

CENTURYTEL INC

FORM 8-K

(Unscheduled Material Events)

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Industry	Communications Services
Sector	Services
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

July 8, 1999

Date of Report (Date of earliest event reported)

CENTURYTEL, INC.

(Exact name of Registrant as specified in its charter)

LOUISIANA
(State or other jurisdiction
of incorporation)

1-7784
(Commission
File Number)

72-0651161
(I.R.S. Employer
Identification Number)

100 Century Park Drive
Monroe, Louisiana 71203
(Address of principal executive offices) (Zip Code)

(318) 388-9000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Item 5: Other Events

On July 8, 1999, CenturyTel, Inc. entered into a strategic partnership with various co-investors to purchase telephone access lines from an affiliate of GTE Corporation ("GTE") in Missouri. Financial terms were not disclosed.

Subject to various conditions, CenturyTel will invest approximately \$55 million in the preferred equity of a new company named Spectra Communications Group, LLC ("Spectra"), and will receive approximately 57% of Spectra's fully diluted equity (subject to certain adjustments at closing). The remainder of the GTE purchase price payable by Spectra will be funded through the equity investments of CenturyTel's co-investors and credit facilities. CenturyTel will elect two board members, will participate in significant management decisions and will provide operational, financial and managerial support services to Spectra.

The assets to be purchased by Spectra will include all telephone access lines (which numbered approximately 116,000 as of December 31, 1998) and related property and equipment comprising GTE's local exchange operations in 107 exchanges in predominantly rural and suburban markets throughout Missouri. The assets to be purchased will not include (i) GTE's cellular, PCS, inter-LATA long distance or internet operations, (ii) GTE's inter-LATA fiber optic network assets or (iii) any rights under GTE's billing and collection contracts and certain other agreements. Spectra will not assume any liabilities of GTE other than those associated with contracts, employees, customer deposits and certain other assets transferred in connection with the sale.

CenturyTel expects that at closing (which is currently anticipated to occur in the first quarter of 2000) Spectra's acquired properties will comprise approximately 125,000 access lines, will generate approximately \$88.3 million in annual revenues and approximately \$47 million in annualized cash flow. Spectra is expected to realize approximately \$108 million of goodwill in connection with the acquisition, and to incur capital expenditures of approximately \$10 million per annum in the initial years of operations. CenturyTel anticipates that the financial effect of its investment in Spectra will be neutral or slightly accretive to CenturyTel's consolidated earnings per share during the first year of operations.

Consummation of Spectra's acquisition is subject to, among other things, (i) the receipt of approvals from the Federal Communications Commission and the Missouri Public Service Commission, (ii) compliance with the notification and waiting period requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (iii) the receipt of various third party consents, including releases from GTE bondholders terminating liens on the transferred assets, and

(iv) various other customary closing conditions. Spectra has agreed to pay GTE approximately \$14.5 million if the acquisition is not consummated under certain specified conditions, including Spectra's incapacity to finance the transaction.

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

In addition to historical information, this report includes certain forward-looking statements that are subject to uncertainties that could cause CenturyTel's actual results to differ materially from such statements. Such uncertainties include but are not limited to: changes in prevailing interest rates or in the capital markets; the effects of ongoing deregulation in the telecommunications industry; the effects of greater than anticipated competition in CenturyTel's markets; possible changes in the demand for CenturyTel's products and services; CenturyTel's ability to successfully introduce new offerings on a timely and cost-effective basis; the risks inherent in rapid technological change; CenturyTel's ability to effectively manage its growth, including integrating newly acquired properties into CenturyTel's operations; the success and expense of the remediation efforts of CenturyTel and its vendors in achieving year 2000 compliance; any similar efforts, changes or other factors impacting the GTE properties to be acquired by Spectra; and the effects of more general factors such as changes in overall market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to CenturyTel's business are described in greater detail in CenturyTel's Annual Report on Form 10-K for the year ended December 31, 1998.

SIGNATURE

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

CENTURYTEL, INC.

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

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

Dated: July 8, 1999

FOR IMMEDIATE RELEASE FOR MORE INFORMATION CONTACT:

July 8, 1999 Media: Patricia Cameron (318) 388-9674 patricia.cameron@centurytel.com Investors: Jeffrey S. Glover (318) 388-9648 jeff.glover@centurytel.com Spectra: Eddie Arnold (202) 256-3230 arnolde@tvratings.com

CenturyTel participates in joint venture to buy Missouri access lines from GTE

Monroe, LA. . CenturyTel, Inc. (NYSE Symbol: CTL) announced today that it has entered into a strategic joint venture to purchase approximately 116,000 telephone access lines (based on year-end 1998 figures) and related local exchange assets in Missouri from GTE. The joint venture consists of CenturyTel, Spectronics Corporation, a Georgia-based African American-owned full-service telecommunications contractor; Local Exchange Carriers (LEC), LLC, a private equity investment company based in Kansas City, Missouri; and other African American co-investors.

The newly formed company, Spectra Communications Group, LLC, will be controlled by Spectronics and the other co-investors who will own 100 percent of Spectra's outstanding common stock and will elect a majority of the board of directors. CenturyTel will make a preferred equity investment in the company, will have board representation, participate in Spectra's significant management decisions and provide Spectra operational, financial and managerial support.

"We are pleased with the opportunity to partner with Spectronics, LEC and the other co-investors to serve customers in Missouri," said Glen F. Post, III, president and chief executive officer of CenturyTel. "Participating in this venture allows us to further advance our clustering strategy. The properties are near our operations in Arkansas, which will soon become our second largest state in terms of access lines." CenturyTel announced an agreement to purchase GTE's local exchange assets in Arkansas last week.

"Over the past three years, GTE has invested more than \$105 million to upgrade these networks in Missouri. The properties encompass 107 telephone exchanges which include 100 percent digital plant with more than 700 route miles of fiber. Due to the quality of the facilities, we believe we will soon be able to provide additional services such as Internet, voice mail and broader caller ID availability," Post said.

Dorothy Rollins, president and chair of Spectra Communications Group, said "Spectronics Corporation's success in delivering telecommunications services gave us the opportunity to move forward into new, exciting areas. When we began thinking about where we wanted to take our business, providing service to the consumer made perfect sense. Our partnership with CenturyTel will help accomplish this vision."

GTE employees who serve these areas will be offered positions with Spectra.

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

Spectra intends to finance the asset purchase with a combination of debt financing and the parties' equity contributions. Approval of the sale is required by the Missouri Public Service Commission, the Federal Communications Commission, the Federal Trade Commission and the U.S. Department of Justice. The transaction is expected to close in first quarter 2000.

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

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

