

CENTURYTEL INC

FORM 10-Q (Quarterly Report)

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CIK	0000018926
Industry	Communications Services
Sector	Services
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1997

or

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

Commission File Number: 1-7784

CENTURY TELEPHONE ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Louisiana
(State of incorporation)

72-0651161
(I.R.S. Employer
Identification No.)

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

Registrant's telephone number, including area code: (318) 388-9500

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

☒ Yes ☐ No

As of July 31, 1997, there were 60,354,401 shares of common stock outstanding.

CENTURY TELEPHONE ENTERPRISES, INC.

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PART I. FINANCIAL INFORMATION

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

	Three months ended June 30	Six months ended June 30		

1997	1996	1997	1996	
(Dollars, except per share amounts, and shares expressed in thousands)				
OPERATING REVENUES				
Telephone	\$ 120,425	111,403	237,520	222,034
Mobile communications	74,470	63,588	140,309	118,592
Other	15,681	11,547	31,732	21,726

Total operating revenues	210,576	186,538	409,561	362,352

OPERATING EXPENSES				
Cost of sales and operating expenses	111,830	96,421	217,792	185,981
Depreciation and amortization	36,341	32,420	71,666	63,159

Total operating expenses	148,171	128,841	289,458	249,140

OPERATING INCOME	62,405	57,697	120,103	113,212

OTHER INCOME (EXPENSE)				
Gain on sales of assets	70,121	-	70,121	-
Interest expense	(11,054)	(11,353)	(22,364)	(22,949)
Income from unconsolidated cellular entities	7,799	6,960	13,379	12,594
Minority interest	(1,541)	(1,973)	(1,905)	(4,529)
Other income and expense	1,059	910	2,293	1,057

Total other income (expense)	66,384	(5,456)	61,524	(13,827)

INCOME BEFORE INCOME TAX EXPENSE	128,789	52,241	181,627	99,385
Income tax expense	45,613	19,300	65,316	36,779

NET INCOME	\$ 83,176	32,941	116,311	62,606
=====				
PRIMARY EARNINGS PER SHARE	\$ 1.38	.55	1.93	1.05
=====				
FULLY DILUTED EARNINGS PER SHARE	\$ 1.36	.55	1.91	1.04
=====				

DIVIDENDS PER COMMON SHARE	\$.0925	.09	.185	.18
AVERAGE PRIMARY SHARES				
OUTSTANDING	60,372	59,969	60,321	59,723
AVERAGE FULLY DILUTED SHARES				
OUTSTANDING	61,099	60,695	60,989	60,449

See accompanying notes to consolidated financial statements.

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

	June 30, 1997	December 31, 1996
(Dollars in thousands)		
Cash and cash equivalents	\$ 12,088	8,402
Accounts receivable		
Customers, less allowance of		
\$3,131 and \$3,327	66,826	60,181
Other	35,531	26,263
Materials and supplies, at average cost	6,613	8,222
Other	4,033	6,166
	125,091	109,234
NET PROPERTY, PLANT AND EQUIPMENT	1,139,708	1,149,012
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired, less		
accumulated amortization of \$74,745		
and \$67,061	543,512	532,410
Other	416,148	237,849
	959,660	770,259
	\$ 2,224,459	2,028,505

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 20,615	19,919
Accounts payable	57,570	60,548
Accrued expenses and other liabilities		
Salaries and benefits	19,814	20,224
Taxes	17,737	13,913
Interest	4,945	5,581
Other	11,530	8,837
Advance billings and customer deposits	16,003	15,122
	148,214	144,144
LONG-TERM DEBT	630,232	625,930
DEFERRED CREDITS AND OTHER LIABILITIES	278,957	230,278

STOCKHOLDERS' EQUITY

Common stock, \$1.00 par value, authorized 175,000,000 shares, issued and outstanding 60,152,084 and 59,858,540 shares	60,152	59,859
Paid-in capital	482,211	474,607
Unrealized holding gain on investments, net of taxes	24,565	-
Retained earnings	599,727	494,726
Unearned ESOP shares	(9,640)	(11,080)
Preferred stock - non-redeemable	10,041	10,041
	1,167,056	1,028,153
	\$ 2,224,459	2,028,505

See accompanying notes to consolidated financial statements.

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

	Six months ended June 30	
	1997	1996
	(Dollars in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 59,859	59,114
Issuance of common stock for acquisitions	-	257
Conversion of convertible securities into common stock	113	-
Issuance of common stock through dividend reinvestment, incentive and benefit plans	180	306
Conversion of preferred stock into common stock	-	31
Balance at end of period	60,152	59,708
PAID-IN CAPITAL		
Balance at beginning of period	474,607	453,584
Issuance of common stock for acquisitions	-	8,201
Conversion of convertible securities into common stock	3,187	-
Issuance of common stock through dividend reinvestment, incentive and benefit plans	4,079	6,720
Amortization of unearned compensation and other	338	738
Conversion of preferred stock into common stock	-	90
Balance at end of period	482,211	469,333
UNREALIZED HOLDING GAIN ON INVESTMENTS, NET OF TAXES		
Balance at beginning of period	-	-
Change in unrealized holding gain on investments, net of taxes	24,565	-
Balance at end of period	24,565	-
RETAINED EARNINGS		
Balance at beginning of period	494,726	387,424
Net income	116,311	62,606
Cash dividends declared		
Common stock-\$.185 and \$.18 per share, respectively	(11,055)	(10,652)
Preferred stock	(255)	(164)

Balance at end of period	599,727	439,214

UNEARNED ESOP SHARES		
Balance at beginning of period	(11,080)	(13,960)
Release of ESOP shares	1,440	1,440

Balance at end of period	(9,640)	(12,520)

PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning of period	10,041	2,262
Issuance of preferred stock for acquisition	-	7,975
Conversion of preferred stock into common stock	-	(121)

Balance at end of period	10,041	10,116

TOTAL STOCKHOLDERS' EQUITY	\$ 1,167,056	965,851
=====		

See accompanying notes to consolidated financial statements.

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

	Six months ended June 30	
	1997	1996

	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 116,311	62,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71,666	63,159
Deferred income taxes	29,667	2,893
Income from unconsolidated cellular entities	(13,379)	(12,594)
Minority interest	1,905	4,529
Loss on investment in unconsolidated personal communications services entity	-	1,100
Gain on sales of assets	(70,121)	-
Changes in current assets and current liabilities:		
Increase in accounts receivable	(15,670)	(6,593)
Decrease in accounts payable	(4,187)	(5,438)
Increase in other accrued taxes	5,343	2,544
Other current assets and other current liabilities, net	7,012	5,983
Increase in other noncurrent liabilities	3,382	3,570
Other, net	(1,522)	3,841

Net cash provided by operating activities	130,407	125,600

INVESTING ACTIVITIES		
Payments for property, plant and equipment	(87,419)	(99,321)
Acquisitions, net of cash acquired	(23,548)	(17,022)
Reimbursement of investment in unconsolidated personal communications services entity	-	18,900
Distributions from unconsolidated cellular entities	5,723	5,129
Purchase of life insurance investment	(11,998)	(5,248)
Other, net	(2,269)	624

Net cash used in investing activities	(119,511)	(96,938)

FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	28,500	45,395
Payments of long-term debt	(28,782)	(50,822)

Notes payable, net	-	(14,199)
Proceeds from issuance of common stock	4,258	7,011
Cash dividends	(11,310)	(10,816)
Other, net	124	121
-----	-----	-----
Net cash used in financing activities	(7,210)	(23,310)
-----	-----	-----
Net increase in cash and cash equivalents	3,686	5,352
Cash and cash equivalents at beginning of period	8,402	8,540
-----	-----	-----
Cash and cash equivalents at end of period	\$ 12,088	13,892
=====	=====	=====
Supplemental cash flow information:		
Income taxes paid	\$ 38,402	34,851
Interest paid	\$ 23,000	23,405

See accompanying notes to consolidated financial statements.

CENTURY TELEPHONE ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1997
(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, 1996. Certain 1996 amounts have been reclassified to be consistent with the 1997 presentation.

The unaudited financial information for the three months and six months ended June 30, 1997 and 1996 has not been audited by independent public accountants; however, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the three-month and six-month periods have been included therein. The results of operations for the first six months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

(2) Net Property, Plant and Equipment

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

	June 30, 1997	December 31, 1996
-----	-----	-----
	(Dollars in thousands)	
Telephone, at original cost	\$1,350,418	1,290,289
Accumulated depreciation	(467,228)	(417,497)
-----	-----	-----
	883,190	872,792
-----	-----	-----
Mobile communications, at cost	291,379	269,389
Accumulated depreciation	(88,962)	(75,666)
-----	-----	-----
	202,417	193,723
-----	-----	-----
Corporate and other, at cost	102,266	126,015
Accumulated depreciation	(48,165)	(43,518)
-----	-----	-----
	54,101	82,497
-----	-----	-----
	\$1,139,708	1,149,012
=====	=====	=====

(3) Earnings from Unconsolidated Cellular Entities

The following summarizes the unaudited combined results of operations of the cellular entities in which the Company's investments (as of June 30, 1997 and 1996) were accounted for by the equity method.

