LIBERTY CORP
Form 10-K405
March 27, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

or

[ ] 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 incorporation or organization)	(I.R.S. Employer Identification No.)

Post Office Box 502, 135 South Main Street, Greenville, S. C. 29602

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (864) 2415400

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each E Regi
Common Stock, no par value per share	New York Stock
Rights to Purchase Series A Participating Cumulative Preferred Stock	New York Stock

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 the filing requirements for the past 90 days. Yes [X] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of March 15, 2002:

Common Stock, No Par Value $818,861,561

The number of shares outstanding of each of Registrant's classes of common stock as of March 15, 2002:

Common Stock, No Par Value 19,745,878

DOCUMENTS INCORPORATED BY REFERENCE

Portions of The Liberty Corporation Annual Report to Shareholders for the year ended December 31, 2001 are incorporated into Part II, Items 5, 6, 7, and 8 by reference.

Portions of The Liberty Corporation Proxy Statement for the Annual Meeting of Shareholders on May 7, 2002 are incorporated into Part III, Items 10, 11, 12, and 13 by reference.

This report is comprised of pages 1 through 41. The exhibit index is on page 18.

PART I

ITEM 1. BUSINESS

GENERAL

The Registrant, The Liberty Corporation ("Liberty" or "the Company") 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 principally 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. The Company's principal executive offices are in Greenville, South Carolina.

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.

Additional information concerning Liberty's subsidiaries and divisions is included in "Management's Discussion and Analysis" in the Company's 2001 Annual Report to Shareholders, which is incorporated herein by reference.

RECENT DEVELOPMENTS

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. This purchase was funded using proceeds from the Company's credit facility.

On June 19, 2000, the Company entered into a 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 the companies comprising its insurance operations, for a total of approximately $648 million, consisting of a dividend from Liberty Life Insurance Company of up to $70.0 million and the balance in cash from Royal Bank of Canada. On September 29, 2000 the Company's shareholders approved the purchase agreement, and on November 1, 2000 the Company completed the sale to RBC. Accordingly, these entities have been treated as discontinued operations in the financial statements filed as Exhibit 13 of this report.

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 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.

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TELEVISION BROADCASTING AND RELATED OPERATIONS

The following table shows data on the stations owned by the Company as of December 31, 2001:

MARKET	STATION	MARKET RANK(1)	CHANNEL	NETWORK AFFILIATION	NETWORK CONTRACT EXPIRATION (2)	STATION RANK(3
Louisville, KY	WAVE-TV	50	3	NBC	2011	2
Toledo, OH	WTOL-TV	68	11	CBS	2003	1
Columbia, SC	WIS-TV	84	10	NBC	2011	1
Jackson, MS	WLBT-TV	88	3	NBC	2011	1
Evansville, IN	WFIE-TV	97	14	NBC	2011	1
Harlingen, TX	KGBT-TV	100	4	CBS	2003	3
Tyler, TX	KLTV-TV	103	7	ABC	2002	1
Lufkin, TX (satellite of KLTV)	KTRE-TV	103	9	ABC	2002	1
Montgomery, AL	WSFA-TV	114	12	NBC	2011	1
Wilmington, NC	WWAY-TV	146	3	ABC	2005	2
Albany, GA	WALB-TV	147	10	NBC	2011	1
Lubbock, TX	KCBD-TV	148	11	NBC	2011	1
Biloxi, MS	WLOX-TV	157	13	ABC	2004	1
Lake Charles, LA	KPLC-TV	174	7	NBC	2011	1

Jonesboro, AK	KAIT-TV	180	8	ABC	2004	1

(1) Market rank is based on the relative size of the designated market areas among the 210 generally recognized designated market areas in the U.S., based on Nielsen estimates for the 2001-2002 season.

(2) Contracts may be subject to renewal provisions that effectively extend the expiration date.

(3) Station rank in its market area based on Nielsen November 2001 ratings (Sun. - Sat.; 6:00A-2:00A).

(4) Based on Nielsen estimates for the 2001-2002 season.

The Company currently owns and operates fifteen network-affiliated television stations in the Southeast and Midwest, fourteen of which were ranked No. 1 or No. 2 in their markets by the November 2001 Nielsen ratings (Sun. - Sat.; 6:00A-2:00A). Eight of its stations are affiliated with NBC, five with ABC, and two with CBS. The fifteen stations cover approximately 3.30% of U.S. households.

All of the Company's stations are located in geographically diverse and growing markets. Fourteen of the fifteen stations are located in university centers. Many of the stations are also located in markets that are home to a mixture of large manufacturing plants, state capitals, transportation hubs and United States military bases.

