

LIBERTY CORP  
Form 10-Q  
November 06, 2003

## 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, 2003

☐ 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

(State or other jurisdiction of incorporation or  
organization)

57-0507055

(IRS Employer  
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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No

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

<u>Title of each class</u>	<u>Number of shares Outstanding as of September 30, 2003</u>
Common Stock	19,238,700

## PART I, ITEM 1

THE LIBERTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND CONDENSED BALANCE SHEETS

<i>(In 000's)</i>	<b>September 30, 2003</b>	<b>December 31, 2002</b>
<hr/>		
<b>ASSETS</b>	<b>(Unaudited)</b>	
Current assets:		
Cash and cash equivalents	\$ 66,245	\$ 67,917
Receivables (net of allowance for doubtful accounts)	37,825	42,069
Program rights	6,183	4,433
Prepaid and other current assets	2,749	2,982
Income taxes receivable	152	2,370
Deferred income taxes	7,561	5,508
	<hr/>	<hr/>
Total current assets	120,715	125,279
Property, plant, and equipment		
Land	5,657	5,639
Buildings and improvements	53,978	52,638
Furniture and equipment	168,236	157,401
Less: Accumulated depreciation	(128,796)	(120,409)
	<hr/>	<hr/>
	99,075	95,269
Intangible assets subject to amortization (net of \$786 and \$688 accumulated amortization in 2003 and 2002, respectively)	325	369
FCC licenses and network affiliations	304,525	304,285
Goodwill	101,387	101,387
Investments and other assets	45,768	44,162
	<hr/>	<hr/>
Total assets	\$ 671,795	\$ 670,751
	<hr/>	<hr/>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,205	\$ 24,433
Program contract obligations	6,155	4,486
Accrued income taxes	96	
	<hr/>	<hr/>
Total current liabilities	28,456	28,919
Unearned revenue	7,678	5,637
Deferred income taxes	96,883	91,647
Other liabilities	6,363	6,312
	<hr/>	<hr/>
Total liabilities	139,380	132,515
	<hr/>	<hr/>
Shareholders' equity		
Common stock	85,621	92,978
Unearned stock compensation	(4,782)	(3,802)
Retained earnings	451,317	448,887
Unrealized investment gains	259	173
	<hr/>	<hr/>
Total shareholders' equity	532,415	538,236
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 671,795	\$ 670,751

See Notes to Consolidated and Condensed Financial Statements.

THE LIBERTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In 000's, except per share data)	2003	2002	2003	2002
(Unaudited)				
<b>REVENUES</b>				
Station revenues (net of commissions)	\$ 45,211	\$ 46,173	\$ 133,511	\$ 133,269
Cable advertising and other revenues	3,864	3,993	11,159	11,528
<b>Net revenues</b>	<b>49,075</b>	<b>50,166</b>	<b>144,670</b>	<b>144,797</b>
<b>EXPENSES</b>				
Operating expenses	30,001	28,725	89,505	84,479
Amortization of program rights	1,776	1,826	5,236	5,542
Depreciation and amortization of intangibles	4,758	4,433	13,580	13,343
Corporate, general, and administrative expenses	3,424	3,586	10,249	9,186
<b>Total operating expenses</b>	<b>39,959</b>	<b>38,570</b>	<b>118,570</b>	<b>112,550</b>
<b>Operating income</b>	<b>9,116</b>	<b>11,596</b>	<b>26,100</b>	<b>32,247</b>
Net investment income (loss)	674	(87)	(74)	113
<b>Income before income taxes and the cumulative effect of a change in accounting principle</b>	<b>9,790</b>	<b>11,509</b>	<b>26,026</b>	<b>32,360</b>
Provision for income taxes	3,671	4,332	9,760	12,255
<b>Income before the cumulative effect of a change in accounting principle</b>	<b>6,119</b>	<b>7,177</b>	<b>16,266</b>	<b>20,105</b>
Cumulative effect of a change in accounting principle (net of income taxes of \$29,045)				(47,388)
<b>NET INCOME (LOSS)</b>	<b>\$ 6,119</b>	<b>\$ 7,177</b>	<b>\$ 16,266</b>	<b>\$ (27,283)</b>
<b>BASIC EARNINGS (LOSS) PER COMMON SHARE:</b>				
From income before the cumulative effect of a change in accounting principle	\$ 0.32	\$ 0.37	\$ 0.85	\$ 1.02
Cumulative effect of a change in accounting principle				(2.41)
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.32</b>	<b>\$ 0.37</b>	<b>\$ 0.85</b>	<b>\$ (1.39)</b>
<b>DILUTED EARNINGS (LOSS) PER COMMON SHARE:</b>				
From income before the cumulative effect of a change in accounting principle	\$ 0.32	\$ 0.36	\$ 0.84	\$ 1.02
Cumulative effect of a change in accounting principle				(2.40)
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.32</b>	<b>\$ 0.36</b>	<b>\$ 0.84</b>	<b>\$ (1.38)</b>
<b>Dividends per common share</b>	<b>\$ 0.24</b>	<b>\$ 0.22</b>	<b>\$ 0.72</b>	<b>\$ 0.66</b>

