

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

CENTURY TELEPHONE ENTERPRISES INC

CIK: **18926** | IRS No.: **720651161** | State of Incorp.: **LA** | Fiscal Year End: **1231**
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SIC: **4813** Telephone communications (no radiotelephone)

Mailing Address

*P O BOX 4065
P O BOX 4065
MONROE LA 71211-4065*

Business Address

*P O BOX 4065
100 CENTURY PARK DRIVE
MONROE LA 71211-4065
3183889500*

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 March 31, 1994

or

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

Commission File Number: 1-7784

CENTURY TELEPHONE ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

Yes No

As of April 30, 1994, there were 53,357,559 shares of common stock outstanding.

CENTURY TELEPHONE ENTERPRISES, INC.

TABLE OF CONTENTS

	Page No.
Part I. Financial Information:	
Consolidated Statements of Income--Three Months Ended March 31, 1994 and 1993.	3
Consolidated Balance Sheets--March 31, 1994 and December 31, 1993.	4
Consolidated Statements of Stockholders' Equity-- Three Months Ended March 31, 1994 and 1993	5
Consolidated Statements of Cash Flows-- Three Months Ended March 31, 1994 and 1993	6
Notes to Consolidated Financial Statements.	7-8
Management's Discussion and Analysis of Financial Condition and Results of Operations.	9-14
Part II. Other Information.	15
Signature	16
Index to Exhibits	17

PART I. FINANCIAL INFORMATION

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

Three months
ended March 31

	1994	1993
	(expressed in thousands, except per share amounts)	
REVENUES		
Telephone	\$91,770	78,951
Mobile Communications	29,210	17,874
Total revenues	120,980	96,825
EXPENSES		
Cost of sales and operating expenses	63,661	51,356
Depreciation and amortization	21,433	17,202
Total expenses	85,094	68,558
OPERATING INCOME	35,886	28,267
OTHER INCOME (EXPENSE)		
Interest expense	(8,502)	(6,912)
Gain on sale of asset	-	1,661
Earnings from unconsolidated cellular partnerships	2,564	372
Other income, net	191	947
Total other income (expense)	(5,747)	(3,932)
INCOME BEFORE INCOME TAXES	30,139	24,335
INCOME TAXES	10,938	8,595
NET INCOME	\$ 19,201	15,740
PRIMARY EARNINGS PER SHARE	\$.36	.32
FULLY DILUTED EARNINGS PER SHARE	\$.35	.31
DIVIDENDS PER COMMON SHARE	\$.0800	.0775

See accompanying notes to consolidated financial statements.

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

ASSETS	March 31, 1994	December 31, 1993
	-----	-----
	(expressed in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,397	9,777
Accounts receivable		
Customers, less allowance for doubtful accounts of \$1,910,000 and \$1,473,000	37,414	34,438
Other	21,840	21,771
Materials and supplies, at cost	4,753	4,418
Other	2,596	2,068
	-----	-----
	75,000	72,472
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	871,205	827,776
	-----	-----
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired	440,209	297,158
Other investments	107,609	98,142
Deferred charges	24,576	23,842
	-----	-----
	572,394	419,142
	-----	-----
	\$1,518,599	1,319,390
	=====	=====
 LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 15,263	14,233
Notes payable to banks	19,200	69,200
Accounts payable	37,436	49,506
Accrued expenses and other liabilities		
Taxes	18,369	9,327
Interest	4,606	6,476
Other	20,003	21,152
Advance billings and customer deposits	11,000	9,312
	-----	-----
	125,877	179,206
	-----	-----
LONG-TERM DEBT	639,971	460,933
	-----	-----
DEFERRED CREDITS AND OTHER LIABILITIES	173,353	165,483
	-----	-----
STOCKHOLDERS' EQUITY		

Common stock, \$1.00 par value, authorized 100,000,000 shares, issued and outstanding 53,353,033 and 51,294,705 shares	53,353	51,295
Paid-in capital	313,617	262,294
Retained earnings	223,879	208,945
Employee Stock Ownership Plan commitment	(13,780)	(9,220)
Preferred stock - non-redeemable	2,329	454
	-----	-----
	579,398	513,768
	-----	-----
	\$1,518,599	1,319,390
	=====	=====

See accompanying notes to consolidated financial statements.

4

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

	Three months ended March 31	
	1994	1993
	----- (expressed in thousands)	
COMMON STOCK		
Balance at beginning of period	\$ 51,295	48,897
Issuance of common stock for acquisitions	2,000	-
Issuance of common stock through dividend reinvestment, stock purchase and incentive plans	58	83
	-----	-----
Balance at end of period	53,353	48,980
	-----	-----
PAID-IN CAPITAL		
Balance at beginning of period	262,294	191,522
Issuance of common stock for acquisitions	50,311	-
Issuance of common stock through dividend reinvestment, stock purchase and incentive plans	819	949
Amortization of unearned compensation	193	125
	-----	-----
Balance at end of period	313,617	192,596
	-----	-----
RETAINED EARNINGS		
Balance at beginning of period	208,945	155,676

Net income	19,201	15,740
Cash dividends declared		
Common stock-\$.0800 and \$.0775 per share, respectively	(4,259)	(3,794)
Preferred stock	(8)	(8)
	-----	-----
Balance at end of period	223,879	167,614
	-----	-----
ESOP COMMITMENT		
Balance at beginning of period	(9,220)	(11,100)
Commitment to ESOP	(5,000)	-
Reduction of ESOP Commitment	440	440
	-----	-----
Balance at end of period	(13,780)	(10,660)
	-----	-----
PREFERRED STOCK - NON-REDEEMABLE		
Balance at beginning of period	454	454
Issuance of preferred stock for acquisition	1,875	-
	-----	-----
Balance at end of period	2,329	454
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	\$579,398	398,984
	=====	=====

See accompanying notes to consolidated financial statements.

5

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

	Three months ended March 31	
	----- 1994	1993 -----
	(expressed in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 19,201	15,740
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	24,431	19,662
Deferred income taxes	1,529	(1,159)
Equity in earnings of cellular partnerships	(2,860)	(466)
Gain on sale of asset	-	(1,661)

Changes in current assets and current liabilities:		
Decrease in accounts receivable	1,969	7,616
Decrease in accounts payable	(17,234)	(6,656)
Changes in other current assets and other current liabilities, net	5,675	7,631
Other, net	111	1,732
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	32,822	42,439
	-----	-----
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(49,553)	(29,791)
Acquisition, net of cash acquired	(53,390)	-
Purchase of life insurance investment	(6,853)	(6,799)
Other, net	697	(515)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(109,099)	(37,105)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	23,000	7,838
Payments of long-term debt	(44,603)	(6,375)
Notes payable, net	100,000	12,000
Proceeds from issuance of common stock	877	1,032
Cash dividends paid	(4,267)	(3,802)
Other, net	(110)	266
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	74,897	10,959
	-----	-----
Net increase (decrease) in cash and cash equivalents	(1,380)	16,293
Cash and cash equivalents at beginning of period	9,777	9,771
	-----	-----
Cash and cash equivalents at end of period	\$ 8,397	26,064
	=====	=====
Supplemental cash flow information:		
Income taxes paid	\$ 878	2,236
	=====	=====
Interest paid	\$ 10,372	8,551
	=====	=====

See accompanying notes to consolidated financial statements.

(1) Basis of Financial Reporting

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission; however, the Company believes the disclosures which are made are adequate to make the information presented not misleading. The financial statements and footnotes included in this Form 10-Q should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1993. Certain 1993 amounts have been reclassified to be consistent with the 1994 presentation.

The unaudited financial information for the three months ended March 31, 1994 and 1993 has not been audited by independent public accountants; however, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the three-month periods have been included therein. The results of operations for the first three months of the year are not necessarily indicative of the results of operations which might be expected for the entire year.

(2) Accounting Pronouncement

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

(3) Net Property, Plant and Equipment

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

March 31, 1994	December 31, 1993
-------------------	----------------------

(expressed in thousands)

Telephone, at original cost	\$1,012,706	979,449
Accumulated depreciation	(294,017)	(288,479)
	-----	-----
	718,689	690,970
	-----	-----
Mobile Communications, at cost	138,317	113,252
Accumulated depreciation	(36,880)	(27,736)
	-----	-----
	101,437	85,516
	-----	-----
Other, at cost	79,176	77,737
Accumulated depreciation	(28,097)	(26,447)
	-----	-----
	51,079	51,290
	-----	-----
	\$ 871,205	827,776
	=====	=====

7

CENTURY TELEPHONE ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1994
(UNAUDITED)

(4) Sale of Asset

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

(5) Acquisitions

On February 10, 1994, the Company acquired Celutel, Inc. ("Celutel") in a stock and cash transaction. Approximately \$51,400,000 of the purchase price was paid in cash, with the remainder paid through the issuance of approximately 1,900,000 shares of Century's common stock. In connection with the acquisition, Century refinanced approximately \$41,700,000 of Celutel's debt. The acquisition was accounted for as a purchase and approximately \$140,000,000 of cost in excess of net assets acquired was recorded as a result of the acquisition. Celutel provides cellular service to approximately 28,000 customers in five non-wireline provider systems in MSA's in Mississippi and Texas.

On March 31, 1994, the Company acquired a local exchange telephone company in Michigan which serves approximately 2,400 access lines and which

owns a minority interest of approximately 11% in a cellular partnership operated by the Company. The acquisition, which was accounted for as a purchase, was consummated through the issuance of approximately 98,000 shares of Century's common stock and 75,000 shares of Century's preferred stock.

(6) Subsequent Event

On May 6, 1994, the Company completed the issuance of \$50,000,000 of 10-year, 7.75% senior notes and \$100,000,000 of 30-year, 8.25% senior notes. The proceeds were used to reduce certain of the Company's short-term bank indebtedness, therefore, \$150,000,000 of the Company's short-term debt has been classified as long-term debt on the consolidated balance sheet as of March 31, 1994.

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 included herein should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's annual report on Form 10-K for the year ended December 31, 1993.

RESULTS OF OPERATIONS

Quarter Ended March 31, 1994 Compared
to Quarter Ended March 31, 1993

Net income for the first quarter of 1994 was \$19,201,000 as compared to \$15,740,000 during the first quarter of 1993. This increase was primarily due to a \$7,619,000 increase in operating income and a \$2,192,000 increase in earnings from unconsolidated cellular partnerships. These factors were partially offset by increases in interest expense and income tax expense of \$1,590,000 and \$2,343,000, respectively, and a decrease of \$756,000 in other income, net. The first quarter of 1993 also included a \$1,661,000 pre-tax gain on the sale of a minority investment in a telephone company.

	Three months ended March 31	
	1994	1993
Operating income		
Telephone	\$30,890	25,800

(expressed in thousands,
except per share amounts)

Mobile Communications	4,996	2,467
	-----	-----
	35,886	28,267
Interest expense	(8,502)	(6,912)
Gain on sale of asset	-	1,661
Earnings from unconsolidated cellular partnerships	2,564	372
Other income, net	191	947
Income taxes	(10,938)	(8,595)
	-----	-----
Net income	\$19,201	15,740
	=====	=====
Fully diluted earnings per share	\$.35	.31
	=====	=====

Fully diluted earnings per share increased to \$.35 for the three months ended March 31, 1994 from \$.31 during the three months ended March 31, 1993, a 12.9% increase. The average number of fully diluted shares outstanding increased 5.5% as a result of shares issued for acquisitions and through the Company's dividend reinvestment, stock purchase and incentive plans.

The operating income of the telephone segment during the first quarter of 1994 included the operations of Century Telephone of San Marcos, Inc. ("San Marcos") which was acquired April 8, 1993.

The mobile communications operating income reflects the operations of cellular partnerships in which the Company has a majority interest. The minority interest partners' share of the income or loss of such partnerships is reflected in other income, net. The Company's share of income or loss from the cellular partnerships in which it has less than a majority interest is reflected in earnings from unconsolidated cellular partnerships. The operating income of the mobile communications segment during the first quarter of 1994 included the operations of Celutel, Inc. ("Celutel") since its acquisition on February 10, 1994.

9

Contributions to consolidated revenues and operating income by the Company's telephone operations and mobile communications operations for the three months ended March 31, 1994 and 1993 were as follows:

	Three months ended March 31	
	-----	-----
	1994	1993
	----	----
Telephone		
Revenues	75.9%	81.5
Operating income	86.1%	91.3

Mobile Communications

Revenues	24.1%	18.5
Operating income	13.9%	8.7

Telephone Operations

	Three months ended March 31	
	1994	1993

	(expressed in thousands)	
Revenues		
Local	\$23,505	20,873
Network access and long distance	57,907	49,268
Other	10,358	8,810
	-----	-----
	91,770	78,951
	-----	-----
Expenses		
Plant operations	21,213	18,711
Customer operations	8,508	6,971
Corporate and other	14,104	12,572
Depreciation and amortization	17,055	14,897
	-----	-----
	60,880	53,151
	-----	-----
Operating income	\$30,890	25,800
	=====	=====

Telephone operating income increased \$5,090,000 (19.7%) due to an increase in revenues of \$12,819,000 (16.2%) which more than offset an increase in operating expenses of \$7,729,000 (14.5%).

The increase in revenues was significantly due to the San Marcos acquisition which contributed approximately \$5,453,000 of revenues during the first quarter of 1994. The remaining increase in revenues was primarily due to the partial recovery of increased operating expenses through revenue pools in which the Company participates with other telephone companies, increased recovery from the Federal Communications Commission mandated Universal Service Fund, increased minutes of use and growth in access lines.

Certain long distance carriers have requested the Company to reduce intrastate access tariffed rates for certain of its telephone subsidiaries. In March 1994 a long distance carrier filed a petition with the Louisiana Public Service Commission requesting that the commission investigate and lower the rates for intrastate access charges charged to long distance carriers by certain local exchange telephone companies, including the subsidiaries of the Company which operate in Louisiana. There is no assurance that this request

will not result in reduced intrastate access revenues.

During the first quarter of 1994, operating expenses, exclusive of depreciation and amortization, increased \$5,571,000 (14.6%) primarily due to expenses associated with the Company's San Marcos operations. The remainder of the increase in operating expenses was due to increases in salaries and wages, employee benefits and other general operating expenses.

Depreciation and amortization increased \$2,158,000 due partially to \$1,019,000 of depreciation and amortization related to the San Marcos operations. The first quarter of 1994 included additional depreciation recorded in anticipation of the approval of increases, as of January 1, 1994, in depreciation rates in certain jurisdictions. Higher levels of plant in service also contributed to the increased depreciation.

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

Mobile Communications Operations

	Three months ended March 31	
	1994	1993
	(expressed in thousands)	
Revenues		
Cellular service	\$27,075	15,793
Equipment and paging	2,135	2,081
	-----	-----
	29,210	17,874
	-----	-----
Expenses		
Sales and marketing	6,278	3,533
General, administrative and customer service	7,180	5,098
Cost of sales and other operating	6,378	4,471
Depreciation and amortization	4,378	2,305

	-----	-----
	24,214	15,407
	-----	-----
Operating income	\$ 4,996	2,467
	=====	=====

Mobile communications operating income increased \$2,529,000 (102.5%) to \$4,996,000 in the first quarter of 1994 from \$2,467,000 in the first quarter of 1993. Mobile communications revenues increased \$11,336,000 (63.4%) which more than offset an increase in operating expenses of \$8,807,000 (57.2%).

The increase in cellular service revenues was substantially due to (i) an increase in the number of cellular units in service and (ii) revenues generated by Celutel since it was acquired by the Company on February 10, 1994 which aggregated approximately \$4,233,000 during the first quarter of 1994. The average number of cellular units in service in majority-owned markets during the first quarter of 1994 and 1993 was 138,500 and 78,000,

11

respectively. The average monthly cellular service revenue per subscriber declined to \$65 during the first quarter of 1994 from \$67 during the first quarter of 1993, primarily due to the continued trend that a higher percentage of new subscribers tend to be lower usage customers. The decline in average monthly service revenue per subscriber was also affected by the growth rate of cellular units in service exceeding the growth rate of roaming revenues. The average monthly service revenue per subscriber may further decline as market penetration increases and additional lower usage customers are activated. The Company will attempt to stimulate cellular usage by promoting the availability of certain enhanced services and by increasing coverage areas through the construction of additional cell sites.

Sales and marketing expenses increased \$2,745,000 due primarily to an increase in commissions paid to agents for selling cellular services to new customers and to the Celutel acquisition.

The increase of \$2,082,000 in general, administrative and customer service expenses was primarily due to costs incurred in connection with the Celutel operations and increased costs associated with serving a larger number of cellular customers.

Cost of sales and other operating expenses increased \$1,907,000 due to expenses incurred in connection with providing service to a larger number of subscribers, the development and operation of the Company's Rural Service Area cellular systems, and the Celutel acquisition.

Depreciation and amortization increased \$2,073,000 due primarily to a

higher level of plant in service and to depreciation and amortization associated with the Celutel acquisition.

Interest Expense

Interest expense increased \$1,590,000 during the first quarter of 1994 compared to the first quarter of 1993 due to a 47% increase in average debt outstanding (significantly due to debt issued in connection with the Celutel acquisition) which was partially offset by the effect of lower average interest rates.

Gain on Sale of Asset

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

Earnings from Unconsolidated Cellular Partnerships

Earnings from unconsolidated cellular partnerships increased \$2,192,000 during the first quarter of 1994 compared to the first quarter of 1993 due to the Company's share of income from the partnership interests acquired in the San Marcos acquisition and to the improvement in profitability of other unconsolidated cellular partnerships.

Other Income, Net

Other income, net for the first quarter of 1994 was \$191,000 compared to \$947,000 during the first quarter of 1993. The reduction in other income, net recorded to reflect the income from the Company's majority-owned and operated cellular partnerships that is attributable to minority interest partners

12

increased in the first quarter of 1994 as a result of the increased profitability of such partnerships. Other income, net includes the results of operations of subsidiaries of the Company which are not included in the telephone or mobile communications operations, the combined results of which were less favorable during the first three months of 1994 compared to the first three months of 1993 primarily due to losses incurred by recently-formed or recently-acquired subsidiaries of the Company.

Income Taxes

Income tax expense increased \$2,343,000 during the first quarter of 1994

compared to the first quarter of 1993 primarily due to an increase in income before taxes.

LIQUIDITY AND CAPITAL RESOURCES

Excluding cash used for acquisitions, the Company relies on cash provided by operations to provide a substantial portion of its cash needs. The Company's telephone operations have historically provided a stable source of cash flow which has helped the Company continue its long-term program of capital improvements. Cash provided by mobile communications operations has increased each year since that segment became cash-flow positive in 1991.

Net cash provided by operating activities was \$32,822,000 during the first three months of 1994 compared to \$42,439,000 during the first three months of 1993. The Company's accompanying consolidated statement of cash flows identifies major differences between net income and net cash provided by operating activities for each of these quarters. For additional information relating to the telephone and mobile communications operations of the Company, see Results of Operations.

Net cash used in investing activities was \$109,099,000 and \$37,105,000 for the three months ended March 31, 1994 and 1993, respectively. Cash used in connection with the Celutel acquisition during the first three months of 1994 was \$53,390,000. Payments for property, plant and equipment were \$19,762,000 more in the first quarter of 1994 than in the comparable period during 1993. Capital expenditures for the three months ended March 31, 1994 were \$39,179,000 for telephone, \$8,571,000 for mobile communications and \$1,803,000 for other operations.

Net cash provided by financing activities during the first three months of 1994 and 1993 was \$74,897,000 and \$10,959,000, respectively. Net borrowings, including notes payable and long-term debt, were \$64,934,000 more in the first quarter 1994 than in the comparable period of 1993, primarily due to the borrowings incurred in connection with the acquisition of Celutel. On May 6, 1994 the Company completed the issuance of \$150,000,000 of senior notes. The proceeds were used to discharge the Company's indebtedness under a \$90 million bridge loan incurred to fund substantially all of the Company's cash requirements in connection with the acquisition of Celutel in February 1994, and to reduce the Company's short-term bank indebtedness under various credit facilities bearing interest at rates ranging from 4.0% to 4.6% (see Note 5 of Notes to Consolidated Financial Statements). The \$150,000,000 of indebtedness has been classified as long-term debt in the consolidated balance sheet as of March 31, 1994.

In April 1994 Moody's Investors Service upgraded the debt rating of Century's senior unsecured debentures to Baal from Baa3 and assigned a rating of (P)Baal to its \$400,000,000 senior unsecured shelf registration. Also in April 1994 Standard & Poor's Rating Group assigned a preliminary rating of BBB+ to the \$400,000,000 shelf registration and affirmed its BBB+ rating on

the senior unsecured debentures.

13

Budgeted capital expenditures for 1994 total \$142,000,000 for telephone operations and \$50,000,000 for mobile communications operations (of which approximately \$10,000,000 will be funded by minority interest owners in cellular partnerships operated by the Company). Revised budgeted capital expenditures for other operations total \$11,000,000, which includes \$7,000,000 currently planned to be expended by the Company's recently-formed competitive access subsidiary. See Item 5 hereof for additional information.

During the first quarter of 1994, the Company filed a shelf registration statement registering \$400,000,000 of senior unsecured debt securities under which the Company issued \$150,000,000 of senior notes on May 6, 1994. As of March 31, 1994 Century's telephone subsidiaries had available for use \$84,100,000 of commitments for long-term financing from the Rural Electrification Administration ("REA") and the Company had \$15,600,000 of undrawn committed bank lines of credit. In addition, approximately \$7,000,000 of uncommitted credit facilities were available to the Company at March 31, 1994. Applications for additional long-term financing for the Company's telephone subsidiaries have been filed with the REA and are in various stages of processing. Federal budget proposals which could significantly reduce the availability of new loan commitments to the Company's telephone subsidiaries under the REA program in future fiscal years were considered in prior years and are expected to continue to be considered. If the Company's telephone subsidiaries are unable to borrow additional funds through the REA program and are forced to borrow from conventional lenders at market rates, the cost of new loans might increase.

14

PART II. OTHER INFORMATION

CENTURY TELEPHONE ENTERPRISES, INC.

Item 5. Other Information

In May 1994, the Company's newly-organized competitive access subsidiary obtained a franchise from Fort Worth, Texas to provide voice, data and certain video services in the Fort Worth market. The Company anticipates that the capital construction costs for installing a 60 route mile fiber optic network for this market will be approximately \$7,000,000. The Company will continue to pursue the acquisition and development of other franchised competitive access markets.

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

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

- 4.1 Resolutions adopted by the Executive Committee of the Board of Directors on April 29, 1994 designating the terms and conditions of the Company's 7 3/4% Senior Notes, Series A, due 2004 and 8 1/4% Senior Notes, Series B, due 2024 ("Senior Notes").
- 4.2 Form of Senior Notes (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).
- 4.3 Indenture dated as of March 31, 1994 between the Company and First American Bank & Trust of Louisiana, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).
- 10.1 Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries.
- 11 Computations of Earnings Per Share.

B. Reports on Form 8-K

The following item was reported in the Form 8-K dated January 13, 1994:

Item 5. Other Events - Consolidated Financial Statements of Celutel, Inc. and Subsidiaries as of October 31, 1993

The following item was reported in the Form 8-K filed February 10, 1994:

Item 2. Acquisition or Disposition of Assets - Consummation of purchase of Celutel, Inc. by Century Telephone Enterprises, Inc.

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: May 13, 1994

/s/ Murray H. Greer
Murray H. Greer
Controller
(Principal Accounting Officer)

16

CENTURY TELEPHONE ENTERPRISES, INC.

INDEX TO EXHIBITS

Exhibit
Number

- 4.1 Resolutions adopted by the Executive Committee of the Board of Directors on April 29, 1994 designating the terms and conditions of the Company's 7 3/4% Senior Notes, Series A, due 2004 and 8 1/4% Senior Notes, Series B, due 2024 ("Senior Notes"), included herein.
- 4.2 Form of Senior Notes (incorporated by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).
- 4.3 Indenture dated as of March 31, 1994 between the Company and First American Bank & Trust of Louisiana, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, Registration No. 33-52915).
- 10.1 Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries, included herein.

11 Computations of Earnings Per Share, included herein.

17

EXHIBIT 4.1

CENTURY TELEPHONE ENTERPRISES, INC.

The following resolutions were adopted by the Executive Committee of the Board of Directors of Century Telephone Enterprises, Inc. on April 29, 1994:

WHEREAS, the Board of Directors of Century Telephone Enterprises, Inc. (the "Company") has previously authorized (i) the appropriate officers of the Company to take various actions necessary to permit the Company to register, issue and sell senior debt securities with an aggregate initial offering price not to exceed \$400,000,000 and (ii) the Executive Committee of the Board of the Directors to establish the specific terms and conditions of any one or more series of senior debt securities to be issued and sold from time to time; and

WHEREAS, the Executive Committee, acting pursuant to such authorization, deems it desirable and in the best interest of the Company and its shareholders to authorize the issuance of \$150,000,000 aggregate principal amount of its senior debt securities;

NOW, THEREFORE, BE IT RESOLVED THAT:

(1) The Company shall create and issue \$150,000,000 aggregate principal amount of its senior debt securities, consisting of (i) \$50,000,000 aggregate principal amount of senior notes designated as the "Century Telephone Enterprises, Inc. 7 3/4% Senior Notes, Series A, Due 2004" (the "Series A Notes") and (ii) \$100,000,000 aggregate principal amount of senior notes designated as the "Century Telephone Enterprises, Inc. 8 1/4% Senior Notes, Series B, Due 2024" (the "Series B Notes" and, together with the Series A Notes, the "Senior Notes"), in each case to be sold at the prices described below and in accordance with the Indenture dated as of March 31, 1994 ("Indenture"), between the Company and First American Bank & Trust of Louisiana, as Trustee ("Trustee"), to wit:

(a) The Series A Notes will mature on May 1, 2004 and the Series B Notes will mature on May 1, 2024.

(b) The Senior Notes shall bear interest from May 1, 1994, until the principal thereof becomes due and payable at the rate of 7 3/4% per annum with respect to the Series A Notes and 8 1/4% per annum with respect to the Series B Notes, payable in each case semi-annually on May 1 and November 1 of each year commencing November 1, 1994, and any overdue principal and (to the extent that

the payment of such interest is enforceable under applicable law) any overdue installment of interest thereon shall bear interest at the same rate per annum; the principal of and the interest on the Senior Notes shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the office or agency of the Company maintained in accordance with the Indenture, or, at the option of the Company, by check in U.S. dollars mailed or delivered to the person in whose name the Senior Notes are registered. The regular record date with respect to any interest payment date for the Senior Notes shall be the April 15 or October 15, as the case may be, immediately preceding such interest payment date, whether or not such date is a business day.

(c) The Series A Notes will not be redeemable prior to maturity.

(d) The Series B Notes may not be redeemed prior to May 1, 2004. The Series B Notes may be redeemed from time to time on not less than 30 nor more than 60 days' prior notice given as provided in the Indenture, as a whole or in part, at the option of the Company, on any date or dates on or after May 1, 2004, and prior to maturity, at the applicable percentage of the principal amount thereof to be redeemed as set forth below under the heading "Redemption Price" during the respective twelve-month periods beginning May 1 of the years shown below:

Year	Redemption Price
-----	-----
2004	103.620%
2005	103.258%
2006	102.896%
2007	102.534%
2008	102.172%
2009	101.810%
2010	101.448%
2011	101.086%
2012	100.724%
2013	100.362%

and thereafter at 100% of the principal amount, together, in each case, with accrued interest to the date fixed for redemption (but if the date fixed for redemption is an interest payment date, the interest installment payable on such date shall be payable to the registered holder at the close of business on the applicable record date).

(e) There will be no mandatory sinking fund payments for the Senior Notes.

(f) The Senior Notes and the Trustee's Certificate of Authentication to be endorsed thereon are to be substantially in the following form:

(FORM OF FACE OF SECURITY)

No. _____ \$ _____
CUSIP NO. _____

Century Telephone Enterprises, Inc.
_____% Senior Notes, Series __, Due _____

Century Telephone Enterprises, Inc., a corporation duly organized and existing under the laws of the State of Louisiana (herein referred to as the "Company"), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on _____ and to pay interest on said principal sum from _____, or from the most recent interest payment date to which interest has been paid or duly provided for, semi-annually on _____ and _____ in each year, commencing _____, at the rate of ____% per annum until the principal hereof shall have become due and payable, and on any overdue principal and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum. The interest installment so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this Security (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the regular record date for such interest installment, which shall be the _____ or _____, as the case may be (whether or not a business day), immediately preceding such interest payment date. Any such interest installment not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such regular record date, and may be paid to the person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date to be fixed by the Trustee for the payment of such defaulted interest, notice of which shall be given to the registered holders of this series of Securities not more than 15 days and not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture hereinafter referred to. The principal of and the interest on this Security shall be

payable in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debt, at the office or agency of the Company maintained for that purpose in the City of Monroe and State of Louisiana, or the Borough of Manhattan, the City and State of New York, or, at the option of the Company, by check in U.S. dollars mailed or delivered to the person in whose name this Security is registered.

This Security shall not be entitled to any benefit under the Indenture hereinafter referred to, or be valid or become obligatory for any purpose, until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

The provisions of this Security are continued on the reverse side hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed.

Dated

CENTURY TELEPHONE ENTERPRISES, INC.

By

[President/Vice President]

Attest:

By

[Secretary/Assistant Secretary]

(FORM OF CERTIFICATE OF AUTHENTICATION)

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the above-designated series therein referred to in the within-mentioned Indenture.

First American Bank & Trust of Louisiana
as Trustee, Authenticating Agent and
Security Registrar

By _____
Authorized Officer

(FORM OF REVERSE OF SECURITY)

This Security is one of a duly authorized series of Securities of the Company (herein sometimes referred to as the "Securities"), all issued or to be issued in one or more series under and pursuant to an Indenture dated as of March 31, 1994 duly executed and delivered between the Company and First American Bank & Trust of Louisiana, a Louisiana banking corporation organized and existing under the laws of the State of Louisiana, as Trustee (herein referred to as the "Trustee") (said Indenture hereinafter referred to as the "Indenture"), to which Indenture reference is hereby made for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Securities. By the terms of the Indenture, the Securities are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This Security (herein called the "Security") is one of the series designated on the face hereof (herein called the "Series") limited in aggregate principal amount to \$____,000,000.

In case an Event of Default, as defined in the Indenture, with respect to the Series shall have occurred and be continuing, the principal of all of the Securities of the Series may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Securities of each series affected at the time Outstanding, as defined in the Indenture, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Securities or any series, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the holder of each Security so affected or (ii) reduce the aforesaid percentage of Securities, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of each Security then

Outstanding and affected thereby. The Indenture also contains provisions permitting the holders of a majority in aggregate principal amount of the Securities of any series at the time Outstanding, on behalf of the holders of Securities of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or establish pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of, or premium, if any, or interest on any of the Securities of such series. Any such consent or waiver by the registered holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Security and of any Security issued in exchange hereof or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times and place and at the rate and in the currency herein prescribed.

