

Edgar Filing: LIBERTY CORP - Form 10-Q

LIBERTY CORP
Form 10-Q
November 14, 2001

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2001

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-5846

THE LIBERTY CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina	57-0507055
(State or other jurisdiction of	(IRS Employer
incorporation or organization)	identification No.)

135 South Main Street, Greenville, SC 29601

(Address of principal executive offices)

Registrant's telephone number, including area code: 864/241-5400

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 ☐

Indicate the number of shares outstanding of each of the Registrant's classes of common stock as of the latest practicable date.

Title of each class -----	Number of shares Outstanding as of September 30, 2001 -----
Common Stock	19,682,502

PART I, ITEM 1
THE LIBERTY CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND CONDENSED BALANCE SHEETS

Edgar Filing: LIBERTY CORP - Form 10-Q

(In 000's)

	SEPTEMBER 30, 2001	December 31, 2000
	----- (Unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 37,845	\$ 149,003
Receivables (net of allowance for doubtful accounts)	34,271	40,561
Program rights	6,788	5,561
Prepaid and other current assets	5,094	46,194
Income taxes receivable	6,161	--
Deferred income taxes	4,007	15,109
	-----	-----
Total current assets	94,166	256,428
Property Plant and Equipment		
Land	5,494	5,494
Buildings and improvements	35,455	33,152
Furniture and equipment	155,402	149,784
Less: Accumulated depreciation	(111,856)	(99,389)
	-----	-----
	84,495	89,041
Intangibles (net of accumulated amortization)	491,243	501,693
Other assets	47,362	48,845
	-----	-----
Total assets	\$ 717,266	\$ 896,007
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 17,703	\$ 68,517
Program contract obligations	6,809	5,578
Accrued income taxes	--	138,297
	-----	-----
Total current liabilities	24,512	212,392
Deferred income taxes	105,670	92,797
Other liabilities	9,338	9,825
	-----	-----
Total liabilities	139,520	315,014
	-----	-----
Shareholders' equity		
Common stock	102,837	99,033
Unearned stock compensation	(3,911)	--
Retained earnings	478,930	481,270
Unrealized investment gains (losses)	(110)	690
	-----	-----
Total shareholders' equity	577,746	580,993
	-----	-----
Total liabilities and shareholders' equity	\$ 717,266	\$ 896,007
	=====	=====

Edgar Filing: LIBERTY CORP - Form 10-Q

See Notes to Consolidated and Condensed Financial Statements.

2

THE LIBERTY CORPORATION AND SUBSIDIARIES CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

	Three Months ended September 30,	
(In 000's, except per share data)	2001	2000
REVENUES		
Station revenues (net of commissions)	\$ 37,170	\$40,000
Cable advertising and other revenues	3,003	3,200
NET REVENUES	40,173	43,200
EXPENSES		
Operating expenses	25,645	23,100
Amortization of program rights	2,021	1,700
Depreciation and amortization of intangibles	8,434	5,200
Corporate, general, and administrative expenses	3,685	2,600
TOTAL OPERATING EXPENSES	39,785	32,600
OPERATING INCOME	388	10,600
Net investment income (loss)	(1,938)	700
Interest expense	--	4,300
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(1,550)	6,800
Provision for (benefit from) income taxes	(589)	2,800
INCOME (LOSS) FROM CONTINUING OPERATIONS	(961)	3,900
Income from discontinued operations (net of income taxes)	--	7,500
NET INCOME (LOSS)	\$ (961)	\$11,500
EARNINGS (LOSS) PER SHARE:		
Basic earnings (loss) per common share from continuing operations	\$ (0.05)	\$ 0.00
Basic earnings per common share from discontinued operations	--	0.00
Basic earnings (loss) per common share	\$ (0.05)	\$ 0.00
Diluted earnings (loss) per common share from continuing operations	\$ (0.05)	\$ 0.00
Diluted earnings per common share from discontinued operations	--	0.00
Diluted earnings (loss) per common share	\$ (0.05)	\$ 0.00

Edgar Filing: LIBERTY CORP - Form 10-Q

Dividends Per Common Share

\$ 0.22

\$ 0.

See Notes to Consolidated and Condensed Financial Statements.

