

LIBERTY CORP  
Form 10-Q  
May 04, 2004

**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 March 31, 2004

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

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(Exact name of registrant as specified in its charter)

|   |                                      |
|---|--------------------------------------|
| South Carolina  | 57-0507055                           |
| (State or other jurisdiction of<br>incorporation or organization) | (IRS Employer<br>identification No.) |
| 135 South Main Street, Greenville, SC 29601                       |                                      |

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(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.

| Title of each class | Number of shares Outstanding<br>as of March 31, 2004 |
|---------------------|--|
| Common Stock        | 18,697,399   |

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## PART I, ITEM 1

THE LIBERTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND CONDENSED BALANCE SHEETS

| (In 000 s)   | <b>March 31,<br/>2004</b> | <b>December 31,<br/>2003</b> |
|--|---------------------------|------------------------------|
|  | <b>(Unaudited)</b>        |                              |
| <b>ASSETS</b>  |                           |                              |
| Current assets:  |                           |                              |
| Cash and cash equivalents  | \$ 105,398                | \$ 62,177                    |
| Receivables (net of allowance for doubtful accounts)   | 36,007                    | 42,364                       |
| Program rights   | 4,000                     | 4,564                        |
| Prepaid and other current assets   | 3,308                     | 3,013                        |
| Deferred income taxes  | 2,089                     | 2,183                        |
|  | 150,802                   | 114,301                      |
| Property, plant, and equipment   |                           |                              |
| Land   | 5,657                     | 5,657                        |
| Buildings and improvements   | 51,334                    | 48,969                       |
| Furniture and equipment  | 168,361                   | 167,775                      |
| Less: Accumulated depreciation   | (129,715)                 | (125,417)                    |
|  | 95,637                    | 96,984                       |
| Intangible assets subject to amortization (net of \$574 and \$841 accumulated amortization in 2004 and 2003, respectively) |                           |                              |
|  | 361                       | 270                          |
| FCC licenses   | 304,525                   | 304,525                      |
| Goodwill   | 101,387                   | 101,387                      |
| Investments and other assets   | 43,286                    | 44,798                       |
|  | 695,998                   | 662,265                      |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY</b>   |                           |                              |
| Current liabilities:   |                           |                              |
| Accounts payable and accrued expenses  | \$ 12,760                 | \$ 19,283                    |
| Dividends payable  | 79,252                    | 4,534                        |
| Program contract obligations   | 4,003                     | 4,734                        |
| Accrued income taxes   | 212                       | 3,874                        |
|  | 126,227                   | 29,425                       |

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|  |                   |                   |
|--|-------------------|-------------------|
| Total current liabilities                  | <b>96,227</b>     | 32,425            |
| Unearned revenue                           | <b>11,336</b>     | 11,802            |
| Deferred income taxes                      | <b>91,623</b>     | 89,417            |
| Other liabilities                          | <b>6,922</b>      | 6,621             |
| Revolving credit facility                  | <b>55,000</b>     |                   |
|  | <u>          </u> | <u>          </u> |
| <br>                                       |                   |                   |
| Total liabilities                          | <b>261,108</b>    | 140,265           |
|  | <u>          </u> | <u>          </u> |
| <br>                                       |                   |                   |
| Shareholders' equity                       |                   |                   |
| Common stock                               | <b>59,524</b>     | 71,788            |
| Unearned stock compensation                | <b>(4,080)</b>    | (4,405)           |
| Retained earnings                          | <b>379,227</b>    | 454,379           |
| Unrealized investment gains                | <b>219</b>        | 238               |
|  | <u>          </u> | <u>          </u> |
| <br>                                       |                   |                   |
| Total shareholders' equity                 | <b>434,890</b>    | 522,000           |
|  | <u>          </u> | <u>          </u> |
| <br>                                       |                   |                   |
| Total liabilities and shareholders' equity | <b>\$ 695,998</b> | \$ 662,265        |
|  | <u>          </u> | <u>          </u> |

See Notes to Consolidated and Condensed Financial Statements.