The Securities are issuable as registered Securities without coupons in denominations of \$1,000 or any integral multiple thereof. Securities may be exchanged, upon presentation thereof for that purpose, at the office or agency of the Company in the City of Monroe and State of Louisiana, for other Securities of authorized denominations, and for a like aggregate principal amount and series, and upon payment of a sum sufficient to cover any tax or other governmental charge in relation thereto.

The Securities will not be redeemable prior to maturity.

OR

The Securities may not be redeemed prior to _____. The Securities may be redeemed from time to time on not less than 30 nor more than 60 days' prior notice given as provided in the Indenture, as a whole or in part, at the option of the Company, on any date or dates on or after _____, and prior to maturity, at the applicable percentage of the principal amount thereof to be redeemed as set forth below under the heading "Redemption Price" during the respective twelve month periods beginning ____ of the years shown below:

Year	Redemption Price
------	------------------

together, in each case, with accrued interest to the date fixed for redemption (but if the date fixed for redemption is an interest payment date, the interest installment payable on such date shall be payable to the registered holder at the close of business on the applicable record date).

As provided in the Indenture and subject to certain limitations therein set forth, this Security is transferable by the registered holder hereof on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company in the City of Monroe and State of Louisiana accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Security Registrar duly executed by the registered holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of authorized denominations and for the same aggregate principal amount and series will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Security the Company, the Trustee, any Paying Agent and any Security Registrar may deem and treat the registered holder hereof as the absolute owner hereof (whether or not this Security shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Security, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, affiliate, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for

the issuance hereof, expressly waived and released.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Indenture.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of Louisiana.

(2) The office of First American Bank & Trust of Louisiana is hereby designated and created as the agency of the Company in the City of Monroe and State of Louisiana at which (i) both the principal and the interest on the Senior Notes are payable on the terms and conditions specified in the Indenture and notices, presentations and demands to or upon the Company in respect the Senior Notes may be given or made, (ii) the Senior Notes may be surrendered for transfer or exchange and transferred or exchanged in accordance with the terms of the Indenture and (iii) books for the registration and transfer of the Senior Notes shall be kept;

(3) The office of First American Bank & Trust of Louisiana is hereby designated and created as Security Registrar of the Company in the City of Monroe and State of Louisiana at which (i) the Company shall register the Senior Notes, (ii) the Senior Notes may be surrendered for transfer or exchange and transferred or exchanged in accordance with the terms of the Indenture, and (iii) books for the registration and transfer of the Senior Notes shall be kept; and

(4) The Senior Notes hereby authorized by these resolutions shall be in substantially the form and shall have the characteristics provided in the Indenture, and the form of the Senior Notes of each such series set forth in these resolutions is hereby approved and adopted.

FURTHER RESOLVED THAT:

(1) The President or any Vice President of the Company is hereby authorized to execute and deliver on behalf of the Company an Underwriting Agreement (the "Underwriting Agreement") in substantially the form of the Underwriting Agreement included as an exhibit to the registration statement of Form S-3 filed by the Company on March 30, 1994 and declared effective April 11, 1994 (Registration No. 33-52915) (the "Registration Statement"), reflecting the terms of the sale of the Senior Notes to the Underwriters named in such agreement, along with the accompanying Price Determination Agreement that confirms that the sale price of the Series A Notes (after deducting an underwriting discount of .65%) shall be 99.299% of the principal amount thereof and the sale price of the Series B Notes (after deducting an underwriting

discount of .875%) shall be 98.114% of the principal amount thereof;

(2) The President or any Vice President and the Secretary or any Assistant Secretary of the Company are hereby authorized and directed to deliver to the Trustee a certified record of these resolutions setting forth the terms of the Senior Notes as required by Section 2.01 of the Indenture;

(3) The President or any Vice President of the Company is hereby authorized to execute \$50,000,000 aggregate principal amount of Series A Notes and \$100,000,000 aggregate principal amount of Series B Notes on behalf of the Company under its corporate seal or a facsimile attested by the Secretary or any Assistant Secretary, and the signature of the President, or any Vice President, may be in the form of a facsimile signature of the present or any future President or Vice President and the signature of the Secretary or any Assistant Secretary in attestation of the corporate seal may be in the form of a facsimile signature of the present or any future Secretary or Assistant Secretary, and should any officer who signs, or whose facsimile signature appears upon, any of the Senior Notes cease to be such an officer prior to their issuance, the Senior Notes so signed or bearing such facsimile signature shall still be valid, and without prejudice to the use of the facsimile signature of any other officer as hereinabove authorized, the facsimile signature of Glen F. Post III, President, and the facsimile signature of Harvey P. Perry, Secretary, are hereby expressly approved and adopted;

(4) The officers of the Company are hereby authorized to cause the Senior Notes to be delivered to the Trustee for authentication and delivery by it in accordance with the provisions of the Indenture, and the Trustee is hereby authorized and requested to authenticate the Senior Notes upon compliance by the Company with the provisions of the Indenture and to deliver the same to or upon the written order of the President or any Vice President of the Company, and the President or any Vice President is hereby authorized to apply to the Trustee for the authentication and delivery of Senior Notes;

(5) The President or any Vice President and the Treasurer or any Assistant Treasurer of the Company are hereby authorized and empowered to endorse, in the name and on behalf of the Company, any and all checks received in connection with the sales of the Senior Notes for application as described in the offering materials prepared and filed, or to be prepared and filed, in connection with the offering of the Senior Notes, or for deposit to the account of the Company in any bank, and that any such endorsement be sufficient to bind the Company;

(6) The officers of the Company are hereby authorized to issue and sell the aggregate principal amounts of the Senior

Notes at the price and upon the terms and conditions set forth in the Underwriting Agreement (including the accompanying Price Determination Agreement) covering the sale of the Senior Notes;

(7) The preparation, dissemination and filing with the Securities and Exchange Commission of the preliminary prospectus supplement dated April 29, 1994 (to the prospectus dated April 11, 1994 forming a part of the Registration Statement) is hereby ratified and confirmed in all respects, and the officers of the Company are hereby authorized to prepare, disseminate and file with the Securities and Exchange Commission any additional preliminary or definitive prospectus supplements that may be necessary or appropriate;

(8) The officers of the Company are authorized to execute and deliver all such instruments and documents, to incur on behalf of the Company all such expenses and obligations, to make all such payments, and to do all such other acts and things as they may consider necessary or desirable in connection with the accomplishment of the intent and purposes of the foregoing resolutions, including without limitation obtaining all necessary and appropriate CUSIP numbers and debt ratings, retaining all necessary printing companies, engraving companies and other agents or advisers, executing and delivering all closing instruments that are contemplated by the Indenture or Underwriting Agreement or that are otherwise customary and appropriate, and issuing any necessary and appropriate press releases; and

(9) All actions heretofore taken by the officers of the Company that would have been authorized hereunder if taken after the adoption of these resolutions are hereby ratified and confirmed in all respects as the acts of the Company.

EXHIBIT 10.1

LOAN AGREEMENT AND
GRANT OF RIGHTS OF FIRST REFUSAL
TO ACQUIRE ASSETS AND/OR CAPITAL STOCK
OF MILLTENN, INC. AND ITS SUBSIDIARIES
AMONG
CENTURY TELEPHONE ENTERPRISES, INC.
AND THE PARTIES NAMED HEREIN
DATED APRIL 27, 1994

LOAN AGREEMENT AND GRANT OF RIGHTS OF FIRST
REFUSAL TO ACQUIRE ASSETS AND/OR CAPITAL STOCK OF MILLTENN, INC.
AND ITS SUBSIDIARIES

This Loan Agreement and Grant of Rights of First Refusal to Acquire Assets or Capital Stock of MillTenn, Inc. and its Subsidiaries (this "Agreement") is entered into as of this 27th day of April, 1994, by and among the following parties:

WILLIAM S. HOWARD, SR. ("WSH"), ANN A. HOWARD ("AAH"), HOLLY LEE STARNES, WILLIAM S. HOWARD, JR., LAURA LYNNE HOWARD and CHARLOTTE ANN HOWARD THOMPSON, residents of Millington, Tennessee, (each hereinafter referred to individually as "Shareholder" and in the aggregate as "Shareholders");

AND

MILLTENN, INC. ("MTI" or "Borrower"), MILLINGTON TELEPHONE COMPANY ("MTC"), BIG CREEK FINANCIAL, INC. ("BCFI") and MILL-COMM ASSOCIATES, INC. ("MAI"), all Tennessee corporations, (each hereinafter referred to individually as "Company" and in the aggregate as "Companies");

AND

CENTURY TELEPHONE ENTERPRISES, INC., a Louisiana corporation (hereinafter referred to as "Lender") .

W I T N E S S E T H

WHEREAS, Shareholders and the Companies have requested Lender to lend to Borrower the principal sum of TWENTY-FIVE MILLION AND NO/100 (\$25,000,000) DOLLARS (the "Loan");

WHEREAS, the Loan to Borrower is for the purpose of acquiring approximately 328 shares of capital stock of MTC (hereinafter "Purchased MTC Stock")

WHEREAS, a Shareholder and/or a Company or a combination of them may in the future, desire to sell, transfer or otherwise dispose of some or all of the capital stock and/or assets of any or all of the Companies (hereinafter "Property"); WHEREAS, subject to the conditions contained herein, Shareholders and the Companies have agreed to grant Lender rights of first refusal and other rights (collectively "Rights") in connection with the sale, transfer or disposition of any or all Property in consideration of Lender providing the Loan; and WHEREAS, Shareholders, Companies and Lender desire to enter into this Agreement for the purpose of confirming the rights and obligations of the parties including setting forth the terms and conditions upon which Lender is willing to commit to make the Loan to Borrower and Borrower is obligated to repay the Loan and defining the Rights granted to Lender herein; NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the benefits to be derived from the Loan and this Agreement and for other valid reasons, Shareholders and Companies agree with Lender as follows:

ARTICLE I
DEFINITION OF TERMS

Section 1.01 As used in this Agreement, the following terms shall have the respective meanings indicated below:

-2-

- (a) "Adjusted Consolidated Net Worth" means, as of the date of determination, Consolidated Net Worth minus (i) deferred assets other than prepaid insurance, prepaid taxes, prepaid interest, extraordinary retirements, and deferred charges where such deferred charges are considered by Tribunals when setting rates, (ii) patents, copyrights, trademarks, trade names, franchises, experimental expense, goodwill (other than goodwill arising from the purchase of capital stock or assets of a Person engaged in the telephone or cellular mobile communications business) and similar

intangible or intellectual property, and (iii) unamortized debt discount and expense (other than debt discount and expense of the Companies located in jurisdictions where such items are considered by Tribunals when setting rates).

- (b) "Advance" or "Advances" shall mean the disbursement(s) of the sum to be loaned by Lender to Borrower pursuant to this Agreement.
- (c) "Affiliate" shall mean (i) any member of the family of any Shareholder, (ii) Millington CATV, Inc. or (iii) any Person under the control of any one of the Shareholders, the Companies or the Persons referred to in subsections (i) and (ii) of this definition.
- (d) "Authorized Financial Officer" shall mean the President or Treasurer of any Company.
- (e) "Base Rate" means, for any date, a rate per annum (rounded upwards to the next 1/16 of 1%, if not already a whole multiple of 1/16 of 1%), equal to the rate of interest established from time to time by the Chase Manhattan Bank, N.A. as its "Prime Rate" (or successor of similar import), plus 1.5%.
- (f) "BCFI" shall mean Big Creek Financial, Inc., a Tennessee business corporation.
- (g) "Borrower" means MillTenn, Inc., a Tennessee business corporation.
- (h) "Business Day" shall mean a day when Lender is open for business.

-3-

- (i) "Cash Flow" shall mean, for any Company, the net income of such Company, plus (i) depreciation, (ii) amortization, and (iii) all noncash items and such other amounts, all of which shall be determined in accordance with GAAP and on a consolidated basis, if such Company consolidates financial statements with other Companies for financial reporting purposes.
- (j) "Closing" shall mean the exchange of the various documents and instruments by the parties hereto in order to consummate any transaction.
- (k) "Code" means the Internal Revenue Code of 1986, as amended, together with rules and regulations promulgated thereunder.

- (l) "Collateral" shall mean Present Collateral and Future Collateral as defined in Article III hereof.
- (m) "Companies" shall mean collectively MillTenn, Inc., Millington Telephone Company, Big Creek Financial, Inc. and Millcomm Associates, Inc., each a Tennessee corporation and "Company" means any of the same.
- (n) "Consolidated Net Worth" means, as of the date of determination, the amount of stated capital plus (or minus, in the case of a deficit) the capital surplus and earned surplus of the Companies, as calculated in accordance with GAAP (but treating Minority Interests in Subsidiaries as liabilities).
- (o) "Current Financials" means the consolidated financial statements of the Companies (excluding MTI) for the fiscal year ended December 31, 1993.
- (p) "Debt" of any Person means, from time to time and without duplications, all indebtedness, liabilities, and obligations of such Person (including, without limitation, indebtedness, liabilities, and obligations secured by any assets of such Person regardless whether such Person has assumed the liability so secured), whether or not considered as liabilities according to GAAP and whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, or absolute, fixed, or contingent.

-4-

- (q) "Debtor Relief Laws" means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, fraudulent transfer or conveyance, suspension of payments, or similar Laws from time to time in effect affecting the rights of creditors generally.
- (r) "Default" means the occurrence of any event which with the giving of notice or the passage of time or both would become an Event of Default.
- (s) "Default Rate" means an annual interest rate equal to the lesser of (a) 3% plus the Base Rate or (b) the Highest Lawful Rate.

- (t) "EBIT" means, for the applicable period, net income before Tax expense and interest expense and excluding the effects of nonrecurring and/or unusual noncash transactions that reduce net income and items that do not reduce the cash flow of the Companies (e.g., write-off of intangibles, write-down of assets, effects of new accounting pronouncements, etc.).
- (u) "Environmental Law" means any Law that relates to the environment or handling or control of Hazardous Substances.
- (v) "ERISA" means the Employment Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.
- (w) "ERISA Affiliate" means any company or trade or business (whether or not incorporated) which is a member of a group of which any Company is a member and which is under common control with any Company within the meaning of section 414 of the Code.
- (x) "Event of Default" means any of the events described in Article IX, provided there has been satisfied any requirement in connection therewith for the giving of notice, lapse of time, or happening of any further condition.

-5-

- (y) "Fair Market Value" shall mean the present value, in U.S. dollars, of consideration paid or to be paid in exchange for any Property. If consideration is offered that is not payable in cash or otherwise traded on a nationally recognized exchange, then the Fair Market Value of such consideration shall be the present cash value of such consideration, as determined by a nationally recognized investment banking and/or appraisal firm with expertise in the industries of the business for which Fair Market Value is to be determined to be selected by Lender and which has no prior investment banking relationship with Lender as a lead manager in any underwriting and agreed to by Borrower, provided, however, that if Borrower fails to agree within five (5) Business Days of notification by Lender to Borrower, then Borrower shall submit a similarly qualified firm and the two firms shall determine Fair Market Value within thirty (30) days, in default thereof the average of the two firms

valuations shall determine Fair Market Value.

- (z) "Financial Statements" means balance sheets, profit and loss statements, statements of capital and surplus, and statements of cash flow prepared in comparative form to the corresponding period of the preceding fiscal year.
 - (aa) "FCC" shall mean the Federal Communications Commission.
 - (bb) "GAAP" means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board which are applicable as of the date of the Financial Statements in question.
 - (cc) "Guarantees" shall mean the Guaranty Agreements of WSH, AAH and, subject to the approval set forth on Schedule 3.02, MTC by which such guarantor agrees to guarantee the Obligations.
 - (dd) "Hazardous Substance" means any hazardous or toxic waste, pollutant, contaminant, or substance.
- 6-
- (ee) "Highest Lawful Rate" means at the particular time in question the maximum rate of interest which, under applicable Law, Lender is permitted to charge the Borrower on the Obligations. If the maximum rate of interest which, under applicable Law, Lender is permitted to charge the Borrower on the Obligations shall change after the date hereof, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, as of the effective time of such change without notice to the Borrower.
 - (ff) "Laws" means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees, judgments or opinions of any Tribunal.
 - (gg) "Lien" shall mean any lien, security interest, pledge, assignment, charge, title retention agreement, or encumbrance of any kind, and any other Right of or arrangement with any creditor to have his claim satisfied out of any property or assets, or the proceeds therefrom, prior to the general creditors of the owner thereof.

- (hh) "Litigation" means any action conducted, pending, or threatened by or before any Tribunal.
- (ii) "Loan" shall mean the loan made or to be made by Lender to Borrower pursuant to Article II hereof.
- (jj) "Loan Closing Date" shall specifically mean the date specified in Article VI hereof.
- (kk) "Loan Papers" means this Agreement, the Note, the Pledges, the Guarantees, stock assignments and other documents executed and delivered pursuant to this Agreement.
- (ll) "MAI" shall mean Mill-Comm Associates, Inc., a Tennessee corporation.
- (mm) "Material Agreement" of any Person means any material written or oral agreement, contract, commitment, or understanding to which such Person is a party, by which such Person is

-7-

directly or indirectly bound, or to which any assets of such Person may be subject, and which is not cancelable by such Person upon 30 days or less notice without liability for further payment other than nominal penalty, and which requires such Person to pay more than \$250,000 during any 12 month period.

- (nn) "Maturity Date" shall mean, with respect to the Note or other Obligations, the date of maturity thereof, regardless of how such maturity is brought about, whether at stated maturity, upon demand, by acceleration, or otherwise.
- (oo) "MTI" shall mean MillTenn, Inc., a Tennessee corporation.
- (pp) "MTC" shall mean Millington Telephone Company, a Tennessee telephone utility corporation regulated by the PSC.
- (qq) "Multiemployer Plan" means a multiemployer plan as defined in sections 3(37) or 4001(a)(3) of ERISA or section 414 of the Code to which any Company or any ERISA Affiliate is making, or has made, or is accruing, or has accrued, an obligation

to make contributions.

- (rr) "Note" shall mean the promissory note evidencing the principal and interest under the Loan, and any and all renewals, extensions, rearrangements, or modifications thereof.
- (ss) "Obligation" or "Obligations" shall mean all present and future obligations and indebtedness, and all renewals and extensions thereof, or any part thereof, of any Shareholder or any Company to Lender now existing or hereafter arising including without limitation the obligations and indebtedness of Borrower to Lender arising pursuant to the Note, and the other Loan Papers, and all interest accruing thereon and reasonable attorneys' fees incurred in the enforcement or collection thereof, regardless of whether such obligations and indebtedness are direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, but not limited to, the indebtedness and obligations evidenced by this Agreement, the Note, and by any and all Loan Papers.
- 8-
- (tt) "Partnership" shall mean the Memphis SMSA Limited Partnership, a Delaware limited partnership.
- (uu) "PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereof, established pursuant to ERISA.
- (vv) "Permitted Liens" means the Liens described on Schedules 10.03, 10.05 and 10.19 hereto.
- (ww) "Person" shall mean and include all natural persons, corporations (which shall be deemed to include business trusts), joint ventures, associations, companies, partnerships, Tribunal, government or any department, agency or political subdivision thereof, or any other entity.
- (xx) "Pledge" shall mean the Security Agreement-Pledge which grants a Security Interest and Lien in the Pledged Shares.
- (yy) "Pledged Shares" shall mean the shares of stock of MTI and MTC described on Section 3.01 hereto, and all other shares of stock of the Companies which may now or hereafter be or become

subject to the Security Interest of the Pledge.

- (zz) "PSC" shall mean the Tennessee Public Service Commission.
- (aaa) "Principal Debt" shall mean the unpaid principal balance of indebtedness arising by reason of the Loan.
- (bbb) "Property" shall mean the capital stock and/or assets of any or all of the Companies.
- (ccc) "REA" shall mean the United States of America, Rural Electrification Administration and/or Rural Telephone Bank.
- (ddd) "Rights" shall mean rights, remedies, privileges, and powers.
- (eee) "Security Interest" shall mean a Lien, mortgage, pledge, deed of trust, collateral assignment, or security interest in and to any Property or Collateral.
- 9-
- (fff) "Subsidiary" shall mean any Person with respect to which any Company, or one or more Companies, owns, directly or indirectly, in the aggregate, of record or beneficially, fifty percent (50%) or more of the issued and outstanding voting stock or interests;
- (ggg) "Tax" or "Taxes" means all tax(es), assessment(s) fee(s), or other charge(s) at any time imposed by any Laws or Tribunal.
- (hhh) "Total Liabilities" shall mean, for any Company, all items of Debt, obligation or liability of such Company which would, in accordance with GAAP, be classified as liabilities of the Company conducting a business the same as or similar to that of such corporation, including, without limitation: (i) all Debt, guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse; (ii) all Debt in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise, (a) to purchase such Debt, or (b) to purchase, sell or lease (as lessee or lessor) property, products, materials or supplies, or to purchase or sell transportation or services, primarily for the purpose of enabling the debtor to

make payment of such Debt or to insure the owner of the Debt against loss, or (c) to supply funds to or in any other manner invest in the debtor and (iii) all Debt secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Security Interest upon or in property (including, without limitation, accounts and contract rights) owned by the respective Company, whether or not such Company has assumed or become liable for the payment of such Debt.

- (iii) "Tribunal" means any municipal, state, commonwealth, federal, foreign, territorial, or other court, governmental body, subdivision, agency, department, commission, board, bureau, or instrumentality.

-10-

Section 1.02 Accounting terms not specifically defined herein shall have the meaning ordinarily accorded such terms in accordance with GAAP consistently applied. All other terms used herein shall have the meanings as otherwise stated herein.

ARTICLE II LOAN

Section 2.01 Loan. Subject to the terms and conditions of of this Agreement, Lender shall lend to Borrower and Borrower shall borrow from the Lender the sum of TWENTY-FIVE MILLION AND NO/100 (\$25,000,000.00) DOLLARS.

Section 2.02 Note. The obligation of the Borrower to repay the Loan shall be evidenced by a promissory note payable to the order of Lender, in substantially the form of Exhibit "A" attached hereto (the "Note") in the principal amount of the Loan. The Note shall bear interest from the date thereof on the outstanding principal balance as set forth in Section 2.03.

Section 2.03 Interest. (a) Subject to the provisions of Section 2.03 (b) , the Loan shall bear interest at the rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 days) equal to the lesser of (i) the Highest Lawful Rate or (ii) the Base Rate. (b) If the Borrower shall default in the payment of the principal or interest on the Loan or any other amount becoming due hereunder, the Borrower shall on demand from time to time pay

-11-

interest, to the extent permitted by Law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum equal to the lesser of (i) the Highest Lawful Rate or (ii) the Default Rate. Section 2.04 Payments and Prepayments.

- (a) Commencing on the first day of August, 1994, and on the same day of each and every quarter thereafter (November, February

and May) through and including May 1, 1995, installments of accrued interest only shall be due and payable.

- (b) Commencing on August 1, 1995, and on the same day of each and every quarter thereafter through and including May 1, 1998, equal installments of principal in the amount of \$416,666, plus accrued interest shall be due and payable.
- (c) Although the amounts of said quarterly payments as provided for herein shall be determined as if amortized over fifteen (15) years, the entire balance of principal and all accrued interest shall balloon and be due and payable on May 1, 1998.

Each payment or prepayment on the Note must be paid at the principal office of Lender at 100 Century Park Drive, Monroe, Louisiana in funds available for immediate use by Lender on the day the payment is due. Upon giving Lender not less than seven (7) Business Days prior written notice specifying the amount of the prepayment

-12-

and the prepayment date, the Borrower shall have the right to prepay principal on the Note without premium or penalty at any time in whole or in part. Each payment and prepayment shall be applied first to accrued interest and then to a principal reduction on the Note. At any time during which an Event of Default has occurred, any payment or prepayment shall be applied in the following order (i) outstanding Obligations, including reasonable expenses of Lender incurred in enforcing the Loan Papers (ii) accrued interest and (iii) the remaining Principal Debt.

Section 2.05 Fee. On the date hereof Borrower has delivered and Lender acknowledges receipt of a loan fee (the "Fee") in the amount of .5% of the principal amount of the Loan or \$125,000. The Fee is considered earned as of the date hereof and is non-refundable.

ARTICLE III COLLATERAL

Section 3.01 Present Collateral. To secure the full and complete payment and performance of the Note and Obligations contained in this Agreement, Borrower shall execute and deliver, or cause to be delivered, to Lender the following-described collateral:

- (a) Pledge by Shareholders of 10,000 shares of MTI stock (100%) in substantially the form shown on Exhibit B attached hereto;
- (b) Pledge by MTI of 496 shares of MTC stock (100%) in substantially the form shown on Exhibit C attached hereto, consisting of two separate pledges, the first

of the Purchased Shares and the second of all remaining MTC stock;

- (c) Guarantees of WSH and AAH in substantially the form shown on Exhibit D attached hereto;

(collectively, "Present Collateral").

-13-

Section 3.02 Future Collateral. Borrower and Shareholders shall use their best efforts to obtain the required approvals set forth on Schedule 3.02 hereof to further secure the full and complete performance of the Note and Obligations contained in this Agreement, and if obtained, Borrower shall release from escrow (the "Escrow") at Boles, Boles & Ryan ("BBR") so as to cause to be delivered to Lender the following-described collateral which has been executed and delivered into BBR:

- (a) Pledge by MTC of (i) 1,000 shares of MAI stock (100%) and (ii) 100 shares of BCFI stock, in substantially the form shown on Exhibit E attached hereto; and
- (b) Guaranty of MTC in substantially the form shown on Exhibit F attached hereto.

(collectively, "Future Collateral"). Provided, however, the parties agree to coordinate any one or more efforts to accomplish this purpose and MTC agrees to act upon any reasonable request of Lender in obtaining the required approvals necessary to permit delivery of the Future Collateral and further provided that notwithstanding anything to the contrary contained herein, a failure after Borrower's and Shareholders best efforts to obtain such approvals shall not result in a breach or an Event of Default under this Agreement or the Loan Papers. In the event the REA requests return of the Future Collateral from Escrow, Lender agrees to cause BBR to release such Future Collateral from Escrow.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01 Conditions Precedent to Loan. The effectiveness of this Agreement and the obligations of Lender to consummate any of the transactions contemplated hereby shall be subject to the satisfaction of the following conditions precedent, at or prior to the time of the Loan Closing Date (as defined below):

(a) The representations and warranties contained in this Agreement shall be true in all material respects on and as of the Loan Closing Date.

(b) No Event of Default and no condition, event or act which, with the giving of notice or the lapse of time or both, would become such an Event of Default shall have occurred and be continuing on the Loan Closing Date.

-14-

(c) On the Loan Closing Date, Borrower shall have delivered to Lender, in form and substance satisfactory to Lender:

(i) Resolutions of the Board of Directors of each Company certified as of the Loan Closing Date by its secretary, which resolutions shall authorize the execution, delivery and performance by each Company of this Agreement, its respective Pledge, and/or Guarantee together with the other Loan Papers to which it is a party;

(ii) A certificate of incumbency certified as of the Loan Closing Date by the secretary of each Company with specimen signatures of the president and secretary or other officers of such Company who will sign this Agreement and the other Loan Papers;

(iii) A certificate dated the Loan Closing Date of the President of each Company certifying the accuracy of the matters set forth in Section 4.01(a) and (b) above;

(iv) Articles of incorporation of each of the Companies certified as of a recent date by the Secretary of State of Tennessee;

(v) By-laws of each of the Companies certified as of the Loan Closing Date by the secretary of such Company; and

(vi) Recent certificates of the appropriate government officials of the State of Tennessee (and other states if required qualify to do business) as to the existence of each Company.

(d) Borrower shall have executed and delivered to Lender the Note and its Pledge and the other Loan Papers to which it is a party.

(e) Each Company shall have executed and delivered to Lender the Loan Papers to which it is a party.

(f) Each Shareholder shall have executed and delivered to Lender the Loan Papers to which he or she is a party.

(g) Borrower shall have delivered the Opinion of Counsel of Glankler Brown in substantially the form shown on Exhibit H attached hereto.

(h) Shareholders and Companies shall have delivered to Lender certificates representing all of the Pledged Shares, together with appropriate stock assignments or powers signed in blank.

-15-

(i) Lender shall have received payment of all fees and expenses due hereunder.

(j) All proceedings taken in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be satisfactory in form and substance to Lender and its counsel, and Lender shall have received copies of all documents which it may reasonably request in connection with such transactions and all corporate proceedings with respect thereto, in form and substance satisfactory to Lender and its counsel.

Section 4.02 Materiality of Condition. Each condition precedent is material to the transactions contemplated herein and time is of the essence in respect to each condition.

ARTICLE V

USE OF PROCEEDS Each Shareholder and Company represents and warrants to and agrees with Lender that (i) the proceeds of the Loan shall be used by Borrower only to acquire the Purchased Shares and for no other purpose and (ii) Borrower shall become owner, of record and beneficially, of 100% of the issued and outstanding

capital stock of MTC. ARTICLE VI THE CLOSING AND ADVANCES Section 6.01 Closing. The closing (the "Closing") of the Loan transactions contemplated by this Agreement, and the delivery of all documents and instruments required hereunder to be delivered at the Closing, shall occur on or before April 29, 1994, at 10 o'clock a.m., central time, or at such other later date and time as the parties hereto may mutually agree (the "Loan Closing Date") at the offices of Lender, 100 Century Park Drive, Monroe, Louisiana 71203.

-16-

Section 6.02 Advances. Advances hereunder shall occur at the offices of Lender on the Loan Closing Date or on such other date as may be agreed upon by the parties. ARTICLE VII AFFIRMATIVE COVENANTS

So long as there are any amounts outstanding hereunder, and until payment and performance in full of the Obligations, unless they receive prior written approval from Lender of a deviation, each Shareholder and Company agrees, to the fullest extent legally capable of doing so, to cause each Company to, and each Company agrees to:

Section 7.01 Incumbency. From time to time, at the request of Lender, certify to Lender the name, signatures, and positions of all persons authorized to execute and deliver any Loan Papers.

Section 7.02 Books and Records. For each Company, keep in accordance with GAAP, proper and complete books, records and accounts and permit an agent of Lender at any time and from time to time to inspect and review the same as well as any Company's properties and to review files, reports and other records during regular business hours of any Company and make and take away copies thereof, and, upon request by Lender, such Company shall assist Lender in any such inspection.

Section 7.03 Financial Statements and other Information.