The fifteen stations operate in designated market areas ranked 50 to 180. None of the TV markets represented more than 12% of the revenues or 13% of broadcast cash flow for the fiscal year ending December 31, 2001. The Company believes that it generates one of the best broadcast cash flow per households covered ratios of any broadcast group in the industry. It also believes that thirteen of the fifteen stations generate substantially greater broadcast cash flow and earnings than the average station of comparable market size.

The Company also operates a cable advertising company, CableVantage Inc., through which it represents nine independent cable operators in 20 locations that, in combination, reach nearly one half million subscribers.

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NETWORK AFFILIATIONS

Each of the stations is affiliated with a major network. The affiliation contracts provide that the network will offer to the affiliated station a variety of network programs, for which the station has the right of first refusal against any other television station located in its community. The network typically retains the rights to sell a substantial majority of the advertising time during such broadcasts. For airing network programming, the network pays the stations according to terms in its network affiliation contract. This is called network compensation. The major networks typically provide programming for approximately 90 hours of the average 135 hours per week broadcast by their affiliated stations.

The NBC affiliation contracts with each of the NBC affiliated stations have been continuously in effect with each of those stations for over forty years. The CBS and ABC affiliation contracts have each been continuously in effect for over thirty years.

Each network has the right to terminate its affiliation agreement in the event of a material breach of such agreement by a station and in certain other circumstances. During the next two years, the Company will be renegotiating its CBS and ABC network affiliation contracts. At this time, it is not known what the exact outcome of these negotiations will be, however the Company does anticipate continuing its relationship with the respective networks.

SOURCES OF TELEVISION OPERATING REVENUES.

The following table shows the approximate percentage of the Company's' gross television station revenues by source for the three years ended December 31, 2001:

	2001	2000	1999
Local and regional advertising	61%	56%	57%
National spot advertising	32	29	31
Network compensation	4	5	7
Political advertising	1	8	3
Other	2	2	2

Local and regional advertising is sold by each station's own sales representatives to local and other non-national advertisers or agencies. Generally these contracts are short-term, although occasionally longer-term packages will be sold. National spot advertising (generally a series of spot announcements between programs or within the station's own programs) is sold by the station or its sales representatives directly to agencies representing national advertisers. Most of these national sales contracts are also short-term, often covering spot campaigns running for thirteen weeks or less. Network compensation is the amount paid by the network to its affiliated stations for broadcasting network programs. Political advertising is generated by national and local elections, which can vary greatly from both market to market and year to year.

A television station's rates are primarily determined by the estimated number of television homes it can provide for an advertiser's message. The estimates of the total number of television homes in a market and of the station's share of those homes are based on the Nielsen industry-wide television rating service. The demographic make-up of the viewing audience is equally important to advertisers. A station's rate card for national and local advertisers takes into account, in addition to audience delivered, such variables as the length of the commercial announcements and the quantity purchased. Because television stations rely on advertising revenues, they are sensitive to cyclical changes in the national and local economy. The size of advertisers' budgets, which are affected by broad economic trends, affect the broadcast industry in general. The strength of the local economy in each station's market also significantly impacts revenues. 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 can benefit from demand for advertising time in Olympic broadcasts and advertising placed by candidates for political offices. A station's local market strength, especially in local news ratings, is the primary factor that buyers use when placing political advertising. From time to time, proposals have been advanced in Congress to require television broadcast stations to provide some advertising time to political candidates at no charge, which would potentially reduce advertising revenues from political candidates.

The Company also has ancillary operations in cable advertising sales and video production. Revenues from these operations amount to $12.3 million, $12.5 million and $10.0 million for calendar years 2001, 2000 and 1999, respectively. The cable advertising sales are generated by CableVantage Inc., a marketing company designed to assist local cable operators in the sale of commercial time available in cable network programs. CableVantage was formed in 1994 to create business opportunities with cable operators and build revenues from programs and services specifically produced for cable.

COMPETITION

The television broadcasting industry competes with other leisure time activities for the time of viewers and with all other advertising media for advertising dollars. Within its coverage area, a television station competes with other stations and with other advertising media serving the same area. The outcome of the competition among stations for advertising dollars in a market depends principally on share of audience, advertising rates and the effectiveness of the sales effort.