3

THE LIBERTY CORPORATION AND SUBSIDIARIES CONSOLIDATED AND CONDENSED STATEMENTS OF CASH FLOWS

	Nine Months En
(In 000's)	2001
	(Unaud
OPERATING ACTIVITIES	
Income from continuing operations	\$ 10,612
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Gain on sale of operating assets	(29)
Realized investment (gains) losses	1,720
Depreciation	13,078
Amortization of intangibles	10,639
Amortization of program rights	5,957
Cash paid for program rights	(5,951)
Provision for deferred income taxes	10,209
Changes in operating assets and liabilities:	
Receivables	6,290
Other assets	41,688
Accounts payable and accrued expenses	(50,814)
Accrued income taxes	(130,692)
Other liabilities	(487)
All other operating activities, net	408
Net cash used in operating activities of discontinued operations	--
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(87,372)
INVESTMENT ACTIVITIES	
Purchase of property and equipment	(8,532)
Net cash paid for purchase of television stations	--
Investment securities sold	2,755
Investment securities acquired	(4,000)
Purchase of investment properties	--
Proceeds from sale of investment properties	877
Other (net)	29
Net cash provided by investing activities of discontinued operations	--
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(8,871)
FINANCING ACTIVITIES	
Proceeds from borrowings	--

Edgar Filing: LIBERTY CORP - Form 10-Q

Principal payments on debt	--
Dividends paid	(12,952)
Stock issued for employee benefit and compensation programs	7,679
Repurchase of common stock	(9,642)
Net cash provided by financing activities of discontinued operations	--

NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	(14,915)
(DECREASE) INCREASE IN CASH	(111,158)
Cash at beginning of period	149,003

CASH AT END OF PERIOD	\$ 37,845
	=====

See Notes to Consolidated and Condensed Financial Statements.

4

Notes to Consolidated and Condensed
Financial Statements -- continued

THE LIBERTY CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS September 30, 2001 (Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated and condensed financial statements of The Liberty Corporation and Subsidiaries have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The information included is not necessarily indicative of the annual results that may be expected for the year ended December 31, 2001, but it does reflect all adjustments (which are of a normal and recurring nature) considered, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The December 31, 2000 financial information was derived from the Company's previously filed 2000 Form 10-K. For further information, refer to the consolidated financial statements and footnotes thereto included in The Liberty Corporation annual report on Form 10-K for the year ended December 31, 2000.

Prior to September 29, 2000, the Company was engaged in the insurance industry. On September 29, 2000, the Company's shareholders approved the sale of the Company's insurance operations to the Royal Bank of Canada for \$648 million. The sale closed on November 1, 2000. Accordingly, these entities have been treated as discontinued operations in the accompanying financial statements (see Note 5 below).

2. STATION ACQUISITIONS

Edgar Filing: LIBERTY CORP - Form 10-Q

On February 29, 2000, the Company completed the acquisition of KCB, the NBC affiliate in Lubbock, TX in a cash transaction for \$59.8 million. The transaction was accounted for as a purchase, and accordingly, its results of operations are included in the accompanying financial statements since the date of acquisition. This purchase was funded using proceeds from the Company's credit facility.

On December 1, 2000, the Company completed its acquisition of Civic Communications. The agreed upon purchase price for all of the outstanding common stock of Civic Communications was \$204 million. At the time of the closing, the Company agreed to pay a portion of the purchase price at a future date. During the first quarter of 2001, the Company remitted the \$43.2 million of unpaid purchase price to the Civic Communications stockholders. The Company used proceeds from the sale of its insurance operations to fund the transaction. Civic Communications owned and operated WLBT-TV, the NBC affiliate in Jackson, MS, KLTN-TV, the ABC affiliate in Tyler, TX, and KTRE-TV, the satellite affiliate of KLTN in Lufkin, TX.

3. REDEMPTION OF 1995-A SERIES PREFERRED STOCK

On August 25, 2000, the Company completed the redemption of all of the outstanding shares of its Series 1995-A Cumulative Convertible Preferred Stock. Shares were called for redemption at \$35.00 per share plus accrued dividends for the period from July 1, 2000 through the redemption date (September 5, 2000). Prior to the redemption date, all shares of the 1995-A Series were converted in to common stock.