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	Six months ended June 30	
	1997	1996
(Dollars in thousands)		
Results of operations		
Revenues	\$ 607,564	459,275
Operating income	\$ 198,951	142,288
Net income	\$ 199,927	143,132

(4) Accounting Pronouncement

In March 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." SFAS 128 establishes requirements for the computation of basic earnings per share and diluted earnings per share and is effective for financial statements issued for periods ending after December 15, 1997. The effect of adoption of SFAS 128 is not expected to materially impact the Company's diluted earnings per share.

(5) Gain on Sales of Assets

In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks Fiber Properties, Inc. ("Brooks") in exchange for 4.3 million shares of Brooks' common stock. The Company recorded a pre-tax gain in the second quarter of 1997 of approximately \$71 million (\$46 million after-tax; \$.75 per fully diluted share).

(6) Investments in Marketable Equity Securities

Marketable equity securities owned by the Company, substantially all of which were received as proceeds from the sale of the Company's competitive access subsidiary to Brooks in May 1997, are classified as available-for-sale and are reported at fair value, with unrealized holding gains and losses reported, net of tax, as a separate component of stockholders' equity. As of June 30, 1997, gross unrealized holding gains of the Company's marketable equity securities were \$37.8 million.

(7) Pending Acquisition

On June 11, 1997, the Company signed a definitive purchase agreement with PacifiCorp Holdings, Inc. ("Holdings") to acquire the stock of Holdings' wholly-owned telecommunications subsidiary, Pacific Telecom, Inc. ("PTI"). PTI provides local exchange telephone service in four midwestern states, seven western states and Alaska. PTI also has cellular ownership interests in six states.

The Company will pay \$1.523 billion in cash and will assume PTI's debt, estimated to approximate \$700 million at closing, including \$232 million associated with PTI's pending acquisitions. The Company has obtained a \$1.6 billion commitment for initial financing through 5-year senior unsecured bank debt facilities fully underwritten by NationsBank.

The Company anticipates completing the transaction no later than the first quarter of 1998 subject to the receipt of various regulatory approvals and certain other closing conditions.

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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 below should be read in conjunction with MD&A and other information included in the Company's annual report on Form 10-K for the year ended December 31, 1996. The results of operations for the three months and six months ended June 30, 1997 are not necessarily indicative of the results of operations which might be expected for the entire year.

Century Telephone Enterprises, Inc. (the "Company") is a regional diversified telecommunications company that is primarily engaged in providing local telephone services and cellular telephone communications services. At June 30, 1997, the Company's local exchange telephone subsidiaries operated over 525,000 telephone access lines primarily in rural, suburban and small urban areas in 14 states, and the Company's majority-owned and operated cellular entities had more than 398,000 cellular subscribers. In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks Fiber Properties, Inc. ("Brooks") in exchange for 4.3 million shares of Brooks' common stock. In June 1997 Century agreed to purchase Pacific Telecom, Inc. ("PTI") in exchange for \$1.523 billion cash plus the assumption of PTI's debt. PTI provides local exchange telephone services to approximately 570,000 telephone access lines (not including PTI's pending acquisition of approximately 70,000 access lines) and operates cellular entities that serve more than 96,000 subscribers.

RESULTS OF OPERATIONS

Three Months Ended June 30, 1997 Compared
to Three Months Ended June 30, 1996

Net income for the second quarter of 1997, exclusive of the \$45.6 million after-tax gain on sales of assets, increased \$4.7 million (14.1%) to \$37.6 million from \$32.9 million during the second quarter of 1996. Fully diluted earnings per share, exclusive of the gain, increased to \$.62 during the second quarter of 1997 compared to \$.55 during the second quarter of 1996, a 12.7% increase.

	Three months ended June 30	
	1997	1996
	(Dollars, except per share amounts, and shares in thousands)	
Operating income		
Telephone	\$ 38,972	37,796
Mobile communications	21,812	19,782
Other	1,621	119
	62,405	57,697
Gain on sales of assets	70,121	-
Interest expense	(11,054)	(11,353)
Income from unconsolidated cellular entities	7,799	6,960
Minority interest	(1,541)	(1,973)
Other income and expense	1,059	910
Income taxes	(45,613)	(19,300)
Net income	\$ 83,176	32,941
Fully diluted earnings per share	\$ 1.36	.55
Average fully diluted shares outstanding	61,099	60,695

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Contributions to operating revenues and operating income by the Company's telephone, mobile communications, and other operations for the three months ended June 30, 1997 and 1996 were as follows:

	Three months ended June 30	
	1997	1996
Operating revenues		
Telephone operations	57.2%	59.7
Mobile communications operations	35.4%	34.1
Other operations	7.4%	6.2
Operating income		
Telephone operations	62.5%	65.5
Mobile communications operations	34.9%	34.3
Other operations	2.6%	.2

Telephone Operations

Three months
ended June 30

	1997	1996
	(Dollars in thousands)	
Operating revenues		
Local service	\$ 33,118	30,209
Network access	72,480	68,338
Other	14,827	12,856
	120,425	111,403
Operating expenses		
Plant operations	24,446	22,318
Customer operations	12,345	10,917
Corporate and other	18,783	16,603
Depreciation and amortization	25,879	23,769
	81,453	73,607
Operating income	\$ 38,972	37,796
=====		

Telephone operating income increased \$1.2 million (3.1%) due to an increase in operating revenues of \$9.0 million (8.1%) which more than offset an increase in operating expenses of \$7.8 million (10.7%).

The increase in revenues was partially due to a \$2.6 million increase in amounts received from the federal Universal Service Fund; a \$1.5 million increase due to acquisitions consummated since the first quarter of 1996; a \$1.7 million increase resulting from an increase in the number of access lines served; a \$1.4 million increase in the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies; a \$770,000 increase due to the increased demand for custom calling features; and a \$655,000 increase in Internet access revenues attributable to growth in the number of customers. These increases were partially offset by a reduction of \$1.0 million in access revenues due to the reduction in intrastate switched access rates mandated by the Louisiana Public Service Commission which was phased in through July 1997. See Six Months Ended June 30, 1997 Compared to Six Months Ended June 30, 1996 - Telephone Operations for additional information.

During the second quarter of 1997, operating expenses, exclusive of depreciation and amortization, increased \$5.7 million (11.5%) substantially due to an \$898,000 increase in expenses (exclusive of sales and marketing expenses) related to providing Internet access services; an \$800,000 increase in sales and marketing expenses; \$700,000 of expenses of companies

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acquired; and a \$552,000 increase in the provision for doubtful accounts. The remainder of the increase was due to increases in general operating expenses.

The Company's operating loss from providing Internet access services was \$1.2 million in the second quarter of 1997 compared to \$772,000 in the second quarter of 1996. Since the second quarter of 1996, the Company has expanded its service areas, enhanced its network and expanded its customer service functions in order to provide service to a larger number of customers and to improve customer service.

Depreciation and amortization increased \$2.1 million (8.9%) primarily due to higher levels of plant in service.

Cellular Operations and Investments		
	Three months ended June 30	
	1997	1996
	(Dollars in thousands)	
Operating income - mobile communications segment	\$ 21,812	19,782
Minority interest - cellular operations	(1,776)	(2,051)
Income from unconsolidated cellular entities	7,799	6,960
	\$ 27,835	24,691
=====		

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

Mobile Communications Operations

	Three months ended June 30	
	1997	1996
	(Dollars in thousands)	
Operating revenues		
Service revenues	\$ 73,053	62,554
Equipment sales	1,417	1,034
	74,470	63,588
Operating expenses		
Cost of equipment sold	3,456	2,865
System operations	11,071	9,457
General, administrative and customer service	14,263	12,898
Sales and marketing	13,857	10,728
Depreciation and amortization	10,011	7,858
	52,658	43,806
Operating income	\$ 21,812	19,782

Mobile communications operating income increased \$2.0 million (10.3%) to \$21.8 million in the second quarter of 1997 from \$19.8 million in the second quarter of 1996. Mobile communications operating revenues increased \$10.9 million (17.1%) while operating expenses increased \$8.9 million (20.2%).

The increase in cellular service revenues was primarily due to the increase in the number of cellular customers. The average number of cellular

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units in service in majority-owned markets during the second quarter of 1997 and 1996 was 388,300 and 316,100, respectively. Access and usage revenues increased \$7.4 million (16.7%) in the second quarter of 1997 and roaming and toll revenues increased \$3.3 million (19.3%).

The average monthly cellular service revenue per customer declined to \$63 during the second quarter of 1997 from \$66 during the second quarter of 1996. It has been an industry-wide trend that early subscribers have normally been the heaviest users and that a higher percentage of new subscribers tend to be lower usage customers. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures from current and future wireless communications providers intensify and place additional pressure on rates. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

Equipment sales increased \$383,000 in the second quarter of 1997 compared to the second quarter of 1996. The increase in cost of sales during the second quarter of 1997 resulted from the increase in the number of cellular phones sold.

System operations expenses increased \$1.6 million (17.1%) in the second quarter of 1997 primarily due to (i) a \$798,000 increase in the net cost paid to other carriers for cellular service provided to the Company's customers who roam in the other carriers' service areas in excess of the amounts the Company bills its customers and (ii) a \$577,000 increase in cell site expenses associated with a higher number of cell sites in service.

