7. "Control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. The beneficial ownership of ten percent or more of the votes entitled to be cast by a corporation's voting stock

creates a presumption of control.

8. "This Corporation" and "the Corporation" mean Century Telephone Enterprises, Inc.

9. "Equity Security" means any of the following:

a. Any stock or similar security, certificate of interest or participation in any profit sharing agreement, voting trust certificate or certificate of deposit for an equity security.

b. Any security convertible, with or without consideration, into an equity security, or any warrant or other security carrying any right to subscribe to or purchase an equity security.

c. Any put, call, straddle or other option or privilege of buying an equity security from or selling an equity security to another without being bound to do so.

10. "Extraordinary Event" shall mean, as to any Business Combination and Related Person, any of the following events that is not approved by a majority of all Continuing Directors:

a. Any failure to declare and pay at the regular date therefor any full quarterly dividend (regardless whether cumulative) on outstanding Preferred Stock; or

b. Any reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock); or

c. Any failure to increase the annual rate of dividends paid on the Common Stock as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction that has the effect of reducing the number of outstanding shares of the Common Stock; or

d. The receipt by the Related Person, after such Related Person has become a Related Person, of a direct or indirect benefit (except proportionately as a shareholder) from any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation or any subsidiary of the Corporation, whether in anticipation of or in connection with the Business Combination or otherwise.

11. "Independent Shareholder" or "Independent Stockholder" means a holder of voting stock of this Corporation who is not a Related Person.

12. "Market Value" means the following:

a. In the case of stock, the highest closing sale price on the date or during the period in question of a share of such stock on the principal United States Securities Exchange registered under the Securities Exchange

Act of 1934 on which such stock is listed or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock on the date or during the period in question on the National Association of Securities Dealers, Inc., Automated Quotations Systems, or any alternative system then in use, or, if no such quotations are available, the fair market value on the date or during the period in question of a share of such stock as determined by a majority of the Continuing Directors of this Corporation in good faith.

b. In the case of property other than cash or stock, the fair market value of such property on the date or during the period in question as determined by a majority of the Continuing Directors of this Corporation in good faith.

13. A "Person" shall mean any individual, firm, corporation or other entity, or a group of persons acting or agreeing to act together in the manner set forth in Rule 13d-5 under the Securities Exchange Act of 1934, as in effect on January 1, 1984.

14. "Related Person" means any person (other than the Corporation, a subsidiary of the Corporation or any profit sharing, employee stock ownership or other employee benefit plan of the Corporation or any subsidiary of the Corporation or any trust, trustee or fiduciary with respect to any such plan acting in such capacity) that is the direct or indirect Beneficial Owner of shares of capital stock representing more than ten percent of the outstanding voting power of the Corporation entitled to vote for the election of directors, and any Affiliate or Associate of any such person. For the purpose of determining whether a person is the Beneficial Owner of a percentage, specified in this Article VIII, of the outstanding voting power of the Corporation, the number of shares of voting stock deemed to be outstanding shall include shares deemed owned by that person through application of Subsection A.3. of this Article VIII but shall not include any other shares which may be issuable to any other person.

15. "Subsidiary" means any corporation of which voting stock having a majority of the votes entitled to be cast is owned, directly or indirectly, by this Corporation.

16. "Voting Stock" means shares of capital stock of a corporation entitled to vote generally in the election of directors.

17. "Whole Board of Directors" means the authorized number of directors fixed by Paragraph B.1. of this Article VIII or determined from time to time by the Board of Directors pursuant thereto.

B. Board of Directors. 1. The business and affairs of this Corporation shall be managed by or under the direction of the Board of Directors. The number of directors of this Corporation (exclusive of directors to be elected by the holders of any one or more series of the Preferred Stock voting separately as a class or classes) that shall constitute the Whole Board of Directors shall be 14, unless otherwise determined from

time to time by resolution adopted by the affirmative votes of both of the following:

- a. Eighty percent of the directors then in office; and
- b. A majority of the Continuing Directors, voting as a separate group.

2. The Board of Directors shall be divided into three classes, designated Classes I, II and III, as nearly equal in number as the then total number of directors constituting the Whole Board of Directors permits. The members of Class III shall next be elected at the annual meeting of stockholders in 1985; and members of Classes I and II shall next be elected at the annual meeting of stockholders to be held in 1986 and 1987, respectively. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled only by the Board of Directors, acting by vote of both (a) a majority of the directors then in office, although less than a quorum, and (b) a majority of the Continuing Directors; and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of this Corporation, the terms of the directors or directors elected by such holders shall expire at the next succeeding annual meeting of the stockholders and vacancies created with respect to any directorship of the directors so elected may be filled in the manner specified by such Preferred Stock. Subject to the foregoing, at each annual meeting of stockholders the successors to be the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting and until their successors shall be elected and qualified.

3. Notwithstanding any other provisions of these Articles or the Bylaws of this Corporation (and notwithstanding the fact that some lesser percentage may be specified or permitted by law) any director or the entire Board of Directors of this Corporation may be removed at any time, but only for cause and only by the affirmative votes, at a meeting of the holders of voting stock of the Corporation called for that purpose, of at least both of the following:

- a. A majority of the votes entitled to be cast by holders of outstanding shares of voting stock of this Corporation; and
- b. A majority of the votes entitled to be cast by the Independent Stockholders, voting as a separate voting group.

The foregoing notwithstanding, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a

class, to elect one or more directors of this Corporation, the provisions of this Paragraph B.3. shall not apply with respect to the director or directors elected by such holders of Preferred Stock.

C. Vote Required in Business Combinations. No Business Combination may be effected unless all of the following conditions have been fulfilled:

1. In addition to any vote otherwise required by law or these Articles, the proposal to effect a Business Combination shall have been approved by (a) a majority of the directors then in office and (b) a majority of the Continuing Directors; and by the affirmative votes of both of the following:

a. Eighty percent of the votes entitled to be cast by holders of outstanding shares of voting stock of this Corporation, voting as a separate voting group; and

b. Two-thirds of the votes entitled to be cast by the Independent Stockholders present or duly represented at a meeting, voting as a separate voting group.

2. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder (or any subsequent provisions replacing the Act, rules or regulations as a whole or in part) is mailed to all stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (regardless of whether such proxy or information statement is required pursuant to the Act or subsequent provisions).

D. Nonapplicability of Voting Requirements. 1. For the purposes of Subparagraph 2 of this Paragraph D, the following terms shall have the meanings ascribed to them:

a. "Announcement date" means the first general public announcement of the proposal or intention to make a proposal of the Business Combination or its first communication generally to shareholders of this Corporation, whichever is earlier.

b. "Determination date" means the date on which a Related Person first became a Related Person.

c. "Valuation date" means the following:

(i) For a Business Combination voted upon by shareholders, the latter of the date prior to the date of the shareholders' vote and the day twenty days prior to the consummation of the Business Combination.

(ii) For a Business Combination not voted upon by the shareholders, the date of the consummation of the Business Combination.

2. The vote required by Paragraph C of this Article VIII does not apply to a Business Combination, if each of the

following conditions is met:

a. The aggregate amount of the cash and the market value on the valuation date of consideration other than cash to be received per share by all holders of common stock in such Business Combination is at least equal to the highest of the following:

(i) the highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or on behalf of the Related Person for any shares of common stock of the same class or series acquired by it:

(a) Within the two-year period immediately prior to the announcement date of the proposal of the Business Combination; and

(b) In the transaction in which it became a Related Person, whichever is higher.

(ii) The market value per share of common stock of the same class or series on the announcement date or on the determination date, whichever is higher;

(iii) The price per share equal to the market value per share of common stock of the same class or series determined pursuant to Subparagraph D.2(a)(ii) of this Article VIII, multiplied by the fraction of:

(a) The highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of common stock of the same class or series acquired by it within the two-year period immediately prior to the announcement date, over

(b) The market value per share of common stock of the same class or series on the first day in such two-year period on which the Related Person acquired any shares of common stock.

b. The aggregate amount of the cash and the market value as of the valuation date of consideration other than cash to be received per share by holders of shares of any class or series of outstanding stock other than common stock is at least equal to the highest of the following, whether or not the Related Person has previously acquired any shares of a particular class or series of stock:

(i) The highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of such class of stock acquired by it:

(a) Within the two-year period immediately prior to the announcement date of the

proposal of the Business Combination; or

(b) In the transaction in which it became a Related Person, whichever is higher; or

(ii) The highest preferential amount per share to which the holders of shares of such class of stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of this Corporation; or

(iii) The market value per share of such class of stock on the announcement date or on the determination date, whichever is higher; or

(iv) The price per share equal to the market value per share of such class of stock determined pursuant to Subparagraph D.2(b)(iii) multiplied by the fraction of:

(a) The highest per share price, including any brokerage commissions, transfer taxes and soliciting dealers' fees, paid by or for the Related Person for any shares of any class of voting stock acquired by it within the two-year period immediately prior to the announcement date, over

(b) The market value per share of the same class of voting stock on the first day in such two-year period on which the Related Person acquired any shares of the same class of voting stock.

c. The consideration to be received by holders of any class or series of outstanding stock is to be in cash or in the same form as the Related Person has previously paid for shares of the same class or series of stock. If the Related Person has paid for shares of any class of stock with varying forms of consideration, the form of consideration for such class of stock shall be either cash or the form used to acquire the largest number of shares of such class or series of stock previously acquired by it.

d. (i) After the Related Person has become a Related Person and prior to the consummation of such Business Combination:

(a) There shall have been no failure to declare and pay at the regular date therefor any full periodic dividends, cumulative or not, on any outstanding preferred stock of this Corporation;

(b) There shall have been:

i) No reduction in the annual rate of dividends paid on any class or series of stock of this Corporation that is not preferred stock except as necessary to reflect any subdivision of the stock; and

ii) An increase in such annual rate of dividends as necessary to reflect any reclassification, including any reverse stock split, recapitalization, reorganization, or any similar transaction which has the effect of reducing the number of outstanding shares of the stock; and

(c) The Related Person did not become the Beneficial Owner of any additional shares of stock of this Corporation except as part of the transaction which resulted in such Related Person becoming a Related Person or by virtue of proportionate stock splits or stock dividends.

(ii) The provisions of (a) and (b) of Subparagraph D.2(d)(i) shall not apply if no Related Person or an Affiliate or Associate of the Related Person voted as a director of this Corporation in a manner inconsistent with (a) and (b) of Subparagraph D.2(d)(i) and the Related Person, within ten days after any act or failure to act inconsistent with such Sub- subparagraphs, notifies the Board of Directors of this Corporation in writing that the Related Person disapproves thereof and requests in good faith that the Board of Directors rectify such act or failure to act.

e. After the Related Person has become a Related Person, the Related Person may not have received the benefit, directly or indirectly, except proportionately as a shareholder, of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by this Corporation or any of its subsidiaries, whether in anticipation of or in connection with such Business Combination or otherwise.