The stations compete for television viewers against other local network affiliated and independent stations, as well as against cable and alternate methods of television transmission. The primary basis of this competition is program popularity. A majority of daily programming is supplied by the network with which each station is affiliated. In time periods in which the network provides programming, stations are primarily dependent upon the performance of the network programs in attracting viewers. Stations compete in non-network time periods based on the performance of its programming during such time periods, using a combination of self-produced news, public affairs and other entertainment programming, including syndicated programs, that the station believes will be attractive to viewers. The Company believes that the stations have strong competitive positions in their local markets, enabling them to deliver a high percentage of the local television audience to advertisers. The Company's commitment to local news programming is an important element in maintaining its current market positions.

The competition includes cable television, which brings additional television programming, including pay cable (HBO, Showtime, Movie Channel, etc.), into subscribers' homes in a television station's service area. Other sources of competition include home entertainment systems (including video cassette recorder and playback systems, videodiscs and television game devices), the Internet, multichannel multipoint distribution systems, wireless cable, satellite master antenna television systems and some low power in-home satellite services. Stations also face competition from high-powered direct broadcast satellite services, such as PrimeStar and DIRECTV, which transmit programming directly to homes equipped with special receiving antennas. Stations compete with these services both on the basis of service and product performance (quality of reception and number of channels that may be offered) and price (the relative cost to utilize these systems compared to broadcast television viewing).

Further advances in technology and further consolidation in the broadcast industry may increase competition for household audiences and advertisers. Video compression techniques, now in use with direct broadcast satellites and in development for cable and wireless cable, are expected to permit greater numbers of channels to be carried within existing bandwidth. These technological developments, which are applicable to all video delivery systems including over-the-air broadcasting, have the potential to allow additional programming to highly targeted audiences. The ability to reach narrowly defined audiences may further fragment viewers and influence advertising spending. The television broadcasting industry is continually faced with such technological change and innovation. The Company is unable to predict the effect that technological changes will have on the broadcast television industry in general, or more specifically to its own operations. Consolidation in the broadcast television industry introduces new, large competitors. Many of the current and potential competitors have greater financial, marketing, programming and broadcasting resources than Liberty. The Company plans to meet the challenge of a consolidating industry by continuing its growth strategy and pursuing new synergistic opportunities.

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MANDATED CONVERSION TO DIGITAL TECHNOLOGY

In accordance with FCC regulations, all station affiliates of ABC, CBS and NBC in the top ten designated market areas were required to transmit a digital signal by May 1, 1999. Affiliates of those networks in designated market areas ranked eleven through thirty were required to transmit a digital signal by November 1, 1999. All remaining commercial broadcasters will be required to transmit a digital signal by May 1, 2002. However, Congress has approved two six-month extensions if a station is able to show "cause", effectively postponing the deadline to May 1, 2003. While the Company is not seeking to be the first in its markets to offer digital television, it is making a good faith effort to meet the May 2, 2002 deadline. It is anticipated that as many as four stations will be broadcasting a digital signal by May 2, 2002. Another six stations are scheduled to be transmitting a digital signal by December 31, 2002. The remaining five stations are projected to be broadcasting a digital signal by May 1, 2003. The FCC has provided an administrative process to apply for and receive extensions to the May 2, 2002 deadline. The Company has filed for these extensions where appropriate.

As it develops the digital technology, given its dominant presence in its markets, the Company believes it will be attractively positioned as a potential partner for new digital or data stream businesses that wish to develop in its markets. The Company has thus far invested $5.0 million in preparation for the transition to digital television, and estimates that an additional $25.0 to $35.0 million may be required over the next two years for towers, antenna systems, transmitters, and transmitter buildings. This investment will establish basic digital television pass through at our fifteen stations, including simulcasting existing analog programming.

FEDERAL REGULATION OF BROADCASTING

The following is a brief discussion of certain provisions of the Communications Act of 1934, as amended (the "Communications Act"), and of FCC regulations and policies that affect the business operations of the Company. Reference should be made to the Communications Act, FCC rules and the public notices and rulings of the FCC, on which this discussion is based, for further information concerning the nature and extent of FCC regulation of television broadcasting stations.

FCC REGULATION. The ownership, operation and sale of television stations, are subject to the jurisdiction of the FCC by authority granted it under the Communications Act. The FCC has the power to impose penalties, including fines or license revocations, upon a licensee of a television station for violations of the FCC's rules and regulations. Matters subject to FCC oversight include, but are not limited to:

- the assignment of frequency bands of broadcast television;
- the approval of a television station's frequency, location and operating power;
- the issuance, renewal, revocation or modification of a television station's FCC license;
- the approval of changes in the ownership or control of a television station's licensee;
- the regulation of equipment used by television stations; and
- the adoption and implementation of regulations and policies concerning the ownership and operation of television stations.