Furnish to Lender:

(a) As soon as available, and in any event within sixty (60) days after the end of each quarterly accounting period in each fiscal year, a copy of unaudited Financial Statements of each Company as at the end of such quarter and for the period then ended, containing (and for MTI on a consolidated and consolidating basis), balance sheets, statements of income, reconciliations of capital and surplus, and statements

-17-

of cash flows, all in reasonable detail and prepared in accordance with GAAP consistently applied, certified by an Authorized Financial Officer of such Company to fairly represent the financial condition and results of the operations of such Company at the date and for the period indicated therein;

(b) As soon as available, and in any event within one hundred twenty (120) days after the end of each fiscal year, beginning with its most recent fiscal year or its current fiscal year, whichever is appropriate, a copy of the annual audit report of each Company for such fiscal year containing (and for MTI on a consolidated and consolidating basis), balance sheets, statement of income, statements of stockholders' equity, and statements of cash flows, all in reasonable detail and certified by an independent certified public accountant of recognized standing reasonably satisfactory to Lender;

(c) Within sixty (60) days after the end of each quarter during each fiscal year of each Company and within one hundred twenty (120) days after the close of each fiscal year of such Company, a certificate signed by an Authorized Financial officer of such Company, which certificate shall: (i) state that a review of the activities of the Company during such quarter or fiscal year has been made under his supervision with a view to determining whether such Company has kept, observed, performed and fulfilled all its Obligations under this Agreement and the Loan Papers; and (ii) state that to the best of his knowledge, such Company has kept, observed, performed and fulfilled each and every covenant and condition of this Agreement and the Loan Papers, and is not at the end of such quarter or fiscal year in Default in the performance, observance or fulfillment of any of the covenants and conditions hereof or in the Loan Papers, or, if such Company shall be in Default, specifying all such Defaults and the nature and status thereof; and (iii) show a

computation of all information necessary to show compliance with Sections 8.13 and 8.14 hereof;

(d) (i) Promptly upon filing thereof copies of the Financial Statements which any Company may file annually with the FCC, the PSC or any other Tribunal, (ii) promptly upon distribution thereof, copies of all such financial or other statements, including proxy statements, and reports as any Company shall send to any class of its stockholders or holder of its debt securities, (iii) promptly upon receipt thereof, copies of any notices received from any Tribunal (including, but not limited to, FCC and PSC) relating to any order, rule, statute, or other Laws (or a possible violation or violation

-18-

thereof) or other information which might herein materially and adversely effect the franchises, permits or Rights for the operation of the business of any Company or the Partnership and (iv) notice, promptly after any Shareholder or Company knows or has reason to know of, (1) the existence of any Material Litigation as defined in Section 10.09, (2) any material change in any material fact or circumstance represented or warranted in any Loan Paper, or (3) a Default or Event of Default, specifying the nature thereof and what action the Borrower, any Company or Shareholder has taken, is taking, or proposes to take with respect thereto.

(e) Such other information respecting the financial condition and affairs of any of the Companies, WSH or AAH as Lender may reasonably request.

Section 7.04 Compliance with Laws, This Agreement, and Material Agreements. Comply with all applicable Laws, including but not limited to, Environmental Laws and promptly take corrective action to remedy any non-compliance with any Law, and comply with and observe each and every covenant and agreement in this Agreement, the Loan Papers and any Material Agreement, except as described on Schedule 7.04 hereof. No Company will violate the provisions of its charter or bylaws, nor without the consent of Lender, not to be unreasonably

withheld, will any Company modify, repeal, replace, or amend any provision of its charter or bylaws.

Section 7.05 Expenses and Legal Fees. Pay all reasonable out-of-pocket costs, fees and expenses arising in connection with this Agreement or any amendment thereto and the Closing and the enforcement or exercise of the Rights of Lender hereunder, including but not limited to, all legal fees and reasonable expenses incurred by Lender in the negotiation, preparation, delivery and execution of the Loan Papers and other documents herein described and any amendments thereof, said costs, fees and expenses to be paid at Closing and in the case of any amendment to this Agreement or any other Loan Papers or the enforcement of Lender's Rights hereunder, on demand.

-19-

Section 7.06 Payment of Debts. (a) Promptly pay or cause to be paid all of Debt and obligations of each Company as the same become due in accordance with the terms of the instruments or documents evidencing or securing the same. (b) No Company will make a voluntary prepayment of the principal of any Debt other than the Obligation, whether subordinate to the obligation or not.

Section 7.07 Preservation of Existence and Franchises and Conduct of Business. Do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence (and good standing thereof), rights, leases, patents, permits, franchise agreements, and all other licenses or rights necessary to comply with all Laws applicable to each of the Companies in the operation of its respective business and continue to engage primarily in the business conducted by each as described on Schedule 7.07 hereto.

Section 7.08 Maintenance of Properties. Cause all of properties (including any Property) used or useful in the conduct of any Company's business to be maintained and kept in good condition, repair and working order, and supplied with all necessary equipment, and cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof and thereto, all as in their reasonable judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times.

Section 7.09 Payment of Taxes and Other Charges. Promptly pay and discharge, or cause to be paid and discharged, all lawful Taxes imposed upon any Company, WSH or AAH or upon the property, real,

-20-

personal or mixed, belonging to any of them, or upon any part thereof, before the payment thereof shall become in default, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might become a Lien upon such property, or upon any part thereof; provided, however, that no Company shall be required to pay and discharge, or cause to be paid and discharged, any such Taxes or claims so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings diligently pursued, if appropriate reserves have been provided therefor, and further provided that no Person shall be required to pay Taxes imposed on any other Person but shall take all reasonable and lawful steps to insure such other Person pays its Taxes. All deposits for taxes due as a result of deductions for withholding with respect to wages of employees shall be timely made.

Section 7.10 Insurance. Keep adequately insured by financially sound and reputable insurers all of each Company's tangible property against loss or damage of the kinds customarily insured against by owners of similar property, and maintain in full force and effect all necessary workmen's compensation insurance, and such other insurance as may be required by Laws or as may reasonably be required in writing by Lender.

Section 7.11 Compliance with Regulations. Not take any action nor permit any Person acting on its behalf to take any action which might cause this Agreement or the Note to violate, and Borrower will take all action necessary to comply with and shall not use any

-21-

Loan proceeds to purchase stock in violation of Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System and the Securities Exchange Act of 1934, in each case as now in effect or as the same may hereafter be in effect.

Section 7.12 Preservation of Security Interests and Rights. Perform all such acts as Lender may reasonably request in order to enable Lender to report, file, and register every instrument that Lender may deem necessary to perfect and maintain the Security Interests of Lender and preserve and protect the Rights of Lender.

Section 7.13 Indemnification. Subject to the provisions of Section 12.02 hereof, (a) if, by the granting of the Security Interests in any of the Collateral or making the Loan, Lender shall be in violation of any Laws or any Material Agreements of any Shareholder and/or Company, each Shareholder and Company, jointly and severally, shall indemnify Lender against, and defend and hold Lender harmless from, any claim, proceeding, suit, action, loss, liability, obliga-

tion, damage, cost, judgment, fee, or penalty, expense (including, without limitation, reasonable attorneys' fees and legal expenses whether or not suit is brought (hereinafter "Expenses") arising out of, or in connection with, the granting of the Security Interests in the Collateral or making the Loan, and (b) each Company and Shareholder, jointly and severally, shall indemnify, protect, and hold Lenders, its officers, directors and affiliates harmless from and against any and all suits and Expenses with respect to or as a direct or indirect result of the violation by any Company of any Environmental Law; or with respect to or as a direct or indirect

-22-

result of any Company' s generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence in connection with its properties of a Hazardous Substance including, without limitation, (i) all damages of any such use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence, or (ii) the costs of any required or necessary environmental investigation, monitoring, repair, cleanup, or detoxification and the preparation and implementation of any closure, remedial, or other plans. The provisions of and undertakings and indemnification set forth in this Section 7.13(b) shall survive the satisfaction and payment of the Obligations and termination of this Agreement for a period of time set forth in the statute of limitations in any applicable Environmental Law.

Section 7.14 Shareholders' Covenants. So long as there are any amounts outstanding hereunder, and until payment and performance in full of the Obligations, each Shareholder agrees to (i) give to Lender notices promptly after any Shareholder knows or has reason to know of the matters set forth in Section 7.03(d)(iv) (1)-(3), (ii) such other information respecting the financial condition and affairs of any of the Shareholders as Lender may reasonably request, and (iii) perform such acts as Lender may reasonably request in order to enable Lender to report, file and register every instrument that Lender may deem necessary to perfect and maintain the Security Interests of Lender and preserve and protect the Rights of Lender.

-23-

ARTICLE VIII

Negative Covenants

So long as there are any amounts outstanding hereunder, and until payment and performance in full of the Obligations, each Shareholder will not, to the fullest extent legally capable of doing so, permit any Company to, and each Company will not, and will not, to the extent described herein, permit any other Company directly or indirectly, without the prior written consent of the Lender, to:

Section 8.01 Debt. Create, suffer to exist, or incur any

Debt other than (i) Debt to Lender and; (ii) Debt described on Schedule 8.01 hereto.

Section 8.02 Contingent Liabilities. Endorse, guarantee, or otherwise become surety for, or contingently liable upon, or agree to take any such action in connection with, the obligations or Debt of any Person, except as set forth on Schedule 8.02 hereto.

Section 8.03 Sales of Assets. Sell or otherwise dispose of, or agree to sell or otherwise dispose of, (a) any of the Collateral, or (b) any other assets or property (including but not limited to any Property) other than sales and dispositions of tangible personal property in the ordinary course of business for fair and adequate consideration of less than \$100,000 in any calendar year.

Section 8.04 Mergers, Acquisitions and Dissolutions. Merge or consolidate with, or acquire all or substantially all of the common capital stock or assets of any other Person or dissolve any Company, except as described in Schedule 8.04 hereof.

Section 8.05 Assignment of This Agreement. Assign or transfer, or attempt to do so, any of its Rights or Obligations hereunder or under any other Loan Papers.

-24-

Section 8.06 New Businesses. Engage in any types of businesses other than the business which it is presently engaged as described on Schedule 7.07 hereto.

Section 8.07 Fiscal Year. Change the fiscal year or accounting methods of any Company.

Section 8.08 Sale and Issuance of Stock. Except as described on Schedule 8.08 hereof, sell or issue any capital stock, whether preferred or common, or other securities of any Company, or become obligated under any agreement which may result in the sale or issuance of any stock, whether common or preferred, or which results in any granting of Rights to any securities, voting or otherwise of any Company.

Section 8.09 Dividends. Declare or pay any cash dividends or make any other distribution of any kind whatsoever with respect to any shares of the capital stock of Borrower.

Section 8.10 Liens. Create, incur, or suffer or permit to be created or incurred or to exist any Lien (other than Permitted Liens) upon any of its assets or properties.

Section 8.11 Employee Benefit Plans. (a) Engage in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the Code), (b) permit the funding requirements under ERISA with respect to any employee benefit plan established or maintained by any Company to ever be less than the minimum required by ERISA, (c) permit any employee benefit plan established or maintained by any Company to ever be subjected to involuntary termination proceedings, or (d) fully or partially withdraw from any multiemployer Plan.

-25-

Section 8.12 Holding Company and Investment Company Status. Conduct its business in such a way that it will become (a) a "holding company," a "subsidiary company" of a "holding company", an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" all as such terms are defined in the Public Utility Holding Company Act of 1935, as amended, (b) a "public utility" within the meaning of the Federal Power Act, as amended, (c) an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (d) an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

Section 8.13 Ratio of EBIT to Interest Expense and Preferred Stock Dividends. As calculated at the end of each fiscal quarter of the Borrower (but computed for the four fiscal quarters ending on the last day of such fiscal quarter), permit consolidated EBIT to be less than 160% of the sum of (a) consolidated interest expense and (b) preferred stock dividends declared or paid by the Borrower.

Section 8.14 Total Liabilities. Permit Total Liabilities on a consolidated basis to ever be greater than \$71,000,000.00.

Section 8.15 Loans, Advances, etc. Make any loan, advance, extension of credit or capital contribution to, make any investment in, or purchase or commit to purchase any stock or other securities or evidence of Debt of, or interests in any Person except as set forth on Schedule 8.15 hereto.

-26-

Section 8.16 Transactions with Affiliates. Except as set forth on Schedule 8.16, enter into any material transaction with any of its Affiliates, other than transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than such Company could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate. For purposes of this Section 8.16, such transactions are "material" if they, individually or in the aggregate, require any Company to pay more than \$100,000 over the course of any calendar year.

ARTICLE IX DEFAULT AND REMEDIES

If any of the following events ("Events of Default") shall occur and such Events of Default are not cured (i) within five (5) days of notice by Lender to Borrower in the case of Section 9.01 or (ii) within sixty (60) days after any Events of Default set forth in Sections 9.02 through 9.05 occur and any Company or Shareholder knows or should have known of such Event of Default, then Lender may declare the indebtedness evidenced by the Note to be in default and all such indebtedness shall forthwith become immediately due and payable without any action of any kind whatsoever, together with accrued interest thereon, reasonable attorney's fees and other Obligations and charges, and costs of Lender incurred in enforcing the Loan Papers without presentment or demand, all of which are hereby

expressly waived, and Lender may enforce all its rights in the Collateral immediately. An Event of Default shall occur if:

-27-

Section 9.01 Payment. A default is made in the payment of any portion of the Obligations when due regardless of whether at the due date thereof or by acceleration thereof or otherwise; or

Section 9.02 Other Agreements. A default is made in the payment of principal or interest or any obligations of any Material Agreements of any Company, WSH or AAH with any other Person other than the defaults specified on schedule 7.04 and then only (i) to the extent of the defaults existing as of the date hereof, (ii) for so long as such lender does not threaten to accelerate payment of, or initiate foreclosure under, any such loans, or (iii) in the case of REA, if REA continues to fund approved loans within the scheduled time periods for such fundings; or

Section 9.03 Other Provisions. Any representation, warranty, affirmative covenant, negative covenant or other agreement, covenant or warranty made to the Lender by any Shareholder or Company, or any of its officers, directors or representatives in connection with this Agreement, the Loan Papers or in any report, certificate, Financial Statement or other instrument furnished Lender in connection herewith shall prove to have been incorrect, false or misleading in any material respect, shall be breached in any material respect or shall have failed to have been punctually and properly performed, observed or complied with; or

Section 9.04 Revocations. Any license, consent or approval of any Tribunal required for the consummation of the transactions contemplated by this Agreement and the instruments provided for herein or required for the necessary operation of any Company is revoked, withdrawn, materially and adversely modified or withheld or otherwise fails to remain in full force and effect; or

Section 9.05 Other Events. Any Company, WSH or AAH shall:

-28-

- (i) Fail to pay their material debts as they become due,
- (ii) Voluntarily seek, consent to, or acquiesce in the benefit of any Debtor Relief Law;
- (iii) Become a party to or is made the subject of any proceeding provided for by any Debtor Relief Law, other than as a creditor or claimant, that could suspend or otherwise adversely affect the Rights of the Lender granted in the Loan Papers;
- (iv) Fail to have discharged within 60 days after

commencement any attachment, sequestration, or similar proceeding which, individually or together with all such other proceedings then pending, affects assets of such Company having a value (individually or collectively) of \$250,000 or more;

- (v) Fail to pay any judgments or orders for the payment of money in excess of \$100,000 (individually or collectively) rendered against it or any of its assets and either (a) any enforcement proceedings shall have been commenced by any creditor upon any such judgment or order or (b) a stay of enforcement of any such judgment or order, by reason of pending appeal or otherwise, shall not be in effect prior to the time its assets may be lawfully sold to satisfy such judgment.

Section 9.06 Lender Not in Control. None of the covenants or other provisions contained in this Agreement or in any other Loan Paper shall, or shall be deemed to, give the Lender the Right to exercise control over the assets (including, without limitation, real property), affairs, or management of any Company or Shareholder, the power of the Lender being limited to the Right to exercise the remedies provided in this Article IX.

-29-

Section 9.07 Waivers. The acceptance by the Lender at any time and from time to time of partial payment on the Obligations shall not be deemed to be a waiver of any Event of Default then existing. No waiver by Lender of any Event of Default shall be deemed to be a waiver of any other then existing or subsequent Event of Default. No delay or omission by the Lender, in exercising any Right under the Loan Papers shall impair such Right or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Papers or otherwise.

Section 9.08 Cumulative Rights. All Rights available to

Lender under the Loan Papers are cumulative of and in addition to all other Rights granted to Lender at law or in equity, whether or not the Obligation is due and payable and whether or not the Lender has instituted any suit for collection, foreclosure, or other action in connection with the Loan Papers.

Section 9.09 Prior Rights. Notwithstanding anything to the contrary contained herein, if within one (1) year of the date of the closing of the purchase of the Purchased MTC Stock as described in the Consent Order of Compromise and Settlement entered in the Chancery Court of Shelby County, Tennessee, on March 17, 1994, (the "Prior

-30-

Rights"), the shares of capital stock of MTC become subject to any foreclosure action or proceeding resulting from such Purchased MTC Stock being pledged as collateral to the Lender, Selling Shareholders may purchase and redeem the Purchased MTC Stock for a payment equal to the amount of all unpaid Obligations and such Purchased MTC Stock will be released, free and clear of the lien imposed by the Loan or the Loan Papers, upon receipt of such payment.

ARTICLE X
REPRESENTATIONS AND WARRANTIES

For the purpose of inducing Lender to enter into this Agreement, each Shareholder and Company, jointly and severally, hereby makes the following representations and warranties to Lender:

10.01 Corporate Organization. Borrower has no Subsidiaries other than the Companies. Each Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Tennessee. Each Company possesses full corporate power and authority to carry on the business in which it is presently engaged, own, lease and operate its properties and, in the case of each Shareholder and Company, to enter into and perform their respective obligations under this Agreement. No Company has qualified as a foreign corporation in any jurisdiction because neither the character or location of its respective properties nor the nature of its activities makes such qualification necessary.

-31-

10.02 Authorization. Each Shareholder and Company has full power and authority to execute and deliver this Agreement and the Loan Papers and to carry out the transactions contemplated hereby. The Boards of Directors (and stockholders, if required) of each of the Companies have duly approved and authorized the execution and delivery of this Agreement and the Loan Papers and the consummation of the

transactions contemplated hereby, and no other corporate proceedings on the part of any Company are necessary to approve and authorize the execution, delivery and consummation of the transactions contemplated in the Loan Papers. The Loan Papers have been duly executed and delivered by each Shareholder and Company and assuming due execution, delivery and performance of this Agreement by Lender, constitute valid and legally binding Obligations of each Shareholder and Company, enforceable in accordance with its terms, except as the enforceability hereof may be limited by applicable Debtor Relief Laws or other laws of general application relating to or affecting enforcement of creditors' rights and the application of equitable principles in any action, legal or equitable.

10.03 Capital Stock. The authorized capital stock of each Company consists exclusively as follows: (i) 10,000 shares of authorized common stock of MTI of which 10,000 shares are currently issued and outstanding and all of which are owned by the Shareholders, as set forth on Schedule 10.03 hereto (ii) 1,000 shares of authorized common stock of MTC of which 496 shares are currently issued and outstanding and all of which are owned by MTI

-32-

(iii) 2,000 shares of authorized common stock of BCFI of which 100 shares are currently issued and outstanding and all of which are owned by MTC (iv) 2,000 shares of authorized common stock of MAI of which 1,000 shares are currently issued and outstanding and all of which are owned by MTC. All of such stock has been duly authorized, is duly and validly issued and outstanding, fully paid, nonassessable and, except as set forth on Schedule 10.03 or in favor of Lender, is free and clear of preemptive or similar rights and all other Security Interests or Liens. Except for the rights of Lender or set forth on Schedule 10.03, there are no outstanding subscriptions, warrants, options, rights, puts, contracts, calls, restrictions, arrangements or other commitments binding upon any Shareholder or Company of any nature relating to the issuance, repurchase, redemption, sale, transfer or voting of any shares of capital stock of any Company. There are no outstanding securities, debt or other obligations of any Company convertible into or exchangeable for shares of capital stock or other securities of such Company. There are no equity equivalents, interests in the ownership or earnings or other similar rights binding upon any Shareholder of Company with respect to any Company. There are no shares of capital stock of any Company held in its respective treasury. Each share of capital stock of each Company is entitled to one vote.

10.04 Partnership Interests. The Partnership interests consist exclusively of (i) a 40% general partnership interest owned by Memphis CGSA, Inc., (ii) a 35% limited partnership interest owned

-33-

by Memphis CGSA, Inc., (iii) a 25% limited partnership interest owned by MAI. Except as set forth on Schedule 10.04 hereto, (iv) MAI's Partnership interest is free of any Liens and Security Interests, and (v) the owners of the Partnership interests are not subject to any present or future scheduled, or to the best of each Shareholder's and Company's knowledge and belief, contemplated capital call or other claim for monetary payment. To the best of each Shareholder's and Company's knowledge, (vi) all Partnership interests have been fully paid for by each owner thereof, (vii) there are no outstanding securities, debt or other obligations of the Partnership convertible into or exchangeable for Partnership interests, rights to vote or other securities or interests of the Partnership, and (viii) except as set forth on Schedule 10.04, no partner of the Partnership has failed to make any capital call. Other than the Partnership Agreement, there are no partnership equivalents, interests in the ownership or earnings or other similar rights binding upon any Company or Shareholder with respect to the Partnership or Partnership interests thereof owned by MAI.

10.05 Ownership of Properties. Except as set forth on Schedule 10.05 hereto, each Property owned by such Shareholder and/or Company is free and clear of all Liens and Security Interests of any kind whatsoever, other than the restrictions imposed by federal and state securities Laws other than Permitted Liens. Upon the consummation of any Transfer (as defined below), merger or consolidation, Lender will acquire good and marketable title to any Property subject to such Transfer, merger or consolidation, free and clear of all Liens and Security Interests or restrictions of any kind whatsoever, other than the restrictions imposed by federal and state securities Laws or Permitted Liens.

-34-

Section 10.06 Stockholder and Partner Documents. Borrower has delivered to Lender true, correct and complete copies of each stockholder, Partnership and partner agreements to which any Shareholder or Company or the Partnership is a party to relating to a Company.

Section 10.07 No Holding Company. No Company is a Person of the type referred to in Section 8.12(a)-(d).

Section 10.08 Financial Statements. The Financial Statements for each of the Companies previously delivered to Lender and defined on Schedule 10.08 hereto, (collectively, the "Current Financial Statements"), were prepared in accordance with GAAP, consistently applied, and fairly present their respective financial conditions as of, and, if applicable, the results of their operations for the portion of the relevant period ending on each such date and when appropriate, such Financial Statements were prepared on a consolidated basis. The Financial Statements of WSH and AAH previously delivered to Lender fairly present their financial condition as of such date. Except for transactions directly related to, or specifically contemplated by, this Agreement and transactions disclosed on Schedule 10.08, there has been no change which might have a material adverse

effect on the financial condition of any Company or WSH or AAH from that shown in such Financial Statements as delivered to Lender to the date hereof.

Section 10.09 Litigation and Judgments. Except as set forth on Schedule 10.09 hereto, (i) there is at the date hereof, no Litigation pending, or to the best knowledge of any Shareholder or

-35-

Company, threatened against any Company, WSH or AAH which might result in any material adverse effect upon the business or condition of any Company, WSH or AAH ("Material Litigation") and (ii) there are no outstanding or unpaid judgments against any Company or Shareholder.

Section 10.10 Compliance with Laws and Material Agreements. Except as set forth on Schedule 10.10, no Company, WSH or AAH is in default under any Material Agreement, nor are any of them in violation of any Laws in any respect which could have any effect whatsoever upon the validity, performance, or enforceability of any of the terms of the Loan Papers or which could have a material adverse effect upon any Company or WSH or AAH. There are no proceedings, claims, or investigations against or involving any Company, WSH or AAH by any Tribunal under or pursuant to any Laws which could have a Material Adverse Effect upon any Company, WSH or AAH. The execution, delivery, and compliance with the terms of the Loan Papers will not violate, constitute a Default (or an event which, with notice or lapse of time or both, could become a default) under, or result in the breach of, any Laws, the articles of incorporation or bylaws of any Company or any Material Agreement to which any Company, WSH or AAH is a party or to which any of their property may be subject.

Section 10.11 Tax Matters. Except as disclosed on Schedule 10.11:

(a) Each Company, WSH and AAH has duly filed all material federal, state and local Tax returns required to be filed by or with respect to it with the IRS or other applicable taxing authority, and no extensions with respect to such Tax returns have been requested or granted.

-36-

(b) Each Company has paid, or adequately reserved against in the Financial Statements, all material Taxes due, or claimed by any taxing authority to be due, from or with respect to it, except Taxes that are being contested in good faith by appropriate legal proceedings and for which adequate reserves have been set aside as disclosed on Schedule 10.11. There are no Tax liens outstanding or, to the best knowledge of each Shareholder, threatened against such Shareholder.

(c) To the best knowledge of each Shareholder and Company, there has been no material issue raised or material adjustment proposed (and none is pending) by the IRS or any other taxing authority in connection with any of the Tax returns.

(d) Each Company has made all material deposits required with respect to Taxes.

(e) No waiver or extension of any statute of limitations as to any material federal, state, local, or foreign Tax matter has been given by or requested from any Company.

(f) No Company has filed a consent under Section 341(f) of the Code.

(g) No Company has made payments, is obligated to make any payments, nor is a party to any agreement that under certain circumstances could obligate it to make any payments that will not be deductible under Section 280G of the Code.

(h) No Company is a party to any Tax allocation or sharing agreement.

-37-

(i) No Company has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was MTC) nor has it any liability for the Taxes of any person other than the Company under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law) as a transferee or successor, by contract, or otherwise.

(j) For both accounting and ratemaking purposes in its regulated books of account, MTC has been using, and will continue to use, a normalization method of accounting as described in Sections 167(1) (as in effect at the time the related assets were placed in service) and 168(i) of the Code (as defined below) for the Federal Income Tax effect of the use of accelerated depreciation.

(k) For both accounting and ratemaking purposes in its regulated books of account, MTC has been using, and will continue to use a method of accounting for investment credits which conforms with the requirements of Section 46(f) of the Code, as in effect at the time the related assets were placed in service.

For purposes of this Section, a Tax is due (and must therefore either be paid or adequately reserved against in the Financial Statements) as it accrues under GAAP.

Section 10.12 ERISA. Each Company has complied with ERISA with respect to all employee benefit plans and there are no existing conditions which could give rise to any material liability of any Company for damages, fines or penalties under ERISA. For purposes of this Section, "material" shall mean any liability in excess of \$10,000.

-38-

Section 10.13 No Approval Required. No registration or approval of any Tribunal or other Person is necessary for the execution or validity of this Agreement, the Note or any of the other Loan Papers, other than approvals required to permit Lender to acquire any Property pursuant to Article XI hereof.

Section 10.14 Securities Laws. No Shareholder or Company

has, nor has any Person acting or purporting to act on behalf of any Shareholder or Company, directly or indirectly, offered the Note for sale to, or solicited any offer to sale the Note to, or otherwise negotiated in respect thereof with, any Person, and has not done (or omitted to do) any other act, so as to bring the issuance or sale thereof within the registration requirements of the Securities Act of 1933, as amended, and Borrower has complied with or is exempt from the registration provisions of all state securities or "blue sky" Laws applicable to the issuance or delivery of the Note.

Section 10.15 Disclosure of Other Facts. There is no significant material fact or condition relating to the financial condition, results of operations, or business of any Company or Shareholder known to any Shareholder or Company which could have a material adverse effect which has not been related to Lender in writing.

Section 10.16 Genuineness of Writings, All writings heretofore exhibited to Lender by or on behalf of any Shareholder or Company are genuine and in all respects what they purport to be.

-39-

Section 10.17 Absence of Material Changes. Since the date of the Current Financials Statements and except as set forth on Schedule 10.17 hereto, no Company has:

(a) undergone any change in its financial condition, assets, properties, liabilities, business, business prospects or operations other than changes in the ordinary course of business, none of which individually or in the aggregate has been materially adverse to the entity which has undergone such change;

(b) suffered any damage, destruction or loss (whether or not covered by insurance), or condemnation or other taking which materially and adversely affected the assets, properties or business of the entity which has suffered any such event;

(c) issued or sold, or authorized the issuance and sale of any interests, stock, bonds, notes or other securities or obligations;

(d) granted any options, warrants or other rights for the issuance of stock, partnership interests or securities;

(e) subjected any of its properties or assets to any Security Interest or Lien of any kind whatsoever, except Permitted Liens;

(f) increased or altered the payment obligations on any Debt;

-40-

(g) acquired or disposed of or leased any assets or properties having a value in excess of \$10,000 in the case of any single item;

(h) merged, consolidated or combined with any other entity;

(i) failed to conduct its business in the ordinary course of business;

(j) received notice of any dispute, claim, event or condition of any character (including but not limited to regulatory and administrative notices) that might materially and adversely affect the business, prospects or property of the entity receiving such notice;

(k) paid or incurred any obligations or liabilities (absolute or contingent) in excess of \$10,000;

(l) made any change in its accounting methods or practices which does not conform to GAAP;

(m) received any notice of any occurrence that would give any entity receiving any such notice reason to believe that any material labor unrest exists among any employees of such entity or that any group, organization or union has tried to organize any of its employees;

(n) declared or paid any dividend or any similar distribution (whether in cash, stock or other property);

(o) granted any bonus or other special compensation or increased the compensation or benefits payable or to become payable to any director, officer or employee except, in the

-41-

case of employees, for increases in the normal course of operations consistent with past compensation practice not exceeding 5% of the compensation and benefits payable to such employee as of the date of the Current Financial Statements or instituted any increase in or otherwise amended any profit sharing, bonus, incentive, deferred compensation, insurance, pension, retirement, medical, hospital, disability, welfare or other employee benefit plan except for increases required by Law;

(p) cancelled without payment in full or compromised any claim, note, loan, or obligation or other material right of value receivable by such entity from any Person;

(q) sold, assigned or transferred any material copyrights, trademarks, trade names, patents, licenses or other intangible assets or intellectual property;

(r) made or suffered any amendment or termination of any Material Agreement to which it is or was a party, beneficiary or designee or by which it is or was bound or cancelled, modified or waived any debts owed to or claims held by it (including the settlement of any claims or Litigation) or waived any right, except for write-offs and write-downs of receivables in the ordinary course of business consistent with past practices which are not individually or in the aggregate material;

(s) created, incurred, guaranteed or assumed any Debt

or entered into any capitalized leases;

-42-

(t) accelerated collection of notes or accounts receivable generated by it to a date prior to the date such collection would have occurred in the ordinary course of business consistent with past practice;

(u) delayed payment of any of its accounts payable or other liabilities beyond its due date or the date when such liability would have been paid in the ordinary course of business consistent with past practice;

(v) purchased, redeemed, called for purchase or redemption or otherwise acquired any shares of its capital stock, partnership interest or any other securities; or

(w) entered into any agreement or made any commitment to do or to take any of the actions referred to in subsections (a) through (v) of this Section 10.17.

Section 10.18 Indebtedness. Schedule 10.18 hereto sets forth all Debt of each of the Companies. Except as disclosed on said Schedule 10.18, (i) all Debt is prepayable at any time at the option of any such entity seeking to make any such prepayment, without premium or penalty and (ii) no Company is in default under any agreement creating, or note evidencing, any Debt or in the performance, observance or fulfillment of any covenant or condition relating thereto, and no event has occurred and is continuing which with the giving of notice or lapse of time, or both, would constitute a Default.