THE LIBERTY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

| (In 000 s, except per share data)               | Three Months Ended<br>March 31, |          |
|---|---------------------------------|----------|
|   | 2004                            | 2003     |
|   | (Unaudited)                     |          |
| <b>REVENUES</b>                                 |                                 |          |
| Station revenues (net of commissions)           | <b>\$44,600</b>                 | \$40,879 |
| Cable advertising and other revenues            | <b>3,231</b>                    | 3,055    |
|   | <b>47,831</b>                   | 43,934   |
| <b>EXPENSES</b>                                 |                                 |          |
| Operating expenses                              | <b>30,239</b>                   | 29,204   |
| Amortization of program rights                  | <b>1,735</b>                    | 1,716    |
| Depreciation and amortization of intangibles    | <b>4,492</b>                    | 4,300    |
| Corporate, general, and administrative expenses | <b>3,303</b>                    | 3,242    |
|   | <b>39,769</b>                   | 38,462   |
| <b>Operating income</b>                         | <b>8,062</b>                    | 5,472    |
| Net investment income (loss)                    | <b>(650)</b>                    | (104)    |
| Interest expense                                | <b>(20)</b>                     |          |
|   | <b>7,392</b>                    | 5,368    |
| <b>Income before income taxes</b>               | <b>7,392</b>                    | 5,368    |
| Provision for income taxes                      | <b>2,772</b>                    | 2,013    |
|   | <b>4,620</b>                    | 3,355    |
| <b>NET INCOME</b>                               | <b>\$ 4,620</b>                 | \$ 3,355 |
|   | <b>\$ 4,620</b>                 | \$ 3,355 |
| <b>BASIC EARNINGS PER COMMON SHARE:</b>         | <b>\$ 0.25</b>                  | \$ 0.17  |
| <b>DILUTED EARNINGS PER COMMON SHARE:</b>       | <b>\$ 0.24</b>                  | \$ 0.17  |
| Dividends per common share                      | <b>\$ 0.25</b>                  | \$ 0.24  |
| Special dividend per common share               | <b>\$ 4.00</b>                  | \$       |

See Notes to Consolidated and Condensed Financial Statements.

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

| (In 000 s)   | Three Months Ended March<br>31, |          |
|--|---------------------------------|----------|
|  | 2004                            | 2003     |
|  | (Unaudited)                     |          |
| <b>OPERATING ACTIVITIES</b>  |                                 |          |
| Net income   | \$ 4,620                        | \$ 3,355 |
| Adjustments to reconcile net income to net cash provided by<br>(used in) operating activities: |                                 |          |
| Loss (Gain) on sale of operating assets  | (17)                            | 340      |
| Realized investment losses   | 1,143                           | 550      |
| Depreciation   | 4,433                           | 4,239    |
| Amortization of intangibles  | 59                              | 61       |
| Amortization of program rights   | 1,735                           | 1,716    |
| Cash paid for program rights   | (1,902)                         | (1,736)  |
| Provision for deferred income taxes  | 2,300                           | 216      |
| Changes in operating assets and liabilities:   |                                 |          |
| Receivables  | 6,357                           | 7,837    |
| Other assets   | (282)                           | (1,311)  |
| Accounts payable and accrued expenses  | (4,882)                         | (5,827)  |
| Accrued income taxes   | (2,728)                         |          |
| Unearned revenue   | (466)                           | (425)    |
| Other liabilities  | 301                             | 1,013    |
| All other operating activities   | (363)                           | (333)    |
|  | <b>10,308</b>                   | 9,695    |
| <b>NET CASH PROVIDED BY (USED IN) OPERATING<br/>ACTIVITIES</b>                                 |                                 |          |
| <b>INVESTING ACTIVITIES</b>  |                                 |          |
| Purchase of property, plant, and equipment   | (3,110)                         | (8,918)  |
| Proceeds from sale of property, plant, and equipment   | 41                              |          |
| Investments acquired   | (500)                           | (4,000)  |
| Proceeds from sale of investment properties  | 1,015                           | 1,686    |
|  | <b>(2,554)</b>                  | (11,232) |
| <b>NET CASH PROVIDED BY (USED IN) INVESTING<br/>ACTIVITIES</b>                                 |                                 |          |
| <b>FINANCING ACTIVITIES</b>  |                                 |          |
| Proceeds from borrowings   | 55,000                          |          |
| Dividends paid   | (5,055)                         | (4,602)  |
| Stock issued for employee benefit and compensation programs                                    | 3,553                           | 631      |
| Repurchase of common stock   | (18,031)                        | (12,321) |
|  | <b>(18,031)</b>                 | (12,321) |