General, administrative and customer service expenses increased \$1.4 million (10.6%) primarily due to increased expenses resulting from a larger customer base, such as customer service (\$1.0 million) and billing costs (\$784,000). Such increases were partially offset by a \$732,000 decrease in the provision for doubtful accounts.

The Company's average monthly churn rate (the percentage of cellular customers that terminate service) was 2.16% for the second quarter of 1997 and 2.10% for the second quarter of 1996.

During the second quarter of 1997, sales and marketing expenses increased \$3.1 million (29.2%) primarily due to a \$1.8 million increase in advertising expense and a \$1.3 million increase in costs incurred in selling products and services in retail locations, including Company-owned stores.

Depreciation and amortization increased \$2.2 million (27.4%) due primarily to a higher level of plant in service.

Other Operations

Other operations include the results of operations of subsidiaries of the Company which are not included in the telephone or mobile communications segments, including, but not limited to, the Company's nonregulated long distance and operator services operations. Operating revenues of the long distance and operator services operations increased \$4.8 million during the second quarter of 1997 while operating expenses of such operations increased \$4.7 million.

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In May 1997 the Company sold its majority-owned competitive access subsidiary to Brooks in exchange for 4.3 million shares of Brooks' publicly-traded common stock. Under the terms of a related management agreement, the results of operations of the competitive access subsidiary were effectively assumed by Brooks as of April 1, 1997. Operating revenues and expenses in the second quarter of 1996 applicable to the competitive access subsidiary were \$772,000 and \$2.4 million, respectively.

Gain on Sales of Assets

Gain on sales of assets during the second quarter of 1997 included a pre-tax gain of \$71 million (\$46 million after-tax: \$.75 per fully diluted share) as a result of the sale of the Company's competitive access subsidiary to Brooks in May 1997. For additional information, see Note 5 of Notes to Consolidated Financial Statements.

Minority Interest

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings or loss of the Company's majority-owned and operated cellular entities and majority-owned subsidiaries. Minority interest decreased \$432,000 (21.9%) due primarily to the effect of the Company's acquisition, during the second quarter of 1996, of an additional 25% interest in a Louisiana cellular partnership which decreased the minority interest owners' share of such partnership.

Income Tax Expense

Income tax expense increased \$26.3 million in the second quarter of 1997 compared to the second quarter of 1996 primarily due to the gain on sales of assets. The effective income tax rate was 35.4% and 36.9% for the three months ended June 30, 1997 and 1996, respectively.

Six Months Ended June 30, 1997 Compared to Six Months Ended June 30, 1996

Net income for the first six months of 1997, exclusive of the \$45.6 million after-tax gain on sales of assets, increased \$8.1 million (13.0%) to \$70.7 million from \$62.6 million during the first six months of 1996. The increase was principally due to a \$6.9 million increase in operating income. Excluding gain on sales of assets, fully diluted earnings per share increased to \$1.16 for the six months ended June 30, 1997 from \$1.04 during the six months ended June 30, 1996, an 11.5% increase.

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	Six months ended June 30	
	1997	1996
	(Dollars in thousands, except per share amounts)	
Operating income		
Telephone	\$ 79,496	76,415
Mobile communications	38,349	35,952
Other	2,258	845
	120,103	113,212
Gain on sales of assets	70,121	-
Interest expense	(22,364)	(22,949)
Income from unconsolidated cellular entities	13,379	12,594
Minority interest	(1,905)	(4,529)
Other income and expense	2,293	1,057
Income tax expense	(65,316)	(36,779)
Net income	\$ 116,311	62,606
Fully diluted earnings per share	\$ 1.91	1.04
Average fully diluted shares outstanding	60,989	60,449

Contributions to operating revenues and operating income by the Company's telephone, mobile communications, and other operations for the six months ended June 30, 1997 and 1996 were as follows:

	Six months ended June 30	
	1997	1996
Operating revenues		
Telephone operations	58.0%	61.3
Mobile communications operations	34.3%	32.7
Other operations	7.7%	6.0
Operating income		
Telephone operations	66.2%	67.5
Mobile communications operations	31.9%	31.8
Other operations	1.9%	.7

Telephone Operations		
	Six months ended June 30	
	1997	1996

	(Dollars in thousands)	
Operating revenues		
Local service	\$ 65,306	59,294
Network access	144,022	136,701
Other	28,192	26,039
	237,520	222,034

Operating expenses		
Plant operations	48,042	44,697
Customer operations	22,743	20,825
Corporate and other	36,237	33,417
Depreciation and amortization	51,002	46,680
	158,024	145,619

Operating income	\$ 79,496	76,415
=====		

Telephone operating income increased \$3.1 million (4.0%) due to an increase in operating revenues of \$15.5 million (7.0%) which more than offset an increase in operating expenses of \$12.4 million (8.5%).

The increase in revenues was primarily due to a \$4.6 million increase in amounts received from the federal Universal Service Fund; a \$3.7 million increase due to acquisitions consummated since the first quarter of 1996; a \$3.0 million increase resulting from an increase in the number of access lines served; a \$1.9 million increase in revenues due to an increase in minutes of use; a \$1.9 million increase in the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies; a \$1.5 million increase due to the increased demand for custom calling features; and a \$1.2 million increase in Internet access revenues attributable to growth in the number of customers.

Such increases in revenues were partially offset by a \$2.0 million reduction in the Company's access revenues due to the reduction in intrastate switched access rates mandated by the Louisiana Public Service Commission ("LPSC") which was phased in through July 1997. In addition, billing and collection revenues decreased \$727,000 during the six months ended June 30, 1997 compared to the six months ended June 30, 1996.

On June 10, 1997, the LPSC adopted a Consumer Price Protection Plan (the "Plan") for Century's telephone subsidiaries operating in Louisiana, effective July 2, 1997. The new form of regulation will focus primarily on price and quality of service as opposed to rate of return regulation. Under the Plan, Century's Louisiana telephone subsidiaries' local rates will be frozen for a period of three years and access rates will be frozen for a period of two years. Although the Plan has no specified term, it will be reviewed by the LPSC three years from the effective date. Century's Louisiana telephone subsidiaries have the option to propose a new plan at any time if (i) effective competition exists or (ii) unforeseen events threaten the subsidiary's ability to provide adequate service or impair its financial health.

During the first six months of 1997, operating expenses, exclusive of depreciation and amortization, increased \$8.1 million (8.2%) primarily due to \$1.7 million of expenses of companies acquired; a \$1.5 million increase in expenses (exclusive of sales and marketing expenses) related to providing Internet access services; a \$1.2 million increase in sales and marketing expenses; an \$861,000 increase in the provision for doubtful accounts; and a \$763,000 increase in advalorem taxes. The remainder of the increase was due to increases in general operating expenses.

The Company's operating loss from providing Internet access services was \$2.1 million in the first six months of 1997 compared to \$1.5 million in the first six months of 1996. Since the second quarter of 1996, the Company has expanded its service areas, enhanced its network and expanded its customer service functions in order to provide service to a larger number of customers and to improve customer service.

Depreciation and amortization increased \$4.3 million (9.3%) primarily due to higher levels of plant in service (\$2.8 million) and acquisitions (\$920,000).

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Cellular Operations and Investments		
	Six months ended June 30	
	1997	1996
	(Dollars in thousands)	
Operating income - mobile communications segment	\$ 38,349	35,952
Minority interest - cellular operations	(3,096)	(4,607)
Income from unconsolidated cellular entities	13,379	12,594
	\$ 48,632	43,939
=====		

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

Mobile Communications Operations		
	Six months ended June 30	
	1997	1996
	(Dollars in thousands)	
Operating revenues		
Service revenues	\$ 137,637	116,597
Equipment sales	2,672	1,995
	140,309	118,592
Operating expenses		
Cost of equipment sold	7,386	5,722
System operations	21,397	16,353
General, administrative and customer service	28,478	25,097
Sales and marketing	25,427	20,207
Depreciation and amortization	19,272	15,261
	101,960	82,640
Operating income	\$ 38,349	35,952
=====		

Mobile communications operating income increased \$2.4 million (6.7%) to \$38.3 million in the first six months of 1997 from \$36.0 million in the first six months of 1996. Mobile communications operating revenues increased \$21.7 million (18.3%) which more than offset an increase in operating expenses of \$19.3 million (23.4%).

The increase in cellular service revenues was primarily due to the increase in the number of cellular customers. The average number of cellular units in service in majority-owned markets during the first six months of 1997 and 1996 was 380,400 and 306,900, respectively. Access and usage revenues increased \$15.6 million (18.6%) in the first six months of 1997 and roaming and toll revenues increased \$6.4 million (21.2%).

The average monthly cellular service revenue per customer declined to \$60 during the first six months of 1997 from \$63 during the first six months of 1996. It has been an industry-wide trend that early subscribers have

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normally been the heaviest users and that a higher percentage of new subscribers tend to be lower usage customers. The average monthly service revenue per customer may further decline (i) as market penetration increases and additional lower usage customers are activated and (ii) as competitive pressures from current and future wireless communications providers intensify and place additional pressure on rates. The Company is responding to such competitive pressures by, among other things, modifying certain of its price plans and implementing certain other plans and promotions, all of which are likely to result in lower average revenue per customer. The Company will continue to focus on customer service and attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by improving the quality of its service through the construction of additional cell sites and other enhancements to its system.