5

Notes to Consolidated and Condensed
Financial Statements -- continued

4. COMPREHENSIVE INCOME

The components of comprehensive income, net of related income taxes, for the three-month and nine-month periods ended September 30, 2001 and 2000, respectively, are as follows:

	Three Months Ended September 30,		
	2001	2000	2000
(In 000's)			
Net Income (loss)	\$ (961)	\$ 11,566	\$ 10
Unrealized gains/(losses) on securities	(58)	6,178	
Comprehensive income (loss)	\$ (1,019)	\$ 17,744	\$ 9

5. DISCONTINUED OPERATIONS

Edgar Filing: LIBERTY CORP - Form 10-Q

On June 19, 2000, the Company entered into a Purchase Agreement (the "Purchase Agreement") with Royal Bank of Canada ("RBC"), a Canadian-chartered bank, pursuant to which RBC was to acquire from the Company all of the issued and outstanding shares of capital stock of Liberty Life Insurance Company, Liberty Insurance Services Corporation, The Liberty Marketing Corporation, LC Insurance Limited and Liberty Capital Advisors, Inc., for a total of approximately \$648 million, consisting of a dividend from Liberty Life Insurance Company of up to \$70 million and the balance in cash from Royal Bank of Canada. On September 29, 2000 the shareholders of the Company approved the purchase agreement described above. Accordingly, these entities have been treated as discontinued operations in the accompanying financial statements. The transaction closed on November 1, 2000 with Liberty receiving \$567.6 million in net cash proceeds and approximately \$16 million in non-cash assets.

Summarized disclosure of the Company's discontinued operations is as follows:

	THREE MONTHS ENDED SEPTEMBER 30, ----- 2000 -----	NI SE -- --
Revenues	\$ 86,527	
Expenses	76,060 -----	
Income before taxes from discontinued operations	10,467	
Income taxes	2,894 -----	
Income from discontinued operations	\$ 7,573 =====	

6

Notes to Consolidated and Condensed
Financial Statements -- continued

6. SEGMENT REPORTING

The Company operates primarily in the television broadcasting and cable advertising businesses. The Company currently owns and operates fifteen television stations, primarily in the Southeast and Midwest. Each of the stations is affiliated with a major network, with eight NBC affiliates, five ABC affiliates, and two CBS affiliates. The Company evaluates segment performance based on income before income taxes, excluding unusual, or non-operating items.

The following tables summarize financial information for continuing operations by segment for the three and nine-month periods ended 30, 2001 and 2000:

Edgar Filing: LIBERTY CORP - Form 10-Q

	THREE MONTHS ENDED SEPTEMBER 30,		
	2001	2000	2000
REVENUE			
Broadcasting	\$ 37,170	\$ 40,058	\$ 121,803
Cable advertising	2,803	2,573	8,000
Other	200	661	1,000
TOTAL REVENUE	\$ 40,173	\$ 43,292	\$ 130,803
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			
Broadcasting	\$ 4,496	\$ 13,789	\$ 24,000
Cable advertising	117	175	1,000
Corporate & other	(6,163)	(7,086)	(6,000)
TOTAL INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	\$ (1,550)	\$ 6,878	\$ 17,000

There were no material changes in assets by segment from those disclosed in the Company's 2000 annual report, other than for the corporate and other segment. The corporate and other segment used its cash balances to pay approximately \$135 million of income taxes during the first quarter of 2001. It also remitted the \$43.2 million of unpaid purchase price (included in prepaid and other current assets on the December 31, 2000 balance sheet) that had been held in trust for the Civic Communications stockholders (see Note 2).

7

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per common share from continuing operations is as follows:

	THREE MONTHS ENDED SEPTEMBER 30,	
(In 000's except per share data:	2001	2000
NUMERATOR - EARNINGS:		
Income (loss) from continuing operations	\$ (961)	\$ 3,993
Preferred dividends	--	--
Numerator for basic earnings (loss) per common		

Edgar Filing: LIBERTY CORP - Form 10-Q

share from continuing operations	(961)	3,993
Effect of dilutive securities	--	
	-----	-----
Numerator for diluted earnings (loss) per common share from continuing operations	\$ (961)	\$ 3,993
	=====	=====
DENOMINATOR - AVERAGE SHARES OUTSTANDING:		
Denominator for basic earnings (loss) per common share from continuing operations - weighted average shares	19,526	19,443
Effect of dilutive securities:		
Preferred stock	--	228
Stock options	--	65
	-----	-----
Denominator for diluted earnings (loss) per common share from continuing operations	19,526	19,736
	=====	=====
Basic earnings (loss) per common share from continuing operations	\$ (0.05)	\$ 0.21
Diluted earnings (loss) per common share from continuing operations	\$ (0.05)	\$ 0.20

8. CREDIT FACILITY

On March 21, 2001, the Company entered into a \$100 million unsecured 364-day revolving credit facility with a bank. At the end of the term of the facility any outstanding principal and interest will come due, unless the bank, in its sole discretion, otherwise extends the facility. No draws were made on this line of credit during the first nine months of 2001.