Section 10.19 Title to Assets and Leases. Schedule 10.19 hereto sets forth a complete list of all real properties and buildings

-43-

owned or leased by each Company. Each Company owns or leases all of the property reflected on the balance sheets included in the current Financial Statements except (i) property disposed of since said date for fair and adequate consideration in the ordinary course of business and (ii) leases which have expired since said date which are not material or if material, which have been replaced by a lease of comparable property and price. Title to all real and personal property owned by each of the Companies is in each case, good and marketable and free and clear of any Security Interest or Lien, except for (i) the Lien of the indentures, security interests, mortgages and/or deeds of trust listed on Schedule 10.19, (ii) the lien for current property taxes not yet due and payable or being contested in good faith for which adequate reserves have been made and (iii) minor imperfections of title and Liens, if any, that do not materially detract from the value, or interfere with the use or marketability of the property affected thereby, each of which are included in the definition of Permitted Liens. Each Company owns or has valid lease-

hold interest in all material properties and assets used in the conduct of its business. All real estate leases to which any Company is a party are in good standing, valid and enforceable in accordance with their respective terms and there is not under any of such leases any existing default and, to the best of each Shareholder's and Company's knowledge and belief, no event has occurred which with notice or lapse of time, or both, would constitute such a default.

-44-

Section 10.20 Condition of Assets. All buildings, equipment and other assets owned by each of the Companies are in good repair, order and condition for companies of comparable size and location, reasonable wear and tear excepted, and such buildings, equipment and assets conform in all material respects with all applicable Laws. No Shareholder or Company has received notice of any breach or violation of any such Laws.

Section 10.21 Cellular Permits, Tariffs and Operations. (a) To the best of each Shareholder's and Company's knowledge, (i) Schedule 10.21 hereto sets forth all licenses and permits ("Permits") which have been issued to the Partnership by any Tribunal (ii) all Permits are in full force and effect and are not subject to any pending or threatened challenge, revocation or forfeiture and all applications for any of the foregoing have been promptly, legally and timely filed or the time for filing has not expired (iii) all Permits necessary or required for the construction and/or operation of the Memphis, Tennessee "B" block cellular system have been obtained or applied for or the time for filing with respect thereto has not expired, and (iv) the Partnership is providing cellular service in compliance with all Laws and fully and completely to the Cellular Geographic Service Area.

b) Shareholders have previously delivered to the Lender true, correct and complete copies of the tariffs containing, to the extent included therein, service regulations, rates and charges for radio common carrier services applicable on the date hereof, together with all FCC records and PSC certifications with respect to the

-45-

Partnership as well as complete copies of FCC records and state certifications.

c) To the best of each Shareholder's and Company's knowledge (i) no action to change, alter, rescind or make obsolete any of said tariffs, rates or charges is pending or under consideration other than proceedings in the ordinary course of and those of general applicability to the cellular industry and (ii) the Partnership has an aggregate of at least 50,000 active customers.

Section 10.22 Absence of Undisclosed Liabilities. Except as set forth in this Agreement, none of the Companies has any liability

or obligation of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, not incurred in the ordinary course of business, which, either individually or in the aggregate with other such liabilities, would have a material adverse effect on the financial condition, properties or results of operations of such entity.

Section 10.23 Labor Relations. No Company has engaged in and there are no (i) unfair labor practice, unlawful employment practice or charges of discrimination (collectively "Unfair Labor Practice") pending or threatened against any Company concerning any allegation of Unfair Labor Practice or (iii) pending or threatened grievances against any Company by the Communications Workers of America labor union or any other labor union.

Section 10.24 Securities Laws. No Company has offered or sold securities in violation of any securities Laws. All such offers or sales of securities have been registered under securities Laws or were exempt from the registration requirements thereof.

-46-

Section 10.25 Customers and Suppliers. Except as set forth in Schedule 10.25 hereto, no Company nor any of its officers, directors, principal shareholders, or affiliates possess any direct or indirect material financial interest in, or is a director or officer of, any Person who has a material relationship with any Company, as a customer, supplier, agent, advisor, consultant, representative, lessor, lessee, lender, licensor, or competitor. Except as otherwise set forth on Schedule 10.25, there exists no actual or threatened termination, cancellation or limitation of, or any modification in, the business relationship of any Company with any customer or group of customers whose payments to such entity individually or in the aggregate are material to its operations, or with any vendor, agent, representative, consultant, or group thereof, whose sales of services to such entity individually or in the aggregate are material to its operations.

Section 10.26 Accounts Receivable. All accounts receivable of each Company have arisen from bonafide transactions in the ordinary course of its business. All accounts receivable reflected in the balance sheets contained in the Financial Statements are good and collectible in the ordinary course of business at the aggregate recorded amounts thereof, net of any applicable reserves for doubtful accounts reflected in such balance sheets. Such reserves are adequate and calculated consistent with past practice.

Section 10.27 No Omissions. None of the representations or warranties contained herein and none of the information contained in

-47-

the Schedules hereto or documents furnished to Lender or its representatives by any Shareholder or Company or any of their representatives in connection with this Agreement, is false or misleading in any

material respect or omits to state a fact herein or therein necessary to make the statements here or therein not misleading in any material respect. Except as set forth or referred to in this Agreement, there exists no present condition or state of facts or circumstances that materially and adversely affects, or in the future could materially adversely affect, the business, profits, or financial condition of any of the Companies or prevent any such Company from conducting its business after the consummation of the transactions contemplated by this Agreement in substantially the same manner in which it has heretofore been conducted.

ARTICLE XI

SALE OF PROPERTIES; RIGHTS OF REFUSAL

Section 11.01 Sale and Refusal Rights. In consideration of Lender's making the Loan to Borrower, each Shareholder and Company hereby, jointly and severally, covenants and agrees with Lender as follows:

- (a) Except as provided herein, no Shareholder nor any Company will directly or indirectly, sell, dispose, assign, encumber, donate or otherwise transfer (a "Transfer") any of its Property, and no Company shall enter into any agreement of merger or consolidation with respect to itself or any other Person, unless prior to such Transfer, merger or consolidation Lender is given the opportunity to purchase the Property (i) at a negotiated price determined by Lender and Shareholder and/or Company or

-48-

(ii) if a Transfer, merger or consolidation is proposed through a bona fide third party offer, pursuant to the terms and conditions of any third party offer which is accepted by the Shareholder(s) and/or the Companies, as the case may be (an "Acceptable Offer"). Shareholder(s) and/or the Companies shall provide true and complete copies of all offers to Lender together with a statement that such offer is rejected or is an Acceptable Offer so as to initiate Lender's refusal Rights herein.

- (b) If any Transfer, merger or consolidation is proposed to be made, by any Shareholder or Company pursuant to an Acceptable offer, such offer will be analyzed solely on the basis of the Fair Market Value of the consideration to be received by any Shareholder, Company or any combination of them, as the case may be. Shareholder, Company, or any of them, as the case may be, shall provide Lender with any Acceptable Offer and Lender shall then have the option, exercisable by notice to the Shareholders, the Companies or any of them as the case may be within thirty (30) days from receipt of written notice from Shareholders and/or Companies of the Acceptable offer, to notify the appropriate Shareholder(s) and/or Companies that Lender elects to purchase such Property for consideration contained in the Acceptable Offer.
- (c) In the event any Shareholder(s) and/or Companies deliver an Acceptable Offer within six (6) months of the date of any two or more offers which has been rejected, then Lender shall have the right to elect to purchase such Property in the manner set forth in Section 11.01 (b) above for a Purchase Price equal to the Fair Market Value of the consideration offered in the Accepted offer, less 2.5%.
- (d) In the event Lender fails to exercise its Rights hereunder and a Transfer, merger or consolidation occurs, the balance of the Loan and all obligations shall become due and payable and Lender shall retain its refusal Rights herein to any remaining Property retained and/or owned by any Company, Shareholder or any combination of them.

-49-

- (e) Upon exercise by Lender of any rights pursuant to this Section 11.01, the parties shall enter into immediate good faith negotiations designed to culminate in a definitive purchase agreement containing such terms and conditions as are customary in like and similar acquisi-

tions of such Property in the industry generally, but containing the representations, warranties, covenants and agreements set forth herein, provided, however, that in the event Lender, Shareholders, Companies or any of them, as the case may be, are unable to conclude, each acting in good faith, the negotiation and execution of such agreement within sixty (60) days from the date of exercise of the election by the Lender as provided herein, then each party will appoint an arbitrator and, if necessary, such arbitrators will appoint a third arbitrator to resolve disputes as to such agreement within thirty (30) days from the date of submission to arbitration. Each arbitrator shall be experienced in definitive agreements for like and similar acquisitions and their decision shall be final and binding upon the parties. The arbitrators shall be instructed to conclude such definitive agreement within such thirty (30) day period by any reasonable means. In the event a proposed Transfer of capital stock is to be made, a Shareholder or a Company, or any combination of them, as the case may be, agree to, at Lenders election, allow such Transfer to occur as an asset sale, provided such Shareholder, Company or combination thereof, is placed in the same after tax economic position as if Lender had purchased such stock.

- (f) Notwithstanding anything contained in this subsection, a Transfer to any Person which is wholly owned by Shareholders and/or Companies, or a transfer by a Shareholder by gift, descent, devise, distribution, or otherwise, is specifically permitted, and the Person receiving such property shall thereafter be bound by the provisions of this Article XI and if not already a party hereto, shall execute any documentation reasonably requested by Lender to confirm to Lender such Person's consent to be bound pursuant to this Article XI.

Section 11.02 Default Purchases.

- (a) In the event of any default as herein described which may result in an acceleration of the Loan

and such default occurs prior to the expiration of the Prior Rights, then Lender shall have the sole, irrevocable and absolute right to: (i) upon default of any payment due hereunder, convert any such payment to common stock of MAI, in full and complete satisfaction of such Event of Default, based on a net asset valuation equal to the sum of \$34,000,000 less the unpaid principal amount due by MAI to third party lenders, (ii) waive such default, or (iii) foreclose on the Collateral, subject to the Prior Rights. Notwithstanding any conversion pursuant to this Section 11.02(a), Lender's Rights set forth in Section 11.01 shall remain in full force and effect.

(b) In the event of any default as herein described which results in an acceleration of the Loan and such default occurs after the expiration of the Prior Rights, then Lender shall have the sole, irrevocable and absolute right to: (i) waive such default, (ii) foreclose on the Collateral or (iii) purchase 100% of the capital stock of MTI owned by the Shareholders for \$37,500,000.00 cash, less (x) the then outstanding principal balance of the Loan, accrued interest thereon and all outstanding costs due Lender and (y) the cost of any conversions pursuant to Section 11.02(a)(i), or at the Lender's election purchase:

- (1) All of the assets of the Companies; or
- (2) All of the capital stock of MTC, BCFI and MAI; provided that in the case of a purchase pursuant to either this subsection (1) or (2), the Lender will put the Shareholders or Companies, as the case may be, in the same after tax economic position as if Lender had purchased all of the capital stock of MTI pursuant to Section 11.02(b)(iii) above.

Section 11.03 Credit to Price.

Where any purchase price is not a determination of the net asset value or value of the Shareholders equity of the Borrower, Lender shall be given credit toward the

purchase price of any acquisition pursuant to this Article XI equal to the balance of the Loan and all other remaining Obligations owed hereunder.

-51-

Section 11.04 Termination

- (a) The Rights granted to Lender pursuant to this Article XI shall survive the termination of the Loan Agreement or satisfaction of the Obligations, and shall remain outstanding and inure to the benefit of Lender, its successors and assigns for a period of 15 years from the date hereof, it being acknowledged by each Shareholder and Company that Lender's sole reason and inducement for acting as Lender herein is the Rights received by Lender pursuant to this Article XI.
- (b) In the event Lender declines to exercise its Rights pursuant to an Acceptable offer, Lender's Rights with respect to the Property in question shall terminate, provided, however, that Lender's Rights shall remain in full force and effect if such Property (i) is not sold or (ii) is to be sold on terms and conditions with respect to the consideration which are different from those contained in the offer and in such event the varied offer must be resubmitted to Lender in accordance with Section 11.01 above.
- (c) Lender acknowledges and agrees that its Rights of refusal granted herein are subject to the Prior Rights.
- (d) In the event Lender's Rights of refusal granted pursuant to this Article XI are lost due to (i) a Transfer, merger or consolidation pursuant to the Prior Rights or (ii) litigation brought by any Person (other than Lender) then in such event Shareholders and/or Companies, jointly and severally, agree to pay

to Lender a fee of \$2,500,000.00 due to the loss of Lender's Rights herein (the "Loss of Rights Fee"). The Loss of Rights Fee shall be payable at Closing in the case of a Transfer, merger or consolidation or 60 days after the date any judgment becomes final and non-appealable in the case of litigation. The obligations of the Shareholders and Companies to pay the Loss of Rights Fee is an Obligation hereunder and each Shareholder's stock of MTI shall remain in pledge to secure such obligation.

Section 11-05 Legend and Filing. The existence of these Rights of refusal and other Rights to Lender pursuant to this Agreement and a brief description thereof, shall be set forth in a legend on all present and future certificates representing stock of the Companies.

ARTICLE XII

SHAREHOLDER MATTERS

Section 12.01 Certain Representations and Warranties. Lender acknowledges that certain representations and warranties herein of Shareholders (other than WSH and AAH) herein pertaining to the Companies, WSH, AAH and the Partnership may have been made by such Shareholders without actual knowledge of the truth or falsity thereof, but were made by such Shareholders solely for the purpose of allocating any economic risk of loss associated with a breach thereof. Lender agrees that a breach of any such representations or warranties will only give Lender the Rights provided for herein and under no circumstances will any such breach give Lender any claim for fraud or any right to punitive damages unless Lender can prove that contrary to the foregoing a representation or warranty with respect to a Company or the Partnership was intentionally false.

Section 12.02 Shareholder Liability. Notwithstanding anything to the contrary contained herein, no Shareholder (other than

WSH and AAH) shall have any liability (i) on the Loan or (ii) pursuant to any indemnification unless, with respect to such indemnification, such Shareholder either (a) was legally capable of preventing the event which gave rise to such indemnification and failed to prevent the occurrence of such event or (b) received, subsequent to the date hereof, directly or indirectly, beneficial ownership of any stock and/or assets of any of the Companies.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

Section 13.01 Louisiana Law. This Agreement, the Note and the other Loan Papers are being executed and delivered, and are intended to be performed, in the State of Louisiana, and the Laws (other than conflict-of-laws provisions thereof) of such State and of the United States of America shall govern the rights and duties of the parties hereto and the validity, construction, enforcement, and interpretation of this Agreement and the Loan Papers.

Section 13.02 Venue; Service of Process. Each party hereto, in each case for itself, its heirs, successors, assigns and legal representatives hereby (a) irrevocably submits to the exclusive jurisdiction of the State and Federal Courts of the State of Louisiana and agrees and consents that service of process may be made upon it in any legal proceeding arising out of or in connection with the Loan Papers and the Obligations by service of process as provided by Louisiana law, (b) irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying

-54-

of venue of any litigation arising out of or in connection with the Loan Papers and the Obligations in the Fourth Judicial District Court for the Parish of Ouachita, State of Louisiana or the United States District Court, Western District of Louisiana, Monroe Division, (c) irrevocably waives any claims that any litigation brought in any such court has been brought in an inconvenient forum, (d) agrees to designate and maintain an agent for service of process in Monroe, Louisiana, in connection with any such litigation and to deliver to the agent and Lender evidence thereof, if requested, (e) irrevocably consents to the service of process out of any of the aforementioned courts in any such litigation by the mailing of copies thereof by certified mail, return receipt requested, postage prepaid, at its address set forth herein, and (f) irrevocably agrees that any legal proceeding against any party hereto arising out of or in connection with the Loan Papers on the Obligations shall be brought in one of the aforementioned courts.

SECTION 13.03 WAIVER OF JURY TRIAL. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ITS RIGHT TO A JURY TRIAL IN ANY LITIGATION ARISING OUT OF OR IN CONNECTION WITH THE LOAN PAPERS AND THE OBLIGATIONS.

Section 13.04 Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and

shall not be deemed to constitute a part hereof.

Section 13.05 Survival of Warranties and Representations. All covenants, agreements, representations, warranties and statements

-55-

by or on behalf of any Shareholder or Company made herein or in any of Loan Papers or any other certificate, statement, document or other instrument furnished by or on behalf of any Shareholder or Company to Lender in connection with the negotiation of this Agreement shall be considered to have been relied on by Lender and shall survive the execution and delivery of the Note and the payment of all Obligations regardless of any investigation made by Lender or on Lender's behalf for so long as any portion of the Loan remains unpaid or the applicable statute of limitations whichever is greater. All statements in any such Loan Papers or certificate, statement, document or other instrument shall constitute warranties and representations by each Shareholder and Company under this Agreement.

Section 13.07 Successors and Assigns. All covenants, agreements, representations and warranties made herein shall bind, and inure to the benefit of, the heirs, successors, assigns and legal representatives of Shareholders, whether so expressed or not, and all such covenants, agreements, representations and warranties shall bind, and inure to the benefit of Lender and its successors and assigns.

Section 13.08 Notices. Any and all notices or demands which must or may be given hereunder or under any other instrument contemplated hereby shall be given by registered or certified mail, return receipt requested, postage prepaid, as follows:

To Lender: Century Telephone Enterprises, Inc.

100 Century Park Drive
Monroe, LA 71203
Attention: Mr. R. Stewart Ewing

Copy to: Century Telephone Enterprises, Inc.
100 Century Park Drive
Monroe, LA 71203
Attention: Harvey Perry, Esq.

To Shareholders and/or Companies: Millington Telephone Company
4880 Navy Road
Millington, TN 38053
Attention: W. S. Howard, Sr.

-56-

Copy to: Glankler Brown
Attorneys At Law
One Commerce Square
Seventeenth Floor
Memphis, TN 38103
Attention: Michael A. Robinson

All such communications, notices, or presentations and demands provided for herein shall be deemed to have been delivered when actually delivered in person to the respective parties, or if mailed, then on the date of receipt, provided that such mailing is by certified or registered mail, return receipt requested, with postage prepaid.

Section 13.08 Amendment and Waiver. Any term, covenant, agreement or condition of this Agreement may be amended, or compliance therewith may be waived.

Section 13.09 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing one or more counterparts.

Section 13.10 Severability. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or

unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not be affected or impaired thereby and if any one or more of such provisions shall be invalid, illegal or unenforceable in any respect in any one jurisdiction, then, to the fullest extent permitted by applicable law, the validity, legality and enforceability of such remaining provisions shall not be affected or impaired thereby in other jurisdictions.

-57-

Section 13.11 Terms. All capitalized terms used herein shall have the same meanings and definitions set forth in this Agreement, the Pledges, the Guarantees and the other Loan Papers, unless the use of the term clearly indicates a different meaning.

Section 13.12 Complete Agreement. The Exhibits and Schedules attached hereto shall form and become a part of this Agreement.

Section 13.13 Conflicts and Ambiguities. Any conflict or ambiguity between any of the terms and conditions herein and those contained in any other Loan Paper shall be controlled by the terms and conditions herein. The parties agree that the rules of construction requiring interpretation against the drafter of such document shall have no applicability to the Loan Papers.

Section 13.14 Specific Performance. The parties acknowledge that their obligations hereunder are unique, and that it would be extremely impracticable to measure the resulting damages if any party should default in its obligations under this Agreement. Accordingly, in the event of the failure by a party to consummate the transactions contemplated hereby which failure constitutes a breach hereof by such party, the nondefaulting party may, in addition to any other available rights or remedies, sue in equity for specific performance and, in connection with any such suit, the parties each expressly waives the defense therein that the plaintiff has an adequate remedy at law.

-58-

Signed this 27th day of April, 1994.

/s/ WILLIAM S. HOWARD, Sr.

WILLIAM S. HOWARD, Sr.

/s/ ANN A. HOWARD

ANN A. HOWARD

/s/ HOLLY LEE STARNES

HOLLY LEE STARNES

/s/ WILLIAM S. HOWARD, JR.

WILLIAM S. HOWARD, JR.

/s/ LAURA LYNNE HOWARD

LAURA LYNNE HOWARD

/s/ CHARLOTTE AND HOWARD THOMPSON

CHARLOTTE ANN HOWARD THOMPSON

MILLTENN, INC.

BY:/s/ W.S. HOWARD
Its President
MILLINGTON TELEPHONE COMPANY

BY:/s/ W.S. HOWARD
Its President

BIG CREEK FINANCIAL, INC.

BY:/s/ W.S. HOWARD
Its President

MILL-COMM ASSOCIATES, INC.

BY:/s/ W.S. HOWARD
Its President

CENTURY TELEPHONE ENTERPRISES, INC.

BY:/s/ GLEN F. POST III
Its President

SIGNATURE PAGE OF THAT CERTAIN LOAN AGREEMENT AND GRANTS OF RIGHTS OF FIRST REFUSAL TO ACQUIRE ASSETS AND/OR CAPITAL STOCK OF MILLTENN, INC. AND ITS SUBSIDIARIES AND CENTURY TELEPHONE ENTERPRISES, INC. DATED APRIL 27, 1994.

-59-

WRJR/hw#129-33619
25/MILL5.1-5.59

INDEX

EXHIBITS

EXHIBIT	A.....	NOTE
EXHIBIT	B.....	PLEDGE OF MTI STOCK
EXHIBIT	C.....	PLEDGE OF MTC STOCK
EXHIBIT	D.....	GUARANTEES OF WSH AND AAH
EXHIBIT	E.....	PLEDGE OF MAI and BCFI STOCK
EXHIBIT	F.....	GUARANTY OF MTC
EXHIBIT	G.....	GLANKLER BROWN OPINION

INDEX

SCHEDULES

SCHEDULE	3.02.....	APPROVALS
SCHEDULE	7.04.....	NONCOMPLIANCE
SCHEDULE	7.07.....	BUSINESS OF THE COMPANIES
SCHEDULE	8.01.....	PERMITTED DEBT

SCHEDULE	8.02.....	CONTINGENT	LIABILITIES
SCHEDULE	8.04.....	MERGERS, AND	ACQUISITIONS DISSOLUTIONS
SCHEDULE	8-08.....	SALE & ISSUANCE	OF STOCK
SCHEDULE	8.15.....	LOANS, ADVANCES,	ETC.
SCHEDULE	8.16.....	TRANSACTION WITH	AFFILIATES
SCHEDULE	10-03.....	CAPITAL	STOCK
SCHEDULE	10.04.....	PARTNERSHIP	MATTERS
SCHEDULE	10.05.....		LIENS
SCHEDULE	10.08.....	FINANCIAL	STATEMENTS
SCHEDULE	10.09.....	LITIGATION AND	JUDGMENTS
SCHEDULE	10.10.....		DEFAULTS
SCHEDULE	10.11.....	TAX	MATTERS
SCHEDULE	10.17.....	ABSENCE OF MATERIAL	CHANGES
SCHEDULE	10.18.....		INDEBTEDNESS
SCHEDULE	10.19.....	REAL	ESTATE
SCHEDULE	10.21.....		PERMITS
SCHEDULE	10.25.....	CUSTOMERS AND	SUPPLIERS

The schedules listed above are not filed herewith. Copies of such schedules will be furnished to the Securities and Exchange Commission upon request.

EXHIBIT NO. "A"
PROMISSORY NOTE

BORROWER: MillTenn, Inc.

LENDER: Century Telephone
Enterprises, Inc.
100 Century Park Drive
Monroe, LA 71203

Principal Amount: U.S. \$25,000,000.00 Initial Rate: 8.25%
(Twenty-Five Million Dollars)

Date of Note: April 27, 1994

PROMISE TO PAY.

FOR VALUE RECEIVED:

(a) Borrower promises to repay to Lender or order in lawful money of the United States of America the principal sum of Twenty-Five Million and 00/100 Dollars (U.S. \$25,000,000.00) representing borrowed funds received by Borrower from Lender.

(b) Borrower also promises to pay to Lender or order simple interest on the principal balance of this note as outstanding from time to time, calculated on a variable rate basis at the rate per annum equal to the Prime Rate as defined below plus 1.5% per annum, as the Prime Rate may be adjusted from time to time, one or more times, with interest commencing on the date hereof, and continuing until this Note is paid in full.

PRIME RATE. The simple interest rate under this Note is subject to a daily increase or decrease from time to time based on corresponding increases or decreases in the Chase Manhattan Bank, N.A. rate of interest established from time to time as its prime lending rate or successor thereto (the "Prime Rate"). The Prime Rate is 6.75% per annum as of the date this Note was prepared. The variable interest rate to be applied to the unpaid principal balance of this Note shall be at a rate equal to the Prime Rate plus 1.5% resulting in an initial simple interest rate of 8.25% per annum as of the date this Note was prepared. Determination of the Prime Rate and any changes thereto shall be by reference to the Wall Street Journal and shall constitute proof thereof.

PAYMENT SCHEDULE. Interest only on this note is payable quarter-annually commencing on the first day of November 1994 and the first day of February and May 1995 (each "Payment Date"). Beginning with the Payment Date of August 1, 1995, Borrower shall pay eleven consecutive quarter-annual principal payments of Four Hundred Sixteen Thousand Six Hundred Sixty-Six and 00/100 Dollars (\$416,666.00) each plus accrued simple interest on the entire principal balance at the time of each quarter-annual payment. One final principal payment in the amount of the unpaid principal balance then outstanding under this Note, plus accrued simple interest, shall be due on May 1, 1998.

PLACE OF PAYMENT. Borrower will pay Lender all of payments required under this note at the address shown above or such other place as Lender may designate in writing addressed to Borrower.

ASSESSMENT OF SIMPLE INTEREST. Simple interest under this Note will

be assessed utilizing a 365-day daily interest factor over the actual number of days elapsed in a calendar year (365 days or 366 days in a leap year). Unless otherwise agreed, all payments under this Note will be applied first to unpaid accrued interest, with any remaining amount being applied to the outstanding principal balance of this Note.

PREPAYMENT; MINIMUM INTEREST CHARGE. Subject to the terms of the Agreement, Borrower may prepay this Note in part or in full at any time without premium or penalty by paying the then unpaid principal balance of this Note, plus accrued simple interest through date of prepayment. If Borrower prepays this Note in full, or if Lender accelerates payment, Borrower agrees that, unless otherwise required by law, any prepaid fees or charges will not be subject to rebate and will be earned by Lender at the time this Note is signed. Unless otherwise agreed to in writing, early payments under this Note will not relieve Borrower of Borrower's obligation to continue to make regularly scheduled payments under the above payment schedule. Prepayments will instead reduce the principal balance due under this Note at maturity.

LENDER'S RIGHTS UPON DEFAULT. Should any one or more Events of Default occur or exist under the Agreement, Lender shall have the right, at its sole option, to accelerate the maturity and insist upon immediate payment in full of the unpaid principal balance then outstanding under this Note, plus accrued simple interest, together with reasonable attorneys' fees, costs, expenses and other fees and charges as provided herein. Lender shall have all other rights set forth in the Agreement.

ADDITIONAL INTEREST. If Borrower defaults under this Note, Lender shall have the right to prospectively increase the simple interest rate under this Note to the Prime Rate plus 4.5% per annum (the "Default Rate,,) until this Note is paid in full, provided however that in the event the Default Rate is higher than the maximum interest rate allowable by law then the Default Rate shall be the maximum rate of interest allowable by law for transactions of this type.

ATTORNEYS' FEES. If after default Lender refers this Note to an attorney for collection, or files suit against Borrower to collect this Note, or if Borrower files for bankruptcy or other relief from creditors, Borrower agrees to pay Lender's reasonable attorneys' fees and all other costs of collection.

-2-

WAIVERS. Borrower and each guarantor of this Note hereby waive presentment for payment, protest, notice of protest and notice of non-payment, and all pleas of division and discussion, and severally agree

that their obligations and liabilities to Lender hereunder shall be on a "solidary" or "joint and several" basis. Borrower and each guarantor further severally agree that discharge or release of any party who is or may be liable to Lender for the indebtedness represented hereby, or the release -of any collateral directly or indirectly securing repayment hereof, shall not have the effect of releasing any other party or parties, who shall remain liable to Lender, or of releasing any other collateral that is not expressly released by Lender. Borrower and each guarantor additionally agree that Lender's acceptance of payment other than in accordance with the terms of this Note, or Lender's subsequent agreement to extend or modify such repayment terms or Lender's failure or delay in exercising any Rights or remedies granted to Lender, shall likewise not have the effect of releasing Borrower or any other party or parties from their respective obligations to Lender, or of releasing any collateral that directly or indirectly secures repayment hereof. In addition, any failure or delay on the part of Lender to exercise any of the Rights and remedies granted to Lender shall not have the effect of waiving any of Lender's Rights and remedies. Any partial exercise of any Rights and/or remedies granted to Lender shall furthermore not be construed as a waiver of any other Rights and remedies; it being Borrower's intent and agreement that Lender's Rights and remedies shall be cumulative in nature. Borrower and each guarantor further agree that, should any Event of Default occur or exist under this Note, any waiver or forbearance on the part of Lender to pursue the Rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of Lender as to one event of default shall not be construed as a waiver or forbearance as to any other default.

SUCCESSORS AND ASSIGNS LIABLE. Borrower's and each guarantor's obligations and agreements under this Note shall be binding upon Borrower's and each guarantor's respective successors, heirs, legatees, devisees, administrators, executors and assigns. The rights and remedies granted to Lender under this Note shall inure to the benefit of Lender's successors and assigns, as well as to any subsequent holder or holders of this Note.

NO SET-OFF. This obligation is complete and absolute. No party obligated on this Note shall enjoy any right of compensation or set-off against Lender, all of which is specifically waived and renounced.

DEFINITIONS. Terms used herein but not defined shall have the meaning set forth in the Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries, of even date between Borrower, Lender and others (the "Agreement").

DEFAULT. Default and Events of Default have the meanings as set forth in the Agreement.

CAPTION HEADINGS. Caption headings of the sections of this Note are for convenience purposes only and are not to be used to interpret or to define their provisions. In this Note, whenever the context so requires, the singular includes the plural and the plural also includes the singular.

SEVERABILITY. If any provision of this Note is held to be invalid, illegal or unenforceable by any court, that provision shall be deleted from this Note and the remaining provisions of this Note shall be interpreted as if the deleted provision never existed.

MILLTENN, INC.

BY:/s/ WILLIAM S. HOWARD, SR.
WILLIAM S. HOWARD, SR.
its President

-4-

C/Note4.1 Note4.4
(129-33612)

EXHIBIT NO. "B"
PLEDGE AGREEMENT

BORROWER: MILLTENN, INC.

LENDER: CENTURY TELEPHONE ENTERPRISES, INC.
100 Century Park Drive
Monroe, LA 71203

THIS PLEDGE AGREEMENT is entered into between WILLIAM S. HOWARD, SR., ANN A. HOWARD, HOLLY LEE STARNES, WILLIAM S. HOWARD, JR. , LAURA LYNN HOWARD AND CHARLOTTE ANN HOWARD THOMPSON (referred to below as "Grantor"); and CENTURY TELEPHONE ENTERPRISES, INC. (referred to below as "Lender"). This Pledge Agreement is given pursuant to Article III of Loan Agreement and Grant of Rights of First Refusal to Acquire

Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries dated April 27, 1994 between Borrower, Lender and others (the "Loan Agreement").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a continuing security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

1. DEFINITIONS. The following words shall have the following meanings when used in this Agreement.

1.1 Agreement. The word "Agreement" means this Pledge Agreement, as this Pledge Agreement may be amended or modified from time to time, together with all exhibits and schedules attached or to be attached to this Pledge Agreement from time to time.