3. The vote required by Subparagraph C.1 of this Article VIII shall not apply to a proposed Business Combination, if, prior to the time the Related Person involved in the proposed transaction shall have become a Related Person, the proposed Business Combination is approved by the affirmative votes of both of the following:

a. A majority of the directors then in office; and

b. A majority of the Continuing Directors, as a separate group.

E. Alternative Shareholder Vote for Business Combinations. In the event the conditions set forth in Subparagraph D.2 have been met or the approvals described in Subparagraph D.3 have been voted, the affirmative vote required of shareholders in order to approve the proposed Business Combination shall be 66-2/3% of the voting power present or duly represented at the meeting called for the purpose.

ARTICLE IX

Written Consents of Shareholders

Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken only upon the vote of the stockholders, present in person or represented by duly authorized proxy, at an annual or special meeting duly noticed and called, as provided in the Bylaws of the Corporation; and may not be taken by a written consent of the stockholders pursuant to the Business Corporation Law of the State of Louisiana.

ARTICLE X

Evaluation of Certain Transactions

In connection with the exercise of its judgment in determining what is in the best interest of the Corporation and its stockholders when evaluating a Business Combination or a tender or exchange offer or a proposal by another Person or Persons to make a tender or exchange offer, the Board of Directors of the Corporation shall consider, in addition to the adequacy of the amount to be paid in connection with any such transaction, all of the following factors and any other factors which it deems relevant: (i) the social and economic effects of the transaction on the Corporation and its subsidiaries, employees, customers, creditors and other elements of the communities in which the Corporation and its subsidiaries operate or are located; (ii) the business and financial condition and earnings prospects of the acquiring Person or Persons, including, but not limited to, debt service and other existing or likely financial obligations of the acquiring Person or Persons, and the possible effect of such conditions upon the Corporation and its Subsidiaries and the other elements of the communities in which the Corporation and its subsidiaries operate or are located; and (iii) the competence, experience and integrity of the acquiring Person or Persons and its or their management.

ARTICLE XI

Amendments and Other Matters

A. Charter Amendments. Articles VIII, IX, X and XI of these Articles of Incorporation shall not be amended in any way (whether by modification or repeal of an existing Article or Articles or by addition of a new Article or Articles) except upon resolutions adopted by the affirmative votes equivalent to those required by Subparagraph C.1 (a) and (b) of Article VIII; provided, however, that, if such resolutions shall first be adopted by both of the following:

1. A majority of the directors then in office; and
2. A majority of the Continuing Directors, voting as a separate group,

then such resolutions shall be deemed adopted by the shareholders upon the affirmative vote of a majority of the votes entitled to be cast by holders of outstanding shares of voting stock of this Corporation, voting as a single group.

B. Bylaw Amendments. Bylaws of this Corporation may be altered, amended, or repealed or new Bylaws may be adopted:

1. By the stockholders, but only upon the affirmative votes equivalent to those required by Subparagraph C.1(a) and (b) of Article VIII; or
 2. By the Board of Directors, but only upon the affirmative votes equivalent to those required by Subparagraph D.3(a) and (b) of Article VIII.
- C. Benefit of Statute. This Corporation claims and shall have the benefit of provisions of R.S. 12:133 except that the provisions of R.S. 12:133 shall not apply to any business combination involving an interested shareholder that is an employee benefit plan or related trust of this Corporation.

CENTURY TELEPHONE ENTERPRISES, INC.

By: /s/ Glen F. Post, III

Glen F. Post, III
President

By: /s/ Harvey P. Perry

Harvey P. Perry
Secretary

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF OUACHITA

BEFORE ME, the undersigned authority, personally came and appeared Glen F. Post, III and Harvey P. Perry, to me known to be the President and Secretary, respectively, of Century Telephone Enterprises, Inc. and the persons who executed the foregoing instrument in such capacities, and who, being duly sworn, acknowledged in my presence and in the presence of the undersigned witnesses that they were authorized to and did execute the foregoing instrument in such capacities for such corporation, as its and their free act and deed.

IN WITNESS WHEREOF, the appearers, witnesses and I have hereunto fixed our signatures on this 30th day of September, 1994.

WITNESSES:

<i>/s/ Joy B. Eppinette</i> -----	<i>/s/ Glen F. Post, III</i> ----- <i>Glen F. Post, III</i>
<i>/s/ Kay Buchart</i> -----	<i>/s/ Harvey P. Perry</i> ----- <i>Harvey P. Perry</i>
<i>/s/ Kathy Tettleton</i> ----- <i>NOTARY PUBLIC</i>	

EXHIBIT 3 (ii)

BYLAWS

(Amended entirely March 19, 1987)

(Article I, Section 1 Amended August 24, 1987)

(Article II, Section 9 Amended entirely February 22, 1988)

(Article II, Section 2, A., Amended May 16, 1988)

(Article I, Section 1 Amended June 24, 1988)

(Article IV Amended in its entirety November 22, 1988)

(Article 1, Section 1 Amended February 21, 1989)

(Article I, Section 1, A., B., and C., Amended April 25, 1989)

(Article I, Sec. 1, new "K", redesignation of "L" through "Q", July 10, 1989)

(Article I, Section 1, "Q" - Amended August 22, 1989)

(Article 1, Section 1 (B)(C) - Amended July 17, 1990)

(Article III, Section 1, Subsection "F" - Amended February 25, 1992)

(Article I, Section 2, and adding new Section 1A. to Article II - May 14, 1993)

(Article I, Section 1, Subsection "K" - May 6, 1993)

(Article I, Section 1, Amended in its entirety May 25, 1993)

(Article I, Section 1(C) and Article III, Section 1(B) - February 22, 1994)

(Article III, Section 1(B) Amended in its entirety - August 23, 1994)

ARTICLE I

OFFICERS

Section 1. Required and Permitted Officers.

The officers of Century Telephone Enterprises, Inc., 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, 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 stockholders and Directors, see 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 the 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 convenes at a properly called meeting to elect a new Chairman. In the event that there is more than one Vice Chairman, 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 shall, subject

to the powers of the Chairman, have general and active management of the business 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 and the Bylaws. The CEO shall manage the day-to-day affairs of the Corporation and direct the activities of the President - Telephone Group, President - Telecommunications Services, the General Counsel and the Chief Financial Officer. Without limiting the generality of the foregoing, the CEO shall, unless otherwise directed by the Board, establish the annual salaries of each non-executive officer of the Corporation and each officer of the Corporation's 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, and the Bylaws.

E. Executive Vice President(s). The Executive Vice President(s) shall assist the CEO in discharging the duties of that office in any manner requested and perform any other duties as may be prescribed by the CEO, the Board of Directors and/or the Bylaws.

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 functional areas within the Finance Group. 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 the Bylaws. He shall be responsible for all internal and external financial reporting.

G. 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 designated for the purpose 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 by the Bylaws.

H. Controller. As directed by the Chief Financial Officer, he 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 managements' 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.

I. 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.

J. Secretary. The Secretary shall keep the minutes of all meetings of the stockholders, the Board of Directors and all committees. He shall cause notice to be given of meetings of stockholders, of the Board of Directors and of any committee appointed by 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 by the Bylaws.

K. 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 power of the Secretary.

L. President - Telecommunications Services. The President - Telecommunications Services shall serve as President of all Cellular and Paging subsidiaries and such other subsidiaries of the Company as he is from time to time elected President by the Board of Directors thereof. Subject to any limitation in these or the subsidiary Bylaws, he shall be responsible for all operations, marketing, construction, preparation of budgets and business plans, and the profitability of all of the operations of the company under his supervision.

M. President - Telephone Group. The President - Telephone Group shall serve as President of all operating telephone subsidiaries and subsidiaries operating in conjunction therewith. Subject to any limitations in these or the subsidiary Bylaws, he shall be responsible for all operations, marketing, construction, preparation of budgets and business plans, and the profitability of all of the operations of the company under his supervision.

N. General Counsel. The General Counsel shall be directly responsible for advising the Board of Directors, the Company, and all its officers and employees in all matters affecting the legal affairs of the Company. He shall determine the need for and if necessary, select outside counsel to represent the Company 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, Board of Directors, or the Bylaws.

O. Senior Vice President(s). The Senior Vice President(s) shall perform such duties as may be prescribed from time to time by the Board of Directors, the CEO, or the Bylaws.

P. 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 the Executive Vice President or Senior Vice President to whom they report. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

Q. 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 office to whom they report. An Assistant Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties.

R. Executive Officer Group. The Executive Officer Group shall be the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President - Telecommunications Services, the President Telephone Group, and the General Counsel.

Section 2. Election and Removal of Officers

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, shall require the affirmative votes of: (a) a majority of the Directors then in office; and (b) a majority of the Continuing Directors (as defined in the Articles of Incorporation), voting as a separate group.

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 (1) 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, (2) is arrested or convicted of any offense concerning the distribution or possession of, or trafficking in, drugs or other controlled substances, or (3) 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 stockholders.

A. 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 Communication's 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.

B. Any person serving as a director of the Corporation shall automatically cease to be a director on such date as he ceases to have the qualifications set forth in Paragraph A of this Section, and his position shall be considered vacant within the meaning of Article VIII, Section B, Paragraph 2 of the Articles of Incorporation of the Corporation.

Section 2. Organization and Regular Meetings.

A. The Board of Directors shall hold an annual organization 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 in the months of February, May, August and November of each year.

B. The Secretary shall give not less than ten days' written notice to each Director of all regular meetings, which notice shall state the time and place of the meeting.

C. Any Director may waive notice of a meeting by written waiver executed either before or after the meeting.

Section 3. Special Meetings.

A. 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.

B. 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 on such records or if not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail at least seventy-two hours 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 forty-eight hours prior to the time of the holding of the meeting. In case such notice is personally delivered as above provided, it shall be so delivered at least twenty-four hours prior to the time of the holding of 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 twelve 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. 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 and the action of a majority (or of a required super-majority as to those matters specified in the Articles of Incorporation or these Bylaws or by applicable law) of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

Section 5. 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 be fixed at the meeting adjourned.

Section 6. Consent of Board Obviating Necessity of Meeting.

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 7. 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 Certificate 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) eighty percent of the Directors then in office and (b) a majority of the Continuing Directors (as defined in the Articles of Incorporation), voting as a separate group.