9. VENTURE CAPITAL INVESTMENTS

Investments in venture capital funds are generally carried at cost, which includes provisions for impaired value where appropriate. During the third quarter of 2001 the Company recorded an impairment of \$3.2 million in its venture capital portfolio as a result of the determination that certain of its investments had carrying values in excess of their fair values, and that certain of those excess were other than temporary.

10. NEW ACCOUNTING PRONOUNCEMENTS

Edgar Filing: LIBERTY CORP - Form 10-Q

During the second quarter of 2001, the Financial Accounting Standards Board (FASB) issued Statement No. 141, Business Combinations, and Statement No. 142, Goodwill and Other Intangible Assets. Statement No. 141 requires that the purchase method of accounting be used for business combinations initiated after June 30, 2001. The Company does not believe that Statement No. 141 will have a material effect on its financial statements. Statement No. 142 requires that goodwill and certain other identified intangibles no longer be amortized to earnings, but instead be reviewed for impairments. The amortization of goodwill and certain other identified intangibles ceases upon adoption of the Statement, which for the Company will be January 1, 2002. The Company has not yet determined the extent of the effect of Statement No. 142, but believes that it will have a material impact on its financial statements as its reported amortization expense will be significantly reduced in future periods.

11. RECLASSIFICATIONS

Certain reclassifications have been made in the previously reported financial statements to make the prior year amounts comparable to those of the current year.

9

PART I, ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (Unaudited)

The Liberty Corporation is a holding company with operations primarily in the television broadcasting industry. The Company's television broadcasting subsidiary, Cosmos Broadcasting, consists of fifteen network-affiliated stations located in the Southeast and Midwest, a cable advertising company, a video production company and a professional broadcast equipment dealership. Eight of the Company's television stations are affiliated with NBC, five with ABC, and two with CBS.

Prior to September 29, 2000, the Company was also engaged in the insurance industry. On September 29, 2000, the Company's shareholders approved the sale of the Company's insurance operations to the Royal Bank of Canada for \$648 million. The sale closed on November 1, 2000. Accordingly, these entities have been treated as discontinued operations in the accompanying financial statements (see Note 5 of the Consolidated and Condensed Financial Statements).

SIGNIFICANT TRANSACTIONS AFFECTING COMPARABILITY BETWEEN PERIODS

On February 29, 2000, the Company completed the acquisition of KCBD, the NBC affiliate in Lubbock, TX in a cash transaction for \$59.8 million. The transaction was accounted for as a purchase, and accordingly, its results of operations are included in the accompanying financial statements since the date of acquisition. This purchase was funded using proceeds from the Company's credit facility.

On August 25, 2000, the Company completed the redemption of all of the outstanding shares of its Series 1995-A Cumulative Convertible Preferred Stock. Shares were called for redemption at \$35.00 per share plus accrued dividends for the period from July 1, 2000 through the Series 1995-A redemption date (September 5, 2000). Prior to the redemption date, all shares of the 1995-A

Edgar Filing: LIBERTY CORP - Form 10-Q

Series were converted into common stock.

On November 1, 2000, using proceeds from the sale of its insurance operations, the Company repaid its revolving credit facility in full.

On December 1, 2000, the Company completed its acquisition of Civic Communications. The agreed upon purchase price for all of the outstanding common stock of Civic Communications was \$204 million. The Company used proceeds from the sale of its insurance operations to fund the transaction. Civic Communications owned and operated WLBT-TV, the NBC affiliate in Jackson, MS, KLTV-TV, the ABC affiliate in Tyler, TX, and KTRE-TV, the satellite affiliate of KLTV in Lufkin, TX.

10

Management's Discussions and Analysis continued

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2000

Net revenue was \$40.2 million for the third quarter of 2001, a decrease of \$3.1 million from the \$43.3 million reported for the third quarter of 2000. On a pro forma basis, as if the Company operated all stations owned at the end of the quarter for all periods presented, net revenue decreased twenty-one percent. The decline in net revenue is due to general weakness in the United States economy, in the advertising industry in particular, losses in revenue related to the events of September 11th, and that the same period of the prior year benefited from revenue related to the Olympics and political activity.