|   |                  |           |
|---|------------------|-----------|
| <b>NET CASH PROVIDED BY(USED IN) FINANCING<br/>ACTIVITIES</b> | <b>35,467</b>    | (16,292)  |
| INCREASE (DECREASE) IN CASH                                   | <b>43,221</b>    | (17,829)  |
| Cash at beginning of period                                   | <b>62,177</b>    | 67,917    |
|   | <hr/>            | <hr/>     |
| <b>CASH AT END OF PERIOD</b>                                  | <b>\$105,398</b> | \$ 50,088 |
|   | <hr/>            | <hr/>     |

See Notes to Consolidated and Condensed Financial Statements.

THE LIBERTY CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED AND CONDENSED FINANCIAL STATEMENTS  
March 31, 2004  
(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, 2004, but 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. In addition, 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.

The December 31, 2003 financial information was derived from the Company's previously filed 2003 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, 2003.

### 2. COMPREHENSIVE INCOME

The components of comprehensive income, net of related income taxes, for the three month periods ended March 31, 2004 and 2003, respectively, are as follows:

| (In 000 s)                              | Three Months Ended<br>March 31, |         |
|---|---------------------------------|---------|
|   | 2004                            | 2003    |
| Net income                              | <b>\$4,620</b>                  | \$3,355 |
| Unrealized gains (losses) on securities | (19)                            | 69      |
| Comprehensive income                    | <b>\$4,601</b>                  | \$3,424 |

### 3. 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 month periods ended March 31, 2004 and 2003:

|   | <b>Three Months Ended<br/>March 31,</b> |             |
|---|---|-------------|
|   | <b>2004</b>                             | <b>2003</b> |
| <b>(In 000 s)</b>                       |   |             |
| <b>Revenues (net of commissions)</b>    |   |             |
| Broadcasting                            | <b>\$44,600</b>                         | \$40,879    |
| Cable advertising                       | <b>3,193</b>                            | 2,981       |
| Other                                   | <b>38</b>                               | 74          |
|   | <hr/>                                   | <hr/>       |
| <b>Total net revenues</b>               | <b>\$47,831</b>                         | \$43,934    |
|   | <hr/>                                   | <hr/>       |
| <b>Income before income taxes</b>       |   |             |
| Broadcasting                            | <b>\$11,577</b>                         | \$ 9,192    |
| Cable advertising                       | <b>193</b>                              | (101)       |
| Corporate and other                     | <b>(4,378)</b>                          | (3,723)     |
|   | <hr/>                                   | <hr/>       |
| <b>Total income before income taxes</b> | <b>\$ 7,392</b>                         | \$ 5,368    |
|   | <hr/>                                   | <hr/>       |

There were no material changes in assets by segment from those disclosed in the Company's 2003 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.

#### 4. EMPLOYEE BENEFITS

The Company has a postretirement plan that provides medical and life insurance benefits for qualified retired employees. The postretirement medical plan is generally contributory with retiree contributions adjusted annually to limit employer contributions to predetermined amounts. The postretirement life plan provides free insurance coverage for retirees and is insured with an unaffiliated company.

The information presented in this footnote does not reflect the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) signed into law December 8, 2003. Specifically, the measures of Net Periodic Postretirement Benefit cost shown do not reflect this Act. Specific authoritative guidance on the accounting treatment of the Act is pending and upon issuance, may require a change in previously reported information.