Section 8. 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 9. Indemnification

9.1 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 Company 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 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 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.

9.2 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, 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 9, if (i) the Indemnatee is successful in his defense of the Claim on the merits or otherwise or (ii) the Indemnatee 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 Indemnatee 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 Indemnatee and (b) no indemnification shall be made in respect of any Claim as to which Indemnatee 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 Indemnatee is fairly and reasonably entitled to indemnity for such Expenses as the court shall deem proper; and provided further that, if the Claim involves Indemnatee by reason of his position with an entity or enterprise described in clause (ii) or (iii) of this Section 3.2(a) and if Indemnatee may be entitled to indemnification with respect to such Claim from such entity or enterprise, Indemnatee shall be entitled to indemnification hereunder only (x) if he as 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 Indemnatee 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 Indemnatee 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 Indemnatee did not meet the Standard of Conduct.

(c) Promptly upon becoming aware of the existence of any Claim, Indemnatee 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 Indemnitee. Within 60 days of the receipt of such notice and information, together with such additional information as the Determining Body may request of Indemnitee, the Determining Body shall report to Indemnitee of its determination whether Indemnitee has met the Standard of Conduct. The Determining Body may extend the period of time for determining whether the Standard of Conduct has been met, but in no event shall such period of time be extended beyond an additional sixty days.

(d) If, after determining that the Standard of Conduct has been met, the Determining Body obtains facts of which it was not aware at the time it made such determination, the Determining Body on its own motion, after notifying the Indemnitee and providing him an opportunity to be heard, may, on the basis of such facts, revoke such determination, provided that, in the absence of actual fraud by Indemnitee, no such revocation may be made later than thirty days after final disposition of the Claim.

(e) Indemnitee shall promptly inform the Determining Body upon his becoming aware of any relevant facts not theretofore provided by him to the Determining Body, unless the Determining Body has obtained such facts by other means.

(f) In the case of any Claim not involving a proposed, threatened or pending criminal proceeding,

(i) if Indemnitee has, in the good faith judgment of the Determining Body, met the Standard of Conduct, the Corporation may, in its sole discretion, assume all responsibility for the defense of the Claim, and, in any event, the Corporation and Indemnitee each shall keep the other informed as to the progress of the defense of the Claim, including prompt disclosure of any proposals for settlement; provided that if the Corporation is a party to the Claim and Indemnitee reasonably determines that there is a conflict between the positions of the Corporation and Indemnitee with respect to the Claim, then Indemnitee shall be entitled to conduct his defense with counsel of his choice; and provided further that Indemnitee shall in any event be entitled at his expense to employ counsel chosen by him to participate in the defense of the Claim; and

(ii) the Corporation shall fairly consider any proposals by Indemnitee for settlement of the Claim. If the Corporation proposes a settlement of the Claim and such settlement is acceptable to the person asserting the Claim or the Corporation believes a settlement proposed by the person asserting the Claim should be accepted, it shall inform Indemnitee of the terms of such proposed settlement and shall fix a reasonable date by which Indemnitee shall respond. If Indemnitee agrees to such terms, he shall execute such documents as shall be necessary to make final the settlement. If Indemnitee does not agree with such terms, Indemnitee may proceed with the defense of the Claim in any manner he chooses, provided that if Indemnitee is not successful on the merits or otherwise, the Corporation's obligation to indemnify such Indemnitee as to any Expenses incurred by following his disagreement shall be limited to the lesser of (A) the total Expenses incurred by Indemnitee following his decision not to agree to such proposed

settlement or (B) the amount that the Corporation would have paid pursuant to the terms of the proposed settlement. If, however, the proposed settlement would impose upon 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 this Agreement 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 this Agreement, 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 this Agreement and the Corporation and Indemnatee shall instruct its or his agents and employees to do likewise.

9.3 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.

9.4 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.

9.5 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, by-law, 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 Indemnitee to the fullest extent permitted by applicable law notwithstanding that the other terms of this Section would provide for lesser indemnification.

9.6 Successors and Assigns. This Section shall be binding upon the Corporation, its successors and assigns, and shall inure to the benefit of Indemnitee's heirs, personal representatives, and assigns and to the benefit of the Corporation, its successors and assigns.

9.7 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.

ARTICLE III

COMMITTEES

Section 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 CEO, 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), each of whom shall (i) be a "disinterested person" as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) not serve, and shall not have served in the past, as an 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 Article I(1)(R) 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 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 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. All actions of the Compensation Committee shall be subject to ratification by the full Board of Directors unless the Compensation Committee 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 Company'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 Company's independent auditor the plan and results of each independent audit engagement;
4. To review the scope, adequacy and results of the Company's internal auditing procedures;

5. To review and to approve or disapprove each service to be performed for the Company 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;

8. To review the adequacy of the Company'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 Company's insurance programs and to advise and recommend any action deemed appropriate with respect thereto; and

2. To review periodically the Company'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.

Section 2. Appointment and Removal of Committee Members.

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 (as defined in the Articles of Incorporation), voting as a separate group.

Section 3. Procedures for Committees.

Each committee shall keep written minutes of its meetings. All action taken by a committee 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. Each committee shall adopt such regulations (not inconsistent with the Articles of Incorporation, these bylaws or any regulations specified for such committee by the Board of Directors) as it shall deem necessary for the proper conduct of its functions and the performance of its responsibilities.

Section 4. Quorum Meetings.

A majority of the members of any committee 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 shall be deemed action by the committee. The committee may also take action without meeting, if all members thereof consent in writing thereto. Meetings of a committee 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 create such committees as he deems necessary or useful and may appoint Directors as members thereof. Any such action by the Chairman, and any action taken by such a 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; Notice Thereof.

An annual meeting of the shareholders shall be held on the date and at the time specified by the Board of Directors in each year. Notice of the annual meeting must state the purpose thereof and the business to be conducted thereat shall be limited to such purpose or purposes.

Section 3. Election of Directors.

The Board of Directors shall be divided into three classes as nearly equal in number as may be possible. Any increase or decrease in the number of directors shall be apportioned by the Board of Directors so that all classes of directors shall be as nearly equal in number as can be. At each annual meeting of shareholders, directors shall be elected to succeed those directors whose terms then expire. Such newly elected directors shall serve until the third succeeding annual meeting of shareholders after their election and until their successors are elected and qualified. A director elected to fill a vacancy shall hold office for a term expiring at the annual meeting at which the term of the class to which he shall have been elected expires. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 4. Special Meeting.

Special meetings of the shareholders, for any purpose or purposes, may be called by the Chairman of the Board, the President or Board of Directors. At any time, upon the written request of any shareholder or group of shareholders holding in

the aggregate at least eighty percent (80%) of the Total Voting Power, as defined in Article IV, Section 8 of these By-laws, the Secretary shall call a special meeting of shareholders to be held at the registered office of the Corporation at such time as the Secretary may fix, not less than fifteen nor more than sixty days after the receipt of said request, and if the Secretary shall neglect or refuse to fix such time or to give notice of the meeting, the shareholder or shareholders making the request may do so. Such requests must state the specific purpose or purposes of the proposed special meeting, and the business to be conducted thereat shall be limited to such purpose or purposes.

Section 5. 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, place and purpose of the meeting to be given to all shareholders entitled to vote at such meeting, at least ten days and not more than sixty days prior to the day fixed for the meeting.

Section 6. 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 7. Quorum.

At all meetings of shareholders, the holders of a majority of the Total Voting Power, as defined in Article IV, Section 8 of these By-laws, shall constitute a quorum, except that at any meeting the notice of which sets forth any matter that, by law or the Articles of Incorporation of the Corporation, must be approved by the affirmative vote of a specified percentage in excess of a majority of the Total Voting Power of the Corporation, the holders of that specified percentage shall constitute a quorum.

Section 8. Voting.

When a quorum is present at any meeting, the vote of the holders of a majority of the Voting Power, as defined in Article IV, Section 8 of these By-laws, 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 of the Corporation, 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. As used in these By-laws, the term "Voting Power" shall mean the right vested by law or by these By-laws or the Corporation's Articles of Incorporation in the shareholders or in one or more classes of shareholders, and the right conferred by the Corporation pursuant to La. R.S.12:75H upon the holders of any bonds, debentures or other obligations issued by the Corporation, to vote in the determination of a particular question or matter.

As used in these By-laws, the term "Total Voting Power" shall mean the total number of votes that shareholders and holders of any bonds, debentures or other obligations granted voting rights by the Corporation are entitled to cast in the determination of a particular question or matter.

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 eleven 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 and in no case may a proxy be voted at a meeting called pursuant to La. R.S. 12:138 unless it is executed and dated by the shareholder within 30 days of the date of such meeting. The person appointed as proxy need not be a shareholder of the Corporation.

Section 10. Voting Power Present or Represented.

For purposes of determining the amount of Voting Power present or represented at any annual or special meeting of shareholders with respect to voting on a particular proposal, shares as to which the proxy holders have been instructed to abstain from voting on the proposal, and shares as to which the proxy holders have been precluded from voting thereon (whether by law, regulations of the Securities and Exchange Commission, rules or by-laws of any self-regulatory organization or otherwise) will not be treated as present.

Section 11. Adjournments.

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 other 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.

Section 12. 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 as fixed in Article IV, Section 7 of these By-laws, or the refusal of any shareholders present to vote.

Section 13. 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 Article IV, Section 10 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 Article IV, Section 7 hereof, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 14. Presiding Officer.

The Chairman of the Board, or in his absence, the President, shall preside at all shareholders' meetings.

ARTICLE V

CERTIFICATES OF STOCK

The certificates of stock of 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 Vice-President and the Secretary-Treasurer.

ARTICLE VI

REGISTERED STOCKHOLDERS

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 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, save 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 may, in 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 of the Corporation may require to indemnify the Corporation against any claim that may be made against it on account of the alleged loss 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 directors, 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

AMENDMENTS

These Bylaws may only be altered, amended or repealed as follows;

A. By the stockholders, but only upon the affirmative votes equivalent to those required by Subparagraph C.1(a) and (b) of Article VIII of the Articles of Incorporation; or

B. By the Board of Directors, but only upon the affirmative votes equivalent to those required by Subparagraph D.3(a) and (9b) of Article VIII of the Articles of Incorporation.

EXHIBIT 4.1
THIRD AMENDMENT TO COMPETITIVE ADVANCE
AND REVOLVING CREDIT FACILITY AGREEMENT

THIS AMENDMENT is entered into as of August 15, 1994, among CENTURY TELEPHONE ENTERPRISES, INC., a Louisiana corporation (the "Borrower"), the banks listed on the signature page of the amendment (the "Banks"), and NATIONSBANK OF TEXAS, N.A., a national banking association, as agent for the Banks (in such capacity, the "Agent") and as auction administration agent (in such capacity, the "Auction Administration Agent").