System operations expenses increased \$5.0 million (30.8%) during the six months ended June 30, 1997 primarily due to (i) a \$2.5 million increase in the net cost paid to other carriers for cellular service provided to the Company's customers who roam in the other carriers' service areas in excess of the amounts the Company bills its customers and (ii) a \$1.1 million increase in cell site expenses associated with a higher number of cell sites in service.

General, administrative and customer service expenses increased \$3.4 million (13.5%) primarily due to increased expenses resulting from a larger customer base, such as customer service and retention costs (\$2.2 million) and billing costs (\$1.2 million).

The Company's average monthly churn rate (the percentage of cellular customers that terminate service) was 2.33% for the first six months of 1997 and 2.19% for the first six months of 1996.

Sales and marketing expenses increased \$5.2 million (25.8%) primarily due to a \$2.4 million increase in costs incurred in selling products and services in retail locations, including Company-owned stores and a \$2.2 million increase in advertising expense.

Depreciation and amortization increased \$4.0 million (26.3%) due primarily to a higher level of plant in service.

Other Operations

Other operations include the results of operations of subsidiaries of the Company which are not included in the telephone or mobile communications segments, including, but not limited to, the Company's competitive access subsidiary (which was sold to Brooks in May 1997) and the Company's nonregulated long distance and operator services operations. Of the \$10.0 million (46.1%) increase in operating revenues during the six months ended June 30, 1997 compared to the six months ended June 30, 1996, \$8.7 million was applicable to the long distance and operator services operations. Of the \$8.6 million (41.2%) increase in operating expenses, \$6.8 million was incurred by the long distance and operator services operations. As mentioned above, the Company's competitive access subsidiary was sold in May 1997 and the results of operations of such subsidiary were effectively assumed by Brooks as of April 1, 1997. The operating loss of the Company's competitive access subsidiary in 1997 was \$2.4 million compared to \$2.6 million during the first six months of 1996.

Gain on Sales of Asset

Gain on sales of assets included a pre-tax gain of \$71 million (\$46 million after-tax: \$.75 per fully diluted share) as a result of the sale of the Company's competitive access subsidiary to Brooks in May 1997. For additional information, see Note 5 of Notes to Consolidated Financial Statements.

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Income from Unconsolidated Cellular Entities

Earnings from unconsolidated cellular entities, net of the amortization of associated goodwill, increased \$785,000 (6.2%) during the first six months of 1997 compared to the first six months of 1996 due to improvement in profitability of the cellular entities in which the Company owns less than a majority interest.

Minority Interest

Minority interest is the expense recorded by the Company to reflect the minority interest owners' share of the earnings or loss of the Company's majority-owned and operated cellular entities and majority-owned subsidiaries. Minority interest decreased \$2.6 million (57.9%), of which \$1.7 million was due to the effect of the Company's acquisition, during the second quarter of 1996, of an additional 25% interest in a Louisiana

cellular partnership which decreased the minority interest owners' share of such partnership. In addition, minority interest decreased \$756,000 during 1997 as a result of allocating thereto a portion of the loss of the Company's majority-owned competitive access subsidiary to the minority shareholders. In the first six months of 1996, no portion of the loss of such subsidiary was allocated to minority interest.

Other Income and Expense

Other income and expense for the first six months of 1997 was \$2.3 million compared to \$1.1 million during the first six months of 1996. The first quarter of 1996 included a non-recurring charge of \$1.1 million which related to the Company's withdrawal of its investment in an entity formed to bid on Personal Communications Services ("PCS") licenses after such entity withdrew from the federal auction in 1996.

Income Tax Expense

Income tax expense increased \$28.5 million (77.6%) in the first six months of 1997 compared to the first six months of 1996 primarily due to the second quarter 1997 gain on sales of assets. The effective income tax rate was 36.0% and 37.0% for the six months ended June 30, 1997 and 1996, respectively.

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash provided by operating activities was \$130.4 million during the first six months of 1997 compared to \$125.6 million during the first six months of 1996. The Company's accompanying consolidated statements of cash flows identify major differences between net income and net cash provided by operating activities for each of these periods. For additional information relating to the telephone operations, mobile communications operations, and other operations of the Company, see Results of Operations.

Net cash used in investing activities was \$119.5 million and \$96.9 million for the six months ended June 30, 1997 and 1996, respectively. Payments for property, plant and equipment were \$11.9 million less in the first six months of 1997 than in the comparable period during 1996. Capital expenditures for the six months ended June 30, 1997 were \$49.2 million for

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telephone, \$24.8 million for mobile communications and \$13.4 million for other operations. Cash used in connection with acquisitions was \$6.5 million more in the first six months of 1997 compared to the first six months of 1996. The \$96.9 million of net cash used in investing activities in 1996 was net of the reimbursement of \$18.9 million related to the Company's withdrawal of its equity investment in an entity formed for the purpose of participating in the FCC auction of 30MHz PCS licenses.

Net cash used in financing activities was \$7.2 million during the first six months of 1997 compared to \$23.3 million during the first six months of 1996. Net payments, including notes payable and long-term debt, were \$19.3 million less during the first six months of 1997 compared to the first six months of 1996. Proceeds from the issuance of common stock decreased \$2.8 million during the first six months of 1997 compared to the first six months of 1996.

Budgeted capital expenditures for 1997 total \$102 million for telephone operations. Revised budgeted capital expenditures for 1997 total \$60 million for mobile communications operations and \$25 million for corporate and other operations.

As of June 30, 1997, Century's telephone subsidiaries had available for use \$138.1 million of commitments for long-term financing from the Rural Utilities Service and the Company had \$90.6 million of undrawn committed bank lines of credit. In addition, approximately \$130.0 million of uncommitted credit facilities were available to Century at June 30, 1997. The Company has experienced no significant problems in obtaining funds through the issuance of debt or equity for capital expenditures or other purposes.

On June 11, 1997, the Company signed a definitive purchase agreement to acquire PTI in exchange for \$1.523 billion in cash. To finance this transaction, the Company has obtained a \$1.6 billion commitment from NationsBank for initial financing through 5-year senior unsecured bank debt facilities. NationsBank is currently in the process of syndicating these floating-rate revolving credit facilities, the closing of which is expected to occur during the third quarter of 1997. In June 1997 both Standard & Poor's and Moody's placed the Company's debt ratings (A- and Baa1, respectively) under review; neither rating agency has completed its review process in order to assign ratings that consider the PTI acquisition. Assuming a Standard & Poor's rating of BBB or BBB+ or a Moody's rating of Baa2 or Baa1, the Company will be able to borrow funds at 35 or 27.5 basis points, respectively, over LIBOR for periods ranging up to six months. The Company's common stockholders' equity as a percentage of total capitalization was 63.6% at June 30, 1997. Assuming the PTI acquisition had been consummated as of June 30, 1997, common stockholders' equity as a percentage of total capitalization would have been approximately 29%.

OTHER MATTERS

The Company currently accounts for its regulated telephone operations in accordance with the provisions of Statement of Financial Accounting Standards No. 71 ("SFAS 71"), "Accounting for the Effects of Certain Types of Regulation." While the ongoing applicability of SFAS 71 to the Company's telephone operations is being monitored due to changing regulatory, competitive and legislative environments, the Company believes that SFAS 71 still applies. However, it is possible that changes in regulation or legislation or anticipated changes in competition or in the demand for regulated services or products could result in the Company's telephone operations not being subject to SFAS 71 in the near future. In that event, implementation of Statement of Financial Accounting Standards No. 101 ("SFAS 101"), "Regulated Enterprises - Accounting for the Discontinuance of

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Application of FASB Statement No. 71," would require the write-off of previously established regulatory assets and liabilities, along with an adjustment of certain accumulated depreciation accounts to reflect the difference between recorded depreciation and the amount of depreciation that would have been recorded had the Company's telephone operations not been subject to rate regulation. Such discontinuance of the application of SFAS 71 would result in a material, noncash charge against earnings which would be reported as an extraordinary item. While the effect of implementing SFAS 101 cannot be precisely estimated at this time, management believes that, without giving consideration to the PTI acquisition, the noncash, after-tax, extraordinary charge would be between \$100 million and \$130 million.

On May 7, 1997, the Federal Communications Commission ("FCC") adopted orders on universal service and access charges, as mandated by the Telecommunications Act of 1996 (the "Act"). In the universal service order, the FCC ruled that rural telephone companies, which are defined to include each of Century's local exchange carriers ("LEC"), will continue to receive payments under the support mechanisms currently in effect and that the funding of these mechanisms would not be frozen. This status quo will continue under the order until January 2001, at which time rural telephone companies will begin to receive payments under new, yet to be developed support mechanisms which will be based on forward-looking economic costs.

The FCC also established a new program to provide up to \$2.25 billion of discounted telecommunications services annually to schools and libraries, commencing January 1, 1998. In addition, the FCC established a \$400 million annual fund to provide discounted telecommunications services for rural health care providers. All telecommunications carriers providing interstate telecommunications services, including the Company's LECs and its cellular and long distance operations, are required to contribute to these programs. The FCC stated that local telephone companies will recover their funding contributions in their rates for interstate services.