1.2 Collateral. The word "Collateral," means individually, collectively and interchangeably Grantor's present and future rights, title and interest in and to the following, together with any and all present and future additions thereto, substitutions therefore, and replacements thereof, and further together with all income and Proceeds as described below:

Certificates of Stock #001 through 006, issued by MillTenn, Inc., in the name of Grantors, representing 10,000 (100%) shares of stock.

1.3 Encumbrances. The word "Encumbrances" means individually, collectively and interchangeably any and all presently existing and/or future mortgages, liens, privileges and other contractual and/or statutory security interests and rights of every nature and kind that, now and/or in the future, may affect the Collateral or any part or parts thereof.

1.4 Event of Default. The words "Event of Default" mean individually, collectively, and interchangeably any of the Events of Default set forth below in the section titled "Events of Default".

1.5 Grantor. The word "Grantor" means individually, collectively and interchangeably MILLTENN, INC., its successors and assigns.

1.6 Guarantor. The word "Guarantor" means and includes individually, collectively, interchangeably and without limitation, each and all of the guarantors, sureties, and accommodation parties in

connection with the Indebtedness.

1.7 Income and Proceeds. The words "Income and Proceeds" mean dividends or other similar payments, stock splits, bonuses or other type of payments or liquidation payments.

1.8 Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note, in principal, interest, costs, expenses and attorneys, fees and all other fees and charges, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

1.9 Lender. The word "Lender" means CENTURY TELEPHONE ENTERPRISES, INC., its successors and assigns, and any subsequent holder or holders of the Note, or any interest therein.

1.10 Note. The word "Note" means the note or credit agreement dated April 27, 1994, in the principal amount of \$25,000,000.00 from Grantor to Lender, together with all substitute or replacement notes therefor, as well as all renewals, extensions, modifications, refinancings, consolidations and substitutions of and for the note or credit agreement.

1.11 Obligor. The word "Obligor", means and includes individually, collectively and interchangeably without limitation any and all persons or entities obligated to pay money or to perform some other act under the Collateral.

1.12 Related Documents. The words "Related Documents" mean and include individually, collectively, interchangeably and without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, collateral mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness, including the Loan Agreement.

2. DELIVERY OF COLLATERAL. Contemporaneous with the execution of this Agreement, Grantor has delivered or will deliver to Lender or Lender's designated agent the above described Collateral. As long as this Agreement remains in effect, Grantor further agrees to immediately deliver to Lender, or Lender's designated agent, any and all additions to and/or substitutions or replacements for the Collateral. In the event that Grantor is unable to deliver any of the Collateral

to Lender or Lender's designated agent at the time this Agreement is executed, or should Grantor ever withdraw or obtain temporary possession of any of the Collateral while this Agreement remains in effect, either under a trust receipt or otherwise, Grantor unconditionally agrees to deliver immediately to Lender the Collateral or, alternatively, such substitute or replacement collateral security as may then be satisfactory to Lender.

3. DURATION. This Agreement shall remain in full force and effect until such time as this Agreement and the security interests created hereby are terminated and cancelled by Lender under a written cancellation instrument in favor of Grantor which shall be executed upon satisfaction of all obligations of Borrower under the Note.

4. GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

4.1 Ownership. Grantor at all times will continue to be the legal and lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

4.2 Right to Pledge. Grantor has the right, power and authority to enter into this Agreement and to grant a continuing security interest in the Collateral in favor of Lender.

4.3 Authorization. Grantor's execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under Grantor's Articles of Incorporation or Bylaws, or any agreement or other instrument which may be binding upon Grantor, or under any law or governmental regulation or court decree or order applicable to Grantor and/or Grantor's properties.

4.4 Perfection of Security Interest. Upon delivery of the Collateral to Lender, this Agreement shall create a valid first lien upon, and perfect a security interest in the Collateral subject to no prior security interest, lien, charge, Encumbrance or other agreement purporting to grant to any third party a security interest in the Collateral.

-3-

4.5 Binding Effect. This Agreement is binding upon Grantor, as well as Grantor's heirs, successors, representatives and assigns, and is legally enforceable in accordance with its terms.

4.6 No Further Assignment. Grantor has not, and will not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

4.7 No Defaults. Except as set forth in the Loan Agreement, there are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements contained in the Collateral which are to be performed by Grantor if any.

4.8 No violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

4.9 Survivorship of Representations and Warranties. The foregoing representations and warranties and all other representations and warranties of Grantor under this Agreement shall be continuing in nature and shall survive as provided in the Loan Agreement.

5. LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO COLLATERAL.

Lender shall have the following rights in addition to all other rights it may have by law:

5.1 Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including payment of any liens or claims against the Collateral. Lender may charge any cost incurred in so doing to Grantor.

5.2 Income and Proceeds from the Collateral. Lender shall have the right, whether or not an Event of Default exists under this Agreement, to directly collect and receive any and all Income and Proceeds as such become due and payable. In order to permit the foregoing, Grantor unconditionally agrees to deliver to Lender, immediately following demand, any and all such Income and Proceeds that may be received by or that may be payable to Grantor. Grantor further unconditionally agrees that Lender shall have the right to notify all other obligors to pay and/or deliver such Income and Proceeds directly to Lender or Lender's nominee at an address to be designated by Lender, and to do any and all other

things as Lender may deem necessary and proper, within Lender's sole discretion, to carry out the terms and intent of this Agreement. Lender shall have the further right, where appropriate, and within Lender's sole discretion, to file suit, either in Lender's own name or in the name of Grantor, to collect and/or enforce performance, payment and/or delivery of any and all such Income and Proceeds.

Where it is necessary for Lender to enforce performance, payment and/or delivery of any such Income and Proceeds from the Obligor therefor, Grantor unconditionally agrees that Lender may compromise or take such other actions, either in Grantor's name or in the name of Lender, as Lender may deem appropriate, within Lender's sole judgment, with regard to performance, collection and/or payment of the same, without affecting the obligations and liabilities of Grantor under this Agreement and/or any Indebtedness secured hereby. In order to further permit the foregoing, Grantor agrees that Lender shall have the additional irrevocable rights, coupled with an interest, to: (a) receive, open and dispose of all mail addressed to Grantor pertaining to any of the Collateral; (b) notify the postal authorities to change the address and delivery of mail addressed to Grantor pertaining to any of the Collateral to such address as Lender may designate; and (c) endorse Grantor's name on any and all notes, acceptances, checks, drafts, money orders or other instruments of payment of such Income and Proceeds that may come into Lender's possession, and to deposit or otherwise collect the same, applying such funds to the unpaid balance of the Indebtedness in the manner provided below.

In the event that Grantor should, for any reason, receive any Income and Proceeds subject to this Agreement, and Grantor should deposit such funds into one or more of Grantor's deposit accounts, no matter where located, Lender shall have the additional right following any Event of Default under this Agreement, to attach any and all of Grantor's deposit accounts in which such funds may have been deposited, whether or not any such funds were commingled with other funds of Grantor, and whether or not any such funds then remain on deposit in such an account or accounts. To this end, Grantor additionally collaterally assigns and pledges to Lender and grants to Lender a continuing security interest in and to any and all of Grantor's present and future rights, title and interest in and to any and all funds that Grantor may now and/or in the future maintain on deposit with banks, savings and loan associations and other financial institutions, as well as money market accounts with other types of entities, in which Grantor at any time may deposit any such Income and Proceeds.

5.3 Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured. Lender may alternatively and at its sole option and election hold such cash as additional "cash collateral" to secure the Indebtedness.

5.4 Transactions with others. Lender may (a) extend time for payment or other performance, (b) grant a renewal or change in terms or conditions, or (c) compromise, compound or release any obligation, with any one or more Obligors, endorsers, or Guarantors of the Indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

5.5 All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender and whether or not the office or branch where the Indebtedness is created is aware of or relies upon the Collateral.

6. EXPENDITURES BY LENDER. Grantor recognizes and agrees that Lender may incur certain expenses in connection with Lender's exercise of rights under this Agreement. If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, Encumbrances and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral, including without limitation, the purchase of insurance protecting only Lender's interest in the Collateral. Lender may further take such other action or actions and incur such additional expenditures as Lender may deem to be necessary and proper to cure or rectify any actions or inactions on Grantor's part as may be required under this Agreement. Nothing under this Agreement or otherwise shall obligate Lender to take any such actions or to incur any such additional expenditures on Grantor's behalf, or as making Lender in any way responsible or liable for any loss, damage, or injury to the Collateral, to Grantor, or to any other person or persons, resulting from Lender's election not to take such actions or to incur such additional expenses. In addition, Lender's election to take any such actions or to incur such additional expenditures shall not constitute a waiver or forbearance by Lender of any Event of Default under this Agreement. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the

rate charged under the Note from the date incurred or paid by Lender to the date of repayment . All such expenses shall become a part of the Indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any payments to become due during either (i) the terms of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

7. LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (a) any depreciation in value of the Collateral or for the collection or protection of any Income and Proceeds from the Collateral, (b) preservation of rights against parties to the Collateral or against third persons, (c) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (c) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

8. EVENTS OF DEFAULT. The following actions or inactions or both shall constitute Events of Default under this Agreement:

The occurrence of any Event of Default as specified in Sections 9.02 through 9.05 of the Loan Agreement.

9. RIGHTS AND REMEDIES ON DEFAULT. In an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies.

All rights or remedies specified in Article IX of the Loan Agreement.

10. ASSIGNMENT OF INDEBTEDNESS; TRANSFER OF COLLATERAL. Grantor hereby recognizes and agrees that Lender may assign all or any portion of the Indebtedness to be one or more third party creditors. Such transfers may include, but are not limited to, sales of participation interests in the Indebtedness. Grantor specifically agrees and consents to all such transfers and assignments and further waives any subsequent notice of such transfers or assignments as may be provided under applicable Louisiana law. Grantor additionally agrees that any and all of Grantor's other and future loans, extensions of credit,

liabilities and obligations in favor of such a third party assignee will be secured by the Collateral. Grantor further agrees that Lender may transfer all or any portion of the Collateral to such third party assignee, in which case Lender will be fully released from any and all of Lender's obligations and responsibilities to Grantor with regard to the transferred Collateral. Any third party creditor to whom the Collateral is transferred will acquire all of Lender's rights and powers with respect to the transferred Collateral, with Lender retaining all powers and rights with regard to any of the Collateral which is not transferred to another party.

11. PROTECTION OF LENDER'S SECURITY RIGHTS. Grantor agrees to appear in and to defend all actions or proceedings purporting to affect Lender's security rights and interests granted under this Agreement. In the event that Lender elects to defend any such action or proceeding, Grantor agrees to reimburse Lender for Lender's costs associated therewith, including without limitation, Lender's attorneys' fees, which additional costs and expenses shall be secured by this Agreement.

12. INDEMNIFICATION OF LENDER. Grantor agrees to indemnify, to defend and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs, expenses (including without limitation, Lender's reasonable attorneys' fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever which may be asserted against or incurred by Lender, arising out of or in any manner occasioned by this Agreement or the rights and remedies granted to Lender hereunder. The foregoing indemnity provision shall survive the cancellation of this Agreement as to all matters arising or accruing prior to such cancellation, and the foregoing indemnity provision shall further survive in the event that Lender elects to exercise any of the remedies as provided under this Agreement following any Event of Default hereunder.

13. EFFECT OF WAIVERS. Grantor has waived, and/or does by these presents waive, presentment for payment, protest, notice of protest and notice of nonpayment under all of the Indebtedness secured by this Agreement. Grantor has further waived, and/or does by these presents waive, all pleas of division and discussion, and all similar rights with regard to the Indebtedness, and agrees that Grantor shall remain liable, together with any and all Guarantors of the Indebtedness, on a "solidary" or "joint and several" basis. Grantor further agrees that discharge or release of any party who is, may, or will be liable to Lender under any of the Indebtedness, or the release of the Collateral or any other collateral directly or indirectly securing repayment of the same, shall not have the effect of releasing or otherwise diminishing or reducing the actual or potential liability of Grantor

and/or any other party or parties guaranteeing payment of the

-8-

Indebtedness, who shall remain liable to Lender, and/or remain liable to Lender, and/or of releasing any Collateral or other collateral that is not expressly released by Lender.

Grantor additionally agrees that Lender's acceptance of payments other than in accordance with the terms of any agreement, or agreements governing repayment of the Indebtedness, or Lender's subsequent agreement to extend or modify such repayment terms, shall likewise not have the effect of releasing Grantor, and/or any other party or parties guaranteeing payment of the Indebtedness, from their respective obligations to Lender, and/or of releasing any of the Collateral or other collateral directly or indirectly securing repayment of the Indebtedness. In addition, no course of dealing between Grantor and Lender, nor any failure or delay on the part of Lender to exercise any of the rights and remedies granted to Lender under this Agreement, or under any other agreement or agreements by and between Grantor and Lender, shall have the effect of waving any of Lender's rights and remedies. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies, it being Grantor's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Grantor further agrees that, upon the occurrence of any Event of Default under this Agreement, any waiver or forbearance on the part of Lender to pursue the rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance as to one Event of Default shall not constitute a waiver of forbearance as to any other Event of Default. None of the warranties, conditions, provisions and terms contained in this Agreement or any other agreement, document, or instrument now or hereafter executed by Grantor and delivered to Lender, shall be deemed to have been waived by any act or knowledge of Lender, Lender's agents, officers or employees; but only by an instrument in writing specifying such waiver, signed by a duly authorized officer of Lender and delivered to Grantor.

14. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

14.1 Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

14.2 Applicable Law. This Agreement has been delivered to Lender and accepted by Lender in the State of Louisiana. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

14.3 Expenses. Grantor agrees to pay upon demand all of Lender's reasonable costs and expenses, including legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's legal expenses whether or not there is a lawsuit, including legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

14.4 Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

14.5 Notices. To give Grantor any notice required under this Agreement, Lender may hand deliver or mail such notice to Grantor. Lender will deliver or mail any notice to Grantor (or any of them if more than one) at any address which Grantor may have given Lender by written notice as provided in this paragraph. In the event that there is more than one Grantor under this Agreement, notice to a single Grantor shall be considered as notice to all Grantors. To give Lender any notice under this Agreement, Grantor (or any Grantor) shall mail the notice to Lender by registered or certified mail at the address specified in this Agreement, or at any other address that Lender may have given to Grantor (or any Grantor) by written notice as provided in this paragraph. All notices required or permitted under this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. Mail, by registered or certified mail to the address specified in this Agreement.

14.6 Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and

enforceable.

14.7 Sole Discretion of Lender. Whenever Lender's consent or approval is required under this Agreement, the decision as to whether or not to consent or approve shall be in the sole and exclusive discretion of Lender and Lender's decision shall be final and conclusive.

14.8 Successors and Assigns Bound; Solidary Liability. Grantor's obligations and agreements under this Agreement shall be binding upon Grantor's successors, heirs, legatees, devisees, administrators, executors and assigns. In the event that there is more than one Grantor under this Agreement, all of the agreements and obligations made and/or incurred by Grantors under this Agreement shall be on a "solidary" or "joint and several" basis.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS PLEDGE AGREEMENT, AND GRANTOR AGREES TO ITS TERMS. THIS AGREEMENT IS DATED APRIL 27, 1994.

GRANTOR:

/s/ WILLIAM S. HOWARD, SR.

WILLIAM S. HOWARD, SR.

/s/ ANN A. HOWARD

ANN A. HOWARD

/s/ HOLLY LEE STARNES

HOLLY LEE STARNES

/s/ WILLIAM S. HOWARD, JR.

WILLIAM S. HOWARD, JR.

/s/ LAURA LYNNE HOWARD

LAURA LYNNE HOWARD

/s/ CHARLOTTE AND HOWARD THOMPSON

14/Pledge7.1-7.11

EXHIBIT NO. "C"
PLEDGE AGREEMENT

BORROWER: MILLTENN, INC.

LENDER: CENTURY TELEPHONE ENTERPRISES, INC.
100 Century Park Drive
Monroe, LA 71203

THIS PLEDGE AGREEMENT is entered into between MILLTENN, INC. (referred to below as "Grantor"); and CENTURY TELEPHONE ENTERPRISES, INC. (referred to below as "Lender"). This Pledge Agreement is given pursuant to Article III of Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries dated April 27, 1994 between Borrower, Lender and others (the "Loan Agreement").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a continuing security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

1. DEFINITIONS. The following words shall have the following meanings when used in this Agreement.

1.1 Agreement. The word "Agreement" means this Pledge Agreement, as this Pledge Agreement may be amended or modified from time to time, together with all exhibits and schedules attached or to be attached to this Pledge Agreement from time to time.

1.2 Collateral. The word "Collateral" means individually, collectively and interchangeably Grantor's present and future rights, title and interest in and to the following, together with any and all present and future additions thereto, substitutions therefore, and replacements thereof, and further together with all income and Proceeds as described below:

Certificates of Stock #64 and 65, issued by Millington Telephone Company, in the name of MillTenn, Inc. representing 496 (100%) shares of stock.

1.3 Encumbrances. The word "Encumbrances" means individually, collectively and interchangeably any and all presently existing and/or future mortgages, liens, privileges and other contractual and/or statutory security interests and rights of every nature and kind that, now and/or in the future, may affect the Collateral or any part or parts thereof.

1.4 Event of Default. The words "Event of Default" mean individually, collectively, and interchangeably any of the Events of Default set forth below in the section titled "Events of Default".

1.5 Grantor. The word "Grantor" means individually, collectively and interchangeably MILLTENN, INC., its successors and assigns.

1.6 Guarantor. The word "Guarantor" means and includes individually, collectively, interchangeably and without limitation, each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

1.7 Income and Proceeds. The words "Income and Proceeds" mean dividends or other similar payments, stock splits, bonuses or other type of payments or liquidation payments.

1.8 Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note, in principal, interest, costs, expenses and attorneys' fees and all other fees and charges, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

1.9 Lender. The word "Lender" means CENTURY TELEPHONE ENTERPRISES, INC., its successors and assigns, and any subsequent holder or holders of the Note, or any interest therein.

1.10 Note. The word "Note" means the note or credit agreement dated April 27, 1994, in the principal amount of \$25,000,000.00 from Grantor to Lender, together with all substitute or replacement notes therefor, as well as all renewals, extensions, modifications, refinancings, consolidations and substitutions of and for the note or credit agreement.

1.11 Obligor. The word "Obligor" means and includes individually, collectively and interchangeably without limitation any and all persons or entities obligated to pay money or to perform some

other act under the Collateral.

1.12 Related Documents. The words "Related Documents" mean and include individually, collectively, interchangeably and without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, collateral mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness, including the Loan Agreement.

-2-

2. DELIVERY OF COLLATERAL. Contemporaneous with the execution of this Agreement, Grantor has delivered or will deliver to Lender or Lender's designated agent the above described Collateral. As long as this Agreement remains in effect, Grantor further agrees to immediately deliver to Lender, or Lender's designated agent, any and all additions to and/or substitutions or replacements for the Collateral. In the event that Grantor is unable to deliver any of the Collateral to Lender or Lender's designated agent at the time this Agreement is executed, or should Grantor ever withdraw or obtain temporary possession of any of the Collateral while this Agreement remains in effect, either under a trust receipt or otherwise, Grantor unconditionally agrees to deliver immediately to Lender the Collateral or, alternatively, such substitute or replacement collateral security as may then be satisfactory to Lender.

3. DURATION. This Agreement shall remain in full force and effect until such time as this Agreement and the security interests created hereby are terminated and cancelled by Lender under a written cancellation instrument in favor of Grantor which shall be executed upon satisfaction of all obligations of Borrower under the Note.

4. GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

4.1 Ownership. Grantor at all times will continue to be the legal and lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

4.2 Right to Pledge. Grantor has the right, power and authority to enter into this Agreement and to grant a continuing security interest in the Collateral in favor of Lender.

4.3 Authorization. Grantor's execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under Grantor's Articles of Incorporation or Bylaws, or any agreement or other instrument which may be binding upon Grantor, or under any law or governmental regulation or court decree or order applicable to Grantor and/or Grantor's properties.

4.4 Perfection of Security Interest. Upon delivery of the Collateral to Lender, this Agreement shall create a valid first lien upon, and perfect a security interest in the Collateral subject to no prior security interest, lien, charge, Encumbrance or other agreement purporting to grant to any third party a security interest in the Collateral.

-3-

4.5 Binding Effect. This Agreement is binding upon Grantor, as well as Grantor's heirs, successors, representatives and assigns, and is legally enforceable in accordance with its terms.

4.6 No Further Assignment. Grantor has not, and will not, sell, assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

4.7 No Defaults. Except as set forth in the Loan Agreement, there are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements contained in the Collateral which are to be performed by Grantor if any.

4.8 No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

4.9 Survivorship of Representations and Warranties. The foregoing representations and warranties and all other representations and warranties of Grantor under this Agreement shall be continuing in nature and shall survive as provided in the Loan Agreement.

5. LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO COLLATERAL.

Lender shall have the following rights in addition to all other rights it may have by law:

5.1 Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including payment of any liens or claims against the Collateral. Lender may charge any cost incurred in so doing to Grantor.

5.2 Income and Proceeds from the Collateral. Lender shall have the right, whether or not an Event of Default exists under this Agreement, to directly collect and receive any and all Income and Proceeds as such become due and payable. In order to permit the foregoing, Grantor unconditionally agrees to deliver to Lender, immediately following demand, any and all such Income and Proceeds that may be received by or that may be payable to Grantor. Grantor further unconditionally agrees that Lender shall have the right to notify all other obligors to pay and/or deliver such Income and Proceeds directly to Lender or Lender's nominee at an address to be designated by Lender, and to do any and all other

-4-

things as Lender may deem necessary and proper, within Lender's sole discretion, to carry out the terms and intent of this Agreement. Lender shall have the further right, where appropriate, and within Lender's sole discretion, to file suit, either in Lender's own name or in the name of Grantor, to collect and/or enforce performance, payment and/or delivery of any and all such Income and Proceeds.

Where it is necessary for Lender to enforce performance, payment and/or delivery of any such Income and Proceeds from the Obligor therefor, Grantor unconditionally agrees that Lender may compromise or take such other actions, either in Grantor's name or in the name of Lender, as Lender may deem appropriate, within Lender's sole judgment, with regard to performance, collection and/or payment of the same, without affecting the obligations and liabilities of Grantor under this Agreement and/or any Indebtedness secured hereby. In order to further permit the foregoing, Grantor agrees that Lender shall have the additional irrevocable rights, coupled with an interest, to: (a) receive, open and dispose of all mail addressed to Grantor pertaining to any of the Collateral; (b) notify the postal authorities to change the address and delivery of mail addressed to Grantor pertaining to any of the Collateral to such address as Lender may designate; and (c) endorse Grantor's name on any and all notes, acceptances, checks, drafts, money orders or other instruments of payment of such Income and Proceeds that may come into Lender's possession, and to deposit or otherwise collect the same, applying such funds

to the unpaid balance of the Indebtedness in the manner provided below.

In the event that Grantor should, for any reason, receive any Income and Proceeds subject to this Agreement, and Grantor should deposit such funds into one or more of Grantor's deposit accounts, no matter where located, Lender shall have the additional right following any Event of Default under this Agreement, to attach any and all of Grantor's deposit accounts in which such funds may have been deposited, whether or not any such funds were commingled with other funds of Grantor, and whether or not any such funds then remain on deposit in such an account or accounts. To this end, Grantor additionally collaterally assigns and pledges to Lender and grants to Lender a continuing security interest in and to any and all of Grantor's present and future rights, title and interest in and to any and all funds that Grantor may now and/or in the future maintain on deposit with banks, savings and loan associations and other financial institutions, as well as money market accounts with other types of entities, in which Grantor at any time may deposit any such Income and Proceeds.

-5-

5.3 Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured. Lender may alternatively and at its sole option and election hold such cash as additional "cash collateral" to secure the Indebtedness.

5.4 Transactions with Others. Lender may (a) extend time for payment or other performance, (b) grant a renewal or change in terms or conditions, or (c) compromise, compound or release any obligation, with any one or more Obligors, endorsers, or Guarantors of the Indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

5.5 All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender and whether or not the office or branch where the Indebtedness is created is aware of or relies upon the Collateral.

6. EXPENDITURES BY LENDER. Grantor recognizes and agrees that Lender

may incur certain expenses in connection with Lender's exercise of rights under this Agreement. If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, Encumbrances and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral, including without limitation, the purchase of insurance protecting only Lender's interest in the Collateral. Lender may further take such other action or actions and incur such additional expenditures as Lender may deem to be necessary and proper to cure or rectify any actions or inactions on Grantor's part as may be required under this Agreement. Nothing under this Agreement or otherwise shall obligate Lender to take any such actions or to incur any such additional expenditures on Grantor's behalf, or as making Lender in any way responsible or liable for any loss, damage, or injury to the Collateral, to Grantor, or to any other person or persons, resulting from Lender's election not to take such actions or to incur such additional expenses. In addition, Lender's election to take any such actions or to incur such additional expenditures shall not constitute a waiver or forbearance by Lender of any Event of Default under this Agreement. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the

-6-

rate charged under the Note from the date incurred or paid by Lender to the date of repayment. All such expenses shall become a part of the Indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any payments to become due during either (i) the terms of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

7. LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (a) any depreciation in value of the Collateral or for the collection or protection of any Income and Proceeds from the Collateral, (b) preservation of rights against parties to the Collateral or against third persons, (c) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (d) informing Grantor about any of the above, whether or not Lender has or

is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

8. EVENTS OF DEFAULT. The following actions or inactions or both shall constitute Events of Default under this Agreement:

The occurrence of any Event of Default as specified in Sections 9.02 through 9.05 of the Loan Agreement.

9. RIGHTS AND REMEDIES ON DEFAULT. In an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies.

All rights or remedies specified in Article IX of the Loan Agreement.

10. ASSIGNMENT OF INDEBTEDNESS; TRANSFER OF COLLATERAL. Grantor hereby recognizes and agrees that Lender may assign all or any portion of the Indebtedness to be one or more third party creditors. Such transfers may include, but are not limited to, sales of participation interests in the Indebtedness. Grantor specifically agrees and consents to all such transfers and assignments and further waives any subsequent notice of such transfers or assignments as may be provided under applicable Louisiana law. Grantor additionally agrees that any and all of Grantor's other and future loans, extensions of credit,

-7-

liabilities and obligations in favor of such a third party assignee will be secured by the Collateral. Grantor further agrees that Lender may transfer all or any portion of the Collateral to such third party assignee, in which case Lender will be fully released from any and all of Lender's obligations and responsibilities to Grantor with regard to the transferred Collateral. Any third party creditor to whom the Collateral is transferred will acquire all of Lender's rights and powers with respect to the transferred Collateral, with Lender retaining all powers and rights with regard to any of the Collateral which is not transferred to another party.

11. PROTECTION OF LENDER'S SECURITY RIGHTS. Grantor agrees to appear in and to defend all actions or proceedings purporting to affect Lender's security rights and interests granted under this Agreement. In the event that Lender elects to defend any such action or proceeding, Grantor agrees to reimburse Lender for Lender's costs associated therewith, including without limitation, Lender's attorneys' fees, which additional costs and expenses shall be secured by this Agreement.

12. INDEMNIFICATION OF LENDER. Grantor agrees to indemnify, to defend

and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs, expenses (including without limitation, Lender's reasonable attorneys' fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever which may be asserted against or incurred by Lender, arising out of or in any manner occasioned by this Agreement or the rights and remedies granted to Lender hereunder. The foregoing indemnity provision shall survive the cancellation of this Agreement as to all matters arising or accruing prior to such cancellation, and the foregoing indemnity provision shall further survive in the event that Lender elects to exercise any of the remedies as provided under this Agreement following any Event of Default hereunder.

13. EFFECT OF WAIVERS. Grantor has waived, and/or does by these presents waive, presentment for payment, protest, notice of protest and notice of nonpayment under all of the Indebtedness secured by this Agreement. Grantor has further waived, and/or does by these presents waive, all pleas of division and discussion, and all similar rights with regard to the Indebtedness, and agrees that Grantor shall remain liable, together with any and all Guarantors of the Indebtedness, on a "solidary" or "joint and several" basis. Grantor further agrees that discharge or release of any party who is, may, or will be liable to Lender under any of the Indebtedness, or the release of the Collateral or any other collateral directly or indirectly securing repayment of the same, shall not have the effect of releasing or otherwise diminishing or reducing the actual or potential liability of Grantor and/or any other party or parties guaranteeing payment of the

-8-

Indebtedness, who shall remain liable to Lender, and/or remain liable to Lender, and/or of releasing any Collateral or other collateral that is not expressly released by Lender.

Grantor additionally agrees that Lender's acceptance of payments other than in accordance with the terms of any agreement, or agreements governing repayment of the Indebtedness, or Lender's subsequent agreement to extend or modify such repayment terms, shall likewise not have the effect of releasing Grantor, and/or any other party or parties guaranteeing payment of the Indebtedness, from their respective obligations to Lender, and/or of releasing any of the Collateral or other collateral directly or indirectly securing repayment of the Indebtedness. In addition, no course of dealing between Grantor and Lender, nor any failure or delay on the part of Lender to exercise any of the rights and remedies granted to Lender under this Agreement, or under any other agreement or agreements by and between Grantor and Lender, shall have the effect of waiving any of Lender's rights and remedies. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies, it being Grantor's intent and agreement

that Lender's rights and remedies shall be cumulative in nature. Grantor further agrees that, upon the occurrence of any Event of Default under this Agreement, any waiver or forbearance on the part of Lender to pursue the rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance as to one Event of Default shall not constitute a waiver of forbearance as to any other Event of Default. None of the warranties, conditions, provisions and terms contained in this Agreement or any other agreement, document, or instrument now or hereafter executed by Grantor and delivered to Lender, shall be deemed to have been waived by any act or knowledge of Lender, Lender's agents, officers or employees; but only by an instrument in writing specifying such waiver, signed by a duly authorized officer of Lender and delivered to Grantor.

14. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

14.1 Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

-9-

14.2 Applicable Law. This Agreement has been delivered to Lender and accepted by Lender in the State of Louisiana. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

14.3 Expenses. Grantor agrees to pay upon demand all of Lender's reasonable costs and expenses, including legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's legal expenses whether or not there is a lawsuit, including legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

14.4 Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

14.5 Notices. To give Grantor any notice required under this Agreement, Lender may hand deliver or mail such notice to Grantor. Lender will deliver or mail any notice to Grantor (or any of them if more than one) at any address which Grantor may have given Lender by written notice as provided in this paragraph. In the event that there is more than one Grantor under this Agreement, notice to a single Grantor shall be considered as notice to all Grantors. To give Lender any notice under this Agreement, Grantor (or any Grantor) shall mail the notice to Lender by registered or certified mail at the address specified in this Agreement, or at any other address that Lender may have given to Grantor (or any Grantor) by written notice as provided in this paragraph. All notices required or permitted under this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. Mail, by registered or certified mail to the address specified in this Agreement.