See Notes to Consolidated and Condensed Financial Statements.



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

(In 000's)	Nine Months Ended September 30,	
	2003	2002
	(Unaudited)	
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 16,266	\$ (27,283)
Less: Cumulative effect of a change in accounting principle		47,388
	<u>16,266</u>	<u>20,105</u>
Income before cumulative effect of a change in accounting principle	16,266	20,105
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Loss on sale of operating assets	285	77
Realized investment losses	1,149	3,327
Depreciation	13,395	12,707
Amortization of intangibles	185	636
Amortization of program rights	5,236	5,542
Cash paid for program rights	(5,317)	(5,734)
Provision for deferred income taxes	3,183	1,893
Changes in operating assets and liabilities:		
Receivables	4,244	4,861
Other assets	3,431	16,397
Accounts payable and accrued expenses	(725)	3,133
Accrued income taxes	96	6,637
Unearned revenue	2,041	1,933
Other liabilities	51	(3,114)
All other operating activities	(587)	675
	<u>42,933</u>	<u>69,075</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	42,933	69,075
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	(17,556)	(15,648)
Proceeds from the sale of property, plant, and equipment	70	149
Investments acquired	(5,900)	(10,585)
Proceeds from sale of investments		201
Proceeds from sale of investment properties	3,562	1,228
	<u>(19,824)</u>	<u>(24,655)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	(19,824)	(24,655)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(13,836)	(13,043)
Stock issued for employee benefit and compensation programs	1,376	648
Repurchase of common stock	(12,321)	(6,536)
	<u>(24,781)</u>	<u>(18,931)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	(24,781)	(18,931)
<b>INCREASE (DECREASE) IN CASH</b>	(1,672)	25,489
Cash at beginning of period	67,917	35,489
	<u>\$ 66,245</u>	<u>\$ 60,978</u>
<b>CASH AT END OF PERIOD</b>	\$ 66,245	\$ 60,978

See Notes to Consolidated and Condensed Financial Statements.





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## THE LIBERTY CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS September 30, 2003 (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 accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States 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, 2003, 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, 2002 financial information was derived from the Company's previously filed 2002 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, 2002.

### 2. STATEMENT NO. 142 GOODWILL AND OTHER INTANGIBLE ASSETS

During the second quarter of 2001, the Financial Accounting Standards Board (FASB) issued Statement No. 142 Goodwill and Other Intangible Assets. Statement No. 142 requires that goodwill and certain other identified intangibles no longer be amortized to earnings, but instead be reviewed for impairment. The amortization of goodwill and certain other identified intangibles ceased upon adoption of the Statement, which for the Company was January 1, 2002. In connection with the adoption of Statement No. 142, the Company reduced the carrying value of its FCC licenses by \$76.4 million (\$47.4 million after-tax) as a cumulative effect of a change in accounting principle.