LICENSE RENEWAL, ASSIGNMENTS AND TRANSFERS. Television broadcast licenses are granted for a maximum term of eight years (five years prior to 1996) and are subject to renewal upon application to the FCC. The FCC prohibits the assignment of a license or the transfer of control of a broadcasting licensee without prior FCC approval. In determining whether to grant or renew a broadcasting license, the FCC considers a number of factors pertaining to the applicant, including compliance with a variety of ownership limitations and compliance with character and technical standards. During certain limited periods when a renewal application is pending, petitions to deny a license renewal may be filed by interested parties, including members of the public. Such petitions may raise various issues before the FCC. The FCC is required to hold evidentiary, trial-type hearings on renewal applications if a petition to deny renewal of such license raises a "substantial and material question of fact" as to whether the grant of the renewal application would be inconsistent with public interest, convenience and necessity. The FCC must grant the renewal application if, after notice and opportunity for a hearing, it finds that the incumbent has served the public interest and has not committed any serious violation of FCC requirements. If the incumbent fails to meet that standard, and if it does not show other mitigating factors warranting a lesser sanction, the FCC has authority to deny the renewal application and consider a competing application.

The renewal applications have always been granted without hearing for the full term. To date the loosening of the ownership provisions, as well as the other provisions included in the 1996 Act, have not had any significant direct impact on the Company's operations.

MULTIPLE AND CROSS-OWNERSHIP RULES. On a national level, the FCC rules generally prevent an entity or individual from having an attributable interest in television stations with an aggregate audience reach in excess of 35% of all U.S. households. However, a federal appeals court February of 2002, in response to a plaintiff seeking to eliminate or expand the 35% limit, ruled that the FCC had not adequately justified this policy. The court ordered the Commission to provide it with such justification or eliminate the 35% restriction. It is not possible for the Company to predict if the FCC will be successful in its attempt to justify, or will even attempt to justify, the 35% policy to the court. In addition, Congress has traditionally favored diversity of media intent restrictions. It is not possible for the Company to predict how Congress might act legislatively in response to any FCC action or inaction.

On a local level, the "duopoly" rule prohibits or restricts attributable interests in two or more television stations with overlapping service areas and the "one-to-a-market" rule restricts such interests in television and radio stations serving the same market. The FCC has recently relaxed the "duopoly" rule to allow broadcasters to own, under certain circumstances, more than one television station in the same local area. The same appeals court which ruled on the 35% ownership limitations, disallowed the current FCC cross-ownership policy which prohibited a cable operator from owning a television station in the same market. The newspaper-television cross-ownership prohibition still stands, but the FCC has indicated that it will address the issue sometime in 2002, during a comprehensive review of its ownership policies.

The FCC generally applies its ownership limits only to "attributable" interests held by an individual, corporation, partnership or other association. In the case of corporations holding broadcast licenses, the interest of officers, directors and those who, directly or indirectly, have the right to vote 5% or more of the corporation's voting stock (or 10% or more of such stock in the case of insurance companies, mutual funds, bank trust departments and certain other passive investors that are holding stock for investment purposes only) are generally deemed to be attributable, as are positions as an officer or director of a corporate parent of a broadcast licensee. The FCC is considering proposals to amend the ownership attribution rules including the general "attributable interest" threshold to 10% of the outstanding voting stock of a broadcast licensee and increasing the threshold for passive institutional investors to 20%.

The FCC recently relaxed its national television station multiple ownership rules. Specifically, a single entity may hold "attributable interests" in an unlimited number of U.S. television stations provided that those stations operate in markets containing cumulatively no more than 35% of the television homes in the U.S. For this purpose, only 50% of the television households in a market are counted towards the 35% national restriction if the owned station is a UHF station. An FCC rulemaking is under way to address how to measure audience reach, including the "UHF discount," as part of the FCC's biennial review of the broadcast rules mandated by the Telecom Act. The television homes that the Company's stations reach is well below the 35% national limit.

Because of these multiple and cross-ownership rules, a purchaser of the common stock who acquires an attributable interest in the Company may violate the FCC's rules if that purchaser also has an attributable interest in other television or radio stations, or in daily newspapers or cable systems, depending on the number and location of those radio or television stations or daily newspapers or cable systems. Such a purchaser also may be restricted in the companies in which it may invest to the extent that those investments give rise to an attributable interest. If an attributable stockholder of the Company violates any of these ownership rules or if a proposed acquisition by the Company would cause such a violation, the Company may be unable to obtain from the FCC one or more authorizations needed to conduct its television station business and may be unable to obtain FCC consents for certain future acquisitions.