The Borrower, the Banks, the Agent, and the Auction Administration Agent entered into the Competitive Advance and Revolving Credit Facility Agreement (as renewed, extended, amended, and supplemented, the "Credit Agreement") dated as of February 7, 1992, as amended, providing for the Banks to extend credit to the Borrower on a revolving credit basis, not to exceed an aggregate principal amount of \$55,000,000. The Borrower, the Banks, the Agent, and the Auction Administration Agent have agreed, upon the following terms and conditions, to amend the Credit Agreement to provide for an extension of the Termination Date to January 2, 1998, and to make other changes to the Credit Agreement. Accordingly, in consideration of the mutual agreements below, the Borrower and the Banks, the Agent, and the Auction Administration Agent agree as follows:

1. Certain Definitions. Unless otherwise stated, terms defined in the Credit Agreement have the same meanings when used in this amendment, and all references to "Sections," "Schedules," and "Exhibits" are to sections, schedules, and exhibits of or to the Credit Agreement.

2. Amendments. The Credit Agreement is amended as follows:

(a) The definition of "Funded Debt" is amended in its entirety to read as follows:

"Funded Debt" shall mean and include, as of any date as of which the amount thereof is to be determined, (i) all funded indebtedness of the Companies, (ii) all funded indebtedness of any Subsidiary (other than funded indebtedness of such Subsidiary owing to the Borrower or another Subsidiary), and
(iii) all indebtedness for borrowed money, but not
(iv) indebtedness secured by or borrowed against the cash surrender value of life insurance policies up to the amount of such cash surrender value.

(b) The definition of "Termination Date" is amended in its entirety to read as follows:

"Termination Date" means, at any time, January 2, 1998, or the earlier date of termination in whole of the Total Commitment pursuant to Section 2.6.

(c) The following definition of "Guaranty" is

hereby added to the Credit Agreement, to read as follows:

"Guaranty" means by any particular Person, all obligations of such Person guaranteeing or in effect guaranteeing any Debt, dividend or other obligation of any other Person (the "primary obligor") in any manner whether directly or indirectly, including, without limitation of the generality of the foregoing, obligations incurred through an agreement, contingent or otherwise, by such particular Person (i) to purchase such Debt or obligation or any property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Debt or obligation or (y) to maintain working capital or equity capital or otherwise to advance or make available funds for the purchase or payment of such Debt or obligation, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of the primary obligor to make payment of the Debt or obligation or (iv) otherwise to assure the owner of the Debt or obligation of the primary obligor against loss in respect thereof.

(d) Section 5.3(c) of the Credit Agreement is amended in its entirety to read as follows:

5.3 Items to be Furnished. The Borrower shall cause the following to be furnished to the Agent:

(c) Promptly after preparation (and no later than the later of 15 days (a) after such filing is due or (b) after timely filing, if filed with the Securities and Exchange Commission), true copies of all regular and periodic reports, statements, documents, plans, and other written communications furnished by or on behalf of any Company to stockholders or to the Securities and Exchange Commission. However, only registration statements covering more than 2 percent of the Borrower's outstanding shares of common stock shall be required to be furnished unless specifically requested by the Agent.

(e) Section 5.13 of the Credit Agreement is amended in its entirety to read as follows:

5.13 Loans, Advances, Guaranties, and Investments. Except as permitted by Section 5.12, no Company will make any loan, advance, extension of credit, or capital contribution to, make any investment in, or purchase or commit to purchase any stock or other securities or evidences of Debt of, or interests in, any other Person, other than (a) expense accounts for and other advances to directors, officers, and employees of such Company in the ordinary course of business not to exceed \$1,000,000 in the aggregate outstanding at any time; (b) investments in (or secured by) obligations of the United States of America and agencies thereof and obligations guaranteed by the United States of America maturing within one year from the date of acquisition; (c) certificates of deposit issued by any of the Banks; (d) certificates of deposit which are fully insured by the Federal Deposit Insurance Corporation or are issued by commercial banks organized under the Laws of the United States of America or any state thereof and having combined capital, surplus, and undivided profits of not less than \$100,000,000 (as shown on such Person's most recently published statement of

condition), and, unless Borrower has a written commitment to borrow funds from such commercial bank, which certificates of deposit have one of the two highest ratings from Moody's Investors Service, Inc., or Standard & Poors Corporation;

(e) commercial paper rated A-1 by Moody's Investors Service, Inc., or P-1 by Standard & Poors Corporation; (f) investments having one of the two highest ratings from Moody's Investors Service, Inc., or Standard & Poors Corporation; (g) extensions of credit in connection with trade receivables and overpayments of trade payables, in each case resulting from transactions in the ordinary course of business; (h) loans from any Company to any other Company, investments by any Company in any other Company, and Guaranties by any Company of the Debt of any other Company;

(i) investments in the cash surrender value of life insurance policies issued by Persons with a financial rating from A. M. Best Company (as reported in Best's Insurance Reports) of at least "A+"; provided, however, that if such Person's financial rating is downgraded to less than "A+", then within 90 days following such downgrading, either (i) such cash value life insurance policies will be transferred to another insurance company with a financial rating of at least "A+", (ii) such cash value insurance policies will be collapsed and the cash value thereof will be collected by the investing Company, or (iii) such investment will become an investment subject to the limitations of subparagraph (m) of this Section 5.13; (j) investments in the capital stock or securities of or loans to or Guaranties of the Debt of any Person engaged in business comparable to the general business of any Company (x) in which a Company possesses (or will possess, after such investment) an equity ownership interest in such Person or (y) secured by the borrower's interest in such business; (k) in the ordinary course of business, investments in the capital stock of the Rural Telephone Bank, National Bank for Cooperatives, or the National Rural Utilities Cooperative Finance Corporation, or any other lender from whom the investing Company is intending to borrow money which requires such Company to make an equity investment in such lender in order to so borrow;

(l) Guaranties of the Debt of the Borrower's Employee Stock Ownership Plan; and (m) other loans, advances, Guaranties, and investments which never exceed in the aggregate at any time 25% of Adjusted Consolidated Net Worth (valued on the basis of original cost, plus subsequent cash and stock additions, less any write-down in value).

(f) Section 5.23 of the Credit Agreement is amended in its entirety to read as follows:

5.23 Ratio of Funded Debt to Net Worth. As calculated at the end of each fiscal quarter of the Borrower, the Borrower shall not permit (a) Funded Debt of the Companies to exceed 185% of Consolidated Net Worth or (b) Funded Debt of the Companies other than the Borrower to exceed 150% of Consolidated Net Worth (excluding Borrower's portion thereof). For purposes of this Section 5.23 Funded Debt shall include any Company's Guaranty of Funded Debt of any Person other than another Company or the Borrower's Employee Stock Ownership Plan.

(g) Section 6.6 of the Credit Agreement is amended in its entirety to read as follows:

6.6 Default Under Other Agreements. A default

exists under any Material Agreement to which any Company is a party, the effect of which is to cause, or which permits the holder thereof (or a trustee or representative of such holder) to cause, unpaid consideration of at least 1% of Consolidated Net Worth (individually or in the aggregate) to become due prior to the stated maturity or prior to the regularly scheduled dates of payment.

3. Additional Event of Default. No later than 30 days after the date of this amendment, the Borrower shall deliver to the Agent a certificate from the president, secretary, chief financial officer, or treasurer of the Borrower certifying as to resolutions duly adopted by its directors approving and authorizing this amendment and the execution of the Loan Papers, or ratifying the actions of the officers of the Borrower contemplated in this amendment, to which shall be attached a copy of such resolutions. The failure or refusal of the Borrower to deliver such certificate to the Agent on or before such date shall be an Event of Default.

4. Representations. The Borrower represents and warrants to the Banks, the Agent, and the Auction Administration Agent that (a) all representations and warranties stated in Section 3 of the Credit Agreement are true and correct in all material respects the same as if restated verbatim in this amendment as of the date of this amendment, except to the extent that (i) the representations and warranties speak to a specific date or (ii) the facts on which such representations and warranties are based have been changed by transactions contemplated or permitted by the Credit Agreement, and (b) as of the date of this amendment, no Material Adverse Effect, Default, or Event of Default has occurred and is continuing.

5. References. All references in the Loan Papers to the "Credit Agreement" shall refer to the Credit Agreement as amended by this amendment, and, because this amendment is a "Loan Paper" referred to in the Credit Agreement, the provisions relating to Loan Papers set forth in the Credit Agreement are incorporated in this amendment by reference, the same as if set forth in this amendment verbatim.

6. Scope of Amendment. Except as specifically amended and modified in this amendment, (a) the Credit Agreement is unchanged and continues in full force and effect, and (b) the Borrower hereby confirms and ratifies the existence of and each and every term, condition, and covenant contained in the Credit Agreement, to the same extent and as though the same were set out in full in this amendment.

7. Counterparts. This amendment has been executed in a number of identical counterparts, each of which shall be deemed an original. In making proof of this instrument, it shall not be necessary for any party to account for all counterparts, and it shall be sufficient for any party to produce but one such counterpart.

8. Parties Bound. This amendment shall be binding upon and shall inure to the benefit of the Borrower, each Bank, the Agent, and Administrative Agent, and their respective successors and assigns subject to Section 9.20 of the Credit

Agreement.

9. ENTIRETY. THIS AMENDMENT AND THE LOAN PAPERS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED as of the date first stated above.

**CENTURY TELEPHONE ENTERPRISES, INC.,
as the Borrower**

By /s/ R. Stewart Ewing, Jr.

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

**NATIONSBANK OF TEXAS, N.A., as the Agent,
the Auction Administration Agent,
and a Bank**

By /s/ W. Hutchinson McClendon, IV

Name: W. Hutchinson McClendon, IV
Title: Vice President

**TEXAS COMMERCE BANK NATIONAL
ASSOCIATION (formerly Texas Commerce
Bank, National Association), as a Bank**

By /s/ Robert C. Stack

Name: Robert C. Stack
Title: Executive Vice President

THE BANK OF NOVA SCOTIA, as a Bank

By /s/ F. C. H. Ashby

Name: F. C. H. Ashby
Title: Senior Manager Loan Operations

EXHIBIT 10.1

CENTURY TELEPHONE ENTERPRISES, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN 1994 AMENDMENT AND RESTATEMENT

I. Purpose of the Plan

This Supplemental Executive Retirement Plan (the "Plan") is intended to provide Century Telephone Enterprises, Inc. (the "Company") and its subsidiaries a method for attracting and retaining key employees; to provide a method for recognizing the contributions of such personnel; and to promote executive and managerial flexibility, thereby advancing the interests of the Company and its stockholders. In addition, the Plan is intended to provide a more adequate level of retirement benefits in combination with the Company's general retirement program.