At September 30, 2003 and December 31, 2002, the Company's intangible assets not subject to amortization were comprised of FCC licenses and network affiliations. At September 30, 2003 and December 31, 2002, the Company's intangible assets subject to amortization were comprised of leases acquired through station purchases for space on certain of its towers, non-compete agreements, and loan costs associated with the Company's unused line of credit.

### 3. COMPREHENSIVE INCOME

The components of comprehensive income, net of related income taxes, for the three and nine month periods ended September 30, 2003 and 2002, respectively, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<i>(In 000's)</i>				
Net income (loss)	\$6,119	\$7,177	\$16,266	\$(27,283)
Unrealized gains / (losses) on securities	(6)	19	86	438
Comprehensive income (loss)	\$6,113	\$7,196	16,352	\$(26,845)

## 4. 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 table summarizes financial information by segment for the three and nine month periods ended September 30, 2003 and 2002:

<i>(In 000's)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<b>Revenues (net of commissions)</b>				
Broadcasting	<b>\$45,211</b>	\$46,173	<b>\$133,511</b>	\$133,269
Cable advertising	<b>3,827</b>	3,864	<b>10,940</b>	11,228
Other	<b>37</b>	129	<b>219</b>	300
<b>Total net revenues</b>	<b>\$49,075</b>	\$50,166	<b>\$144,670</b>	\$144,797
<b>Income before income taxes and cumulative effect of a change in accounting principle</b>				
Broadcasting	<b>\$12,436</b>	\$14,826	<b>\$36,516</b>	\$41,074
Cable advertising	<b>528</b>	542	<b>1,055</b>	1,321
Corporate and other	<b>(3,174)</b>	(3,859)	<b>(11,545)</b>	(10,035)
<b>Total income before income taxes and cumulative effect of a change in accounting principle</b>	<b>\$9,790</b>	\$11,509	<b>\$26,026</b>	\$32,360

There were no material changes in assets by segment from those disclosed in the Company's 2002 annual report. The goodwill that appears on the face of the balance sheet arose through the acquisition of certain television stations, and therefore has been assigned in its entirety to the Broadcasting segment.

## 5. EARNINGS PER SHARE

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

(In 000's, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<b>Numerator Earnings:</b>				
Income before the cumulative effect of change in accounting principle	\$ 6,119	\$ 7,177	\$ 16,266	\$ 20,105
Effect of dilutive securities				
Numerator for basic and diluted earnings per common share	\$ 6,119	\$ 7,177	\$ 16,266	\$ 20,105
<b>Denominator Average Shares Outstanding:</b>				
Denominator for basic earnings before the cumulative effect of a change in accounting principle per common share weighted average shares	19,119	19,632	19,153	19,664
Effect of dilutive securities:				
Stock options	131	38	120	90
Denominator for diluted earnings before the cumulative effect of a change in accounting principle per common share	19,250	19,670	19,273	19,754
Basic earnings before the cumulative effect of a change in accounting principle per common share	\$ 0.32	\$ 0.37	\$ 0.85	\$ 1.02
Diluted earnings before the cumulative effect of a change in accounting principle per common share	\$ 0.32	\$ 0.36	\$ 0.84	\$ 1.02

## 6. EQUITY COMPENSATION

In accordance with the provisions of SFAS No. 123, Accounting for Stock-Based Compensation, the Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB No. 25) and related interpretations in accounting for its equity compensation plans and does not recognize compensation expense for its stock-based compensation plans other than for awards of restricted shares. Expense is recognized over the vesting period of the restricted shares.

Under APB No. 25, because the exercise price of the Company's employee stock options at least equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized. Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement.