In the access charge reform order, the FCC changed its system of interstate access charges to make them compatible with the deregulatory framework established by the Act. Such changes are only applicable to price-cap companies. Century's telephone subsidiaries determine interstate revenues under rate of return regulation and are, therefore, only minimally impacted by the access charge reform order. The FCC stated that a separate access charge reform proceeding would be initiated for rate of return companies.

Numerous petitions for reconsideration or clarification have been filed with the FCC regarding these two orders.

In July 1997 the United States Court of Appeals for the Eighth Circuit overturned several provisions of the local competition regulations in the interconnection order promulgated by the FCC under the Telecommunications Act of 1996, including rules regarding the pricing of interconnection services and rules placing the burden of proof on rural LECs to retain their rural exemption. The FCC is expected to appeal the decision to the United States Supreme Court.

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PART II. OTHER INFORMATION

CENTURY TELEPHONE ENTERPRISES, INC.

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

At the Company's annual meeting of shareholders on May 8, 1997, the shareholders elected four Class III directors to serve for a term of three years and approved the proposals set forth in the Company's proxy statement dated March 13, 1997.

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

Class III Nominees -----	For ---	Withheld -----
Calvin Czeschin	105,467,197	4,768,615
F. Earl Hogan	105,510,706	4,725,106
Harvey P. Perry	106,010,103	4,225,709
Jim D. Reppond	105,036,452	5,199,360

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

Class I -----	Class II -----
William R. Boles, Jr.	Virginia Boulet
W. Bruce Hanks	Ernest Butler, Jr.
C. G. Melville, Jr.	James B. Gardner
Glen F. Post, III	R. L. Hargrove, Jr.
Clarke M. Williams	Johnny Hebert

The following number of votes were cast in the manner indicated below with respect to the following proposals:

1. Proposal to approve the Company's Chairman/Chief Executive Officer Short-Term Incentive Program.

For ---	Against -----	Abstain -----	Broker No-Votes -----
98,090,887	10,220,048	1,924,875	0

2. Proposal to approve an amendment to the Company's 1995 Incentive Compensation Plan.

For ---	Against -----	Abstain -----	Broker No-Votes -----
97,631,823	11,114,214	1,489,774	0

Item 5. Other Information

Forward-Looking Statements

Item 2 of this report includes, and future oral or written statements

of the Company and its management may include, certain forward-looking statements, including without limitation statements with respect to the Company's anticipated future operating and financial performance (including the impact of pending acquisitions), financial position and liquidity, growth opportunities and growth rates, business and competitive outlook, investment and expenditure plans, pricing plans, strategic alternatives, business strategies, and other similar statements of expectations or objectives that are highlighted by words such as "expects," "anticipates," "intends," "plans," "believes," "projects," "seeks," "estimates," "should" or "may," and

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variations thereof and similar expressions. Such forward-looking statements are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. These uncertainties include but are not limited to those set forth below:

(i) the effects of ongoing deregulation in the telecommunications industry as a result of the Telecommunications Act of 1996 (the "1996 Act") and other similar federal and state legislation and federal and state regulations enacted thereunder, including without limitation (i) greater than anticipated competition in the Company's predominantly rural local exchange telephone markets resulting therefrom, (ii) greater than anticipated reductions in revenues received from the Universal Service Fund or other similar federal and state support funds, (iii) the final outcome of FCC rulemaking with respect to interconnection agreements and access charge reforms and (iv) future state regulatory actions taken in response to the 1996 Act.

(ii) the effects of greater than anticipated competition from Personal Communications Services, Enhanced Specialized Mobile Radio services, satellite or other wireless companies, including without limitation competition requiring new pricing or marketing strategies or new product offerings, and the attendant risk that the Company will not be able to respond on a timely or profitable basis.

(iii) possible changes in the demand for the Company's products and services, including without limitation (i) lower than anticipated demand for premium telephone services or for additional access lines per household, (ii) lower than anticipated demand for wireless telephone services, whether caused by changes in economic conditions, technology, competition, health concerns or otherwise, and (iii) reduced demand for the Company's access or billing and collection services.

(iv) the Company's ability to successfully introduce new offerings on a timely and cost-effective basis, including without limitation the Company's ability to (i) expand successfully its long distance and Internet offerings to new markets (including those to be acquired under pending acquisitions), (ii) offer bundled service packages on terms attractive to its customers and (iii) successfully initiate PCS services in its licensed markets.

(v) the risks inherent in rapid technological change, including without limitation (i) the lack of assurance that the Company's ongoing wireless network improvements will be sufficient to meet or exceed the capabilities and quality of competing networks, (ii) technological developments that could make the Company's analog and digital wireless networks uncompetitive or obsolete, such as the risk that the Time Division Multiple Access technology used by the Company will be uncompetitive with Code Division Multiple Access or other digital technologies, and (iii) the risk that technologies will not be developed on a timely or cost-effective basis or perform according to expectations.

- (vi) regulatory limits on the Company's ability to change its prices for telephone services in response to competitive pressures.
- (vii) any significant delay or problem in consummating the Company's acquisition of Pacific Telecom, Inc.
- (viii) the Company's ability to effectively manage its growth, including without limitation the Company's ability to (i) achieve projected

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economies of scale and cost savings, (ii) meet pro forma cash flow projections developed by management in valuing newly-acquired businesses and (iii) implement necessary internal controls and retain and attract key personnel.

(ix) any difficulties in the Company's ability to expand through additional acquisitions, whether caused by financing constraints, a decrease in the pool of attractive target companies, or competition for acquisitions from other interested buyers.

(x) higher than anticipated wireless operating costs due to churn or fraudulent uses of the Company's networks.

(xi) the lack of assurance that the Company can compete effectively against better capitalized competitors.

(xii) the discontinuance of SFAS 71 by the Company's telephone subsidiaries.

(xiii) the effects of more general factors, including without limitation:

- (a) changes in general industry and market conditions and growth rates
- (b) changes in interest rates or other general national, regional or local economic conditions
- (c) changes in legislation, regulation or public policy, including changes in federal rural financing programs
- (d) unanticipated increases in capital, operating or administrative costs, or the impact of new business opportunities requiring significant up-front investments
- (e) the continued availability of financing in amounts, and on terms and conditions, necessary to support the Company's operations
- (f) changes in the Company's relationships with vendors
- (g) changes in the Company's senior debt ratings
- (h) unfavorable outcomes of regulatory or legal proceedings, including rate proceedings
- (i) changes in accounting policies or practices adopted voluntarily or as required by generally accepted accounting principles.

For a more detailed description of these and other uncertainties, see Items 1 and 7 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996. Due to these uncertainties, you are cautioned not to place undue reliance upon the Company's forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to update or revise any of its forward-looking statements for any reason.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

- 10.1 Amendment, dated June 26, 1997, to Registrant's Dollars and Sense Plan and Trust.
- 10.2 Amendments, dated January 1, 1997, to Registrant's Stock Bonus Plan, PAYSOP and Trust.
- 10.3 Amendments, dated January 1, 1997, to Registrant's Employee Stock Ownership Plan and Trust.

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- 10.4 Form of Stock Option Agreement, pursuant to Registrant's 1995 Incentive Compensation Plan, dated as of February 24, 1997.
- 10.5 Form of Restricted Stock and Performance Share Agreement, pursuant to Registrant's 1995 Incentive Compensation Program, dated as of February 24, 1997.
- 10.6 Registrant's Chairman/Chief Executive Officer Short-Term Incentive Program.
- 10.7 Stock Purchase Agreement, dated as of June 11, 1997, by and among PacifiCorp Holdings, Inc., Pacific Telecom, Inc., Century Telephone Enterprises, Inc. and Century Cellunet, Inc. (incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K filed June 24, 1997).
- 11 Computations of Earnings Per Share.

B. Reports on Form 8-K

(i) The following item was reported in a Form 8-K filed April 15, 1997.

Item 5. Other Events - News Release announcing letter of

----- intent to acquire cellular properties and PCS licenses from Pacific Telecom, Inc.

(ii) The following item was reported in a Form 8-K filed May 7, 1997.

Item 5. Other Events - News Release announcing completion of

----- merger of the Company's competitive access subsidiary into a subsidiary of Brooks Fiber Properties, Inc.

(iii) The following items were reported in a Form 8-K filed June 24, 1997.

Item 5. Other Events - Execution of agreement to purchase

----- Pacific Telecom, Inc.

Item 7. Financial Statements and Exhibits Stock Purchase Agreement, dated June 11, 1997, by and among PacifiCorp Holdings, Inc., Pacific Telecom, Inc., Century Telephone Enterprises, Inc. and Century Cellunet, Inc.

Press Release issued June 13, 1997 disclosing execution of the Stock Purchase Agreement.

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SIGNATURE

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

CENTURY TELEPHONE ENTERPRISES, INC.