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 "ACCRUED BENEFIT", as of a given date, shall mean an amount equal to the basic monthly benefit to which a Participant is entitled on his Normal Retirement Date in accordance with Section 5.01 using his Average Monthly Compensation, Estimated Primary Insurance Amount and Credited Service determined as of such given date, in lieu of the corresponding amounts determined as of his Normal Retirement Date.

2.02 "ACTUARIAL EQUIVALENT" shall mean the amount of pension of a different type or payable at a different age that has the same value as computed by the Actuary on the basis of interest and mortality tables. Mortality will be based on the UP84 Mortality Table. The interest rate will be equal to the Pension Benefit Guaranty Corporation's published interest rate for immediate annuities on the date of pension commencement.

2.03 "AVERAGE MONTHLY COMPENSATION" shall mean the average of the 36 consecutive months' Compensation of a Participant which produce the highest average out of the last 120 months of employment. No compensation will be considered during a period of Leave of Absence for purposes of determining Average Monthly Compensation.

2.04 "BOARD OF DIRECTORS" shall mean not less than a quorum of the whole Board of Directors of Century Telephone Enterprises, Inc.

2.05 "COMMITTEE" shall mean three or more members of the Board of Directors as described in Section 14.01 of the Plan, or the Board if no Committee has been appointed.

2.06 "COMPANY" shall mean Century Telephone Enterprises, Inc., any Subsidiary thereof, and any affiliate listed on

Appendix A attached hereto.

2.07 "COMPENSATION" shall mean the sum of a Participant's Salary, determined under Section 2.18 and Incentive Compensation, determined under Section 2.13, for a particular month.

2.08 "CREDITED SERVICE" shall mean employment for which a Participant is entitled to receive service credit for accrual of benefit and for eligibility for benefits under the Plan in accordance with the provisions of Section 4.01.

2.09 "DISABILITY" shall mean a condition which makes a Participant unable to perform each of the material duties of his regular occupation where he is likely to remain thus incapacitated continuously and permanently.

2.10 "EFFECTIVE DATE" of this Amendment and Restatement shall mean July 1, 1994. Specifically, the amendment to the definition of Compensation hereunder shall only apply to Compensation paid on or after July 1, 1994, and the survivor annuity provided under Article IX hereof shall only apply to Participants whose date of death is on or after July 1, 1994. In addition, the benefits provided hereunder for Jim D. Reppond shall be computed without regard to the amendment to the definition of Compensation and the provision of the survivor annuity referenced in the preceding sentence.

2.11 "EMPLOYER" shall mean Century Telephone Enterprises, Inc., any Subsidiary thereof, and any affiliate listed on Appendix A attached hereto.

2.12 "ESTIMATED PRIMARY INSURANCE AMOUNT" shall mean the monthly primary insurance amount calculated to be available at age 65 based on the Social Security law in effect on the Participant's Normal Retirement Date or earlier date of termination. The primary insurance amount of a Participant who terminates prior to Normal Retirement Date shall be based on the assumption that the Participant earns no compensation between his termination date and his Normal Retirement Date.

2.13 "INCENTIVE COMPENSATION" shall mean the monthly equivalent of the amount awarded to a Participant under the Company's Key Employee Incentive Compensation Program or other incentive compensation arrangement maintained by the Company, including the amount of any stock award in its cash equivalent at the time of conversion of the award from cash to stock. A Participant's Incentive Compensation shall be determined on a monthly basis by dividing the amount of the Incentive Compensation award by the number of months to which the award relates. Each award of Incentive Compensation shall, for purposes of this Plan, be allocated to the month or months to which the award relates, i.e., that period of time during which the award was earned.

2.14 "LEAVE OF ABSENCE" shall mean any extraordinary absence authorized by the Employer under the Employer's standard personnel practices.

2.15 "NORMAL RETIREMENT DATE" shall mean the first day of the month coincident with or next following a Participant's 65th

birthday.

2.16 "PARTICIPANT" shall mean any officer of the Employer who is granted participation in the Plan in accordance with the provisions of Article III.

2.17 "PLAN" shall mean the Century Telephone Enterprises, Inc. Supplemental Executive Retirement Plan, as amended and restated herein.

2.18 "SALARY" shall mean the monthly equivalent of a Participant's annual rate of pay as of the date of determination of benefits hereunder, exclusive, however, of bonus payments, overtime payments, commissions, imputed income on life insurance, vehicle allowances, relocation expenses, severance payments, and any other extra compensation.

2.19 "SUBSIDIARY" shall mean any corporation in which the Company owns, directly or indirectly through subsidiaries, at least fifty percent (50%) of the combined voting power of all classes of stock.

III. Participation

3.01 Any officer who is either one of the key employees of the Company in a position to contribute materially to the continued growth and future financial success of the Company, or one who has made a significant contribution to the Company's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

- a. The officer is employed on a full-time basis by Century Telephone Enterprises, Inc., any Subsidiary thereof, or any affiliate listed on Appendix A;
- b. The officer is compensated for full-time employment by a regular salary;
- c. The coverage of the officer is duly approved by the Board of Directors of Century Telephone Enterprises, Inc.

It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management and highly compensated employees, as determined by the Committee.

3.02 Any officer who is currently a Participant in the Plan shall continue to be a Participant in the Plan as amended and restated. Any other officer who meets the requirements defined in Section 3.01 shall be a Participant in the Plan on the January 1 following the attainment of officer status.

3.03 Any officer who met the requirements defined in Section 3.01, who was age 60 as of November 21, 1983, and who was employed by the Company on January 1, 1990, will receive benefits equal to the greater of:

a. the benefit determined under this Plan, or

b. a monthly benefit equal to sixty-five percent (65%) of Average Monthly Compensation offset by retirement income payable to the individual executive from:

1. Social Security (Primary Insurance Amount only) determined as of date of retirement under the Social Security Act.

2. The Company's Stock Bonus Plan and PAYSOP (in which case the Stock Bonus Plan and PAYSOP accumulation at date of determination will be converted to a monthly annuity on a straight life basis based upon actuarial assumptions with respect to mortality and investment return). The mortality assumptions will be based upon the 1971 Group Annuity Mortality Table. The investment return assumption will reflect current market conditions as measured by the 52-week Treasury bill rate as determined monthly.

3. Benefits payable from any qualified or nonqualified plan attributable to prior employment for those officers who are hired on or after attainment of age 55 (in which case the benefit(s) will be expressed in terms of a monthly annuity on a straight life basis payable at date of retirement).

IV. Credited Service

4.01 A Participant will receive credit for each year of employment, calculated in completed years and months regardless of the number of hours worked. Credited service will include all years of service prior to becoming an officer of the Company, years of service following Normal Retirement Date, and years of service with any Subsidiary or any affiliate listed on Appendix A attached hereto. In addition, periods of Leave of Absence and periods during which severance pay is provided shall count as periods of service. A fraction of a year of Credited Service will be given for completed months during the year of termination.

4.02 At the discretion of the Board of Directors, service with a predecessor employer may be credited for purposes of this Plan. If such service is credited to a Participant, the benefit payable under this Plan shall be reduced by any benefit payable from the prior employer. The Board of Directors shall make a determination whether service with a predecessor employer will be credited to a Participant prior to the Participant's commencement of participation in this Plan, and such determination, once made, shall be irrevocable. If no determination is made by the Board of Directors prior to a Participant's commencement of participation in this Plan, service with a predecessor employer by such Participant shall not be credited for purposes of this Plan.

V. Normal Retirement

5.01 Except as provided in Section 3.03, the monthly retirement benefit payable to a Participant on his Normal Retirement Date shall be equal to (a) less (b), where:

(a) is 1 1/2% of Average Monthly Compensation multiplied by Credited Service, not greater than 30 years.

(b) is 3 1/3% of Estimated Primary Insurance Amount, multiplied by Credited Service, not greater than 30 years.

5.02 The normal form of payment of a Participant's normal retirement benefit shall be an annuity payable for the life of the Participant.

VI. Late Retirement

6.01 If a Participant remains employed beyond his Normal Retirement Date, his late retirement date will be the first day of the month coincident with or next following his actual date of retirement.

6.02 A Participant's late retirement benefit will be calculated in accordance with Section 5.01, based on his Average Monthly Compensation and Credited Service as of his late retirement date. His Primary Insurance Amount will be computed as of his Normal Retirement Date.

VII. Early Retirement

7.01 A Participant who has attained age 55, and who has completed 15 or more years of service, is eligible for early retirement. An eligible Participant's early retirement date is the first day of the month coincident with or next following the date he terminates employment.

7.02 A Participant's early retirement benefit is 100% of his Accrued Benefit computed as of his early retirement date, payable at his Normal Retirement Date.

7.03 A Participant may elect to receive his early retirement benefit prior to Normal Retirement Date, in which event the benefit payable will be reduced according to the following schedule:

Age at Commencement	Percentage of Accrued Benefit
55	50 %
56	53 1/3 %
57	56 2/3 %
58	60 %
59	63 1/3 %
60	66 2/3 %
61	73 1/3 %
62	80 %
63	86 2/3 %
64	93 1/3 %
65	100 %

7.04 The Board of Directors, at its sole discretion, may grant to a Participant 100% of his Accrued Benefit, payable at his early retirement date without such benefit being subject to the reductions set forth in Section 7.03, provided the Participant has met the requirements of Section 7.01.

VIII. Disability

8.01 A Participant who becomes disabled, as defined in Section 2.09, prior to retirement or termination of service will be entitled to a disability benefit computed in accordance with Section 8.02.

8.02 A Participant's disability benefit will be calculated in accordance with Section 5.01 based on (1) his Average Monthly Compensation projected to Normal Retirement Date assuming his Compensation as of the date of his disability remains constant, (2) his projected service to Normal Retirement Date and (3) his Estimated Primary Insurance Amount based on the Social Security law in effect on the date of his disability.

8.03 A Participant's disability benefit will commence at his Normal Retirement Date, and the normal form of benefit payment will be an annuity payable for the life of the Participant.

IX. Death Benefit

9.01 Upon the death of a Participant who is actively employed or on Leave of Absence at the time of his death or who has retired or become disabled prior to the commencement of benefit payments hereunder, a Participant's beneficiary (as determined under Section 9.02) will be entitled to receive a death benefit determined in accordance with Section 9.03.