Net periodic postretirement benefit cost included the following components:

| (In 000 s)                                      | Three Months<br>Ended<br>March 31, |              |
|---|------------------------------------|--------------|
|   | 2004                               | 2003         |
| Service cost                                    | \$ 6                               | \$ 7         |
| Amortization of prior service cost              | 1                                  | 1            |
| Amortization of actuarial net gain              | 5                                  |              |
| Interest cost                                   | 34                                 | 27           |
| <b>Net periodic postretirement benefit cost</b> | <b>\$ 46</b>                       | <b>\$ 35</b> |

#### 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<br>March 31, |                 |
|---|---------------------------------|-----------------|
|   | 2004                            | 2003            |
| <b>Numerator Earnings:</b>  |                                 |                 |
| Net income  | \$ 4,620                        | \$ 3,355        |
| Effect of dilutive securities   |                                 |                 |
| Numerator for basic and diluted earnings per common share               | <b>\$ 4,620</b>                 | <b>\$ 3,355</b> |
| <b>Denominator Average Shares Outstanding:</b>                          |                                 |                 |
| Denominator for basic earnings per common share weighted average shares | 18,739                          | 19,243          |
| Effect of dilutive securities:  |                                 |                 |
| Stock options   | 171                             | 94              |
| Denominator for diluted earnings per common share                       | <b>18,910</b>                   | <b>19,337</b>   |
| Basic earnings per common share   | <b>\$ 0.25</b>                  | \$ 0.17         |



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 Black-Scholes fair value method described in that statement.

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. The Company's employee stock options have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate.

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:

|   | <b>For the Three<br/>Months<br/>Ended March 31,</b> |             |
|---|---|-------------|
|   | <b>2004</b>   | <b>2003</b> |
| <b>(In 000 s, except per share amounts)</b>                         |   |             |
| Stock-based compensation cost included in net income (net of taxes) | <b>\$ 234</b>                                       | \$ 507      |
| Net income:   |   |             |
| As reported   | <b>\$ 4,620</b>                                     | \$ 3,355    |
| Pro forma compensation expense (net of taxes)                       | <b>(202)</b>  | (180)       |
| Pro forma net income  | <b>\$ 4,418</b>                                     | \$ 3,175    |
| Basic earnings per share:   |   |             |
| As reported   | <b>\$ 0.25</b>                                      | \$ 0.17     |
| Pro forma   | <b>0.24</b>   | 0.16        |
| Diluted earnings per share:   |   |             |
| As reported   | <b>\$ 0.24</b>                                      | \$ 0.17     |
| Pro forma   | <b>0.23</b>   | 0.16        |

## 7. COMMON STOCK

The following table summarizes the Common Stock activity from the date of the Company's most recently audited annual financial statements to the end of the period covered by this report:

| <b>(In 000 s)</b>  | <b>Common<br/>Shares<br/>Outstanding</b> | <b>Common<br/>Stock</b> |
|--|--|-------------------------|
|  | <u>          </u>                        | <u>          </u>       |
| Balance as of 12/31/03   | 18,931                                   | \$ 71,788               |
| Stock issued for employee<br>benefit and performance<br>incentive compensation<br>programs | 129                                      | 4,832                   |
| Income tax benefit resulting<br>from employee exercise of<br>options                       |  | 935                     |
| Stock Repurchased  | (363)                                    | (18,031)                |
|  | <u>          </u>                        | <u>          </u>       |
| <b>Balance as of 3/31/04</b>   | <b><u>18,697</u></b>                     | <b><u>\$ 59,524</u></b> |

During the first quarter of 2004 the Company funded the accrued 2003 discretionary contribution to its employee retirement and savings plan. Half of this funding, approximately \$1.6 million, was in the form of approximately 32,000 shares of Liberty common stock.

## 8. CREDIT FACILITY

On March 21, 2001, the Company entered into a \$100 million unsecured 364-day revolving credit facility with a bank. On February 2, 2004, the Company renewed the facility through May 18, 2005, on substantially similar terms. On March 24, 2004, the Company made its first draw on the line in the amount of \$55.0 million. Interest is payable quarterly at 1.75%

## 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 industry. 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 March 31, 2004 Compared to Three Months Ended March 31, 2003**

Total net revenue increased \$3.9 million, on a year-over-year basis. Station net revenue increased \$3.7 million for the same period. Cable and other net revenue increased \$0.2 million from the prior year period. While local and national revenue were up six percent and seven percent respectively, the most significant portion of the year-over-year increase was from political revenue. Political revenue for the first quarter of 2004 was \$2.6 million as compared to \$0.7 million in the first quarter of 2003. The Company's core local and national revenues were up due mainly to increases in the automotive, retail, and telecommunications categories, partially offset by some softness in the grocery category.