14.6 Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

-10-

14.7 Sole Discretion of Lender. Whenever Lender's consent or approval is required under this Agreement, the decision as to whether or not to consent or approve shall be in the sole and exclusive discretion of Lender and Lender's decision shall be final and conclusive.

14.8 Successors and Assigns Bound; Solidary Liability. Grantor's obligations and agreements under this Agreement shall be binding upon Grantor's successors, heirs, legatees, devisees, administrators, executors and assigns. In the event that there is more than one Grantor under this Agreement, all of the agreements and obligations made and/or incurred by Grantors under this Agreement shall be on a "solidary" or "joint and several" basis.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS PLEDGE AGREEMENT, AND GRANTOR AGREES TO ITS TERMS. THIS AGREEMENT IS DATED APRIL 27, 1994.

GRANTOR:

MILLTENN, INC.

BY: /s/ WILLIAM S. HOWARD, SR.

WILLIAM S. HOWARD, SR.
Its President

14/Pledge8.1-8.11

EXHIBIT NO. "D"
GUARANTY

Borrower: MILLTENN, INC.

Lender: CENTURY TELEPHONE ENTERPRISES, INC.

Guarantor: WILLIAM S. HOWARD, SR. and ANN A. HOWARD

1. AMOUNT OF GUARANTY. The principal amount of this Guaranty is Twenty Five Million & 00/100 Dollars (\$25,000,000.00) and the amount of the Indebtedness.

DEFINITIONS. The following terms shall have the following meanings when used in this Agreement:

2.1 Agreement. The word "Agreement" means this Guaranty Agreement as this Agreement may be amended or modified from time to time.

2.2 Borrower. The word "Borrower" means individually, collectively and interchangeably MILLTENN, INC.

2.3 Guarantor. The word "Guarantor" means individually William S. Howard, Sr. and/or Ann A. Howard, and all other persons guaranteeing payment and satisfaction of Borrower's indebtedness hereinafter defined.

2.4 Indebtedness. The word "Indebtedness" means individually, collectively, interchangeably and without limitation any and

all present and future loans, loan advances, extensions of credit, obligations and/or liabilities that Borrower may now and/or in the future owe to and/or incur in favor of Lender, whether direct or indirect, or by way of assignment or purchase or a participation interest, and whether absolute or contingent, voluntary or involuntary, determined or undetermined, liquidated or unliquidated, due or to become due, secured or unsecured, and whether Borrower may be liable individually, jointly or solidarily with others, whether primarily or secondarily, or as a guarantor or otherwise, and whether now existing or hereafter arising, of every nature and kind whatsoever, all up to a maximum amount outstanding from time to time, at any one or more times, not to exceed U.S. \$25,000,000.00, in principal plus and in addition thereto interest, costs, expenses and attorneys' fees; and all obligations under the Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries between Lender, Borrower and others dated April 27, 1994 (the "Loan Agreement").

2.5 Lender. The word "Lender" means CENTURY TELEPHONE ENTERPRISES, INC., its successors and assigns, and any subsequent holder or holders of Borrower's Indebtedness.

3. GUARANTEE OF BORROWER'S INDEBTEDNESS. Guarantor hereby absolutely and unconditionally agrees to, and by these presents does hereby, guarantee the prompt and punctual payment, performance and satisfaction of any and all of Borrower's present and future Indebtedness in favor of Lender.
4. CONTINUING GUARANTY. THIS IS A CONTINUING GUARANTY AGREEMENT UNDER WHICH GUARANTOR AGREES TO GUARANTEE PAYMENT OF BORROWER'S PRESENT AND FUTURE INDEBTEDNESS IN FAVOR OF LENDER ON A CONTINUING BASIS. Guarantor's obligations and liability under this Agreement shall be open and continuous in effect. Guarantor intends to and does hereby guarantee at all times the prompt and punctual payment, performance and satisfaction of all of Borrower's present and future Indebtedness in favor of Lender up to the maximum limitations set forth above. Accordingly, any payments made in Borrower's Indebtedness will not discharge or diminish the obligations and liability of Guarantor under this Agreement for any remaining and succeeding Indebtedness of Borrower in favor of Lender.
5. JOINT, SEVERAL AND SOLIDARY LIABILITY. Guarantor's obligations

and liability under this Agreement shall be on a "solidary" or "joint and several" basis along with Borrower to the same degree and extent as if Guarantor had been and/or will be a co-borrower, co-principal obligor and/or co-maker of Borrower's Indebtedness. In the event that there is more than one Guarantor under this Agreement, or in the event that there are other guarantors, endorsers or sureties of all or any portion of Borrower's Indebtedness, Guarantor's obligations and liability hereunder shall further be on a "solidary" or "joint and several" basis along with such other guarantors, endorsers and/or sureties.

6. DURATION OF GUARANTY. This Agreement and Guarantor's obligations and liability hereunder shall remain in full force and effect until such time as this Agreement may be canceled or otherwise terminated by Lender under a written cancellation instrument in favor of Guarantor. Lender shall execute such cancellation instrument upon satisfaction of all obligations of Borrower under the Note.

7. CANCELLATION OF AGREEMENT; EFFECT. Unless otherwise indicated under such a written cancellation instrument, Lender's agreement to terminate or otherwise cancel this Agreement shall affect only, and shall be expressly limited to, Guarantor's continuing obligations and liability to guarantee borrower's Indebtedness incurred, originated and/or extended (without prior commitment) after the

-2-

date of such a written cancellation instrument; with Guarantor remaining fully obligated and liable under this Agreement for any and all of Borrower's Indebtedness incurred, originated, extended, or committed to prior to the date of such a written cancellation instrument. Nothing under this Agreement or under any other agreement or understanding by and between Guarantor and Lender, shall in any way obligate, or be construed to obligate, Lender to agree to the subsequent termination or cancellation of Guarantor's obligations and liability hereunder; it being fully understood and agreed to by Guarantor that Lender has and intends to continue to rely on Guarantor's assets, income and financial resources in extending credit and other Indebtedness to and in favor of Borrower, and that to release Guarantor from Guarantor's continuing obligations and liabilities under this Agreement would so prejudice Lender that Lender may, within its sole and uncontrolled discretion and judgment, refuse to release Guarantor from any of its continuing obligations and liability under this Agreement for any reason whatsoever as long as any of Borrower's Indebtedness remains unpaid and outstanding.

8. DEFAULT. Should any event of default occur or exist under any of

Borrower's Indebtedness in favor of Lender, Guarantor unconditionally and absolutely agrees to pay Lender the then unpaid amount of Borrower's Indebtedness, in principal, interest, costs, expenses, attorneys' fees and other fees and charges, subject to the maximum principal dollar amount limitations set forth above. Such payment or payments shall be made at Lender's offices indicated below, immediately following demand by Lender.

9. GUARANTOR'S WAIVERS. Guarantor hereby waives:

(a) Notice of Lender's acceptance of this Agreement.

(b) Presentment for payment of Borrower's Indebtedness, notice of dishonor and of nonpayment, notice of intention to accelerate, notice of acceleration, protest and notice of protest, collection or institution of any suit or other action by Lender in collection thereof, including any notice of default in payment thereof, or other notice to, or demand for payment thereof, on any party.

(c) Any right to require Lender to notify Guarantor of any nonpayment relating to any collateral directly or indirectly securing Borrower's Indebtedness, or notice of any action or nonaction on the part of Borrower, Lender, or any other guarantor, surety or endorser of Borrower's Indebtedness, or notice of the creation of any new or additional Indebtedness subject to this Agreement.

-3-

(d) Any rights to demand or require collateral security from the Borrower or any other person as provided under applicable Louisiana law or otherwise.

(e) Any right to require Lender to notify Guarantor of the terms, time and place of any public or private sale of any collateral directly or indirectly securing Borrower's Indebtedness.

(f) Any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, or any action in lieu of foreclosure.

(g) Any election of remedies by Lender that may destroy or impair Guarantor's subrogation rights or Guarantor's right to proceed for reimbursement against Borrower or any other guarantor, surety or endorser of Borrower's Indebtedness, including without limitation, any loss of rights Guarantor

may suffer by reason of any law limiting, qualifying, or discharging Borrower's Indebtedness.

(h) Any disability or other defense of Borrower, or any other guarantor, surety or endorser, or any other person, or by reason of the cessation from any cause of whatsoever, other than payment in full of Borrower's Indebtedness.

(i) Any statute of limitations or prescriptive period, if at the time an action or suit brought by Lender against Guarantor is commenced, there is any outstanding Indebtedness of Borrower to Lender which is barred by any applicable statute of limitations or prescriptive period.

Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences, and that, under the circumstances, such waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.

10. GUARANTOR'S SUBORDINATION OF RIGHTS. In the event that guarantor should for any reason (a) advance or lend monies to Borrower, whether or not such funds are used by Borrower to make payment(s) under Borrower's Indebtedness, and/or (b) make any payment(s) to Lender or others for and on behalf of Borrower under Borrower's Indebtedness, and/or (c) make any payment to Lender in total or partial satisfaction of Guarantor's obligations and liabilities

-4-

under this Agreement, and/or (d) if any of Guarantor's property is used to pay or satisfy any of Borrower's Indebtedness, Guarantor hereby agrees that any and all rights that Guarantor may have or acquire to collect from or to be reimbursed by Borrower (or from or by any other guarantor, endorser or surety of Borrower's Indebtedness), whether Guarantor's rights of collection or reimbursement arise by way of subrogation to the rights of Lender or otherwise, shall in all respects, whether or not borrower is presently or subsequently becomes insolvent, be subordinate, inferior and junior to the rights of Lender to collect and enforce payment, performance and satisfaction of Borrower's then remaining Indebtedness, until such time as Borrower's Indebtedness is fully paid and satisfied. In the event of Borrower's insolvency or consequent liquidation of Borrower's assets, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to Borrower's then

remaining Indebtedness. Guarantor hereby assigns to Lender all claims which it may have or acquire against Borrower or any assignee or trustee of Borrower in bankruptcy; provided that, such assignment shall be effective only for the purpose of assuring to Lender full payment of Borrower's Indebtedness guaranteed under this Agreement.

If now or hereafter (a) Borrower shall be or become insolvent, and (b) Borrower's Indebtedness shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever waives and relinquishes in favor of Lender and Borrower, and their respective successors, any claim or right to payment Guarantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Guarantor be or become a "creditor" of Borrower within the meaning of 11 U.S.C. section 547(b), or any successor provision of the federal bankruptcy laws.

11. GUARANTOR'S RECEIPT OF PAYMENTS. Guarantor further agrees to refrain from attempting to collect and/or enforce any of Guarantor's collection and/or reimbursement rights against Borrower (or against any other guarantor, surety or endorser of Borrower's Indebtedness), arising by way of subrogation or otherwise, until such time as all of Borrower's then remaining Indebtedness in favor of Lender is fully paid and satisfied, or under the "insider" circumstances described above, until the thirteen (130 month) anniversary date following the full and final payment and satisfaction of Borrower's Indebtedness. In the event that Guarantor should for any reason whatsoever receive any payment(s) from Borrower (or any other guarantor, surety or endorser of Borrower's Indebtedness) that Borrower (or such a third party) may owe to Guarantor for any of the reasons stated

-5-

above, Guarantor agrees to accept such payment(s) in trust for and on behalf of Lender, advising Borrower (or the third party payee) of such fact. Guarantor further unconditionally agrees to immediately deliver such funds to Lender, with such funds being held by Guarantor over any interim period, in trust for Lender. In the event that Guarantor should for any reason whatsoever receive any such funds from Borrower (or any third party), and Guarantor should deposit such funds in one or more of Guarantor's deposit accounts, no matter where located, Lender shall have the right to attach any and all of Guarantor's deposit accounts in which such funds were deposited, whether or not such funds were commingled with other monies of Guarantor, and whether or not such fund then remain on deposit in such an account or accounts. To this end and to secure Guarantor's obligations under this Agreement, Guarantor collaterally assigns and pledges to Lender, and grants to Lender a

continuing security interest in, any and all of Guarantor's present and future rights, title and interest to and to all monies that Guarantor may now and/or in the future maintain on deposit with banks, savings and loan associations and other entities (other than tax deferred accounts with Lender), in which Guarantor may at any time deposit any such funds that may be received from Borrower (or any other guarantor, endorser or surety of Borrower's Indebtedness) in favor of Lender.

12. ADDITIONAL COVENANTS. Guarantor agrees that Lender may, at its sole option, at any time, and from time to time, without the consent of or notice to Guarantor, or any of them, or to any other party, and without incurring any responsibility to Guarantor or to any other party, and without impairing or releasing any of Guarantor's obligations or liabilities under this Agreement:

(a) Make additional secured and/or unsecured loans to Borrower.

(b) Discharge, release or agree not to sue any party (including, but not limited to, Borrower or any other guarantor, surety, or endorser of Borrower's Indebtedness), who is or may be liable to lender for any of Borrower's Indebtedness.

(c) Sell, exchange, release, surrender, realize upon, or otherwise deal with, in any manner and in any order, any collateral directly or indirectly securing repayment of any of Borrower's Indebtedness.

(d) Alter, renew, extend, accelerate, or otherwise change the manner, place, terms and/or times of payment or other terms of Borrower's Indebtedness, or any part thereof, including any increase or decrease in the rate or rates of interest on any of Borrower's Indebtedness.

-6-

(e) Settle or compromise any of Borrower's Indebtedness.

(f) Subordinate and/or agree to subordinate the payment of all or any part of Borrower's Indebtedness, or Lender's security rights in any collateral directly or indirectly securing any such Indebtedness, to the payment and/or security rights of any other present and/or future creditors of Borrower.

(g) Apply any payments and/or proceeds to any of Borrower's Indebtedness in such priority or with such preferences as Lender may determine in its sole discretion, regardless of

which of Borrower's Indebtedness then remains unpaid.

(h) Take or accept any other collateral security or guaranty for any or all of Borrower's Indebtedness.

(i) Enter into, deliver, modify, amend, or waive compliance with, any instrument or arrangement evidencing, securing or otherwise affecting, all or any part of Borrower's Indebtedness.

13. NO IMPAIRMENT OF GUARANTOR'S OBLIGATIONS. No course of dealing between Lender and Borrower (or any other guarantor, surety or endorser of Borrower's Indebtedness), nor any failure or delay on the part of Lender to exercise any of Lender's rights and remedies under this Agreement or any other agreement or agreements by and between Lender and Borrower (or any other guarantor, surety or endorser), shall have the effect of impairing or releasing Guarantor's obligations and liabilities to Lender, or of waiving any of Lender's rights and remedies under this Agreement or otherwise. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies; it being Guarantor's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Guarantor further agrees that, should Borrower default under any of its Indebtedness, any waiver or forbearance on the part of Lender to pursue Lender's available rights and remedies shall be binding upon Lender only to the extent that Lender specifically agrees to such waiver or forbearance in writing. A waiver or forbearance on the part of Lender as to one event of default shall not constitute a waiver or forbearance as to any other default.

14. NO RELEASE OF GUARANTOR. Guarantor's obligations and liabilities under this Agreement shall not be released, impaired, reduced, or otherwise affected by, and shall continue in full force and effect notwithstanding the occurrence of any event, including without limitation any one or more of the following events:

-7-

(a) The death, insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution, or lack of authority (whether corporate, partnership or trust) of Borrower (or any person acting on Borrower's behalf), or of any other guarantor, surety or endorser of Borrower's Indebtedness.

(b) Any payment by Borrower, or any other party, to Lender that is held to constitute a preferential transfer or a fraudulent conveyance under any applicable law, or any such

amounts or payment which, for any reason, Lender is required to refund or repay to Borrower or to any other person.

(c) Any dissolution by Borrower, or any sale, lease or transfer of all or any part of Borrower's assets.

(d) Any failure of Lender to notify Guarantor of the making of additional loans or other extensions of credit in reliance on this Agreement.

15. AUTOMATIC REINSTATEMENT. This Agreement and Guarantor's obligations and liabilities hereunder shall continue to be effective, and/or shall automatically and retroactively be reinstated, if a release or discharge has occurred, or if at any time, any payment or part thereof to Lender with respect to any of Borrower's Indebtedness, is rescinded or must otherwise be restored by Lender pursuant to any insolvency, bankruptcy, reorganization, receivership, or any other debt relief granted to Borrower or to any other party to Borrower's Indebtedness or any such security therefor. In the event that Lender must rescind or restore any payment received in total or partial satisfaction of Borrower's Indebtedness, any prior release or discharge from the terms of this Agreement given to Guarantor shall be without effect, and this Agreement and Guarantor's obligations and liabilities hereunder shall automatically and retroactively renewed and/or reinstated and shall remain in full force and effect to the same degree and extent as if such a release or discharge had never been granted. It is the intention of Lender and Guarantor that Guarantor's obligations and liabilities hereunder shall not be discharged except by Guarantor's full and complete performance and satisfaction of such obligations and liabilities; and then only to the extent of such performance.

16. REPRESENTATIONS AND WARRANTIES BY GUARANTOR. Guarantor represents and warrants that:

(a) Guarantor has the lawful power to own its properties and to engage in its business as presently conducted.

-8-

(b) Guarantor's guaranty of Borrower's Indebtedness and Guarantor's execution, delivery and performance of this Agreement are not in violation of any laws and will not result in a default under any contract, agreement, or instrument to which Guarantor is a party, or by which Guarantor or its property may be bound.

(c) Guarantor has agreed and consented to execute this Agreement and to guarantee Borrower's Indebtedness in favor of Lender, at Borrower's request and not at the request of Lender.

(d) Guarantor will receive and/or has received a direct or indirect material benefit from the transactions contemplated herein and/or arising out of Borrower's Indebtedness.

(e) This Agreement, when executed and delivered to Lender, will constitute a valid, legal and binding obligation of Guarantor, enforceable in accordance with its terms.

(f) Guarantor has established adequate means of obtaining information from Borrower on a continuing basis regarding Borrower's financial condition.

(g) Lender has made no representations to Guarantor as to the creditworthiness of Borrower.

17. ADDITIONAL OBLIGATIONS OF GUARANTOR. So long as this Agreement remains in effect, Guarantor has not and will not, without Lender's prior written consent, sell, lease, assign, pledge, hypothecate, encumber, transfer, or otherwise dispose of all or substantially all of Guarantor's assets. Guarantor agrees to keep Lender adequately informed of any facts, events or circumstances which might in any way affect Guarantor's risks under this Agreement. Guarantor further agrees that Lender shall have no obligation to communicate to Guarantor any information or material relating to Borrower or Borrower's Indebtedness.

18. ADDITIONAL DOCUMENTS; FINANCIAL STATEMENTS. Upon the reasonable request of Lender, Guarantor will, at any time, and from time to time, execute and deliver to lender any and all such financial instruments and documents, and supply such additional information, as may be necessary or advisable in the opinion of Lender to obtain the full benefits of this Agreement. Guarantor further agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

-9-

19. TRANSFER OF INDEBTEDNESS. This Agreement is for the benefit of Lender and for such other person or persons as may from time to time become or be the holders of all or any part of Borrower's Indebtedness. This Agreement shall be transferable and negotiable with the same force and effect and to the same extent as Borrower's Indebtedness may be transferable; it being understood and agreed to by Guarantor that, upon any transfer or assignment of all or any part of Borrower's Indebtedness, the holder of such Indebtedness shall have all of the rights and remedies granted to Lender under this Agreement. Guarantor further agrees that, upon any transfer of all or any portion of

Borrower's Indebtedness, Lender may transfer and deliver any and all collateral securing repayment of such Indebtedness (including, but not limited to, any collateral provided by Guarantor) to the transferee of such Indebtedness, and such collateral shall secure any and all of Borrower's Indebtedness in favor of such a transferee. Guarantor additionally agrees that, after any such transfer or assignment has taken place, Lender shall be fully discharged from any and all liability and responsibility to Borrower and Guarantor with respect to such collateral, and the transferee thereafter shall be vested with all the powers and rights with respect to such collateral.

20. CONSENT TO PARTICIPATION. Guarantor recognizes and agrees that Lender may, from time to time, one or more times, transfer all or any part of Borrower's Indebtedness through sales of participation interests in such Indebtedness to one or more third party lenders. Guarantor specifically agrees and consents to all such transfers and assignments, and Guarantor further waives any subsequent notice of such transfers and assignments as may be provided under Louisiana law. Guarantor additionally agrees that the purchaser of a participation interest in Borrower's Indebtedness will be considered as the absolute owner of a percentage interest of such Indebtedness and that such a purchaser will have all of the rights granted under any participation agreement governing the sale of such a participation interest. Guarantor waives any rights of offset that Guarantor may have against Lender and/or any purchaser of such a participation interest, and Guarantor unconditionally agrees that either Lender or such a purchaser may enforce Guarantor's obligations and liabilities under this Agreement, irrespective of the failure or insolvency of Lender or any such purchaser.

21. NOTICES. Any notice provided in this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. mail, postage prepaid, addressed to the person to whom the notice is to be given at the address shown above or at such other addresses as any party may designate to the other in writing. If there is more than one Guarantor under this Agreement, notice to any Guarantor shall constitute notice to all Guarantors.

-10-

22. ADDITIONAL GUARANTIES. Guarantor recognizes and agrees that Guarantor may have previously granted, and may in the future grant, one or more additional guaranties of Borrower's Indebtedness in favor of Lender. Should this occur, the execution of this Agreement and any additional guaranties on the part of Guarantor will not be construed as a cancellation of this Agreement or any of Guarantor's additional guaranties; it being

Guarantor's full intent and agreement that all such guaranties of Borrower's Indebtedness in favor of Lender shall remain in full force and effect and shall be cumulative in nature and effect.

23. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

23.1 Amendment. No amendment, modification, consent or waiver of any provision of this Agreement, and no consent to any departure by Guarantor therefrom, shall be effective unless the same shall be in writing signed by a duly authorized officer of Lender, and then shall be effective only as to the specific instance and for the specific purpose for which given.

23.2 Caption Headings. Caption headings of the sections of this Agreement are for convenience purposes only and are not to be used to interpret or the define their provisions. In this Agreement, whenever the context so requires, the singular includes the plural and the plural also includes the singular.

23.3 Governing Law. This Agreement shall be governed and construed in accordance with the substantive laws of the State of Louisiana.

23.4 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforceable as if the illegal, invalid or unenforceable provision had never comprised a part of it, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

-11-

23.5 Successors and Assigns Bound. Guarantor's obligations and liabilities under this Agreement shall be binding upon Guarantor's successors, heirs, legatees, devisees, administrators, executors and assigns.

23.6 This Guaranty is executed pursuant to the provisions of Article III of the Loan Agreement and shall be subject to the

terms thereof.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED APRIL 27, 1994.

GUARANTORS:

/s/ WILLIAM S. HOWARD, SR.

x

WILLIAM S. HOWARD, SR.

/s/ ANN A. HOWARD

x

ANN A. HOWARD

-12-

C/GUAR2.1-2.12

EXHIBIT NO. "E"
PLEDGE AGREEMENT

BORROWER: MILLTENN, INC.

LENDER: CENTURY TELEPHONE ENTERPRISES, INC.
100 Century Park Drive
Monroe, LA 71203

THIS PLEDGE AGREEMENT is entered into between MILLINGTON TELEPHONE COMPANY (referred to below as "Grantor"); and CENTURY TELEPHONE ENTERPRISES, INC. (referred to below as "Lender"). This Pledge Agreement is given pursuant to Article III of Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries dated April 27, 1994 between Borrower, Lender and others (the "Loan Agreement").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a continuing security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

1. DEFINITIONS. The following words shall have the following meanings when used in this Agreement.

1.1 Agreement. The word "Agreement" means this Pledge Agreement, as this Pledge Agreement may be amended or modified from time to time, together with all exhibits and schedules attached or to be attached to this Pledge Agreement from time to time.

1.2 Collateral. The word "Collateral," means individually, collectively and interchangeably Grantor's present and future rights, title and interest in and to the following, together with any and all present and future additions thereto, substitutions therefore, and replacements thereof, and further together with all income and Proceeds as described below:

Certificates of Stock #1, issued by Big Creek Financial, Inc., in the name of Grantor, representing 100 (100%) shares of stock.

Certificates of Stock #1, issued by Mill-Comm Associates, Inc., in the name of Grantor, representing 1,000 (100%) shares of stock.

1.3 Encumbrances. The word "Encumbrances" means individually, collectively and interchangeably any and all presently existing and/or future mortgages, liens, privileges and other contractual and/or statutory security interests and rights of every nature and kind that, now and/or in the future, may affect the Collateral or any part or parts thereof.

1.4 Event of Default. The words "Event of Default" mean individually, collectively, and interchangeably any of the Events of Default set forth below in the section titled "Events of Default".

1.5 Grantor. The word "Grantor" means individually, collectively and interchangeably MILLTENN, INC., its successors and assigns.

1.6 Guarantor. The word "Guarantor" means and includes individually, collectively, interchangeably and without limitation, each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

1.7 Income and Proceeds. The words "Income and Proceeds" mean dividends or other similar payments, stock splits, bonuses or other type of payments or liquidation payments.

1.8 Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note, in principal, interest, costs, expenses and attorneys, fees and all other fees and charges, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

1.9 Lender. The word "Lender" means CENTURY TELEPHONE ENTERPRISES, INC., its successors and assigns, and any subsequent holder or holders of the Note, or any interest therein.

1.10 Note. The word "Note" means the note or credit agreement dated April 27, 1994, in the principal amount of \$25,000,000.00 from Grantor to Lender, together with all substitute or replacement notes therefor, as well as all renewals, extensions, modifications, refinancings, consolidations and substitutions of and for the note or credit agreement.

1.11 Obligor. The word "Obligor", means and includes individually, collectively and interchangeably without limitation any and all persons or entities obligated to pay money or to perform some other act under the Collateral.

1.12 Related Documents. The words "Related Documents" mean and include individually, collectively, interchangeably and without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, collateral mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness, including the Loan Agreement.

-2-

2. DELIVERY OF COLLATERAL. Contemporaneous with the execution of this Agreement, Grantor has delivered or will deliver to Lender or Lender's designated agent the above described Collateral. As long as this Agreement remains in effect, Grantor further agrees to immediately deliver to Lender, or Lender's designated agent, any and all additions to and/or substitutions or replacements for the Collateral. In the event that Grantor is unable to deliver any of the Collateral to Lender or Lender's designated agent at the time this Agreement is

executed, or should Grantor ever withdraw or obtain temporary possession of any of the Collateral while this Agreement remains in effect, either under a trust receipt or otherwise, Grantor unconditionally agrees to deliver immediately to Lender the Collateral or, alternatively, such substitute or replacement collateral security as may then be satisfactory to Lender.

3. DURATION. This Agreement shall remain in full force and effect until such time as this Agreement and the security interests created hereby are terminated and canceled by Lender under a written cancellation instrument in favor of Grantor which shall be executed upon satisfaction of all obligations of Borrower under the Note.

4. GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. Grantor represents and warrants to Lender that:

4.1 Ownership. Grantor at all times will continue to be the legal and lawful owner of the Collateral free and clear of all security interests, liens, encumbrances and claims of others except as disclosed to and accepted by Lender in writing prior to execution of this Agreement.

4.2 Right to Pledge. Grantor has the right, power and authority to enter into this Agreement and to grant a continuing security interest in the Collateral in favor of Lender.

4.3 Authorization. Grantor's execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with, and will not result in a violation of, or constitute or give rise to an event of default under Grantor's Articles of Incorporation or Bylaws, or any agreement or other instrument which may be binding upon Grantor, or under any law or governmental regulation or court decree or order applicable to Grantor and/or Grantor's properties.

4.4 Perfection of Security Interest. Upon delivery of the Collateral to Lender, this Agreement shall create a valid first lien upon, and perfect a security interest in the Collateral subject to no prior security interest, lien, charge, Encumbrance or other agreement purporting to grant to any third party a security interest in the Collateral.

-3-

4.5 Binding Effect. This Agreement is binding upon Grantor, as well as Grantor's heirs, successors, representatives and assigns, and is legally enforceable in accordance with its terms.

4.6 No Further Assignment. Grantor has not, and will not, sell,

assign, transfer, encumber or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

4.7 No Defaults. Except as set forth in the Loan Agreement, there are no defaults existing under the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly perform each of the terms, conditions, covenants and agreements contained in the Collateral which are to be performed by Grantor if any.

4.8 No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

4.9 Survivorship of Representations and Warranties. The foregoing representations and warranties and all other representations and warranties of Grantor under this Agreement shall be continuing in nature and shall survive as provided in the Loan Agreement.

5. LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO COLLATERAL.

Lender shall have the following rights in addition to all other rights it may have by law:

5.1 Maintenance and Protection of Collateral. Lender may, but shall not be obligated to, take such steps as it deems necessary or desirable to protect, maintain, insure, store, or care for the Collateral, including payment of any liens or claims against the Collateral. Lender may charge any cost incurred in so doing to Grantor.

5.2 Income and Proceeds from the Collateral. Lender shall have the right, whether or not an Event of Default exists under this Agreement, to directly collect and receive any and all Income and Proceeds as such become due and payable. In order to permit the foregoing, Grantor unconditionally agrees to deliver to Lender, immediately following demand, any and all such Income and Proceeds that may be received by or that may be payable to Grantor. Grantor further unconditionally agrees that Lender shall have the right to notify all other obligors to pay and/or deliver such Income and Proceeds directly to Lender or Lender's nominee at an address to be designated by Lender, and to do any and all other

things as Lender may deem necessary and proper, within Lender's sole discretion, to carry out the terms and intent of this

Agreement. Lender shall have the further right, where appropriate, and within Lender's sole discretion, to file suit either in Lender's own name or in the name of Grantor, to collect and/or enforce performance, payment and/or delivery of any and all such Income and Proceeds.

Where it is necessary for Lender to enforce performance, payment and/or delivery of any such Income and Proceeds from the Obligor therefor, Grantor unconditionally agrees that Lender may compromise or take such other actions, either in Grantor's name or in the name of Lender, as Lender may deem appropriate, within Lender's sole judgment, with regard to performance, collection and/or payment of the same, without affecting the obligations and liabilities of Grantor under this Agreement and/or any Indebtedness secured hereby. In order to further permit the foregoing, Grantor agrees that Lender shall have the additional irrevocable rights, coupled with an interest, to: (a) receive, open and dispose of all mail addressed to Grantor pertaining to any of the Collateral; (b) notify the postal authorities to change the address and delivery of mail addressed to Grantor pertaining to any of the Collateral to such address as Lender may designate; and (c) endorse Grantor's name on any and all notes, acceptances, checks, drafts, money orders or other instruments of payment of such Income and Proceeds that may come into Lender's possession, and to deposit or otherwise collect the same, applying such funds to the unpaid balance of the Indebtedness in the manner provided below.