ALIEN OWNERSHIP. Under the Communications Act, broadcast licenses may not be granted to or held by any corporation having more than one-fifth of its capital stock owned of record or voted by non-U.S. citizens (including a non-U.S. corporation), foreign governments or their representatives (collectively, "Aliens") or having an Alien as an officer or director. The Communications Act also prohibits a corporation, without an FCC public interest finding, from holding a broadcast license if that corporation is controlled, directly or indirectly, by another corporation, any officer of which is an Alien, or more than one-fourth of the directors of which are Aliens, or more than one-fourth of the capital stock of which is owned of record or voted by Aliens, unless the FCC finds that such ownership would be in the public interest. The FCC has issued interpretations of existing law under which these restrictions in modified form apply to other forms of business organizations, including general and limited partnerships. As a result of these provisions, since the Company serves as a holding company for the various television station licensee subsidiaries, it cannot have more than 25% of the capital stock owned of record or voted by Aliens, cannot have an officer who is an Alien, and cannot have more than one fourth of its Board of Directors consisting of Aliens.

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RESTRICTIONS ON BROADCAST ADVERTISING. The advertising of cigarettes on broadcast stations has been banned for many years. The broadcast advertising of smokeless tobacco products has more recently been banned by Congress. Certain Congressional committees have examined legislative proposals to eliminate or severely restrict the advertising of beer and wine. The Company cannot predict whether any or all of the present proposals will be enacted into law and, if so, what the final form of such law might be. The elimination of all beer and wine advertising could have a material adverse effect on the stations' revenues and operating profits as well as the revenues and operating profits of other stations that carry beer and wine advertising. In recent years, some television stations, including Liberty stations in selected markets, have experimented with advertising for hard liquor products. The NBC television network announced in late 2001 that it intended to begin taking hard liquor ads while enforcing specific content and time period restrictions. NBC's announcement triggered a negative reaction by some key members of Congress. It is not possible for the Company to predict how Congress might act legislatively in response to the airing of hard liquor advertising.

The FCC has recently lifted its prohibition of broadcast advertising by casinos in markets where the state does not have its own prohibition. The Company has several stations in states where casino gambling is legal and no such state prohibition exists.

CABLE "MUST-CARRY" OR "RETRANSMISSION CONSENT" RIGHTS. The 1992 Cable Act, enacted in October 1992, requires television broadcasters to make an election to exercise either certain "must-carry" or "retransmission consent" rights in connection with their carriage by cable television systems in the station's local market. If a broadcaster chooses to exercise its must-carry rights, it may demand carriage on a specified channel on cable systems within its designated market area. Must-carry rights are not absolute, and their exercise is dependent on variables such as the number of activated channels on, and the location and size of, the cable system, and the amount of duplicative programming on a broadcast station. Under certain circumstances, a cable system may decline to carry a given station. If a broadcaster chooses to exercise its retransmission consent rights, it may prohibit cable systems from carrying its signal, or permit carriage under a negotiated compensation arrangement. Generally, the stations have negotiated retransmission consent agreements with cable television systems in their markets, with terms generally ranging from three to ten years, which provide for carriage of the station's signal.

Cable operators are not currently required to carry both a station's analog and digital signal at the same time. However, it is anticipated that the Company will be able to negotiate the retransmission of both its analog and digital signals with the cable television systems in its markets.

ADVANCED TELEVISION TECHNOLOGY

At present, U.S. television stations broadcast signals using the "NTSC" system, an analog transmission system named for the National Television Systems Committee, an industry group established in 1940 to develop the first U.S. television technical broadcast standards. The FCC in late 1996 approved a new digital television ("DTV") technical standard to be used by television broadcasters, television set manufacturers, the computer industry and the motion picture industry. This DTV standard will allow the simultaneous transmission of multiple streams of video programming and data on the bandwidth presently used by a single normal analog channel.

The FCC presently plans for the DTV transition period to end by 2006. At that time, broadcasters will be required to discontinue analog operations and to return their present channels to the FCC. However, given that the penetration of DTV sets in 2006 will likely be below the threshold Congress has set for returning the analog spectrum, it is probable that broadcasters will continue to utilize both analog and digital spectrum beyond 2006.

The FCC has recently issued regulations with respect to DTV allocations and interference criteria which are not yet final, and other aspects of the DTV regulatory framework have not yet been established. The FCC is expected to apply to DTV certain of the rules applicable to analogous services in other contexts, including certain rules that require broadcasters to serve the public interest and may seek to impose additional programming or other requirements on DTV service. The Telecom Act requires the FCC to impose fees upon broadcasters if they choose to use the DTV channel to provide paid subscription services to the public. The FCC recently determined that broadcasters should pay a fee of 5% of gross revenues received for such subscription services should the broadcaster provide subscription services on their DTV channels. The FCC has also recently initiated a rulemaking proceeding to determine whether and to what extent cable systems will be required to carry broadcast DTV signals.