9.02 The beneficiary of a Participant who is married on the date of his death shall be his spouse. The beneficiary of an unmarried Participant shall be his living children as of his date of death.

9.03 The monthly death benefit payable to the beneficiary of a Participant shall be equal to (a) less (b), where:

(a) is 36% of Average Monthly Compensation projected to his Normal Retirement Date assuming his Compensation as of his date of death remains constant until his Normal Retirement Date.

(b) is 80% of Estimated Primary Insurance Amount.

9.04 The death benefit shall be paid to the surviving spouse, if any, of the Participant for his or her life. If the Participant is unmarried at the date of death, or if the surviving spouse dies subsequent to the Participant's death, the death benefit shall be paid to the Participant's surviving child or children (or legal representative of any minor child) in equal shares. The death benefit payable to a child shall terminate upon the later of the child's attainment of age 19 or age 23, if a full-time student at an accredited educational institution, and

such share shall thereafter revert to and be payable equally to the remaining surviving children of the Participant until the interest of each such surviving child has terminated.

9.05 If a Participant has no surviving spouse or children at the date of his or her death, no death benefit shall be paid under this Plan.

X. Termination of Service

10.01 If a Participant terminates service prior to death, disability or retirement, his Accrued Benefit determined under Section 2.01 shall be vested in accordance with the following schedule:

Years of Service	Vested %
less than 5	0%
5 or more	100%

10.02 A Participant's vested Accrued Benefit is payable at his Normal Retirement Date. A Participant may elect to have his benefit commence prior to age 65 but after age 55 if he meets the service requirements for early retirement pursuant to Section

7.01. If the benefit commences before age 65, the amount of monthly benefit will be reduced according to the schedule set forth in Section 7.03.

XI. Form of Benefit Payment

11.01 The normal form of benefit payment is a monthly lifetime annuity, payable in accordance with the Company's standard payroll practices.

11.02 A Participant may, prior to commencement of participation in the Plan, elect an optional form of payment which is the Actuarial Equivalent of a Participant's basic monthly pension, as follows:

Option 1: A reduced monthly pension payable for the lifetime of the Participant with a minimum of sixty (60) monthly payments guaranteed.

Option 2: A reduced monthly pension payable for the lifetime of the Participant with a minimum of one hundred twenty (120) monthly payments guaranteed.

Option 3: A reduced monthly pension payable for the lifetime of the Participant with a minimum of one hundred eighty (180) monthly payments guaranteed.

Option 4: A reduced monthly pension, payable to the Participant for the life of the Participant, with monthly payments of one-half (1/2) the reduced amount that was payable monthly to the Participant payable after the Participant's death for the life of the Participant's spouse.

Option 5: A reduced monthly pension payable to the Participant for the life of the Participant, with reduced monthly payments of two thirds (2/3) of the reduced amount

that was payable monthly to the Participant payable after the Participant's death for the life of the Participant's spouse.

Option 6: A reduced monthly pension payable to the Participant for the life of the Participant, with reduced monthly payments of three fourths (3/4) of the reduced amount that was payable monthly to the Participant payable after the Participant's death for the life of the Participant's spouse.

Option 7: A reduced monthly pension payable to the Participant for the life of the Participant, with the same monthly pension payable after the Participant's death for the life of the Participant's spouse.

11.03 If a Participant does not elect an optional form of benefit payment under Section 11.02 prior to the commencement of participation in the Plan, such Participant's benefits shall be paid in the normal form provided in Section 11.01.

XII. Reemployment of Participants

12.01 If a Participant retires or otherwise terminates employment with the Employer and such Participant is reemployed by the Employer, his entitlement to any benefits will be determined on the basis of the provisions of the Plan in effect on his subsequent termination date. The benefit will be based on the Average Monthly Compensation, Estimated Primary Insurance Amount and Credited Service as of the date of subsequent termination, taking into account all Credited Service prior to the Participant's reemployment date. For purposes of calculating Average Monthly Compensation, the average of the 36 consecutive months' Compensation which produce the highest average out of the last 120 months of employment will be considered, without regard to the break in service.

12.02 If a Participant is reemployed after benefit commencement, the payment of any benefit to such Participant under the Plan on account of his retirement or severance shall be suspended by reason of such reemployment. The amount of his benefit at his subsequent termination will be calculated in accordance with Section 12.01 but reduced by the actuarial equivalent of any benefit payments received prior to subsequent termination.

12.03 The form of monthly benefit payment upon subsequent termination shall be the form of payment that was in effect prior to reemployment. If the Participant was married at the time of benefit commencement, and if the Participant's spouse dies prior to subsequent commencement of benefit payments, such form of payment shall remain applicable (as though he were married to his deceased spouse) with no further payments upon his death.

XIII. Additional Restrictions on Benefit Payments

13.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

13.02 Notwithstanding anything to the contrary in the Plan, payments shall cease and any benefits under this Plan not yet paid will be forfeited in the event the Participant engages in gross misconduct, competitive employment or other activities detrimental to the welfare of the Company, as determined by the Board of Directors.

XIV. Administration and Interpretation

14.01 The Plan shall be administered by the Board of Directors through a Committee which shall consist of three or more members of the Board of Directors of the Company. No individual who is or has ever been a member of the Committee shall be eligible to be designated as a participant or receive payments under this Plan. The Committee shall have full power and authority to interpret and administer the Plan and, subject to the provisions herein set forth, to prescribe, amend and rescind rules and regulations and make all other determinations necessary or desirable for the administration of the Plan. The Board may from time to time appoint additional members of the Committee or remove members and appoint new members in substitution for those previously appointed and to fill vacancies however caused.

14.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive, and nothing in the Plan shall be deemed to give any employee any right to participate in the Plan, except to such extent, if any, as the Committee may have determined or approved pursuant to the provisions of the Plan.

XV. Nature of the Plan

Benefits under the Plan shall generally be payable by the Company from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Company; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Company. Participants have only an unsecured right to receive benefits under the Plan from the Company as general creditors of the Company. The Company may deposit amounts in the Century Telephone Enterprises, Inc. Supplemental Executive Retirement Trust (the "Trust") established by the Company for the purpose of funding the Company's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of the Trust, and the assets of the Trust shall be subject to the payment of claims of general creditors of the Company upon the insolvency or bankruptcy of the Company, as provided in the Trust.

XVI. Employment Relationship

An employee shall be considered to be in the employment of the Company and its subsidiaries as long as he remains an employee of either the Company, any Subsidiary of the Company, or any corporation to which substantially all of the assets and business of the Company are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer

on any employee the right to continued employment by the Company or a Subsidiary of the Company, or affect in any way the right of the Company or such Subsidiary to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Board, and its determination shall be final.

XVII. Amendment and Termination of Plan

The Board of Directors of the Company in its sole discretion may terminate the Plan at any time, and shall have the right to alter or amend the Plan or any part thereof from time to time, except that the Board of Directors shall not terminate the Plan or make any alteration or amendment thereto which would impair any rights or benefits of a Participant previously accrued.

XVIII. Binding Effect

This Plan shall be binding on the Company, each Subsidiary, and any affiliate listed on Exhibit A, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a participating affiliate are transferred.

XIX. Reimbursement to Participants

The Company shall reimburse any Participant, or beneficiary thereof, for all expenses, including attorney's fees, actually and reasonably incurred by the Participant or beneficiary in any proceeding to enforce any of their rights under this Plan.

XX. Construction

The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

IN WITNESS WHEREOF, Century Telephone Enterprises, Inc. has executed this Plan in its corporate name and its corporate seal to be hereunto affixed this 11th day of November, 1994.

ATTEST:
/s/ Sandra Post

CENTURY TELEPHONE ENTERPRISES, INC.

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

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

EXHIBIT 10.2
CENTURY TELEPHONE ENTERPRISES, INC.
SUPPLEMENTAL DEFINED CONTRIBUTION PLAN

I. Purpose of the Plan

This Supplemental Defined Contribution Plan (the "Plan") is intended to provide Century Telephone Enterprises, Inc. (the "Company") and its subsidiaries a method for attracting and retaining key employees; to provide a method for recognizing the contributions of such personnel; and to promote executive and managerial flexibility, thereby advancing the interests of the Company and its stockholders. In addition, the Plan is intended to provide a more adequate level of retirement benefits in combination with the Company's general retirement program.

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 "ACCOUNT" shall mean the account established under this Plan in accordance with Section 4.01.

2.02 "ACCOUNT BALANCE", as of a given date, shall mean the fair market value of a Participant's Account, as determined by the Committee.

2.03 "BOARD OF DIRECTORS" shall mean not less than a quorum of the whole Board of Directors of Century Telephone Enterprises, Inc.

2.04 "COMMITTEE" shall mean three or more members of the Board of Directors as described in Section 11.01 of the Plan, or the Board if no Committee has been appointed.

2.05 "COMMON STOCK" shall mean the common stock, \$1.00 par value per share, of the Company.

2.06 "COMPANY" shall mean Century Telephone Enterprises, Inc., any Subsidiary thereof, and any affiliate listed on Appendix A attached hereto.

2.07 "COMPENSATION" shall mean a sum of Participant's Salary, determined under Section 2.18 and Incentive Compensation, determined under Section 2.10, for a particular year. The determination of a Participant's Compensation for purposes of this Plan shall be made by the Committee, in its sole discretion.

2.08 "DISABILITY" shall mean a condition which makes a Participant unable to perform each of the material duties of his regular occupation where he is likely to remain thus incapacitated continuously and permanently.

2.09 "EFFECTIVE DATE" of this Plan shall mean January 1, 1994.

2.10 "EMPLOYER" shall mean Century Telephone Enterprises,

Inc., any Subsidiary thereof, and any affiliate listed on Appendix A attached hereto.

2.11 "INCENTIVE COMPENSATION" shall mean the amount awarded to a Participant under the Company's Key Employee Incentive Compensation Program or other executive incentive compensation arrangement maintained by the Company, including the amount of any stock award in 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 or years to which the award relates, i.e., the period of time during which the award was earned.

2.12 "LEAVE OF ABSENCE" shall mean any extraordinary absence authorized by the Employer under the Employer's standard personnel practices.

2.13 "NORMAL RETIREMENT AGE" shall mean age sixty-five (65).

2.14 "NORMAL RETIREMENT DATE" shall mean the first day of the month coincident with or next following a Participant's sixty-fifth (65th) birthday. Normal Retirement Age shall mean age sixty-five (65).

2.15 "PARTICIPANT" shall mean any officer of the Employer who is granted participation in the Plan in accordance with the provisions of Article III.