Operating expenses, which include amortization of program rights, were \$32.0 million for the first quarter of 2004, an increase of \$1.1 million, three percent, over the \$30.9 million reported for the first quarter of 2003. The increase in operating expenses is mainly attributable to planned annual increases in employee compensation.

Net investment income for the first quarter of 2004 was a loss of \$0.7 million. During the first quarter of 2004, interest earned on cash balances and notes receivable was offset by impairments in the Company's investment portfolios. During the quarter information came to the Company's attention that the recoverability of a receivable in its investment portfolio and certain of its venture capital investments were impaired. The Company established \$1.1 million of reserves related to these investments.

## Capital, Financing and Liquidity

At March 31, 2004, the Company had cash of \$105.4 million, outstanding debt of \$55.0 million, and an unused line of credit of \$45.0 million. During the first quarter of 2004 the Company declared a special dividend of \$4.00 per share in addition to its normal recurring quarterly dividend of \$0.25 per share, of which approximately \$79.3 million was accrued at March 31, 2004. The accrued dividend was paid on April 2, 2004 using a significant portion of the \$105.4 million of cash on hand at March 31, 2004.

The revolving credit has both an interest coverage and a leverage coverage covenant. These covenants, which involve debt levels, interest expense, EBIT, and EBITDA (measures of cash earnings defined in the revolving credit agreement), can affect the interest rate on current and future borrowings. The Company was in compliance with all covenants throughout the quarter.

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 Company's operating requirements and 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 \$10.3 million for the first three months of 2004 compared to \$9.7 million for the same period of the prior year. The Company's net cash used in investing activities was \$2.6 million for the three month period ended March 31, 2004, as compared to \$11.2 million for the same period of 2003. The decrease in net cash used in investing activities is attributable to lower levels of fixed asset purchases related to digital television broadcasting during 2004. Net cash provided by financing activities for the three months ended March 31, 2004 was \$35.5 million compared to net cash used of \$16.3 million for the first three months of 2003. During 2004, the Company completed the first draw of \$55.0 million on its previously unused \$100 million line of credit. Excluding the effect of these borrowings, the increase in net cash used in financing activities is due mainly to higher levels of repurchase activity in the Company's stock buy-back program during the first quarter of 2004 as compared to 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 2e.  
CHANGES IN SECURITIES AND USE OF PROCEEDS**

| <b>Period</b>       | <b>Total<br/>Number<br/>of<br/>Shares (or<br/>Units)<br/>Purchased</b> | <b>Average<br/>Price<br/>Paid<br/>per<br/>Share (or<br/>Unit)</b> | <b>Total<br/>Number of<br/>Shares (or<br/>Units)<br/>Purchased<br/>as Part of<br/>Publicly<br/>Announced<br/>Plans or<br/>Programs</b> | <b>Maximum<br/>Number of<br/>Shares that<br/>May Yet Be<br/>Purchased<br/>Under the<br/>Plans or<br/>Programs</b> |
|---------------------|--|---|--|---|
| January 1 31, 2004  |  |   |  | 3,374,400   |
| February 1 29, 2004 | 160,600  | \$ 49.51  | 160,600  | 3,839,400   |
| March 1 31, 2004    | 202,700  | \$ 49.73  | 202,700  | 3,636,700   |
| Total               | 363,300  | \$ 49.63  | 363,300  | 3,273,400   |

On February 4, 2003 Liberty's Board of directors extended to February 28, 2004 the Company's authorization to purchase from time to time up to 4,000,000 shares of stock in the open market or directly negotiated transactions.

On February 3, 2004 Liberty's Board of Directors extended to February 28, 2005 the Company's authorization to purchase from time to time up to 4,000,000 shares of stock in the open market or directly negotiated transactions.

**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 furnished a current report on Form 8-K dated February 3, 2004 with respect to the press release announcing its fourth quarter 2003 operating results.
  2. The Company furnished a current report on Form 8-K dated February 3, 2004 with respect to the Company declaring a regular quarterly dividend of 25 cents per share and declaring a one-time, special dividend of four dollars per share on its common stock, each payable on April 2, 2004 to shareholders of record on March 15, 2004.

**INDEX TO EXHIBITS**

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

EXHIBIT

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**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: May 4, 2004

/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