Operating expenses, which included amortization of program rights, were \$27.7 million for the third quarter of 2001, an increase of \$2.8million over the \$24.9 million reported for the third quarter of 2000. The increase in operating expenses is attributable to the station acquisitions made during 2000. On a pro forma basis, operating expenses decreased five percent.

Depreciation and amortization was \$8.4 million for the third quarter of 2001, an increase of \$3.1 million over the \$5.3 million reported for the third quarter of 2000. The increase in depreciation and amortization expense is directly attributable to the station acquisitions made during 2000.

Corporate, general, and administrative expenses were \$3.7 million for the third quarter of 2001, an increase of \$1.0 million over the \$2.7 million reported for the third quarter of 2000. The increase in corporate general and administrative expenses is attributable to costs incurred associated the corporate office's relocation, and increases in professional fees.

Net investment income (loss) for the quarter was a loss of \$1.9 million, as compared to net investment income of \$0.7 million reported for the third quarter of 2000. The decrease in net investment income was due to a \$3.2 million charge taken in the Company's venture capital portfolio during the third quarter of 2001. During the quarter the Company determined that certain of its investments had carrying values in excess of their fair values, and that certain of those excesses were other than temporary.

The Company incurred no interest expense during the third quarter of 2001 as it repaid its credit facility in full during the fourth quarter of 2000 using the proceeds from the sale of its insurance operations. The Company reported \$4.3

Edgar Filing: LIBERTY CORP - Form 10-Q

million of interest expense during the third quarter of 2000.

NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, SEPTEMBER 30, 2000

With the exception of net investment income, changes in income statement line items on a year-to-date basis were substantially the same as those on a quarterly basis. Please see the discussion of the three-month periods ended September 30, 2001 and 2000 above for details.

Net revenues were \$130.3 million for the nine-month period ended September 30, 2001, an increase of \$6.0 million over the \$124.3 million reported for the nine-month period ended September 30, 2000. On a pro forma basis, as if the Company operated all stations owned at September 30, 2001 for the entire period, net revenue decreased 21 percent.

Operating expenses, which include amortization of program rights, were \$83.5 million for the nine-month period ended September 30, 2001, an increase of \$10.5 million over the \$73.0 million reported for the nine-month period

11

Management's Discussions and Analysis continued

ended September 30, 2000. On a pro forma basis, operating expenses were down three percent as compared to the prior-year period.

Depreciation and amortization was \$23.7 million for the nine-month period ended September 30, 2001, an increase of \$8.8 million over the \$14.9 million reported for the nine-month period ended September 30, 2000.

Corporate, general, and administrative expenses were \$9.8 million for the nine-month period ended September 30, 2001, an increase of \$1.8 million over the \$8.0 million reported for the nine-month period ended September 30, 2000.

Net investment income was \$3.8 million for the nine-month period ended September 30, 2001 a decrease of \$8.2 million from the \$12.0 million reported for the nine-month period ended September 30 2000. The decrease in net investment income was due mainly to realized gains from the Company's equity portfolio recognized during the first quarter of 2000 that were not present to the same extent during 2001.

The Company incurred no interest expenses during the first nine months of 2001 as it repaid its credit facility in full during the fourth quarter of 2000 using the proceeds from the sale of its insurance operations. The Company reported \$12.7 million of interest expense during the nine-month period ended September 30, 2000.

BROADCAST CASH FLOW INFORMATION

The Company has included operating cash flow and broadcast cash flow data because management believes that such data are commonly used as measures of performance among companies in the broadcast industry. The Company also believes that these measures are frequently used by investors, analysts, valuation firms, and lenders as some of the important determinants of underlying asset value.

Edgar Filing: LIBERTY CORP - Form 10-Q

Operating cash flow and broadcast cash flow should not be considered in isolation, or as alternatives to operating income (as determined in accordance with generally accepted accounting principles) as an indicator of the entity's operating performance, or to cash flow from operating activities (as determined in accordance with generally accepted accounting principles) as a measure of liquidity. These measures are believed to be, but may not be, comparable to similarly titled measures used by other companies.