2.16 "PHANTOM STOCK UNIT" shall mean a unit, the value of which is equal to the value of a share of Common Stock, but does not represent actual shares of Common Stock.

2.17 "PLAN" shall mean the Century Telephone Enterprises, Inc. Supplemental Defined Contribution Plan, as amended and restated herein.

2.18 "PLAN CONTRIBUTIONS" shall mean the total dollar amount of contributions made, directly or indirectly, on behalf of a Participant under the Company's Stock Bonus Plan, PAYSOP and Trust and the Company's Employee Stock Ownership Plan and Trust.

2.19 "PLAN CONTRIBUTION PERCENTAGE" shall mean the estimated total of the percentage of compensation of employees of the Company contributed by the Company to its Stock Bonus Plan, PAYSOP and Trust and its Employee Stock Ownership Plan and Trust, as determined by dividing Plan Contributions for a particular year by estimated compensation taken into account under such plans for the year. The Committee, in its sole discretion, shall determine the Plan Contribution Percentage for each year, and such determination shall be binding and conclusive.

2.20 "SALARY" shall mean a Participant's annual rate of pay as of the date of determination of benefits hereunder, exclusive, however, of bonus payments, overtime payments, commissions, imputed income on life insurance, vehicle allowances, relocation expenses, severance payments, and any other extra compensation.

2.21 "SUBSIDIARY" shall mean any corporation in which the Company owns, directly or indirectly through subsidiaries, at

least fifty percent (50%) of the combined voting power of all classes of stock.

III. Participation

3.01 Any officer who is either one of the key employees of the Company in a position to contribute materially to the continued growth and future financial success of the Company, or one who has made a significant contribution to the Company's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

- a. The officer is employed on a full-time basis by Century Telephone Enterprises, Inc., any Subsidiary thereof or any affiliate listed on Appendix A;
- b. The officer is compensated for full-time employment by a regular salary;
- c. The coverage of the officer is duly approved by the Board of Directors of Century Telephone Enterprises, Inc.

It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management and highly compensated employees, as determined by the Committee.

IV. Accounts and Investments

4.01 An Account shall be established on behalf of each Participant who receives an allocation of Phantom Stock Units pursuant to Article V hereof. Each Participant's Account shall be credited with such allocation, and shall be debited with any expenses properly chargeable thereto. Any cash dividends paid on the Common Stock will be deemed to be paid on the Phantom Stock Units and will be deemed to be invested in additional Phantom Stock Units.

4.02 Each Participant shall be furnished with a statement of his Account, in such form as the Committee shall determine, within a reasonable period of time after the end of each year.

V. Allocations to Accounts

5.01 For each calendar year in which this Plan is in effect, each Participant's Account shall be credited with that number of Phantom Stock Units equal in value to that number of shares of Common Stock that could be purchased with an amount determined according to the following formula:

- (a) Compensation, times
- (b) Plan Contribution Percentage, less
- (c) Plan Contributions.

For purposes of this Section 5.01 the Common Stock shall be

valued at the closing price of the Common Stock on the New York Stock Exchange on the trading day immediately preceding the date specified in Section 5.02.

5.02 The amount determined under Section 5.01 shall be credited to a Participant's account as of the later of the date on which the credit to the Participant's Account for the year under Section 5.01 is determined, or the date on which an amount representing such credit is contributed under the Plan, and shall be considered a part of the Participant's Account Balance as of such date.

VI. Vesting of Account

6.01 A Participant's Account shall be fully vested upon:

- (a) attainment of age 55.
- (b) death.
- (c) disability as defined in Section 2.07.

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

Years of Service	Vested %
less than 5	0%
5 or more	100%

VII. Years of Service

7.01 A Participant will receive credit for a year of service for each calendar year in which he completes at least one thousand (1000) hours of service. Years of service will include all years of service prior to becoming an officer of the Company, years of service following Normal Retirement Date, and years of service with any Subsidiary or any affiliate listed on Appendix A attached hereto. In addition, periods of Leave of Absence and periods during which severance pay is provided shall be counted for determining years of service.

VIII. Time of Payment and Beneficiaries

8.01 Except as provided in Section 8.02, a Participant's vested Account Balance is payable upon termination of employment.

8.02 Payment of the Account Balance of a deceased Participant shall commence within ninety (90) days of his death, and shall be made to his beneficiary designated on a form provided for such purpose by the Plan Administrator. If the Participant fails to designate a beneficiary, his Account Balance shall be payable to his surviving spouse or, if none, to his surviving child or children (or legal representative of any minor child or child who has been declared incompetent or incapable of handling his affairs) in equal shares. The Account Balance of a Participant who dies leaving no spouse or children shall be paid to his estate.

IX. Form of Benefit Payment

9.01 The normal form of payment of a Participant's Account Balance is a lump sum cash payment.

9.02 A Participant may, prior to termination of employment, elect to receive payment of his Account Balance in monthly, quarterly, or annual cash installments of approximately equal amounts, over a period not to exceed ten (10) years.

X. Additional Restrictions on Benefit Payments

10.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

XI. Administration and Interpretation

11.01 The Plan shall be administered by the Board of Directors through a Committee which shall consist of three or more members of the Board of Directors of the Company. No individual who is or has ever been a member of the Committee shall be eligible to be designated as a participant or receive payments under this Plan. The Committee shall have full power and authority to interpret and administer the Plan and, subject to the provisions herein set forth, to prescribe, amend and rescind rules and regulations and make all other determinations necessary or desirable for the administration of the Plan. The Board may from time to time appoint additional members of the Committee or remove members and appoint new members in substitution for those previously appointed and to fill vacancies however caused.

11.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive, and nothing in the Plan shall be deemed to give any employee any right to participate in the Plan, except to such extent, if any, as the Committee may have determined or approved pursuant to the provisions of the Plan.

XII. Nature of the Plan

12.01 Benefits under the Plan shall generally be payable by the Company from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Company; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Company. Participants have only an unsecured right to receive benefits under the Plan from the Company as general creditors of the Company. The Company may deposit amounts in a trust established by the Company for the purpose of funding the Company's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Company upon the insolvency or bankruptcy of the Company, as provided in the trust.

XIII. Employment Relationship

13.01 An employee shall be considered to be in the employment of the Company and its subsidiaries as long as he remains an employee of either the Company, any Subsidiary of the Company, or any corporation to which substantially all of the assets and business of the Company are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer on any employee the right to continued employment by the Company or a Subsidiary of the Company, or affect in any way the right of the Company or such Subsidiary to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Board, and its determination shall be final.

XIV. Amendment and Termination of Plan

14.01 The Board of Directors of the Company in its sole discretion may terminate the Plan at any time and shall have the right to alter or amend the Plan or any part thereof from time to time, except that the Board of Directors shall not terminate the Plan or make any alteration or amendment thereto which would impair any rights or benefits of a Participant previously accrued.

XV. Binding Effect

15.01 This Plan shall be binding on the Company, each Subsidiary and any affiliate listed on Exhibit A, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a participating affiliate are transferred.

XVI. Reimbursement of Participants

16.01 The Company shall reimburse any Participant, or beneficiary thereof, for all expenses, including attorney's fees, actually and reasonably incurred by the Participant or beneficiary in any proceeding to enforce any of their rights under this Plan.

XVII. Construction

17.01 The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

IN WITNESS WHEREOF, Century Telephone Enterprises, Inc. has executed this Plan in its corporate name and its corporate seal to be hereunto affixed this 11th day of November, 1994.

ATTEST:

/s/ Sandra Post

CENTURY TELEPHONE ENTERPRISES, INC.

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

R. Stewart Ewing, Jr.

Senior Vice President and
Chief Financial Officer

EXHIBIT 10.3
CENTURY TELEPHONE ENTERPRISES, INC.
SUPPLEMENTAL DOLLARS & SENSE PLAN

I. Purpose of the Plan

This Supplemental Dollars & Sense Plan (the "Plan") is established by Century Telephone Enterprises, Inc. and its subsidiaries and designated affiliates (collectively referred to as the "Company") to provide to certain select management employees the opportunity to defer a portion of their compensation in excess of the deferrals permissible under the terms of the Century Telephone Enterprises, Inc. Dollars & Sense Plan and Trust (the "Dollars & Sense Plan") maintained by the Company and to allow the Company to make matching contributions based on such deferrals in excess of those permissible under such plan. This Plan is not intended to constitute a qualified plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and is designed to be exempt from the participation, vesting, funding and fiduciary responsibility rules of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

II. Definitions

As used in this Plan, the following terms shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 "ACCOUNT" shall mean the account established under this Plan in accordance with Section 4.01.

2.02 "ACCOUNT BALANCE", as of a given date, shall mean the fair market value of a Participant's Account, as determined by the Committee.

2.03 "BENEFICIARY" shall mean the person or persons designated by the Participant, or pursuant to a qualified domestic relations order, to receive benefits after the death of the Participant.

2.04 "BOARD OF DIRECTORS" shall mean not less than a quorum of the whole Board of Directors of Century Telephone Enterprises, Inc.

2.05 "COMMITTEE" shall mean three or more members of the Board of Directors as described in Section 11.01 of the Plan, or the Board if no Committee has been appointed.

2.06 "COMMON STOCK" shall mean the common stock, \$1.00 par value per share, of the Company.

2.07 "DISABILITY" shall mean a condition which makes a Participant unable to perform each of the material duties of his regular occupation where he is likely to remain thus incapacitated continuously and permanently.

2.08 "EFFECTIVE DATE" of this Plan shall mean the first day of the first payroll period commencing after January 1, 1995.

2.09 "EMPLOYER" shall mean Century Telephone Enterprises, Inc., any Subsidiary thereof, and any affiliate listed on Appendix A attached hereto and made a part hereof.

2.10 "EXCESS SALARY" shall mean the amount of a Participant's compensation upon which the Participant can no longer make deferral contributions under the Dollars & Sense Plan due to the application of either Code Section 401(a)(17) or 402(g).

2.11 "INCENTIVE COMPENSATION" shall mean the amount awarded to a Participant under the Company's Key Employee Incentive Compensation Program or other executive incentive compensation arrangement maintained by the Company, including the amount of any stock award in 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.

2.12 "LEAVE OF ABSENCE" shall mean any extraordinary absence authorized by the Employer under the Employer's standard personnel practices.

2.13 "NORMAL RETIREMENT AGE" shall mean age sixty-five (65).

2.14 "NORMAL RETIREMENT DATE" shall mean the first day of the month coincident with or next following a Participant's sixty-fifth (65th) birthday.

2.15 "PHANTOM STOCK UNIT" shall mean a unit, the value of which is equal to the value of a share of Common Stock, but does not represent actual shares of Common Stock.