Date: August 8, 1997

/s/ Murray H. Greer

Murray H. Greer

Controller

(Principal Accounting Officer)

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**EXHIBIT 10.1
AMENDMENT
TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
DOLLARS AND SENSE PLAN AND TRUST**

WHEREAS, Century Telephone Enterprises, Inc. (the "Company"), approved and adopted the Century Telephone Enterprises, Inc. Dollars and Sense Plan (the "Plan") and Trust Agreement (the "Trust") which were originally effective May 1, 1986 and most recently restated generally effective April 1, 1992;

WHEREAS, Section 19.1 of the Plan and Trust provides that the Company reserves the right to amend the Plan and Trust;

NOW THEREFORE RESOLVED, that Section 1 is amended effective for the first pay period beginning on or about July 1, 1997 as follows:

1. Section 1 is amended to restate Subsection 1.17 in its entirety as follows:

1.17 "Eligible Employee." An Employee of an Employer, except any Employee:

(a) whose compensation and conditions of employment are covered by a collective bargaining agreement to which an Employer is a party unless the agreement calls for the Employee's participation in the Plan; or

(b) who is a temporary Employee hired specifically to fill temporary or occasional needs.

Century Telephone Enterprises, Inc.
Dollars and Sense Plan and Trust

Dated: June 26, 1997

Century Telephone Enterprises, Inc.

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

Title: CFO

The provisions of the above amendment which relate to the Trustee are hereby approved and executed.

Date: _____

BZW Barclays Global Investors,
National Association

By: _____

Title: _____

Date: _____

BZW Barclays Global Investors,
National Association

By: _____

Title: _____

EXHIBIT 10.2
AMENDMENTS TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
STOCK BONUS PLAN, PAYSOP AND TRUST

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN, that on this 1st day of January, 1997, before me, a Notary Public, duly commissioned and qualified in and for the Parish of Ouachita, State of Louisiana, therein residing and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

CENTURY TELEPHONE ENTERPRISES, INC., represented herein by its Senior Vice President and Chief Financial Officer, R. Stewart Ewing, Jr., as Settlor and Employer, which hereby executes the following amendments to the Century Telephone Enterprises, Inc. Stock Bonus Plan, PAYSOP and Trust, such amendments to be effective as of January 1, 1997:

Insert the following as Section 5.5:

1. "5.5 AGE 65 DISTRIBUTIONS.

Upon the attainment of the age of 65 years, a Participant shall be entitled to elect a distribution of all or a portion of his Account in the Plan. A Participant who elects to receive a distribution pursuant to this Section 5.5 shall continue to be eligible to participate in the Plan on the same basis as any other Participant."

2. Add the following paragraph at the end of Section 6.3:

"The beneficiary of a Participant who is married at the time of his death shall be his surviving spouse unless his surviving spouse consents in writing on the form provided for that purpose by the Plan Administrator to the designation of another beneficiary. A consent by a Participant's spouse shall not be effective unless such consent is witnessed by the Plan Administrator or a Notary Public."

3. Add the following paragraph at the end of Section 6.4:

"If a Participant who is married at the time of his death has not properly designated a beneficiary other than his spouse in accordance with the last paragraph of Section 6.3, the Participant's beneficiary shall be his surviving spouse."

- 4. Renumber Sections 5.5 and 5.6 as Sections 5.6 and 5.7, respectively.
- 5. Revise the Table of Contents of the Plan in accordance with the above, as follows:

SECTION 5.....29

BENEFITS PAYABLE AFTER NORMAL RETIREMENT.....29

5.1 Optional Methods of Payment Available at Retirement..... 29

5.2 Manner of Payment Following Commencement of Payments.....30

5.3 Required Beginning Date.....30

5.4 Determination of Amount to be Distributed Each Year.....30

5.5 Age 65 Distributions.....30

5.6 Definitions.....31

5.7 Small Accounts.....31

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

WITNESSES:

/s/ Linda Vaughn

/s/ Bette B. Watts

CENTURY TELEPHONE ENTERPRISES, INC.

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

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

Billy R. Temple

NOTARY PUBLIC

ACCEPTANCE OF AMENDMENTS BY THE TRUSTEE

STATE OF LOUISIANA

PARISH OF OUACHITA

On this 25th day of June, 1997,

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

REGIONS BANK OF LOUISIANA

which declared that it is appearing herein for the purpose of accepting and it does hereby accept the Amendments to the Century Telephone Enterprises, Inc. Stock Bonus Plan, PAYSOP and Trust adopted the Settlor on the 1st day of January, 1997.

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

WITNESSES:

REGIONS BANK OF LOUISIANA

/s/ Linda G. Foss

BY: /s/ Barry Bledsoe

Barry Bledsoe
Executive Vice President

/s/ Doris E. Gatlin

/s/ Cathy M. Yelverton

NOTARY PUBLIC

EXHIBIT 10.3
AMENDMENTS TO THE
CENTURY TELEPHONE ENTERPRISES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

STATE OF LOUISIANA

PARISH OF OUACHITA

BE IT KNOWN, that on this 1st day of January, 1997, before me, a Notary Public, duly commissioned and qualified in and for the Parish of Ouachita, State of Louisiana, therein residing and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

CENTURY TELEPHONE ENTERPRISES, INC., represented herein by its Senior Vice President and Chief Financial Officer, R. Stewart Ewing, Jr., as Settlor and Employer, which hereby executes the following amendments to the Century Telephone Enterprises, Inc. Employee Stock Ownership Plan and Trust, such amendments to be effective as of January 1, 1997:

Insert the following as Section 5.5:

1. "5.5 AGE 65 DISTRIBUTIONS.

Upon the attainment of the age of 65 years, a Participant shall be entitled to elect a distribution of all or a portion of his Account in the Plan. A Participant who elects to receive a distribution pursuant to this Section 5.5 shall continue to be eligible to participate in the Plan on the same basis as any other Participant."

2. Renumber Sections 5.5 and 5.6 as Sections 5.6 and 5.7, respectively.

3. Revise the Table of Contents of the Plan in accordance with the above, as follows:

SECTION 5	29
BENEFITS PAYABLE AFTER NORMAL RETIREMENT.....	29
5.1 Optional Methods of Payment Available at Retirement	29
5.2 Manner of Payment Following Commencement of Payments.....	30
5.3 Required Beginning Date.....	30
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5.5	Age 65 Distributions.....	30
5.6	Definitions.....	31
5.7	Small Accounts.....	31

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

WITNESSES:

CENTURY TELEPHONE ENTERPRISES, INC.

/s/ Linda Vaughn

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

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

/s/ Bette B. Watts

/s/ Billy R. Temple

NOTARY PUBLIC

ACCEPTANCE OF AMENDMENTS BY THE TRUSTEE

STATE OF LOUISIANA

PARISH OF OUACHITA

On this 25th day of June, 1997,

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

REGIONS BANK OF LOUISIANA

which declared that it is appearing herein for the purpose of accepting and it does hereby accept the Amendments to the Century Telephone Enterprises, Inc. Employee Stock Ownership Plan and Trust adopted the Settlor on the 1st day of January, 1997.

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

WITNESSES:

REGIONS BANK OF LOUISIANA

/s/ Linda G. Foss

BY: /s/ Barry Bledsoe

Barry Bledsoe
Executive Vice President

/s/ Doris E. Gatlin

/s/ Cathy M. Yelverton

NOTARY PUBLIC

EXHIBIT 10.4

**THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.**

**NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER THE
CENTURY TELEPHONE ENTERPRISES, INC.
1995 INCENTIVE COMPENSATION PLAN**

THIS AGREEMENT is entered into as of February 24, 1997 by and between Century Telephone Enterprises, Inc., a Louisiana corporation ("Century"), and _____ ("Optionee").

WHEREAS Optionee is a key employee of Century or one of its subsidiaries (collectively, the "Company") and Century considers it desirable and in its best interest that Optionee be given an inducement to acquire a proprietary interest in Century and an incentive to advance the interests of Century by possessing an option to purchase shares of the common stock, \$1.00 par value per share, of Century (the "Common Stock") under the Century Telephone Enterprises, Inc. 1995 Incentive Compensation Plan (the "Plan"), which was adopted by the Compensation Committee of the Board of Directors of Century (the "Committee") on February 19, 1995, ratified by the Board of Directors of Century on February 21, 1995, and approved by the shareholders at Century's 1995 Annual Meeting of Shareholders;

NOW, THEREFORE, in consideration of the premises, it is agreed as follows:

1.

Grant of Option

1.01 Century hereby grants to Optionee effective February 24, 1997 (the "Date of Grant") the right, privilege and option to purchase _____ shares of Common Stock (the "Option") at an exercise price of \$30.375 per share.

1.02 The Option is a non-qualified stock option and shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2.

Time of Exercise

2.01 Subject to the provisions of the Plan and Section 2.02 hereof, the Optionee shall be entitled to exercise the Option as follows:

With respect to 1/3 of the
shares covered by the Option

Beginning February 24, 1997

With respect to 2/3 of the
shares covered by the Option,
less any shares previously
issued;

Beginning February 24, 1998

With respect to all of the
shares covered by the Option,
less any shares previously
issued;

Beginning February 24, 1999

The Option shall expire and may not be exercised later than ten years after the Date of Grant.

2.02 Notwithstanding the foregoing, the Option shall become accelerated and immediately exercisable in full if (a.) Optionee dies while he is employed by the Company, (b.) Optionee becomes disabled within the meaning of Section 22(e)(3) of the Code ("Disability") while he is employed by the Company, (c.) Optionee retires from employment with the Company on or after attaining the age of 55 ("Retirement") or (d.) pursuant to the provisions of the Plan.

3.