In some cases, conversion to DTV operations may reduce a station's geographical coverage area. In addition, the FCC's current implementation plan would maintain the secondary status of low-power stations in connection with its allotment of DTV channels. The DTV channel allotment will result in displacement of a substantial number

of existing low-power stations, particularly in major television markets. Accordingly, the low-power broadcast stations may be materially adversely affected.

RECENT DEVELOPMENT, PROPOSED LEGISLATION AND REGULATION

Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation and ownership of the Company's broadcast properties. In addition to the changes and proposed changes noted above, these matters include, for example, additional spectrum use fees, political advertising rates, potential restrictions on the advertising of certain products like hard liquor, beer and wine, and revised rules and policies governing equal employment opportunity. Other matters that could affect its broadcast properties include technological innovations and development generally affecting competition in the mass communications industry.

The foregoing does not purport to be a complete summary of all the provisions of the Communications Act, the Telecom Act, or of the regulations and policies of the FCC under either act. Proposals for additional or revised regulations and requirements are pending before and are being considered by Congress and federal regulatory agencies from time to time. Management is unable at this time to predict the outcome of any of the pending FCC rulemaking proceedings referenced above, the outcome of any reconsideration or appellate proceedings concerning any changes in FCC rules or policies noted above, the possible outcome of any proposed or pending Congressional legislation, or the impact of any of those changes on its broadcast operations.

OTHER BUSINESS

In addition to the operating subsidiaries, the Company has other minor organizations. These include the Company's administrative staff, a property development & management company and transportation operations.

INDUSTRY SEGMENT DATA

Information concerning the Company's industry segments is contained in the Notes to the Consolidated Financial Statements on page 16 of The Liberty Corporation Annual Report to Shareholders and is filed as Exhibit 13 on page 37 of this report and is incorporated in this Item 1 by reference.

EMPLOYEES

At December 31, 2001 the Company had approximately 1,300 employees.

EXECUTIVE OFFICERS

The following is a list of the Executive Officers of the Registrant indicating their age and certain biographical data.

W. HAYNE HIPP, Age 62
  Chairman of the Board of Liberty since May, 1995
  Chairman of the Board of Cosmos since May, 1995
  Chief Executive Officer of Liberty since January, 1979

HOWARD L. SCHROTT, Age 47
  Chief Financial Officer of Liberty since January, 2001
  Chief Financial Officer of Wink Communications Inc., a provider of complete end-to-end systems for low-cost electronic commerce on television, from May, 1999 to December, 2000
  Chief Financial Officer of Emmis Communications Corporation, a diversified media company, from 1991, to May, 1999

JAMES M. KEELOR, Age 59
  President of Liberty since February, 2002
  President of Cosmos since February, 1992
  Vice President, Operations, of Cosmos from December, 1989 to February, 1992

MARTHA G. WILLIAMS, Age 59
  Vice President, General Counsel & Secretary of Liberty since January, 1982
  Secretary and Counsel of Cosmos since February, 1982

JONATHAN W. NORWOOD, Age 33
  Controller of Liberty since April, 2001
  CFO, TeamVest, a provider of investment management, recordkeeping, and plan administration services for 401(k) plans, from January 2000 to March, 2001
  Director of Finance, TeamVest from March, 1996 to December, 1999

ITEM 2. PROPERTIES

The main office of the Company is located at 135 South Main Street, Greenville, SC.

The Company owns its television broadcast studios, office buildings and transmitter sites in Columbia, SC; Montgomery, AL; Toledo, OH; Louisville, KY; Evansville, IN; Jonesboro, AR; Lake Charles, LA; Biloxi, MS; Albany, GA; Harlingen; TX, Lubbock TX, Wilmington, NC; Jackson MS; and Lufkin, TX.

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently engaged in legal proceedings of material consequence other than ordinary routine litigation incidental to its business. Any proceedings reported in prior filings have been settled or otherwise satisfied.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY STOCKHOLDER MATTERS

Information concerning the market for the Company's Common Stock and related stockholder matters is contained on the inside back cover of The Liberty Corporation Annual Report to Shareholders and is filed as Exhibit 13 on page 19 of this report and is incorporated in this Item 5 by reference.