(In 000's except per share data:	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS SEPTEMBER
	2001	2000	2001
Operating income	\$ 388	\$ 10,468	\$ 13,317
One time charges(1)	--	461	--
ADJUSTED OPERATING INCOME	388	10,929	13,317
Add:			
Depreciation and amortization	8,434	5,272	23,717
Adj. for network compensation due vs. accrued	248	--	248
Non-cash compensation	224	648	533
OPERATING CASH FLOW	9,294	16,849	37,815
Corporate cash expenses	3,461	2,011	9,250
BROADCAST CASH FLOW	\$ 12,755	\$ 18,860	\$ 47,065

- (1) Adjusted to exclude charges in 2000 related to the phase-out and winding up of the Company's direct mail operations

Management's Discussions and Analysis continued

Broadcast cash flow was \$12.8 million for the third quarter of 2001, compared with \$18.9 million for the prior-year third quarter. Broadcast cash flow was \$47.1 million for the first nine months of 2001, compared with \$52.2 million for the prior-year period. The decrease in broadcast cash flow for both the current quarter and the year-to-date period is attributable to those factors affecting net revenue discussed above.

CAPITAL, FINANCING AND LIQUIDITY

At September 30, 2001, the Company had cash of \$37.8 million and an unused line of credit of \$100 million. The Company anticipates that its primary sources of cash, those being current cash balances, operating cash flow, and the available line of credit will be sufficient to finance the operating requirements of its stations and their anticipated capital expenditures, for both the next 12 months and the foreseeable future thereafter.

Edgar Filing: LIBERTY CORP - Form 10-Q

CASH FLOWS

The Company's net cash flow used in operating activities was \$87.4 million for the first nine months of 2001 compared to cash provided of \$8.2 million for the same period of 2000. The decrease in cash provided by operating activities is attributable to the \$135 million of taxes related to the sale of the Company's insurance operations that were remitted to taxing authorities during the first quarter of 2001. The Company's net cash used in investing activities was \$8.9 million for the nine month period ended September 30, 2001, as compared to cash provided by investing activities of \$10.9 million for the same period of 2000. The decrease in net cash provided by investing activities is attributable to the absence of net cash provided by discontinued operations, as the company sold its insurance subsidiaries in November of 2000 and the absence of acquisitions during 2001. Net cash used in financing activities for the nine months ended September 30, 2001 was \$14.9 million compared to net cash provided by financing activities of \$24.4 million for the first nine months of 2000. The decrease in net cash provided by financing activities is due mainly to the absence of net cash provided by discontinued operations.

NEW ACCOUNTING PRONOUNCEMENTS

During the second quarter of 2001, the Financial Accounting Standards Board (FASB) issued Statement No. 141, Business Combinations, and Statement No. 142, Goodwill and Other Intangible Assets. Statement No. 141 requires that the purchase method of accounting be used for business combinations initiated after June 30, 2001. The Company does not believe that Statement No. 141 will have a material effect on its financial statements. Statement No. 142 requires that goodwill and certain other identified intangibles no longer be amortized to earnings, but instead be reviewed for impairments. The amortization of goodwill and certain other identified intangibles ceases upon adoption of the Statement, which for the Company will be January 1, 2002. The Company has not yet determined the extent of the effect of Statement No. 142, but believes that it will have a material impact on its financial statements as its reported amortization expense will be significantly reduced in future periods.

FORWARD LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information contained herein or in any other written or oral statements made by, or on behalf of the Company, is or may be viewed as forward looking. The words "expect," "believe," "anticipate" or similar expressions identify forward-looking statements. Although the Company has used appropriate care in developing any such forward looking information, forward looking information involves risks and uncertainties that could significantly impact actual results. These risks and uncertainties include, but are not limited to, the following: changes in national and local markets for television advertising; changes in general economic conditions, increasing competition in the Company's markets; and future regulatory actions or conditions, effecting either the television broadcasting industry as whole or specific to the markets the Company serves. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.

Edgar Filing: LIBERTY CORP - Form 10-Q

- a. A list of the exhibits filed with this report is included in the Index to Exhibits filed herewith.
- b.
 - 1. The Company filed a current report on Form 8-K dated August 7, 2001 with respect to the press release announcing its second quarter 2001 operating results.
 - 2. The Company filed a current report on Form 8-K dated August 7, 2001 with respect to The Liberty Corp. declaring a regular quarterly dividend of 22 cents per share on its common stock, payable on October 2, 2001 to shareholders of record on September 14, 2001.

INDEX TO EXHIBITS

EXHIBIT 11 Consolidated Earnings Per Share Computation (included in Note 7 of Notes to Consolidated and Condensed Financial Statements)

14

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

THE LIBERTY CORPORATION

(Registrant)

Date: November 14, 2001

/s/ Howard L. Schrott

Howard L. Schrott
Chief Financial Officer

/s/ Martha G. Williams

Martha G. Williams
Vice President, General Counsel and Secretary