Conditions for Exercise of Option

During Optionee's lifetime, the Option may be exercised only by him or by his guardian or legal representative. The Option must be exercised while Optionee is employed by the Company, or, to the extent exercisable at the time of termination of employment, within 190 days of the date on which he ceases to be an employee, except that (a.) if he ceases to be an employee because of Retirement, the Option may be exercised within three years from the date on which he ceases to be an employee, (b.) if an Optionee's employment is terminated for cause, the unexercised portion of the Option is immediately terminated, and (c.) in the event of Optionee's Disability or death, the Option may be exercised by the Optionee or, in the case of death, by his estate, or by the person to whom such right evolves from him by reason of his death within two years after the date of his Disability or death; provided, however, that no Option may be exercised later than ten years after the Date of Grant.

4.

Preference Share Purchase Rights

Upon exercise of an Option at a time when preference share purchase rights to purchase shares of Series BB Participating Cumulative Preference Stock or other securities or property of the Company (the "Rights" and each a "Right") remain outstanding pursuant to that certain Rights Agreement dated as of August 27, 1996 between the Company and the Rights Agent named therein, (the "Rights Agreement") or any successor rights agreement, then the Option shall automatically be

converted into the right to receive, upon payment of the exercise price, one Right for each share of Common Stock received upon exercise of the Option.

5.

Additional Conditions

Anything in this Agreement to the contrary notwithstanding, if at any time Century further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issuable pursuant to the exercise of an Option is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant thereto, or the removal of any restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Century. Century agrees to promptly take any and all actions necessary or desirable in order that all shares of Common Stock issuable hereunder shall be issued as provided herein.

6.

No Contract of Employment Intended

Nothing in this Agreement shall confer upon Optionee any right to continue in the employment of the Company or to interfere in any way with the right of Century to terminate Optionee's employment relationship with the Company at any time.

7.

Taxes

The Company may make such provisions as it may deem appropriate for the withholding of any federal, state and local taxes that it determines are required to be withheld on the exercise of the Option.

8.

Binding Effect

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and successors.

9.

Inconsistent Provisions

The Option granted hereby is subject to the provisions of the Plan. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control.

10.

Adjustments to Options

Appropriate adjustments shall be made to the number and class of shares of Common Stock subject to the Option and to the exercise price in certain situations described in Section 10.6 of the Plan.

11.

Termination of Option

The Committee, in its sole discretion, may terminate the Option. However, no termination may adversely affect the rights of Optionee to the extent that the Option is currently exercisable on the date of such termination.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CENTURY TELEPHONE ENTERPRISES, INC.

By: _____
Glen F. Post, III, President and
Chief Executive Officer

Name Optionee

EXHIBIT 10.5

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

RESTRICTED STOCK AND PERFORMANCE SHARE AGREEMENT UNDER THE 1995 INCENTIVE COMPENSATION PROGRAM

THIS AGREEMENT is made as of February 24, 1997, by and between Century Telephone Enterprises, Inc. ("Century") and _____ ("Award Recipient").

WHEREAS, Century maintains the 1995 Century Telephone Enterprises, Inc. Incentive Compensation Plan, as amended (the "Plan"), under which the Incentive Awards Subcommittee of the Compensation Committee of the Board of Directors of Century (the "Committee") may, among other things, grant restricted shares (the "Restricted Stock") of Century's common stock, \$1.00 par value per share (the "Common Stock"), and awards in the form of performance shares (the "Performance Shares") to key employees of Century or its subsidiaries as the Committee may determine, subject to terms, conditions, or restrictions as it may deem appropriate;

WHEREAS, pursuant to the Plan the Committee has awarded to the Award Recipient a Restricted Stock award and a Performance Share award.

NOW, THEREFORE, in consideration of the premises, it is agreed with the respect to the Restricted Stock and Performance Shares as follows:

1.

AWARD OF SHARES

1.1 Under the terms of the Plan, the Committee hereby awards to the Award Recipient, _____ shares of Restricted Stock that vest on December 31, 2001, if, subject to Section 4 hereof, the Award Recipient remains employed by Century on that date (the "Time-Vested Restricted Stock").

1.2 Under the terms of the Plan, the Committee also awards to the Award Recipient, _____ shares of Restricted Stock (the "Performance-Based Restricted Stock") and _____ Performance Shares that vest if, subject to Section 4 hereof, the Award Recipient remains employed by Century through December 31, 2001 and the performance goals described in Section 3 hereof are achieved. The grant of Performance-Based Restricted Stock and Performance Shares is subject to shareholder approval of an amendment to the Plan at the 1997 Annual Meeting of Shareholders that provides performance goals applicable to Performance-Based Restricted Stock and Performance Shares granted under the Plan.

1.3 All awards hereunder are subject to the terms, conditions, and restrictions set forth in the Plan and in this Agreement. The date of grant of the Restricted Stock and Performance Shares is February 24, 1997.

2.

AWARD RESTRICTIONS ON RESTRICTED STOCK

2.1 The Restricted Period is a period that begins on the date hereof and ends at such time after December 31, 2001 as the Committee has been able to determine if and to what extent the applicable conditions and performance goals provided herein have been met.

2.2 In addition to the conditions and restrictions provided in the Plan, during the Restricted Period, the shares of Restricted Stock and the right to vote the Restricted Stock and to receive dividends thereon may not be sold, assigned, transferred, exchanged, pledged, hypothecated or otherwise encumbered. During the Restricted Period, except as otherwise provided in this Section 2, the Award Recipient shall be entitled to all rights of a shareholder of Century, including the right to vote the shares and receive dividends and/or other distributions declared on the Restricted Stock.

3.

PERFORMANCE CRITERIA FOR PERFORMANCE-BASED RESTRICTED STOCK AND PERFORMANCE SHARES

3.1 The restrictions on shares of Performance-Based Restricted Stock will lapse and the Performance Shares will be earned depending upon Century's total shareholder return as compared to the total shareholder return of the other companies included in the Value Line Telecommunications/Other Majors Index ("Index"), as follows:

a. At the end of the year 2001, the total shareholder return (increase in stock price plus reinvestment of dividends) for the five-year period of 1997 through 2001 (the "Performance Period") for each of the companies included in the Index at the end of the Performance Period will be calculated and each company ranked based upon total shareholder return.

b. The average shareholder return of the companies that make up the top one-third, middle one-third and bottom one-third of the companies included in the Index at the end of the Performance Period will be calculated.

c. If Century's total shareholder return for the Performance Period is less than the average total shareholder return of the companies in the bottom one-third of the Index, none of the shares of Performance-Based Restricted Stock will vest and no Performance Shares will be earned.

d. If Century's total shareholder return for the Performance Period equals or exceeds the average total shareholder return of the companies in the bottom one-third of the Index, then the portion of the Performance- Based Restricted Stock that vests (not more than the number of shares granted) will be equal to

$(a / b) \times c$

with a equal to the difference between the Century total shareholder return and the bottom one-third average return

and b equal to the difference between the middle one-third average and the bottom one-third average and c equal to the number of shares of Performance-Based Restricted Stock granted.

e. In addition to the Performance-Based Restricted Stock that will vest under the terms described in 3.1.d. above, if Century's total shareholder return for the Performance Period is greater than the average shareholder return of the middle one-third of the Index, the Award Recipient will earn Performance Shares. The portion of the Performance Shares that are earned (not more than the number granted) will be equal to

$(a / b) \times c$

with a equal to the difference between the Century total shareholder return and the middle one-third average return and b equal to the difference between the top one-third average and the middle one-third average and c equal to the number of Performance Shares granted.

f. If earned, the Performance Shares will be paid in shares of Common Stock.

3.3 Although permitted by the terms of the Plan, the Committee may not waive any of the performance requirements described in this Section 3 or accelerate the termination of the Restricted Period with respect to the Performance-Based Restricted Stock and Performance Shares. All shares of Restricted Stock will vest, and all Performance Shares will be earned, however, in the event of a Corporate Change of the Company, as provided in Section 10.11 of the Plan.

3.4 Prior to the lapse of restrictions on shares of Performance-Based Restricted Stock or the issuance of shares of Common Stock in payment of Performance Shares, the Committee must certify in writing that all applicable performance goals and conditions have been met.

3.5 Any shares of Restricted Stock with respect to which restrictions do not lapse and any Performance Shares that are not earned shall be forfeited upon termination of the Restricted Period.

4.

TERMINATION OF EMPLOYMENT

4.1 If an Award Recipient's employment terminates as the result of death, disability within the meaning of Section 22(e)(3) of the Internal Revenue Code ("Disability"), or retirement on or after reaching age 55 ("Retirement") during the Performance Period, all shares of Time-Vested Restricted Stock shall immediately vest and all restrictions thereon shall lapse. Termination of employment for any other reason during the Performance Period results in forfeiture of all Time-Vested Restricted Stock.

4.2 If an Award Recipient's employment terminates during the first year of the Performance Period for any reason, all shares of Performance-Based Restricted Stock shall be immediately forfeited and no Performance Shares shall be earned.

4.3 If an Award Recipient's employment terminates as a result of death, Disability or Retirement following the first year of the Performance Period, the Award Recipient shall receive the pro rata portion of the Performance-Based Restricted Stock and Performance Shares based upon the number of full years of the Performance Period that has elapsed prior to termination of employment and Century's total shareholder return as compared to the Index for such years. Other shares of Performance-Based Restricted Stock and Performance Shares shall be forfeited.