ITEM 6. SELECTED FINANCIAL DATA

Selected Financial Data for the Company is contained on page 18 of The Liberty Corporation Annual Report to Shareholders and is filed as Exhibit 13 on page 20 of this report and is incorporated in this Item 6 by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations is contained on pages 19-23 of The Liberty Corporation Annual Report to Shareholders and is filed as Exhibit 13 on pages 21-25 of this report and is incorporated in this Item 7 by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information related to quantitative and qualitative disclosures about market risk is contained on page 23 of The Liberty Corporation Annual Report to Shareholders and is included in Exhibit 13 on page 25 of this report and is incorporated in this Item 7A by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

The Company's Consolidated Financial Statements and Report of Independent Auditors are contained on pages 2-17 of The Liberty Corporation Annual Report to Shareholders and is filed as Exhibit 13 on pages 26-38 of this report and are incorporated in this Item 8 by reference. Quarterly Results of Operations are contained on pages 13-14 of The Liberty Corporation Annual Report to Shareholders and is included in Exhibit 13 on page 35 of this report and are incorporated in this Item 8 by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING

AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning Directors of the Company is contained in The Liberty Corporation Proxy Statement for the May 7, 2002 Annual Meeting of Shareholders and is incorporated in this Item 10 by reference.

Information concerning Executive Officers of the Company is submitted in a separate section of this report in Part I, Item 1 on page 9 and is incorporated in this Item 10 by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning Executive Compensation and transactions is contained in The Liberty Corporation Proxy Statement for the May 7, 2002 Annual Meeting of Shareholders and is incorporated in this Item 11 by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning Security Ownership of Certain Beneficial Owners and Management is contained in The Liberty Corporation Proxy Statement for the May 7, 2002 Annual Meeting of Shareholders and is incorporated in this Item 12 by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning Certain Relationships and Related Transactions is contained in The Liberty Corporation Proxy Statement for the May 7, 2002 Annual Meeting of Shareholders and is incorporated in this Item 13 by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) (1) AND (2). LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of The Liberty Corporation and Subsidiaries are included in the Company's Annual Report to Shareholders for the year ended December 31, 2001, filed as Exhibit 13 to this report and incorporated in Item 8 by reference:

Consolidated Balance Sheets - December 31, 2001 and 2000
Consolidated Statements of Income - For the three years ended December 31, 2001
Consolidated Statements of Shareholders' Equity - For the three years ended December 31, 2001
Consolidated Statements of Cash Flows - For the three years ended

December 31, 2001
Notes to Consolidated Financial Statements - December 31, 2001
Report of Independent Auditors

The following consolidated financial statement schedules of The Liberty Corporation and Subsidiaries are included in Item 14(d):

II - Valuation and Qualifying Accounts and Reserves

All schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission, but which are excluded from this report, are not required under the related instructions or are inapplicable, and therefore have been omitted.

(A)(3). LIST OF EXHIBITS

3.1 Restated Articles of Incorporation, as amended through May 6, 1997 (filed with the Registrant's Quarterly Report on Form 10Q/A for the period ended March 31, 1997 and incorporated herein by reference)

3.2 Bylaws, as amended through August 3, 1999, filed as Exhibit 3.2 to the Registrant's Form 10-Q for the quarter ended June 30, 1999, and incorporated herein by reference.

4.1 See Articles 4, 5, 7 and 9 of the Company's Restated Articles of Incorporation (filed as Exhibit 3.1) and Articles I, II and VI of the Company's Bylaws (filed as Exhibit 3.2).

4.2 See the Form of Rights Agreement dated as of August 7, 1990 between The Liberty Corporation and The Bank of New York, as Rights Agent, which includes as Exhibit B thereto the form of Right Certificate (filed as Exhibits 1 and 2 to the Registrant's Form 8-A, dated August 10, 1990, and incorporated herein by reference) with respect to the Rights to purchase Series A Participating Cumulative Preferred Stock, and the Registrant's Form 8-A, dated October 12, 2000 amending the Form of Rights Agreement to, among other things, extend the expiration date to August 7, 2010, also incorporated herein by reference.

4.3 See Credit Agreement dated March 21, 2001 (filed as Exhibit 10 to the Registrant's Quarterly Report on Form 10Q for the quarter ended June 30, 2001 and incorporated herein by reference).

10.1 See Credit Agreement dated March 21, 2001 (filed as Exhibit 4.3).

10.2 The Liberty Corporation Performance Incentive Compensation Program, as amended and restated on February 1, 2000, filed as Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended March 31, 2000, and incorporated herein by reference.