2.16 "PARTICIPANT" shall mean any officer of Century Telephone Enterprises, Inc., any Subsidiary thereof, and any affiliate listed on Appendix A, who is granted participation in the Plan in accordance with the provisions of Article III.

2.17 "PLAN" shall mean the Century Telephone Enterprises, Inc. Supplemental Dollars & Sense Plan, as amended and restated herein.

2.18 "PLAN YEAR" shall mean the calendar year.

2.19 "SUBSIDIARY" shall mean any corporation in which the Company owns, directly or indirectly through subsidiaries, at least fifty percent (50%) of the combined voting power of all classes of stock.

III. Participation

3.01 Any officer who is either one of the key employees of the Company in a position to contribute materially to the continued growth and future financial success of the Company, or one who has made a significant contribution to the Company's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

- a. The officer is employed on a full-time basis by Century Telephone Enterprises, Inc., any Subsidiary thereof, or any affiliate listed on Appendix A;
- b. The officer is compensated for full-time employment by a regular salary;
- c. The coverage of the officer is duly approved by the Board of Directors of Century Telephone Enterprises, Inc.

It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management and highly compensated employees, as determined by the Committee.

IV. Accounts and Investments

4.01 An Account shall be established on behalf of each Participant who receives an allocation pursuant to Article VI hereof. Each Participant's Account shall be credited with such allocation, and earnings and gains on his Account Balance, and shall be debited with distributions, losses, and any expenses properly chargeable thereto.

4.02 Each Participant shall have the same rights with respect to investment of amounts in his Account hereunder as are available from time to time under the Dollars & Sense Plan, as to permissible investment funds, except as provided below, and election rights. Investment in the Century Stock Fund will not be available under the Plan but investments in Phantom Stock Units will be permitted. Any cash dividend paid on the Common Stock will be deemed to be paid on the Phantom Stock Units and will be deemed to be invested in additional Phantom Stock Units.

4.03 The Accounts of Participants in the Plan shall be revalued as of the last day of each calendar quarter, and each Participant shall be furnished with a statement of his Account, in such form as the Committee shall determine, within a reasonable period of time after the end of each quarter.

V. Participant Salary Deferrals

5.01 Each Participant shall make separate written elections, prior to the first day of each Plan Year (or, as to Participants who first become Participants as of a day other than January 1, prior to such date) to defer a portion of his (i) Excess Salary and/or (ii) Incentive Compensation. The amount of allowable deferral pursuant to each of the Participant's elections shall be a whole percentage, not to exceed ten percent (10%). An election to defer Excess Salary shall provide for a deferral to be made from each paycheck. An election to defer Incentive Compensation shall provide for a deferral based on the total Incentive Compensation award, including stock, as determined under Section 2.10, with the amount of such deferral to be made from the bonus check representing the cash portion of such award.

5.02 Any agreement made under the terms of Section 5.01

shall be irrevocable until the succeeding January 1, except that a salary deferral election under the terms of this Plan may be changed, amended or suspended at the same time and in the same manner as elections under the Company's Dollars & Sense Plan.

5.03 If a Participant does not make new elections for a succeeding Plan Year under Section 5.01, his elections in effect for the current Plan Year shall be deemed to continue in force and effect as if made for such succeeding Plan Year.

VI. Allocations to Participant's Accounts

6.01 The Employer shall allocate to each Participant's Account the amount of Excess Salary and/or Incentive Compensation deferred by such Participant pursuant to an election made under Section 5.01. The allocation hereunder shall be made as of the date of the paycheck or bonus check to which the deferral by the Participant relates.

6.02 The Employer shall allocate a matching contribution to each Participant's Account under this Plan each Plan Year equal to the total matching percentage (including matching and supplemental matching contributions) for the year provided by the Dollars & Sense Plan multiplied by the Participant's deferrals under this Plan not in excess of six percent (6%) of the Participant's Excess Salary and/or Incentive Compensation, applied to each separately.

VII. Vesting of Account

7.01 A Participant's Account Balance shall be fully vested at all times.

VIII. Time of Payment and Beneficiaries

8.01 Except as provided in Section 8.02 and 8.03, a Participant's Account Balance is payable upon termination of employment.

8.02 Upon the election of a Participant, prior to termination of employment, payment of his Account Balance shall commence at a specified date after the date of his termination of employment.

8.03 Payment of the Account Balance of a deceased Participant shall commence within ninety (90) days of his death, and shall be made to his beneficiary designated on a form provided for such purpose by the Plan Administrator. If the Participant fails to designate a beneficiary, his Account Balance shall be payable to his surviving spouse or, if none, to his surviving child or children (or legal representative of any minor child or child who has been declared incompetent or incapable of handling his affairs) in equal shares. The Account Balance of a Participant who dies leaving no spouse or children shall be paid to his estate.

IX. Form of Benefit Payment

9.01 The normal form of payment of a Participant's Account Balance is a lump sum.

9.02 A Participant may, prior to termination of employment, elect to receive payment of his Account Balance in monthly, quarterly, or annual installments of approximately equal amounts, over a period not to exceed ten (10) years.

X. Additional Restrictions on Benefit Payments

10.01 In no event will there be a duplication of benefits payable under the Plan because of employment by more than one participating Employer.

XI. Administration and Interpretation

11.01 The Plan shall be administered by the Board of Directors through a Committee which shall consist of three or more members of the Board of Directors of the Company. No individual who is or has ever been a member of the Committee shall be eligible to be designated as a participant or receive payments under this Plan. The Committee shall have full power and authority to interpret and administer the Plan and, subject to the provisions herein set forth, to prescribe, amend and rescind rules and regulations and make all other determinations necessary or desirable for the administration of the Plan. The Board may from time to time appoint additional members of the Committee or remove members and appoint new members in substitution for those previously appointed and to fill vacancies however caused.

11.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of the Plan shall be final and conclusive, and nothing in the Plan shall be deemed to give any employee any right to participate in the Plan, except to such extent, if any, as the Committee may have determined or approved pursuant to the provisions of the Plan.

XII. Nature of the Plan

12.01 Benefits under the Plan shall generally be payable by the Company from its own funds, and such benefits shall not (i) impose any obligation upon the trust(s) of the other employee benefit programs of the Company; (ii) be paid from such trust(s); nor (iii) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Company. Participants have only an unsecured right to receive benefits under the Plan from the Company as general creditors of the Company. The Company may deposit amounts in a trust established by the Company for the purpose of funding the Company's obligations under the Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Company upon the insolvency or bankruptcy of the Company, as provided in the trust.

XIII. Employment Relationship

13.01 An employee shall be considered to be in the employment of the Company and its subsidiaries as long as he

remains an employee of either the Company, any Subsidiary of the Company, or any corporation to which substantially all of the assets and business of the Company are transferred. Nothing in the adoption of this Plan nor the designation of any Participant shall confer on any employee the right to continued employment by the Company or a Subsidiary of the Company, or affect in any way the right of the Company or such Subsidiary to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Board, and its determination shall be final.

XIV. Amendment and Termination of Plan

14.01 The Board of Directors of the Company in its sole discretion may terminate the Plan at any time and shall have the right to alter or amend the Plan or any part thereof from time to time, except that the Board of Directors shall not terminate the Plan or make any alteration or amendment thereto which would impair the rights of a Participant previously accrued.

XV. Binding Effect

15.01 This Plan shall be binding on the Company, each Subsidiary and any affiliate listed on Exhibit A, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a participating affiliate are transferred.

XVI. Reimbursement of Participants

16.01 The Company shall reimburse any Participant, or beneficiary thereof, for all expenses, including attorney's fees, actually and reasonably incurred by the Participant or beneficiary in any proceeding to enforce any of their rights under this Plan.

XVII. Construction

17.01 The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of the Plan.

IN WITNESS WHEREOF, Century Telephone Enterprises, Inc. has executed this Plan in its corporate name and its corporate seal to be hereunto affixed this 11th day of November, 1994.

ATTEST:

/s/ Sandra Post

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 September 30		Nine months ended September 30	
	1994	1993	1994	1993
	(expressed in thousands, except per share amounts)			
Net income	\$24,613	17,596	65,299	49,853
Preferred stock dividend requirements	(30)	(6)	(73)	(18)
Net income applicable to common stock	24,583	17,590	65,226	49,835
Dividends applicable to Series H and Series K	30	6	73	18
Interest on 6% convertible debentures and amortization of deferred debt costs incurred in connection with the issuance of the debentures, net of taxes	1,157	1,145	3,449	3,437
Net income as adjusted for purposes of computing fully diluted earnings per share	\$25,770	18,741	68,748	53,290
Weighted average number of shares:				
Outstanding during period	53,399	51,219	53,016	50,317
Common stock equivalent shares	601	725	551	686
Employee Stock Ownership Plan shares not committed to be released	(417)	-	(268)	-
Total number of shares for computing primary earnings per share	53,583	51,944	53,299	51,003
Incremental common shares attributable to additional dilutive effect of convertible securities	4,749	4,642	4,717	4,700
Total number of shares as adjusted for purposes of computing fully diluted earnings per share	58,332	56,586	58,016	55,703
Earnings per average common share	\$.46	.34	1.23	.99
Primary earnings per share	\$.46	.34	1.22	.98
Fully diluted earnings per share	\$.44	.33	1.18	.96

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CENTURY TELEPHONE ENTERPRISES, INC. & SUBSIDIARIES AS OF SEPTEMBER 30, 1994 & THE RELATED UNAUDITED CONSOLIDATED STATEMENTS OF INCOME, STOCKHOLDERS' EQUITY & CASH FLOWS FOR THE NINE-MONTH PERIOD THEN ENDED & IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1994
PERIOD START	JAN 01 1994
PERIOD END	SEP 30 1994
CASH	16,996
SECURITIES	0
RECEIVABLES	43,330
ALLOWANCES	2,757
INVENTORY	5,619
CURRENT ASSETS	86,501
PP&E	1,299,130
DEPRECIATION	375,719
TOTAL ASSETS	1,611,059
CURRENT LIABILITIES	183,340
BONDS	637,988
COMMON	53,423
PREFERRED MANDATORY	0
PREFERRED	2,275
OTHER SE	559,480
TOTAL LIABILITY AND EQUITY	1,611,059
SALES	0
TOTAL REVENUES	395,375
CGS	0
TOTAL COSTS	271,995
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	30,839
INCOME PRETAX	104,166
INCOME TAX	38,867
INCOME CONTINUING	65,299
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	65,299
EPS PRIMARY	1.22
EPS DILUTED	1.18

End of Filing

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