5.

STOCK CERTIFICATES

5.1 The stock certificates evidencing the Restricted Stock shall be retained by Century until the termination of the Restricted Period and the lapse of restrictions under the terms hereof. Century shall place a legend on the stock certificates restricting the transferability of the shares of Restricted Stock.

5.2 Upon the lapse of restrictions on shares of Restricted Stock and when Performance Shares are earned, Century shall cause a stock certificate without a restrictive legend to be issued with respect to the vested Restricted Stock and the earned Performance Shares in the name of the Award Recipient or his or her nominee within 30 days after the end of the Restricted Period. Upon receipt of such stock certificate, the Award Recipient is free to hold or dispose of the shares represented by such certificate, subject to applicable securities laws.

6.

DIVIDENDS

Any dividends paid on shares of Restricted Stock shall be paid to the Award Recipient currently. No dividends or dividend equivalents will be paid with respect to the Performance Shares prior to the issuance of Common Stock in payment thereof.

7.

WITHHOLDING TAXES

At the time that all or any portion of the Restricted Stock vests or the Performance Shares are earned, the Award Recipient must deliver to Century the amount of income tax withholding required by law.

8.

ADDITIONAL CONDITIONS

Anything in this Agreement to the contrary notwithstanding, if at any time Century further determines, in its sole discretion, that the listing, registration or qualification (or any updating of any such document) of the shares of Common Stock issued or issuable pursuant hereto is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with the issuance of shares of Common Stock pursuant hereto, or the removal or any

restrictions imposed on such shares, such shares of Common Stock shall not be issued, in whole or in part, or the restrictions thereon removed, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to Century.

9.

NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement shall confer upon the Award Recipient any right to continue in the employment of Century, or to interfere in any way with the right of Century to terminate the Award Recipient's employment relationship with Century at any time.

10.

BINDING EFFECT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and successors.

11.

INCONSISTENT PROVISIONS

The shares of Restricted Stock and Performance Shares granted hereby are subject to the provisions of the Plan. If any provision of this Agreement conflicts with a provision of the Plan, the Plan provision shall control.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on the day and year first above written.

CENTURY TELEPHONE ENTERPRISES, INC.

By: _____
Glen F. Post, III, President and
Chief Executive Officer

Award Recipient

EXHIBIT 10.6

CENTURY TELEPHONE ENTERPRISES, INC. CHAIRMAN/CHIEF EXECUTIVE OFFICER SHORT-TERM INCENTIVE PROGRAM

1. **PURPOSE.** The purpose of the Century Enterprises, Inc. Chairman/Chief Executive Officer Short-Term Incentive Program (the "Program") is to advance the interests of Century Telephone Enterprises, Inc. (the "Company") by providing an annual incentive bonus to be paid to the Chairman and the Chief Executive Officer of the Company based on the achievement of pre-established quantitative Company performance goals.
2. **SHAREHOLDER APPROVAL.** The payment of any bonus hereunder is subject to the approval of the Program including the material terms of performance goals used in the Program by the shareholders of the Company at the 1997 Annual Meeting.
3. **ADMINISTRATION.** The Incentive Awards Subcommittee of the Compensation Committee of the Board of Directors of the Company (the "Committee") shall have authority to administer the Program in all respects and, in particular, shall have authority to:
 - (a) Establish performance goals and objectives for a particular year;
 - (b) Establish regulations for the administration of the Program and make all determinations deemed necessary for the administration of the Program; and
 - (c) Certify as to whether performance goals have been met.
4. **INCENTIVE BONUS.** Each of the Chairman and the CEO shall be eligible to be paid an annual bonus in an amount not to exceed \$800,000. The exact amount of the bonus for each year shall be calculated according to the formula established by the Committee before March 31 of that year and shall be based upon the achievement of annual performance goals. The Committee has the discretion to decrease, but not increase, the amount of the bonus from the amount that is payable under the terms of the pre-established formula for the applicable year. The performance goals each year shall be based upon one or more of the following performance goals: return on equity, revenue growth, earnings per share, an economic value added measure, shareholder return, earnings, return on assets or cash flow. Performance goals may be measured on an absolute basis or relative to a group of peer companies selected by the Committee, relative to internal goals or relative to levels attained in prior years. The Committee may change the performance goals each year to any of those listed in the foregoing sentence and may also change the targets applicable to the performance goals from year to year.
5. **PAYMENT OF INCENTIVE BONUS.** As soon as practicable after the Company's financial statements are available for the year for which the incentive bonus will be paid, the Committee shall apply the formula for that year and determine the amount of the incentive

bonus. The Committee shall certify in writing prior to the payment of any incentive bonus under the Program that the performance goals applicable to the bonus payment were met. Approved minutes of a Committee meeting will satisfy this requirement. The incentive bonus may be paid all or a portion in restricted stock of the Company in the discretion of the Committee. Shares of restricted stock issued in payment hereunder may be paid under the Company's 1983 Restricted Stock Plan or 1995 Incentive Compensation Plan.

6. **KEY EMPLOYEE INCENTIVE COMPENSATION PLAN.** The Program shall work in conjunction with the Company's Amended and Restated Key Employee Incentive Compensation Plan (the "Key Employee Plan"), which is the bonus plan for other Company officers. The rights and obligations of the Company, CEO and Chairman hereunder as to forfeiture of benefits by the Chairman and the CEO under certain conditions and as to the effect of termination of employment of the Chairman or the CEO or a change of control of the Company shall be as provided in the Key Employee Plan. Notwithstanding the foregoing, the Incentive Awards Subcommittee, and not the full Board or Compensation Committee, has sole and exclusive authority to take all action with respect to the Program, except that the incentive bonus shall be ratified by the Board.

7. **ASSIGNMENTS AND TRANSFERS.** The Chairman or the CEO may not assign, encumber or transfer his rights and interests under the Program.

8. **AMENDMENT AND TERMINATION.** The Committee may amend, suspend or terminate the Program at any time. Any amendment or termination of the Program shall not, however, affect the right of the Chairman or CEO to receive an incentive bonus earned for the year during which the Program was amended or terminated or any earned but unpaid incentive bonus.

9. **WITHHOLDING OF TAXES.** The Company shall deduct from the amount of any incentive bonus paid hereunder any federal or state taxes required to be withheld.

10. **TERM OF PROGRAM.** The Program shall consist of five individual calendar year Programs, commencing effective January 1, 1997 and each consecutive January 1 thereafter during the continuation of the Program. The Program shall continue through 2001 unless terminated earlier by the Committee.

EXHIBIT 11

CENTURY TELEPHONE ENTERPRISES, INC.

COMPUTATIONS OF EARNINGS PER SHARE (UNAUDITED)

	Three months ended June 30		Six months ended June 30	
	1997	1996	1997	1996
(Dollars, except per share amounts, and shares expressed in thousands)				
Net income	\$ 83,176	32,941	116,311	62,606
Dividends applicable to preferred stock	(27)	(129)	(55)	(157)
Net income applicable to common stock	83,149	32,812	116,256	62,449
Dividends applicable to preferred stock	27	129	55	157
Interest on convertible securities, net of taxes	120	145	240	290
Net income as adjusted for purposes of computing fully diluted earnings per share	\$ 83,296	33,086	116,551	62,896
Weighted average number of shares:				
Outstanding during period	60,105	59,624	60,051	59,458
Common stock equivalent shares	559	679	571	607
Employee Stock Ownership Plan shares not committed to be released	(292)	(334)	(301)	(342)
Number of shares for computing primary earnings per share	60,372	59,969	60,321	59,723
Incremental common shares attributable to additional dilutive effect of convertible securities	727	726	668	726
Number of shares as adjusted for purposes of computing fully diluted earnings per share	61,099	60,695	60,989	60,449
Earnings per average common share	\$ 1.38	.55	1.94	1.05
Primary earnings per share	\$ 1.38	.55	1.93	1.05
Fully diluted earnings per share	\$ 1.36	.55	1.91	1.04

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE UNAUDITED CONSOLIDATED BALANCE SHEET OF CENTURY TELEPHONE ENTERPRISES, INC. AND SUBSIDIARIES AS OF JUNE 30, 1997 AND THE RELATED UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE SIX MONTH PERIOD THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000018926

NAME: CENTURY TELEPHONE ENTERPRISES, INC.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	JUN 30 1997
CASH	12,088
SECURITIES	0
RECEIVABLES	69,957
ALLOWANCES	3,131
INVENTORY	6,613
CURRENT ASSETS	125,091
PP&E	1,744,063
DEPRECIATION	604,355
TOTAL ASSETS	2,224,459
CURRENT LIABILITIES	148,214
BONDS	630,232
PREFERRED MANDATORY	0
PREFERRED	10,041
COMMON	60,152
OTHER SE	1,096,863
TOTAL LIABILITY AND EQUITY	2,224,459
SALES	0
TOTAL REVENUES	409,561
CGS	0
TOTAL COSTS	289,458
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	22,364
INCOME PRETAX	181,627
INCOME TAX	65,316
INCOME CONTINUING	116,311
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	116,311
EPS PRIMARY	1.93
EPS DILUTED	1.91

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