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The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information is as follows:

<i>(In \$000's, except per share amounts)</i>	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Stock-based compensation cost included in net income (net of taxes)	<b>\$ 236</b>	\$ 169	<b>\$ 969</b>	\$ 440
Net income (loss):				
As reported	<b>\$6,119</b>	\$7,177	<b>\$16,266</b>	\$ (27,283)
Pro forma compensation expense (net of taxes)	<b>(206)</b>	(224)	<b>(569)</b>	(671)
Pro forma net income (loss)	<b>\$5,913</b>	\$6,953	<b>\$15,697</b>	\$ (27,945)
Basic earnings (loss) per share:				
As reported	<b>\$ 0.32</b>	\$ 0.37	<b>\$ 0.85</b>	\$ (1.39)
Pro forma	<b>0.31</b>	0.35	<b>0.82</b>	(1.42)
Diluted earnings (loss) per share:				
As reported	<b>\$ 0.32</b>	\$ 0.36	<b>\$ 0.84</b>	\$ (1.38)
Pro forma	<b>0.31</b>	0.35	<b>0.82</b>	(1.42)

### 7. CREDIT FACILITY

On March 21, 2001, the Company entered into a \$100 million unsecured 364-day revolving credit facility with a bank. On May 19, 2003, the Company renewed the facility for an additional year on substantially similar terms. No amounts have been drawn on this facility since inception.

### 8. NEW ACCOUNTING INTERPRETATION

During the first quarter of 2003, the FASB issued Interpretation No. 46 "Consolidation of Variable Interest Entities", an interpretation of Accounting Research Bulletin No. 51 "Consolidated Financial Statements". The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses (as defined in Interpretation No. 46), receives a majority of the entity's expected residual returns (as defined in Interpretation No. 46), or both, as a result of ownership, contractual or other financial interests in the entity. At this time, the Company does not believe that Interpretation No. 46 will have a material effect on its financial statements. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first interim period beginning after December 15, 2003.

### 9. 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.

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 and cable advertising businesses. The Company's television broadcasting subsidiary, Cosmos Broadcasting, consists of fifteen network-affiliated stations located in the Southeast and Midwest, along with other ancillary businesses. Eight of the Company's television stations are affiliated with NBC, five with ABC, and two with CBS.

**SEASONALITY OF TELEVISION REVENUES**

The Company's revenues are usually subject to seasonal fluctuations. The advertising revenues of the stations are generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to and including the holiday season. Additionally, advertising revenues in even-numbered years tend to be higher as they benefit from advertising placed by candidates for political offices and demand for advertising time in Olympic broadcasts.

**RESULTS OF OPERATIONS**

**Three Months Ended September 30, 2003 Compared to Three Months Ended September 30, 2002**

Station net revenue was down two percent from the prior year period. Political revenue for the third quarter of 2003 was \$3.3 million as compared to \$6.5 million in the third quarter of 2002. Increases in local and national revenue helped offset the lower levels of political revenue. On a category basis, revenue from advertisers in the automotive industry was up five percent, revenue from advertisers in the retail industry was up fourteen percent, and revenue from advertisers in the financial industry was up thirty-four percent, while revenue from advertisers in the grocery/drug store industry was down approximately thirty-eight percent, year-over-year.

Operating expenses, which include amortization of program rights, were \$31.8 million for the third quarter of 2003, an increase of \$1.2 million over the \$30.6 million reported for the third quarter of 2002. The increase in operating expenses is mainly attributable to increases in medical costs, planned annual increases in employee compensation, and travel and training costs associated with the implementation of a new traffic system for the Company's television stations.

Corporate expenses were \$3.4 million for the third quarter of 2003, a decrease of \$0.2 million from the \$3.6 million reported for the third quarter of 2002. The decrease in corporate expenses is mainly attributable lower levels of variable compensation.

Net investment income for the third quarter of 2003 was \$0.7 million. During the third quarter of 2003, net investment income was comprised mainly of interest earned on cash balances and notes receivable, and gains on sales from the Company's remaining real estate portfolio.

**Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002**

Station net revenue was even with that of the prior year period. Political revenue for the nine months of 2003 was \$6.0 million as compared to \$12.1 million in the first nine months of 2002. Increases in local and national revenue offset the lower levels of political revenue. On a category basis, revenue from advertisers in the automotive industry was up nine percent and the retail industry was up six percent, while revenue from advertisers in the grocery/drug store industry was down approximately thirty-four percent, year-over-year.

Operating expenses, which include amortization of program rights, were \$94.7 million for the first nine months of 2003, an increase of \$4.7 million over the \$90.0 million reported for the first nine months of 2002. The increase in operating expenses is mainly attributable to increases in medical costs, planned annual increases in employee compensation, and travel and training costs associated with the implementation of a new traffic system for the Company's television stations.

Corporate expenses were \$10.2 million for the first nine months of 2003, an increase of \$1.0 million over the \$9.2 million reported for the first nine months of 2002. The increase in corporate expenses is attributable to increases in insurance costs, planned increases in employee compensation, additional restricted stock amortization expense, and legal and accounting fees.

Net investment income for the first nine months of 2003 was a loss of approximately seventy-four thousand dollars. During the first nine months of 2003, interest earned on cash balances and notes receivable and gains on the sale of real estate were offset by impairments taken in the Company's strategic investment and venture capital portfolios.

**Capital, Financing and Liquidity**

At September 30, 2003, the Company had cash of \$66.2 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.

**Cash Flows**

The Company's net cash flow provided by operating activities was \$42.9 million for the first nine months of 2003 compared to \$69.1 million for the same period of the prior year. The most significant items related to the difference in cash provided by operations between the two periods were the difference in net income, the timing of accounts payable payments, and the receipt of payments on notes receivable during 2002 that were not present during 2003. The Company's net cash used in investing activities was \$19.8 million for the nine month period ended September 30, 2003, as compared to \$24.7 million for the same period of 2002. Net cash used in financing activities for the nine months ended September 30, 2003 was \$24.8 million compared to \$18.9 million for the first nine months of 2002. The increase in net cash used in financing activities is due mainly to higher levels of share repurchase activity in the Company's stock buy-back program during the first quarter of 2003 that was not present during the first nine months of 2002.

**New Accounting Guidance**

During the first quarter of 2003, the FASB issued Interpretation No. 46 "Consolidation of Variable Interest Entities", an interpretation of Accounting Research Bulletin No. 51 "Consolidated Financial Statements". The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses (as defined in Interpretation No. 46), receives a majority of the entity's expected residual returns (as defined in Interpretation No. 46), or both, as a result of ownership, contractual or other financial interests in the entity. At this time, the Company does not believe that Interpretation No. 46 will have a material effect on its financial statements. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first interim period beginning after December 15, 2003.

**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, including the performance of financial markets and interest rates; competitive, regulatory, or tax changes that affect the cost of or demand for the Company's products; and adverse litigation results. 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.

PART I, ITEM 4  
CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report the Company's disclosure controls and procedures are effective in providing reasonable assurance that material information relating to the Company required to be included in the Company's periodic SEC filings was made known to them during the period covered by this report. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to this evaluation.



**PART II, ITEM 6. Exhibits and Reports on Form 8-K**

- 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 5, 2003 with respect to the press release announcing its second quarter 2003 operating results.
  - 2. The Company filed a current report on Form 8-K dated August 5, 2003 with respect to the Company declaring a regular quarterly dividend of \$0.24 per share on its common stock, payable on October 2, 2003 to shareholders of record on September 15, 2003.

**INDEX TO EXHIBITS**

EXHIBIT 11	Consolidated Earnings Per Share Computation (included in Note 5 of Notes to Consolidated and Condensed Financial Statements)
EXHIBIT 31	Rule 13a-14(a)/15d-14(a) Certifications
EXHIBIT 32	Section 1350 Certifications

**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

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Date: November 5, 2003

(Registrant)

/s/ Howard L. Schrott

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Howard L. Schrott  
Chief Financial Officer

/s/ Martha G. Williams

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Martha G. Williams  
Vice President, General Counsel and Secretary