In the event that Grantor should, for any reason, receive any Income and Proceeds subject to this Agreement, and Grantor should deposit such funds into one or more of Grantor's deposit accounts, no matter where located, Lender shall have the additional right following any Event of Default under this Agreement, to attach any and all of Grantor's deposit accounts in which such funds may have been deposited, whether or not any such funds were commingled with other funds of Grantor, and whether or not any such funds then remain on deposit in such an account or accounts. To this end, Grantor additionally collaterally assigns and pledges to Lender and grants to Lender a continuing security interest in and to any and all of Grantor's present and future rights, title and interest in and to any and all funds that Grantor may now and/or in the future maintain on deposit with banks, savings and loan associations and other financial institutions, as well as money market accounts with other types of entities, in which Grantor at any time may deposit any such Income and Proceeds.

-5-

5.3 Application of Cash. At Lender's option, Lender may apply any cash, whether included in the Collateral or received as Income

and Proceeds or through liquidation, sale, or retirement, of the Collateral, to the satisfaction of the Indebtedness or such portion thereof as Lender shall choose, whether or not matured. Lender may alternatively and at its sole option and election hold such cash as additional "cash collateral" to secure the Indebtedness.

5.4 Transactions with others. Lender may (a) extend time for payment or other performance, (b) grant a renewal or change in terms or conditions, or (c) compromise, compound or release any obligation, with any one or more obligors, endorsers, or Guarantors of the Indebtedness as Lender deems advisable, without obtaining the prior written consent of Grantor, and no such act or failure to act shall affect Lender's rights against Grantor or the Collateral.

5.5 All Collateral Secures Indebtedness. All Collateral shall be security for the Indebtedness, whether the Collateral is located at one or more offices or branches of Lender and whether or not the office or branch where the Indebtedness is created is aware of or relies upon the Collateral.

6. EXPENDITURES BY LENDER. Grantor recognizes and agrees that Lender may incur certain expenses in connection with Lender's exercise of rights under this Agreement. If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, Encumbrances and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all costs for insuring, maintaining and preserving the Collateral, including without limitation, the purchase of insurance protecting only Lender's interest in the Collateral. Lender may further take such other action or actions and incur such additional expenditures as Lender may deem to be necessary and proper to cure or rectify any actions or inactions on Grantor's part as may be required under this Agreement. Nothing under this Agreement or otherwise shall obligate Lender to take any such actions or to incur any such additional expenditures on Grantor's behalf, or as making Lender in any way responsible or liable for any loss, damage, or injury to the Collateral, to Grantor, or to any other person or persons, resulting from Lender's election not to take such actions or to incur such additional expenses. In addition, Lender's election to take any such actions or to incur such additional expenditures shall not constitute a waiver or forbearance by Lender of any Event of Default under this Agreement. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the

-6-

rate charged under the Note from the date incurred or paid by Lender to the date of repayment. All such expenses shall become a part of

the Indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any payments to become due during either (i) the terms of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

7. LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of the Collateral in Lender's possession, but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility for (a) any depreciation in value of the Collateral or for the collection or protection of any Income and Proceeds from the Collateral, (b) preservation of rights against parties to the Collateral or against third persons, (c) ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral, or (c) informing Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters. Except as provided above, Lender shall have no liability for depreciation or deterioration of the Collateral.

8. EVENTS OF DEFAULT. The following actions or inactions or both shall constitute Events of Default under this Agreement:

The occurrence of any Even of Default as specified in Sections 9.02 through 9.05 of the Loan Agreement.

9. RIGHTS AND REMEDIES ON DEFAULT. In an Event of Default occurs under this Agreement, at any time thereafter, Lender may exercise any one or more of the following rights and remedies.

All rights or remedies specified in Article IX of the Loan Agreement.

10. ASSIGNMENT OF INDEBTEDNESS; TRANSFER OF COLLATERAL. Grantor hereby recognizes and agrees that Lender may assign all or any portion of the Indebtedness to be one or more third party creditors. Such transfers may include, but are not limited to, sales of participation interests in the Indebtedness. Grantor specifically agrees and consents to all such transfers and assignments and further waives any subsequent notice of such transfers or assignments as may be provided under applicable Louisiana law. Grantor additionally agrees that any and all of Grantor's other and future loans, extensions of credit,

liabilities and obligations in favor of such a third party assignee will be secured by the Collateral. Grantor further agrees that Lender may transfer all or any portion of the Collateral to such third party assignee, in which case Lender will be fully released from any and all of Lender's obligations and responsibilities to Grantor with regard to the transferred Collateral. Any third party creditor to whom the Collateral is transferred will acquire all of Lender's rights and powers with respect to the transferred Collateral, with Lender retaining all powers and rights with regard to any of the Collateral which is not transferred to another party.

11. PROTECTION OF LENDER'S SECURITY RIGHTS. Grantor agrees to appear in and to defend all actions or proceedings purporting to affect Lender's security rights and interests granted under this Agreement. In the event that Lender elects to defend any such action or proceeding, Grantor agrees to reimburse Lender for Lender's costs associated therewith, including without limitation, Lender's attorneys, fees, which additional costs and expenses shall be secured by this Agreement.

12. INDEMNIFICATION OF LENDER. Grantor agrees to indemnify, to defend and to save and hold Lender harmless from any and all claims, suits, obligations, damages, losses, costs, expenses (including without limitation, Lender's reasonable attorneys, fees), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever which may be asserted against or incurred by Lender, arising out of or in any manner occasioned by this Agreement or the rights and remedies granted to Lender hereunder. The foregoing indemnity provision shall survive the cancellation of this Agreement as to all matters arising or accruing prior to such cancellation, and the foregoing indemnity provision shall further survive in the event that Lender elects to exercise any of the remedies as provided under this Agreement following any Event of Default hereunder.

13. EFFECT OF WAIVERS. Grantor has waived, and/or does by these presents waive, presentment for payment, protest, notice of protest and notice of nonpayment under all of the Indebtedness secured by this Agreement. Grantor has further waived, and/or does by these presents waive, all pleas of division and discussion, and all similar rights with regard to the Indebtedness, and agrees that Grantor shall remain liable, together with any and all Guarantors of the Indebtedness, on a "solidary" or "joint and several" basis. Grantor further agrees that discharge or release of any party who is, may, or will be liable to Lender under any of the Indebtedness, or the release of the Collateral or any other collateral directly or indirectly securing repayment of the same, shall not have the effect of releasing or otherwise diminishing or reducing the actual or potential liability of Grantor and/or any other party or parties guaranteeing payment of the

Indebtedness, who shall remain liable to Lender, and/or remain liable to Lender, and/or of releasing any Collateral or other collateral that is not expressly released by Lender.

Grantor additionally agrees that Lender's acceptance of payments other than in accordance with the terms of any agreement, or agreements governing repayment of the Indebtedness, or Lender's subsequent agreement to extend or modify such repayment terms, shall likewise not have the effect of releasing Grantor, and/or any other party or parties guaranteeing payment of the Indebtedness, from their respective obligations to Lender, and/or of releasing any of the Collateral or other collateral directly or indirectly securing repayment of the Indebtedness. In addition, no course of dealing between Grantor and Lender, nor any failure or delay on the part of Lender to exercise any of the rights and remedies granted to Lender under this Agreement, or under any other agreement or agreements by and between Grantor and Lender, shall have the effect of waiving any of Lender's rights and remedies. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies, it being Grantor's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Grantor further agrees that, upon the occurrence of any Event of Default under this Agreement, any waiver or forbearance on the part of Lender to pursue the rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance as to one Event of Default shall not constitute a waiver of forbearance as to any other Event of Default. None of the warranties, conditions, provisions and terms contained in this Agreement or any other agreement, document, or instrument now or hereafter executed by Grantor and delivered to Lender, shall be deemed to have been waived by any act or knowledge of Lender, Lender's agents, officers or employees; but only by an instrument in writing specifying such waiver, signed by a duly authorized officer of Lender and delivered to Grantor.

14. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

14.1 Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

-9-

14.2 Applicable Law. This Agreement has been delivered to Lender

and accepted by Lender in the State of Louisiana. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana.

14.3 Expenses. Grantor agrees to pay upon demand all of Lender's reasonable costs and expenses, including legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's legal expenses whether or not there is a lawsuit, including legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

14.4 Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

14.5 Notices. To give Grantor any notice required under this Agreement, Lender may hand deliver or mail such notice to Grantor. Lender will deliver or mail any notice to Grantor (or any of them if more than one) at any address which Grantor may have given Lender by written notice as provided in this paragraph. In the event that there is more than one Grantor under this Agreement, notice to a single Grantor shall be considered as notice to all Grantors. To give Lender any notice under this Agreement, Grantor (or any Grantor) shall mail the notice to Lender by registered or certified mail at the address specified in this Agreement, or at any other address that Lender may have given to Grantor (or any Grantor) by written notice as provided in this paragraph. All notices required or permitted under this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. mail, by registered or certified mail to the address specified in this Agreement.

14.6 Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

14.7 Sole Discretion of Leader. Whenever Lender's consent or approval is required under this Agreement, the decision as to whether or not to consent or approve shall be in the sole and exclusive discretion of Lender and Lender's decision shall be final and conclusive.

14.8 Successors and Assigns Bound; Solidary Liability. Grantor's obligations and agreements under this Agreement shall be binding upon Grantor's successors, heirs, legatees, devisees, administrators, executors and assigns. In the event that there is more than one Grantor under this Agreement, all of the agreements and obligations made and/or incurred by Grantors under this Agreement shall be on a "solidary" or "joint and several" basis.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS PLEDGE AGREEMENT, AND GRANTOR AGREES TO ITS TERMS. THIS AGREEMENT IS DATED APRIL 27, 1994.

GRANTOR:

MILLINGTON TELEPHONE COMPANY

BY: /s/ WILLIAM S. HOWARD, SR.

WILLIAM S. HOWARD, SR.
Its President

14/Pledge9.1-9.11

EXHIBIT NO. "F"
GUARANTY

Borrower: MILLTENN, INC.

Lender: CENTURY TELEPHONE ENTERPRISES, INC.

Guarantor: MILLINGTON TELEPHONE COMPANY

1. AMOUNT OF GUARANTY. The principal amount of this Guaranty is Twenty Five Million & 00/100 Dollars (\$25,000,000.00) and the amount of the Indebtedness.

DEFINITIONS. The following terms shall have the following meanings when used in this Agreement:

2.1 Agreement. The word "Agreement" means this Guaranty Agreement as this Agreement may be amended or modified from time to time.

2.2 Borrower. The word "Borrower" means individually, collectively and interchangeably MILLTENN, INC.

2.3 Guarantor. The word "Guarantor" means individually Millington Telephone Company, and all other persons guaranteeing payment and satisfaction of Borrower's indebtedness hereinafter defined.

2.4 Indebtedness. The word "Indebtedness" means individually, collectively, interchangeably and without limitation any and all present and future loans, loan advances, extensions of credit, obligations and/or liabilities that Borrower may now and/or in the future owe to and/or incur in favor of Lender, whether direct or indirect, or by way of assignment or purchase or a participation interest, and whether absolute or contingent, voluntary or involuntary, determined or undetermined, liquidated or unliquidated, due or to become due, secured or unsecured, and whether Borrower may be liable individually, jointly or solidarily with others, whether primarily or secondarily, or as a guarantor or otherwise, and whether now existing or hereafter arising, of every nature and kind whatsoever, all up to a maximum amount outstanding from time to time, at any one or more times, not to exceed U.S. \$25,000,000.00, in principal plus and in addition thereto interest, costs, expenses and attorneys' fees; and all obligations under the Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries between Lender, Borrower and others dated April 27, 1994 (the "Loan Agreement").

2.5 Lender. The word "Lender" means CENTURY TELEPHONE ENTERPRISES, INC., its successors and assigns, and any subsequent holder or holders of Borrower's Indebtedness.

3. GUARANTEE OF BORROWER'S INDEBTEDNESS. Guarantor hereby absolutely and unconditionally agrees to, and by these presents does hereby, guarantee the prompt and punctual payment, performance and satisfaction of any and all of Borrower's present and future Indebtedness in favor of Lender.

4. CONTINUING GUARANTY. THIS IS A CONTINUING GUARANTY AGREEMENT UNDER WHICH GUARANTOR AGREES TO GUARANTEE PAYMENT OF BORROWER'S PRESENT AND FUTURE INDEBTEDNESS IN FAVOR OF LENDER ON A CONTINUING BASIS. Guarantor's obligations and liability under this Agreement

shall be open and continuous in effect. Guarantor intends to and does hereby guarantee at all times the prompt and punctual payment, performance and satisfaction of all of Borrower's present and future Indebtedness in favor of Lender up to the maximum limitations set forth above. Accordingly, any payments made in Borrower's Indebtedness will not discharge or diminish the obligations and liability of Guarantor under this Agreement for any remaining and succeeding Indebtedness of Borrower in favor of Lender.

5. JOINT, SEVERAL AND SOLIDARY LIABILITY. Guarantor's obligations and liability under this Agreement shall be on a "solidary" or "joint and several" basis along with Borrower to the same degree and extent as if Guarantor had been and/or will be a co-borrower, co-principal obligor and/or co-maker of Borrower's Indebtedness. In the event that there is more than one Guarantor under this Agreement, or in the event that there are other guarantors, endorsers or sureties of all or any portion of Borrower's Indebtedness, Guarantor's obligations and liability hereunder shall further be on a "solidary" or "joint and several" basis along with such other guarantors, endorsers and/or sureties.
6. DURATION OF GUARANTY. This Agreement and Guarantor's obligations and liability hereunder shall remain in full force and effect until such time as this Agreement may be canceled or otherwise terminated by Lender under a written cancellation instrument in favor of Guarantor. Lender shall execute such cancellation instrument upon satisfaction of all obligations of Borrower under the Note.
7. CANCELLATION OF AGREEMENT; EFFECT. Unless otherwise indicated under such a written cancellation instrument, Lender's agreement to terminate or otherwise cancel this Agreement shall affect only, and shall be expressly limited to, Guarantor's continuing obligations and liability to guarantee Borrower's Indebtedness incurred, originated and/or extended (without prior commitment) after the

-2-

date of such a written cancellation instrument; with Guarantor remaining fully obligated and liable under this Agreement for any and all of Borrower's Indebtedness incurred, originated, extended, or committed to prior to the date of such a written cancellation instrument. Nothing under this Agreement or under any other agreement or understanding by and between Guarantor and Lender, shall in any way obligate, or be construed to obligate, Lender to agree to the subsequent termination or cancellation of Guarantor's obligations and liability hereunder; it being fully understood and agreed to by Guarantor that Lender has and intends to continue to

rely on Guarantor's assets, income and financial resources in extending credit and other Indebtedness to and in favor of Borrower, and that to release Guarantor from Guarantor's continuing obligations and liabilities under this Agreement would so prejudice Lender that Lender may, within its sole and uncontrolled discretion and judgment, refuse to release Guarantor from any of its continuing obligations and liability under this Agreement for any reason whatsoever as long as any of Borrower's Indebtedness remains unpaid and outstanding.

8. DEFAULT. Should any event of default occur or exist under any of Borrower's Indebtedness in favor of Lender, Guarantor unconditionally and absolutely agrees to pay Lender the then unpaid amount of Borrower's Indebtedness, in principal, interest, costs, expenses, attorneys' fees and other fees and charges, subject to the maximum principal dollar amount limitations set forth above. Such payment or payments shall be made at Lender's offices indicated below, immediately following demand by Lender.

9. GUARANTOR'S WAIVERS. Guarantor hereby waives:

(a) Notice of Lender's acceptance of this Agreement.

(b) Presentment for payment of Borrower's Indebtedness, notice of dishonor and of nonpayment, notice of intention to accelerate, notice of acceleration, protest and notice of protest, collection or institution of any suit or other action by Lender in collection thereof, including any notice of default in payment thereof, or other notice to, or demand for payment thereof, on any party.

(c) Any right to require Lender to notify Guarantor of any nonpayment relating to any collateral directly or indirectly securing Borrower's Indebtedness, or notice of any action or nonaction on the part of Borrower, Lender, or any other guarantor, surety or endorser of Borrower's Indebtedness, or notice of the creation of any new or additional Indebtedness subject to this Agreement.

-3-

(d) Any rights to demand or require collateral security from the Borrower or any other person as provided under applicable Louisiana law or otherwise.

(e) Any right to require Lender to notify Guarantor of the terms, time and place of any public or private sale of any collateral directly or indirectly securing Borrower's Indebtedness.

(f) Any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, or any action in lieu of foreclosure.

(g) Any election of remedies by Lender that may destroy or impair Guarantor's subrogation rights or Guarantor's right to proceed for reimbursement against Borrower or any other guarantor, surety or endorser of Borrower's Indebtedness, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging Borrower's Indebtedness.

(h) Any disability or other defense of Borrower, or any other guarantor, surety or endorser, or any other person, or by reason of the cessation from any cause of whatsoever, other than payment in full of Borrower's Indebtedness.

(i) Any statute of limitations or prescriptive period, if at the time an action or suit brought by Lender against Guarantor is commenced, there is any outstanding Indebtedness of Borrower to Lender which is barred by any applicable statute of limitations or prescriptive period.

Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences, and that, under the circumstances, such waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.

10. GUARANTOR'S SUBORDINATION OF RIGHTS. In the event that guarantor should for any reason (a) advance or lend monies to Borrower, whether or not such funds are used by Borrower to make payment(s) under Borrower's Indebtedness, and/or (b) make any payment(s) to Lender or others for and on behalf of Borrower under Borrower's Indebtedness, and/or (c) make any payment to Lender in total or partial satisfaction of Guarantor's obligations and liabilities

-4-

under this Agreement, and/or (d) if any of Guarantor's property is used to pay or satisfy any of Borrower's Indebtedness, Guarantor hereby agrees that any and all rights that Guarantor may have or acquire to collect from or to be reimbursed by Borrower (or from or by any other guarantor, endorser or surety of Borrower's Indebtedness), whether Guarantor's rights of collection or reimbursement arise by way of subrogation to the rights of Lender or

otherwise, shall in all respects, whether or not borrower is presently or subsequently becomes insolvent, be subordinate, inferior and junior to the rights of Lender to collect and enforce payment, performance and satisfaction of Borrower's then remaining Indebtedness, until such time as Borrower's Indebtedness is fully paid and satisfied. In the event of Borrower's insolvency or consequent liquidation of Borrower's assets, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to Borrower's then remaining Indebtedness. Guarantor hereby assigns to Lender all claims which it may have or acquire against Borrower or any assignee or trustee of Borrower in bankruptcy; provided that, such assignment shall be effective only for the purpose of assuring to Lender full payment of Borrower's Indebtedness guaranteed under this Agreement.

If now or hereafter (a) Borrower shall be or become insolvent, and (b) Borrower's Indebtedness shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever waives and relinquishes in favor of Lender and Borrower, and their respective successors, any claim or right to payment Guarantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Guarantor be or become a "creditor" of Borrower within the meaning of 11 U.S.C. section 547(b), or any successor provision of the federal bankruptcy laws.

11. GUARANTOR'S RECEIPT OF PAYMENTS. Guarantor further agrees to refrain from attempting to collect and/or enforce any of Guarantor's collection and/or reimbursement rights against Borrower (or against any other guarantor, surety or endorser of Borrower's Indebtedness), arising by way of subrogation or otherwise, until such time as all of Borrower's then remaining Indebtedness in favor of Lender is fully paid and satisfied, or under the "insider" circumstances described above, until the thirteen (130 month) anniversary date following the full and final payment and satisfaction of Borrower's Indebtedness. In the event that Guarantor should for any reason whatsoever receive any payment(s) from Borrower (or any other guarantor, surety or endorser of Borrower's Indebtedness) that Borrower (or such a third party) may owe to Guarantor for any of the reasons stated

-5-

above, Guarantor agrees to accept such payment(s) in trust for and on behalf of Lender, advising Borrower (or the third party payee) of such fact. Guarantor further unconditionally agrees to immediately deliver such funds to Lender, with such funds being held

by Guarantor over any interim period, in trust for Lender. In the event that Guarantor should for any reason whatsoever receive any such funds from Borrower (or any third party), and Guarantor should deposit such funds in one or more of Guarantor's deposit accounts, no matter where located, Lender shall have the right to attach any and all of Guarantor's deposit accounts in which such funds were deposited, whether or not such funds were commingled with other monies of Guarantor, and whether or not such fund then remain on deposit in such an account or accounts. To this end and to secure Guarantor's obligations under this Agreement, Guarantor collaterally assigns and pledges to Lender, and grants to Lender a continuing security interest in, any and all of Guarantor's present and future rights, title and interest to and to all monies that Guarantor may now and/or in the future maintain on deposit with banks, savings and loan associations and other entities (other than tax deferred accounts with Lender), in which Guarantor may at any time deposit any such funds that may be received from Borrower (or any other guarantor, endorser or surety of Borrower's Indebtedness) in favor of Lender.

12. ADDITIONAL COVENANTS. Guarantor agrees that Lender may, at its sole option, at any time, and from time to time, without the consent of or notice to Guarantor, or any of them, or to any other party, and without incurring any responsibility to Guarantor or to any other party, and without impairing or releasing any of Guarantor's obligations or liabilities under this Agreement:

(a) Make additional secured and/or unsecured loans to Borrower.

(b) Discharge, release or agree not to sue any party (including, but not limited to, Borrower or any other guarantor, surety, or endorser of Borrower's Indebtedness), who is or may be liable to lender for any of Borrower's Indebtedness.

(c) Sell, exchange, release, surrender, realize upon, or otherwise deal with, in any manner and in any order, any collateral directly or indirectly securing repayment of any of Borrower's Indebtedness.

(d) Alter, renew, extend, accelerate, or otherwise change the manner, place, terms and/or times of payment or other terms of Borrower's Indebtedness, or any part thereof, including any increase or decrease in the rate or rates of interest on any of Borrower's Indebtedness.

-6-

(e) Settle or compromise any of Borrower's Indebtedness.

(f) Subordinate and/or agree to subordinate the payment of all or any part of Borrower's Indebtedness, or Lender's security rights in any collateral directly or indirectly securing any such Indebtedness, to the payment and/or security rights of any other present and/or future creditors of Borrower.

(g) Apply any payments and/or proceeds to any of Borrower's Indebtedness in such priority or with such preferences as Lender may determine in its sole discretion, regardless of which of Borrower's Indebtedness then remains unpaid.

(h) Take or accept any other collateral security or guaranty for any or all of Borrower's Indebtedness.

(i) Enter into, deliver, modify, amend, or waive compliance with, any instrument or arrangement evidencing, securing or otherwise affecting, all or any part of Borrower's Indebtedness.

13. NO IMPAIRMENT OF GUARANTOR'S OBLIGATIONS. No course of dealing between Lender and Borrower (or any other guarantor, surety or endorser of Borrower's Indebtedness), nor any failure or delay on the part of Lender to exercise any of Lender's rights and remedies under this Agreement or any other agreement or agreements by and between Lender and Borrower (or any other guarantor, surety or endorser), shall have the effect of impairing or releasing Guarantor's obligations and liabilities to Lender, or of waiving any of Lender's rights and remedies under this Agreement or otherwise. Any partial exercise of any rights and remedies granted to Lender shall furthermore not constitute a waiver of any of Lender's other rights and remedies; it being Guarantor's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Guarantor further agrees that, should Borrower default under any of its Indebtedness, any waiver or forbearance on the part of Lender to pursue Lender's available rights and remedies shall be binding upon Lender only to the extent that Lender specifically agrees to such waiver or forbearance in writing. A waiver or forbearance on the part of Lender as to one event of default shall not constitute a waiver or forbearance as to any other default.

14. NO RELEASE OF GUARANTOR. Guarantor's obligations and liabilities under this Agreement shall not be released, impaired, reduced, or otherwise affected by, and shall continue in full force and effect notwithstanding the occurrence of any event, including without limitation any one or more of the following events:

(a) The death, insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution, or lack of authority (whether corporate, partnership or trust) of Borrower (or any person acting on Borrower's behalf), or of any other guarantor, surety or endorser of Borrower's Indebtedness.

(b) Any payment by Borrower, or any other party, to Lender that is held to constitute a preferential transfer or a fraudulent conveyance under any applicable law, or any such amounts or payment which, for any reason, Lender is required to refund or repay to Borrower or to any other person.

(c) Any dissolution by Borrower, or any sale, lease or transfer of all or any part of Borrower's assets.

(d) Any failure of Lender to notify Guarantor of the making of additional loans or other extensions of credit in reliance on this Agreement.

15. AUTOMATIC REINSTATEMENT. This Agreement and Guarantor's obligations and liabilities hereunder shall continue to be effective, and/or shall automatically and retroactively be reinstated, if a release or discharge has occurred, or if at any time, any payment or part thereof to Lender with respect to any of Borrower's Indebtedness, is rescinded or must otherwise be restored by Lender pursuant to any insolvency, bankruptcy, reorganization, receivership, or any other debt relief granted to Borrower or to any other party to Borrower's Indebtedness or any such security therefor. In the event that Lender must rescind or restore any payment received in total or partial satisfaction of Borrower's Indebtedness, any prior release or discharge from the terms of this Agreement given to Guarantor shall be without effect, and this Agreement and Guarantor's obligations and liabilities hereunder shall automatically and retroactively renewed and/or reinstated and shall remain in full force and effect to the same degree and extent as if such a release or discharge had never been granted. It is the intention of Lender and Guarantor that Guarantor's obligations and liabilities hereunder shall not be discharged except by Guarantor's full and complete performance and satisfaction of such obligations and liabilities; and then only to the extent of such performance.

16. REPRESENTATIONS AND WARRANTIES BY GUARANTOR. Guarantor represents and warrants that:

(a) Guarantor has the lawful power to own its properties and to engage in its business as presently conducted.

(b) Guarantor's guaranty of Borrower's Indebtedness and Guarantor's execution, delivery and performance of this Agreement are not in violation of any laws and will not result in a default under any contract, agreement, or instrument to which Guarantor is a party, or by which Guarantor or its property may be bound.

(c) Guarantor has agreed and consented to execute this Agreement and to guarantee Borrower's Indebtedness in favor of Lender, at Borrower's request and not at the request of Lender.

(d) Guarantor will receive and/or has received a direct or indirect material benefit from the transactions contemplated herein and/or arising out of Borrower's Indebtedness.

(e) This Agreement, when executed and delivered to Lender, will constitute a valid, legal and binding obligation of Guarantor, enforceable in accordance with its terms.

(f) Guarantor has established adequate means of obtaining information from Borrower on a continuing basis regarding Borrower's financial condition.

(g) Lender has made no representations to Guarantor as to the creditworthiness of Borrower.

17. ADDITIONAL OBLIGATIONS OF GUARANTOR. So long as this Agreement remains in effect, Guarantor has not and will not, without Lender's prior written consent, sell, lease, assign, pledge, hypothecate, encumber, transfer, or otherwise dispose of all or substantially all of Guarantor's assets. Guarantor agrees to keep Lender adequately informed of any facts, events or circumstances which might in any way affect Guarantor's risks under this Agreement. Guarantor further agrees that Lender shall have no obligation to communicate to Guarantor any information or material relating to Borrower or Borrower's Indebtedness.

18. ADDITIONAL DOCUMENTS; FINANCIAL STATEMENTS. Upon the reasonable request of Lender, Guarantor will, at any time, and from time to time, execute and deliver to lender any and all such financial instruments and documents, and supply such additional information, as may be necessary or advisable in the opinion of Lender to obtain the full benefits of this Agreement. Guarantor further agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

19. TRANSFER OF INDEBTEDNESS. This Agreement is for the benefit of Lender and for such other person or persons as may from time to time become or be the holders of all or any part of Borrower's Indebtedness. This Agreement shall be transferable and negotiable with the same force and effect and to the same extent as Borrower's Indebtedness may be transferable; it being understood and agreed to by Guarantor that, upon any transfer or assignment of all or any part of Borrower's Indebtedness, the holder of such Indebtedness shall have all of the rights and remedies granted to Lender under this Agreement. Guarantor further agrees that, upon any transfer of all or any portion of Borrower's Indebtedness, Lender may transfer and deliver any and all collateral securing repayment of such Indebtedness (including, but not limited to, any collateral provided by Guarantor) to the transferee of such Indebtedness, and such collateral shall secure any and all of Borrower's Indebtedness in favor of such a transferee. Guarantor additionally agrees that, after any such transfer or assignment has taken place, Lender shall be fully discharged from any and all liability and responsibility to Borrower and Guarantor with respect to such collateral, and the transferee thereafter shall be vested with all the powers and rights with respect to such collateral.
20. CONSENT TO PARTICIPATION. Guarantor recognizes and agrees that Lender may, from time to time, one or more times, transfer all or any part of Borrower's Indebtedness through sales of participation interests in such Indebtedness to one or more third party lenders. Guarantor specifically agrees and consents to all such transfers and assignments, and Guarantor further waives any subsequent notice of such transfers and assignments as may be provided under Louisiana law. Guarantor additionally agrees that the purchaser of a participation interest in Borrower's Indebtedness will be considered as the absolute owner of a percentage interest of such Indebtedness and that such a purchaser will have all of the rights granted under any participation agreement governing the sale of such a participation interest. Guarantor waives any rights of offset that Guarantor may have against Lender and/or any purchaser of such a participation interest, and Guarantor unconditionally agrees that either Lender or such a purchaser may enforce Guarantor's obligations and liabilities under this Agreement, irrespective of the failure or insolvency of Lender or any such purchaser.
21. NOTICES. Any notice provided in this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. mail, postage prepaid, addressed to the person to whom the notice is to be given at the address shown above or at such other addresses as any party may designate to the other in writing. If there is more than one Guarantor under this

Agreement, notice to any Guarantor shall constitute notice to all Guarantors.

-10-

22. ADDITIONAL GUARANTIES. Guarantor recognizes and agrees that Guarantor may have previously granted, and may in the future grant, one or more additional guaranties of Borrower's Indebtedness in favor of Lender. Should this occur, the execution of this Agreement and any additional guaranties on the part of Guarantor will not be construed as a cancellation of this Agreement or any of Guarantor's additional guaranties; it being Guarantor's full intent and agreement that all such guaranties of Borrower's Indebtedness in favor of Lender shall remain in full force and effect and shall be cumulative in nature and effect.
23. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:
- 23.1 Amendment. No amendment, modification, consent or waiver of any provision of this Agreement, and no consent to any departure by Guarantor therefrom, shall be effective unless the same shall be in writing signed by a duly authorized officer of Lender, and then shall be effective only as to the specific instance and for the specific purpose for which given.
- 23.2 Caption Headings. Caption headings of the sections of this Agreement are for convenience purposes only and are not to be used to interpret or the define their provisions. In this Agreement, whenever the context so requires, the singular includes the plural and the plural also includes the singular.
- 23.3 Governing Law. This Agreement shall be governed and construed in accordance with the substantive laws of the State of Louisiana.
- 23.4 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforceable as if the illegal, invalid or unenforceable provision had never comprised a part of it, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms

to such illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

-11-

23 .5 Successors and Assigns Bound. Guarantor's obligations and liabilities under this Agreement shall be binding upon Guarantor's successors, heirs, legatees, devisees, administrators, executors and assigns.