11. The Liberty Corporation and Subsidiaries Consolidated Earnings Per Share Computation (incorporated herein by reference to Note 13 of the "Notes to Consolidated Financial Statements" on page 14 of The Liberty Corporation Annual Report to

Shareholders for the year ended December 31, 2001) filed on page 36 of this report.

13. Portions of The Liberty Corporation Annual Report to Shareholders for the year ended December 31, 2001:
Market for the Registrant's Common Stock and Related Security Stockholder Matters
Selected Financial Data
Management's Discussion and Analysis of Financial Condition and Results of Operations
Quantitative and Qualitative Disclosures About Market Risk
Financial Statements and Supplementary Information:
Consolidated Balance Sheets - December 31, 2001 and 2000
Consolidated Statements of Income - For the three years ended December 31, 2001
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21. The Liberty Corporation and Subsidiaries, List of Subsidiaries

23. Consent of Independent Auditors

24. Powers of Attorney applicable for certain signatures of members of the Board of Directors in Registrant's 10-K filed for the years ended December 31, 1983, 1985, 1989, 1994, 1995, 1996, 1997 1998, 1999, 2000 and 2001.

(B). REPORTS ON FORM 8-K

The Company filed a current report on Form 8-K dated November 6, 2001 with respect to the press release announcing its third quarter 2001 operating results.

The Company filed a current report on Form 8-K dated November 6, 2001 with respect to The Liberty Corp. declaring a regular quarterly dividend of 22 cents per share on its common stock, payable on January 3, 2002 to shareholders of record on December 14, 2001.

(C). EXHIBITS FILED WITH THIS REPORT

11. The Liberty Corporation and Subsidiaries Consolidated Earnings Per Share Computation (incorporated herein by reference to Note 13 of the "Notes to Consolidated Financial Statements" on page 14 of The Liberty Corporation Annual Report to Shareholders for the year ended December 31, 2001) filed on page 36 of this report.

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Report of Independent Auditors

21. The Liberty Corporation and Subsidiaries, List of Subsidiaries

23. Consent of Independent Auditors

(D). CONSOLIDATED FINANCIAL STATEMENT SCHEDULES FILED WITH THIS REPORT

II- Valuation and Qualifying Accounts and Reserves - For the Three Years Ended December 31, 2001

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Schedule II

THE LIBERTY CORPORATION AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE THREE YEARS ENDED DECEMBER 31, 2001
(In 000's)

		Additions	
Deducted From Asset Accounts	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts
Year Ended December 31, 2001			
Accounts receivable - reserve for bad debts	$ 2,218	$ 1,127	$--
Deferred income taxes - reserve for deferred tax assets	$ 0	$ 1,450	$--
Year Ended December 31, 2000			
Accounts receivable - reserve for bad debts	$ 1,319	$ 1,255	--
Year Ended December 31, 1999			
Accounts receivable -			

reserve for bad debts	$ 1,163	$ 573	$--

Notes:

(a) Uncollectible accounts written off, net of recoveries.

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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 hereunto duly authorized, as of the 27th day of March, 2002.

THE LIBERTY CORPORATION
Registrant

By: /s/ Hayne Hipp
Hayne Hipp
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, as of the 27th day of March, 2002.

By: /s/ Howard L. Schrott
Howard L. Schrott
Chief Financial Officer

*By: /s/ John H. Mullin III
John H. Mullin III
Director

*By: /s/ Edward E. Crutchfield
Edward E. Crutchfield
Director

*By: /s/ Benjamin F. Payton
Benjamin F. Payton
Director

*By: /s/ John R. Farmer
John R. Farmer
Director

*By: /s/ J. Thurston Roach
J. Thurston Roach
Director

By: /s/ Hayne Hipp
Hayne Hipp
Director

*By: /s/ Eugene E. Stone, IV
Eugene E. Stone, IV
Director

*By: /s/ W. W. Johnson
W. W. Johnson

*By: /s/ William B. Timmerman
William B. Timmerman

Director Director

*By: /s/ William O. McCoy
William O. McCoy
Director

*By: /s/ Martha G. Williams
*Martha G. Williams, as
Special Attorney in Fact

*By: /s/ Frank E. Melton
Frank E. Melton
Director

Annual Report on Form 10-K
The Liberty Corporation
December 31, 2001

Index to Exhibits

EXHIBITS

11. The Liberty Corporation and Subsidiaries Consolidated Earnings Per Share Computation (incorporated herein by reference to Note 13 of the "Notes to Consolidated Financial Statements" on page 14 of The Liberty Corporation Annual Report to Shareholders for the year ended December 31, 2001).

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