23.6 This Guaranty is executed pursuant to the provisions of Article III of the Loan Agreement and shall be subject to the terms thereof.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED APRIL 27, 1994.

GUARANTORS:

MILLINGTON TELEPHONE COMPANY

BY: /s/ WILLIAM S. HOWARD, SR.

WILLIAM S. HOWARD, SR.
Its President

-12-

C/GUAR4.1-4.12

Exhibit "G"
GLANKLER BROWN
ATTORNEYS AT LAW
ONE COMMERCE SQUARE
SEVENTEENTH FLOOR
MEMPHIS, TENNESSEE 38103
(901) 525-1322

April 27, 1994

Century Telephone Enterprises, Inc.
100 Century Park Drive
Monroe, LA 71203

Re: Century Telephone Enterprises, Inc., a Louisiana Corporation ("Lender") \$25,000,000 loan to MillTenn, Inc., a Tennessee Corporation ("Borrower")

Gentlemen:

We have acted as special counsel in the State of Tennessee (the "State") to Borrower, in connection with the execution and delivery of the \$25,000,000.00 Loan Agreement and Grant of Rights of First Refusal to Acquire Assets and/or Capital Stock of MillTenn, Inc. and its Subsidiaries dated April 27, 1994 (the "Agreement"), among William S. Howard, Sr., Ann A. Howard, Holly Lee Starnes, William S. Howard, Jr., Laura Lynne Howard, and Charlotte Ann Howard Thompson (such individuals are collectively referred to as the "Shareholders"), Borrower, millington Telephone Company, a Tennessee corporation ("MTC"), Big Creek Financial, Inc., a Tennessee corporation ("BCFI"), Mill-Comm Associates, Inc., a Tennessee corporation ("MAI"), (each of Borrower, MTC, BCFI and MAI hereinafter referred to individually as "Company" and in the aggregate as "Companies"), and Lender.

This opinion is delivered to you pursuant to Section 4.01(g) of the Agreement and upon the express instructions of the Borrower and the Guarantors. Unless otherwise defined herein, capitalized terms have the meanings given to such terms in the Agreement. In connection with this opinion, we have examined the following:

1. Agreement, dated April 27, 1994;
2. Promissory Note, dated April 27, 1994, in the original principal amount of \$25,000,000.00 executed by the Borrower in favor of the Lender (the "Note");
3. Guaranty, dated April 27, 1994, executed by William S. Howard and Ann A. Howard (the "Guaranty");

Century Telephone Enterprises, Inc.
April 27, 1994
Page 2

4. Pledge Agreement, dated April 27, 1994, executed by Shareholders for the benefit of the Lender (the "Shareholder's Pledge Agreement"), granting a security interest in the stock of Borrower, as more particularly described in the Shareholder's Pledge Agreement;
5. Pledge Agreement, dated April 27, 1994, executed by the Borrower for the benefit of the Lender (the "Borrower's Pledge Agreement"), granting a security interest in the stock of MTC, as more particularly described in the Borrower's Pledge Agreement;
6. Certified copy of the Charter of Borrower, a Certificate of Existence with respect to the Borrower issued by the Tennessee Secretary of State on April 25, 1994, and attached hereto as Exhibit "A" ("BCE") and the Borrower's Bylaws (collectively the "Borrower's Organizational Documents");
7. Certified copy of the Charter of MTC, a Certificate of Existence with respect to MTC issued by the Tennessee Secretary of State on April 14, 1994, and attached hereto as Exhibit "B" ("MTCCE") and MTC's Bylaws (collectively the "MTC Organizational Documents");
8. Certified copy of the Charter of BCFI, a Certificate of Existence with respect to BCFI issued by the Tennessee Secretary of State on April 14, 1994, and attached hereto as Exhibit "C" ("BCFICE") and BCFI's Bylaws (collectively the "BCFI Organizational Documents");
9. Certified copy of the Charter of MAI, a Certificate of Existence with respect to MAI issued by the Tennessee Secretary of State on April 14, 1994, and attached hereto as Exhibit "D" ("MAICE") and MAI's Bylaws (collectively the "MAI Organizational Documents") (the BCE, MTCCE, BCFICE and MAICE, being collectively referred to as the "Certificates of Existence");
10. Certificate of Secretary of Borrower, Certificate of Assistant Secretary of MTC, Certificate of Assistant Secretary of BCFI, and Certificate of Assistant Secretary of MAI (collective the "Certificates of Secretaries"); and
11. Borrower's Certificate to Glankler Brown attached to this opinion as Exhibit "E" the "Borrower's Certificate".

The documents listed in 1 through 5 above are referred to collectively as the "Loan Documents". The documents listed in 1

through 11 are referred to collectively as the "Documents".

Century Telephone Enterprises, Inc.

April 27, 1994

Page 3

In basing the opinion set forth herein on, "to our knowledge". the words "to our knowledge" or Similar language signify that, in the courses of our representation of the Borrower, no facts have come to our attention that would give us actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the Documents are not accurate or complete. Except as otherwise Specifically stated in this opinion, we have undertaken no investigation or verification of such matters. Further, the words "to our knowledge" or similar language as used in this opinion are intended to be limited to the actual knowledge, without independent verification, of Michael A. Robinson, J. N. Raines, Susan P. Harshbarger and Paul J. Posey, Jr., the attorneys within our firm who have been directly involved in representing the Borrower in connection with the Agreement.

Further, as we have advised you, we have not acted as counsel to any of the Companies with respect to regulatory matters, and accordingly do not express any opinion with respect to any such matters.

In reaching the opinion set forth below, we have assumed with your consent, and to our knowledge there are no facts inconsistent with, the following: (a) each of the parties to the Loan Documents, other than the Companies and Shareholders, has duly and validly executed and delivered such instrument, document, and agreement to be executed in connection with the Agreement to which such party is a signatory, and such party's obligations set forth in the Loan Documents are its legal, valid and binding obligations, enforceable in accordance with their respective terms; (b) each person, other than the Companies and Shareholders, executing any of the Loan Documents, whether individually or on behalf of an entity, is duly authorized to do so; (c) each natural person executing any of the Loan Documents is legally competent to do so; (d) all signatures on Documents, other than those of the Companies and Shareholders on the Loan Documents, are genuine (as used herein, the term "genuine" will include signatures executed pursuant to validly existing power of attorney); (e) all Documents submitted to us as originals are authentic; (f) all Documents submitted to us as certified or photocopies conform to the original Documents; and (g) the terms and conditions of the Agreement as reflected in the Loan Documents have not been amended, modified or supplemented by any other agreement or understanding of the parties or waiver of any of

the material provisions of the Loan Documents.

We are qualified to practice law in the State and our opinion is restricted to the laws of the State. We have assumed that as the substantive laws of the State of Louisiana which may be applicable to any matters opened by us herein, are identical to the substantive laws of the State.

Century Telephone Enterprises, Inc.

April 27, 1994

Page 4

Based upon the foregoing, and subject to the assumptions and qualifications set forth herein we are of the opinion that:

1. Each of the Companies is a corporation duly organized, validly existing, under the laws of the State. In rendering the foregoing opinion, except with respect to Borrower, we have relied with your permission solely upon the Certificates of Existence. Each Company possesses all requisite corporate authority to execute, deliver and comply with the terms of the Loan Papers, all of which have been fully authorized and approved by all necessary corporate action and have been executed by the officer of the Company so authorized by such corporate action. In rendering this opinion, we have relied, with your consent, on the Certificate and the Certificates of Secretaries.
2. Each Company is not, nor will the execution, delivery, or performance of the Loan Documents cause any Company to be in violation of its Organizational Documents.
3. We have no knowledge of any Material Litigation, or outstanding or unpaid Material Judgments against the Companies, or the Shareholders except as is described on Exhibit 'IF'.
4. The Borrower is not (a) a "holding company", a "subsidiary company" of a "holding company", an "affiliate" of a "holding company,, or of a "subsidiary company", of a "holding company", or a "public utility" as those terms are defined in the Public Utility Holding Company Act of 1935, as amended, (b) an "investment company" or "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or (c) an "investment advisor" within the meaning of the Investment Advisor Act of 1940, as amended. In rendering the foregoing opinions, we have relied with your consent on the Certificate.
5. To the extent governed by the laws of the State, each of the Loan Documents constitutes a valid and binding obligation of each of the Companies and Shareholders which executed it, enforceable against such parties in accordance with its terms, except as enforceability may be limited by (a) applicable

bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, or other similar laws affecting creditor's rights generally, (b) the exercise of judicial discretion in accordance with general principle of equity (whether enforcement is sought by proceedings in equity or at law). The Shareholder's Pledge Agreement, when accompanied by delivery of the stock certificates together with validly executed stock powers described therein constitutes a valid and enforceable first ranking security interest in favor of Lender, and the Borrower's Pledge Agreement when accompanied by the delivery of the stock certificates together with validly executed stock powers described therein constitutes a valid

Century Telephone Enterprises, Inc.

April 27, 1994

Page 5

and enforceable first ranking security interest in favor of Lender, subject to the Prior Rights. In rendering the opinion in the preceding sentence we have relied with your consent on the Certificate.

6. The Borrower owns, beneficially and of record, all of the issued and outstanding capital shares of MTC; MTC owns all of the issued and outstanding capital shares of BCFI and MAI, and the Shareholders own all of the issued and outstanding capital shares of Borrower; such shares are validly issued, fully paid, and nonassessable; and the shares of the Borrower are free and clear of all liens except the security interest granted in favor of Lender. In rendering the foregoing opinion, we have relied with your permission solely upon copies of (i) Certificate, (ii) excerpts of the minutes of the first meeting of the shareholders of the Borrower (iii) the list of subscribers of the Borrower (iv) the resolutions of the board of directors of the Borrower dated April 27, 1994, (v) stock certificate no. 001 for 8,565 shares of Borrower issued to William S. Howard, Sr., (vi) Stock Certificate No. 002 for 239 shares of Borrower issued to Ann A. Howard, (vii) Stock Certificate No. 006 for 299 shares of Borrower issued to Holly Lee Starnes, (viii) Stock Certificate No. 004 for 299 shares of Borrower issued to William S. Howard, Jr., (ix) Stock Certificate No. 005 for 299 shares of Borrower issued to Laura Lynne Howard, (x) Stock Certificate No. 003 for 299 shares of Borrower issued to Charlotte Ann Howard Thompson; (xi) stock powers of shareholders transferring the shares of MTC to Borrower; (xii) Stock Certificate No. 1 for 100 shares of BCFI issued to MTC; and (xiii) Stock Certificate No. 1 for 1,000 shares of MAI issued to MTC.
7. It is our opinion that the following discussion of statutory and case law correctly summarizes current Tennessee law governing choice of law in the enforcement of contracts generally,

as well as choice of law relating to usury, interest and other loan related charges. Tennessee Code Annotated Section 47-1-105 provides as follows: "when a transaction bears a reasonable relation to this state and also to another state . . . the parties may agree that the laws either of this state or such other state shall govern their rights and duties." T.C.A. S47-1-105.

With respect to choice of law relative to usury, interest rates and other loan related charges, Tennessee Code Annotated Section 47-14-119 provides as follows:

In any transaction otherwise subject to this chapter which is not subject to the disclosure requirements of the Federal Consumer Credit Protection Act, where the transaction bears a reasonable relationship to this state and also to another state or nation, the parties may agree in the written contract evidencing such transaction

Century Telephone Enterprises, Inc.

April 27, 1994

Page 6

that the laws of this state or of any other such state or nation shall govern their rights and duties with respect to interest, loan charges, commitment fees, and brokerage commissions.

Although T.C.A. S47-14-119 does not appear to have been thoroughly interpreted in any published cases since its enactment, it represents a codification of much of the prior case law in Tennessee, and a review of several earlier cases is helpful in evaluating current Tennessee law. In *In Re Leeds Homes, Inc.*, 222 F. Supp. 20 (E.D. Tenn- 1963), the court construed the Tennessee rules governing conflicts of laws and held that Tennessee interest and usury laws would not apply. The transaction in Leeds involved a business loan to a Tennessee corporation by an Illinois lender, with the collateral located in Tennessee and the loan instruments expressly made subject to Illinois law. In determining that Illinois rather than Tennessee interest and usury laws would apply, the court examined several factors including the following: (i) the loan transaction was in good faith consummated in Illinois; (ii) the obligations were repayable in Illinois; and (iii) the parties expressed their intent that the laws of Illinois would govern the interest to be charged. In *Goodwin Brothers Leasing, Inc. v. H&B, Inc.*, *Supra*, 597 S.W.2d 303 (Tenn. 1980), the Tennessee Supreme Court affirmed the Tennessee rule that parties are ordinarily free to contract concerning the laws which will govern their relationship, and upheld the application of the laws of another jurisdiction. This case enunciated the principle in Tennessee, applicable in interest and usury cases, that the law which will lend the greatest validity to the transaction will be

applied if it is otherwise logically relevant. Some factors that the Tennessee court examined in determining choice of interest and usury laws included (i) the place of performance under the contract; (ii) the location of the principal offices of the parties; (iii) knowledge by the parties of the applicable jurisdictional usury laws- (iv) the sophistication of the parties; (v) the absence or existence of fraud, chicanery or misleading by either party; and (vi) whether the law chosen to govern had a reasonable relation and was relevant to the transaction. Tennessee Code Annotated Section 47-14-119 was not in force at the time of the transaction under consideration in the Goodwin Brothers case, but it had been enacted when the Tennessee Supreme Court issued its decision. The Goodwin Brothers decision referred to the adoption of this Section and indicated that this Section evidenced the public policy of the State consistent with prior case law of the Tennessee courts.

Based upon the choice of law rules of the State, it is our opinion that the Loan Documents to which the Borrower is a party shall be governed by and construed in accordance with the laws of the State of Louisiana. For the purpose of rendering this opinion, we have assumed with your permission that (a) payments are to be

Century Telephone Enterprises, Inc.

April 27, 1994

Page 7

made in Louisiana, (b) the Lender on the date of the opinion is located in Louisiana, (c) the Loan Documents will be executed in Louisiana, and (d) the parties to the Loan Documents intend to be governed by the laws of the State of Louisiana.

In addition to the assumptions set forth above, the opinions set forth above are also subject to the following qualifications:

(i) The opinions expressed herein are given as of the date hereof. We assume no obligation to update or supplement such opinions to reflect any fact or circumstance that maybe hereafter come to our attention or any change in law that may hereafter become effective. This opinion is limited to matters expressly set forth herein and no opinion is to be implied or may be inferred beyond the matters expressly stated herein. Except as expressly set forth herein, we express no opinion concerning or with regard to the accuracy of any facts contained in the Loan Documents or any documents referred to or incorporated therein, or as to any matters relating to the business affairs or condition of the Companies.

(ii) We express no opinion as to the validity or enforceability of any provision of the Loan Documents which permits the Lender, in the event of delinquency or default, to increase the rate of interest or to collect a late charge or a prepayment

penalty.

(iii) In the event of conflicts between the Loan Documents, we express no opinion as to which provision shall prevail.

(iv) We express no opinion as to the obligation of any endorser, guarantor or other responsible party (other than Borrower) to pay the outstanding principal balance of the Note and observe the covenants under the Loan Documents in the event that the time for payment under the Note is extended, a party is released from liability under the Note, the principal balance under the Loan Documents reduced to zero, the Note is renewed, the terms of payment under the Note are modified, any security under the Note is released or the terms of the Note and security therefor are made subject to a subordination agreement without the prior consent of such endorser, guarantor or other responsible party (other than Borrower) to such modifications, amendments, releases or subordinations.

(v) We express no opinion as to the validity or enforceability of waivers or advance consents that have the effect of waiving statutes of limitations, marshaling of assets or similar requirements or defenses, or as to the jurisdiction of courts, the venue of actions, the right to jury trial, disabilities, election of remedies, or in certain cases, notices.

Century Telephone Enterprises, Inc.
April 27, 1994
Page 8

(vi) We express no opinion as to the validity or enforceability of any provisions in any of the Loan Documents to the extent that such provisions purport to waive any requirements of diligent performance or other care on the part of Lender with respect to the recognition or preservation of the rights of Borrower to or interest in any property subject to the lien or security interest granted by the Loan Documents.

(vii) We express no opinion with respect to the enforceability of the severability provisions contained in the Loan Documents to the extent that any provision affected by the severability provision is material to the essence of the agreements set forth in the Loan Documents.

(viii) We express no opinion as to the validity or enforceability of any remedies which any of the Loan Documents purport to grant Lender with respect to Lender's seizure or disposition of personal property to the extent that such actions are not carried out in a commercially reasonable manner. No

opinion is expressed as to the enforceability of any provision of the Loan Documents which purports to define acts which will constitute a commercially reasonable disposition of pledged collateral.

(ix) We express no opinion as to the effect of course of dealings, course of performance or the like, in modifying the terms of any of the Loan Documents or the respective obligations of the parties to the Loan Documents.

(x) We express no opinion as to the validity or enforceability of any right of the Lender to recover its expenses and/or attorneys' fees to the extent that such expenses and/or attorneys' fees are not reasonable and customary for the total services provided.

(xi) We express no opinion as to the validity or enforceability of any indemnity provision regarding indemnities to the extent that the same conflicts with CERCLA or any comparable provision of the law of the State.

(xii) We express no opinion with respect to the relative priority of the liens or security interests created by any of the Loan Documents with respect to MAI stock or BCFI stock as same may be affected by the Borrower's agreement with REA and National Bank for Cooperatives (COBANK).

(xiii) We express no opinion with respect to any provisions permitting the exercise by Lender under certain circumstances, of rights without notice and/or without providing opportunity to cure.

Century Telephone Enterprises, Inc.
April 27, 1994
Page 9

This opinion is furnished solely in connection with the transactions referred to in the Agreement and may not, without our permission, be circulated to any Person, except Lender or Boles, Boles & Ryan, and may not be relied upon by any other person.

Very truly yours,

GLANKLER BROWN

By:/s/ Michael A. Robinson

Michael A. Robinson
Partner

EXHIBIT A

SECRETARY OF STATE
CORPORATIONS SECTION

ISSUANCE DATE: 04/25/1994
REQUEST NUMBER: 94115026
TELEPHONE CONTACT: (615) 741-6488

JAMES K. POLK BUILDING, SUITE 1800
STATUS: ACTIVE
NASHVILLE, TENNESSEE 37243-0306

CHARTER/QUALIFICATION DATE: 04/04/1994
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0277615
JURISDICTION: TENNESSEE

TO:
DELPHI COMMUNICATIONS INC.
500 CHURCH STREET
NASHVILLE, TN 37219

REQUESTED BY:
DELPHI COMMUNICATIONS INC.
500 CHURCH STREET
NASHVILLE, TN 37219

CERTIFICATE OF EXISTENCE

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY
CERTIFY THAT

"MILLTENN, INC."

IS A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF
INCORPORATION AND DURATION AS GIVEN ABOVE;
THAT ALL FEES, TAXES, AND PENALTIES OWED THIS STATE WHICH AFFECT THE
EXISTENCE OF THE CORPORATION HAVE BEEN PAID;
THAT ARTICLES OF TERMINATION OF CORPORATE EXISTENCE HAVE NOT BEEN FILED

FOR: REQUEST FOR CERTIFICATE

ON DATE: 04/25/94

FROM:
DELPHI COMMUNICATIONS INC
500 CHURCH STREET
ST. CLOUD CORNER
NASHVILLE, TN 37219-0000

RECEIVED: FEE TAX
 \$40.00 \$40.00
TOTAL PAYMENT: \$80.00
RECEIPT NUMBER: 00001650334
ACCOUNT NUMBER: 00005824

/s/ RILEY C. DARNELL

RILEY C. DARNELL
SECRETARY OF STATE

EXHIBIT "B"

SECRETARY OF STATE
CORPORATIONS SECTION

ISSUANCE DATE: 04/14/1994
REQUEST NUMBER: 94104057
TELEPHONE CONTACT: (615) 741-6488

JAMES K. POLK BUILDING, SUITE 1800
NASHVILLE, TENNESSEE 37243-0306

CHARTER/QUALIFICATION DATE: 05/17/1994
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0021179
JURISDICTION: TENNESSEE

TO:
DELPHI COMMUNICATIONS INC.
500 CHURCH ST.
NASHVILLE, TN 37219

REQUESTED BY:
DELPHI COMMUNICATIONS INC.
500 CHURCH ST.
NASHVILLE, TN 37219

CERTIFICATE OF EXISTENCE

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"MILLINGTON TELEPHONE COMPANY, INC."

IS A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF INCORPORATION AND DURATION AS GIVEN ABOVE;
THAT ALL FEES, TAXES, AND PENALTIES OWED THIS STATE WHICH AFFECT THE EXISTENCE OF THE CORPORATION HAVE BEEN PAID;
THAT THE MOST RECENT CORPORATION ANNUAL REPORT REQUIRED HAS BEEN FILED WITH THIS OFFICE; AND THAT ARTICLES OF TERMINATION OF CORPORATE EXISTENCE HAVE NOT BEEN FILED

FOR: REQUEST FOR CERTIFICATE

ON DATE: 04/14/94

FROM:
DELPHI COMMUNICATIONS, INC
500 CHURCH STREET
ST. CLOUD CORNER
NASHVILLE, TN 37219-0000

RECEIVED: FEE \$60.00 TAX \$60.00
TOTAL PAYMENT: \$120.00
RECEIPT NUMBER: 00001646954
ACCOUNT NUMBER: 00005824

/s/ RILEY C. DARNELL

RILEY C. DARNELL
SECRETARY OF STATE

EXHIBIT "C"

SECRETARY OF STATE
CORPORATIONS SECTION

ISSUANCE DATE: 04/14/1994
REQUEST NUMBER: 94104057
TELEPHONE CONTACT: (615) 741-6488

JAMES K. POLK BUILDING, SUITE 1800
NASHVILLE, TENNESSEE 37243-0306

CHARTER/QUALIFICATION DATE: 05/23/1994
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0228949
JURISDICTION: TENNESSEE

TO:
DELPHI COMMUNICATIONS, INC.
500 CHURCH ST.
NASHVILLE, TN 37219

REQUESTED BY:
DELPHI COMMUNICATIONS, INC.
500 CHURCH ST.
NASHVILLE, TN 37219

CERTIFICATE OF EXISTENCE

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"BIG CREEK FINANCIAL, INC."

IS A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF INCORPORATION AND DURATION AS GIVEN ABOVE;
THAT ALL FEES, TAXES, AND PENALTIES OWED THIS STATE WHICH AFFECT THE EXISTENCE OF THE CORPORATION HAVE BEEN PAID;
THAT THE MOST RECENT CORPORATION ANNUAL REPORT REQUIRED HAS BEEN FILED WITH THIS OFFICE; AND THAT ARTICLES OF TERMINATION OF CORPORATE EXISTENCE HAVE NOT BEEN FILED

FOR: REQUEST FOR CERTIFICATE

ON DATE: 04/14/94
FEE TAX

RECEIVED: \$60.00 \$60.00

FROM:
DELPHI COMMUNICATIONS INC
500 CHURCH STREET
ST. CLOUD CORNER
NASHVILLE, TN 37219-0000

TOTAL PAYMENT: \$120.00

RECEIPT NUMBER: 00001646954

ACCOUNT NUMBER: 00005824

/s/ RILEY C. DARNELL

RILEY C. DARNELL
SECRETARY OF STATE

EXHIBIT "D"

SECRETARY OF STATE

ISSUANCE DATE: 04/14/1994

CORPORATIONS SECTION

REQUEST NUMBER: 94104057
TELEPHONE CONTACT: (615) 741-6488

JAMES K. POLK BUILDING, SUITE 1800
NASHVILLE, TENNESSEE 37243-0306

CHARTER/QUALIFICATION DATE: 11/28/1986
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0228949
JURISDICTION: TENNESSEE

TO:
DELPHI COMMUNICATIONS, INC.
500 CHURCH ST.
NASHVILLE, TN 37219

REQUESTED BY:
DELPHI COMMUNICATIONS, INC.
500 CHURCH ST.
NASHVILLE, TN 37219

CERTIFICATE OF EXISTENCE

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"MILL-COMM ASSOCIATES, INC."

IS A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF INCORPORATION AND DURATION AS GIVEN ABOVE;
THAT ALL FEES, TAXES, AND PENALTIES OWED THIS STATE WHICH AFFECT THE EXISTENCE OF THE CORPORATION HAVE BEEN PAID;
THAT THE MOST RECENT CORPORATION ANNUAL REPORT REQUIRED HAS BEEN FILED WITH THIS OFFICE; AND THAT ARTICLES OF TERMINATION OF CORPORATE EXISTENCE HAVE NOT BEEN FILED

FOR: REQUEST FOR CERTIFICATE

ON DATE: 04/14/94

	FEE	TAX
RECEIVED:	\$60.00	\$60.00
	TOTAL PAYMENT:	\$120.00
RECEIPT NUMBER:	00001646954	
ACCOUNT NUMBER:	00005824	

FROM:
DELPHI COMMUNICATIONS INC
500 CHURCH STREET
ST. CLOUD CORNER
NASHVILLE, TN 37219-0000

/s/ RILEY C. DARNELL

RILEY C. DARNELL
SECRETARY OF STATE

EXHIBIT "E"

CERTIFICATE OF BORROWER
MILLTENN, INC.

The undersigned, MillTenn, Inc., a Tennessee corporation, having an address of _____, millington, Tennessee ("Borrower"), does hereby represent, warrant and covenant To Glankler Brown, a Tennessee general partnership, having an address of 1700 One Commerce Square, Memphis, Tennessee 38103, on behalf of Borrower as follows:

1. The Borrower has reviewed the following documents in connection with the closing of a loan made by Century Telephone Enterprises, Inc. ("Lender") to the Borrower in the original principal amount of Twenty-Five Million and No/100 Dollars (\$25,000,000.00) (the "Loan"):

- (i) Agreement, dated April __, 1994;
- (ii) Promissory Note, dated April 1994, in the original principal amount of \$25,000,000.00 executed by the Borrower in favor of the Lender (the "Note");
- (iii) Guaranty, dated April 1994, executed by William S. Howard and Ann A. Howard (the "Guaranty");
- (iv) Pledge Agreement, dated April __, 1994, executed by Shareholders for the benefit of the Lender (the "Shareholder's Pledge Agreement"), granting a security interest in the stock of Borrower, as more particularly described in the Shareholder's Pledge Agreement;
- (v) Pledge Agreement, dated April __, 1994, executed by the Borrower for the benefit of the Lender (the "Borrower's Pledge Agreement,,), granting a security interest in the stock of MTC, as more particularly described in the Borrower's Pledge Agreement;

The documents listed in (i) through (v) above are referred to collectively as the "Loan Documents".

2. Each Company possesses all requisite corporate authority to execute, deliver and comply with the terms of the Loan Papers, all of which have been fully authorized and approved by all necessary corporate action and have been executed by the officer of the Company so authorized by such corporate action.

3. Each Company is not, nor will the execution, delivery, performance or the Loan Documents cause any Company to be in violation of its Organizational Documents.

4. Borrower does not directly or indirectly own, control or hold with power to vote 10% or more of the outstanding voting securities of any electric utility company or gas utility company or holding company as defined in 15 U.S.C. S79(b).

5. Borrower will be primarily engaged, directly or through wholly owned subsidiary or subsidiaries,, in a business or businesses other than that of investing, reinvesting, owning, holding, or trading and securities.

6. Borrower does not and will not, for compensation, engage in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or, as a part of a regular business, issue or promulgate analyses or reports concerning securities.

7. Each of the Loan Documents constitutes a valid and binding obligation of each of the Companies and Shareholders which executed it, enforceable against such parties in accordance with its terms, except as enforceability may be limited by (a) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, or other similar laws affecting creditor's rights generally, (b) the exercise of judicial discretion in accordance with general principles of equity (whether enforcement is sought by proceedings in equity or at law).

8. The Shareholders have not pledged the stock certificates described in the Shareholder's Pledge Agreement to any party other than the Lender. The Borrower has not pledged the stock certificate described in the Borrower's Pledge Agreement to any party other than the Lender.

9. The Borrower owns, beneficially and of record, all of the issued and outstanding capital shares of MTC; and MTC owns all of the issued and outstanding capital shares of BCFI and MAI, and the Shareholders own all of the issued and outstanding capital shares of Borrower; and such shares are validly issued, fully paid, and nonassessable; and the shares of the Borrower are free and clear of all liens except the security interest granted in favor of Lender.

10. William S. Howard, Sr. owns 8,565 shares, Ann A. Howard owns 239 shares, Holly Lee Starnes owns 239 shares, William S. Howard, Jr. owns 239 shares, Laura Lynne Howard owns 239 shares and Ann Howard Thompson owns 239 shares of Borrower.

11. Mill-Comm, Inc. is one in the same as MillComm, Inc.

12. MTI owns all of the shares of MTC.

13. MTC owns all of the shares of MAI.

14. The Companies and Shareholders intend to be governed by the laws of the State of Louisiana.

15. Each and every representation and warranty herein will remain true and correct at all times from the date hereof until closing of the transaction referenced herein.

16. The foregoing representations and warranties shall survive the closing of the loan transaction referenced herein.

IN WITNESS WHEREOF, the undersigned has executed the foregoing as of the _____ day of April, 1994.

MILLTENN, INC.,
a Tennessee corporation

By:/s/ WILLIAM S. HOWARD, SR.

WILLIAM S. HOWARD, SR.

Title:

EXHIBIT F
MATERIAL LITIGATION
MATERIAL JUDGMENTS

1. Carter, et al v. Howard, et al . Chancery Court of Tennessee for the Thirtieth Judicial District at Memphis, Docket No. 103192-3.

2. Kline v. Howard, et al, in the Circuit Court of Tennessee for the Thirtieth Judicial District at Memphis, Docket No. 28203-4 T.D.

CENTURY TELEPHONE ENTERPRISES, INC.
 COMPUTATIONS OF EARNINGS PER SHARE
 (UNAUDITED)

	Three months ended March 31	
	----- 1994	1993 -----
	(expressed in thousands, except per share amounts)	
Net income	\$19,201	15,740
Preferred stock dividend requirements	(13)	(6)
	-----	-----
Net income applicable to common stock	19,188	15,734
Dividends applicable to Series H and Series K Preferred Stock	13	6
Interest on 6% convertible debentures and amortization of deferred debt costs incurred in connection with the issuance of the debentures, net of taxes	1,146	1,164
	-----	-----
Net income as adjusted for purposes of computing fully diluted earnings per share	\$20,347	16,904
	=====	=====
Weighted average number of shares:		
Outstanding during period	52,296	48,938
Common stock equivalent shares	521	720
	-----	-----
Shares for computing primary earnings per share	52,817	49,658
Incremental common shares attributable to additional dilutive effect of convertible securities	4,661	4,802
	-----	-----
Shares as adjusted for purposes of computing fully diluted earnings per share	57,478	54,460
	=====	=====
Earnings per average common share	\$.37	.32
	=====	=====

Primary earnings per share	\$.36	.32
	=====	=====
Fully diluted earnings per share	\$.35	.31
	=====	=====