LIBERTY CORP
Form DEF 14A
March 26, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant ¨

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

[Liberty Corporation]

(Name of Registrant as Specified In Its Charter)

[List Other Person(s) or replace with LP24 (total) if blank]

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¨ No fee required.

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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

March 26, 2004

Dear Shareholder:

We cordially invite you to attend the 2004 Annual Meeting of Shareholders of The Liberty Corporation on Tuesday, May 4, 2004, at 10:30 a.m. at the Westin Poinsett Hotel located at 120 South Main Street, Greenville, South Carolina 29601.

The accompanying Notice of Meeting and Proxy Statement describe the matters to be considered and voted upon at the meeting. We will also review the major Company developments in 2003.

Your participation in the affairs of Liberty is important, regardless of the number of shares you hold. Even if you plan to attend the meeting, we recommend that you also submit your proxy or voting instructions so that your vote will be counted if you later decide not to attend the meeting.

This year, shareholders of record may vote in any one of three ways: by calling the toll-free number listed on the enclosed proxy card; by using the Internet as instructed on the proxy card; or by signing, dating and returning the proxy card in the enclosed, postage-paid envelope.

We look forward to seeing you on May 4. Coffee will be served prior to the meeting, when the members of the Board of Directors hope to visit with you.

Cordially,

Chairman & CEO

THE LIBERTY CORPORATION

135 South Main Street

Greenville, S. C. 29601

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 26, 2004

To the Shareholders of The Liberty Corporation:

The Annual Meeting of Shareholders of The Liberty Corporation will be held at the Westin Poinsett Hotel located at 120 South Main Street, Greenville, South Carolina, on Tuesday, May 4, 2004 at 10:30 a.m., local time, for the following purposes:

1. To elect three directors to serve for the terms indicated in the Proxy Statement.

2. To ratify the selection of independent public accountants.

3. To consider and act upon a shareholder proposal requesting that the Board of Directors of the Company redeem the rights issued pursuant to the Company s Shareholder Rights Plan.

4. To transact such other business as may properly come before the meeting.

Holders of Common Stock at the close of business on March 15, 2004 will be entitled to vote at the meeting or any adjournment thereof.

A copy of the 2003 Annual Report to Shareholders is enclosed.

By Order of the Board of Directors

Martha G. Williams

Vice President, General Counsel

& Secretary

Each shareholder is urged to vote the enclosed proxy promptly. In the event a shareholder decides to attend the meeting, he may, if he wishes, revoke his proxy and vote his shares in person.

Mailing Date: March 26, 2004

THE LIBERTY CORPORATION

135 South Main Street

Greenville, S. C. 29601

PROXY STATEMENT

The 2004 Annual Meeting of Shareholders of The Liberty Corporation (Liberty or the Company) will be held on May 4, 2004 for the purposes set forth in the Notice of Annual Meeting. The accompanying form of proxy is solicited on behalf of the Board of Directors in connection with this meeting and any adjournment thereof.

Directors, officers or employees of Liberty may solicit proxies in person or by mail, telephone or other means of electronic transmission. The cost of soliciting proxies will be borne by Liberty. In addition, the Company has retained Georgeson Shareholder Communications Inc. to aid in the solicitation of proxies and to verify records related to the solicitations. Liberty will pay Georgeson a fee not to exceed $8,000, plus reimbursement for its out-of-pocket expenses. Liberty will also reimburse brokers, banks and other custodians, nominees and fiduciaries for reasonable expenses incurred in forwarding proxy materials to beneficial owners of the Company s stock and obtaining their voting instructions.

Each shareholder is entitled to one vote for each share of Common Stock of Liberty held at the close of business on March 15, 2004, the record date for the Annual Meeting. On that date there were 18,770,129 shares of Common Stock outstanding.

Shareholders of record may vote in any one of three ways: by calling the toll-free number listed on the proxy card; by using the Internet as instructed on the proxy card; or by marking, signing, dating and returning the proxy card in the enclosed postage-paid envelope. A proxy in the accompanying form that is properly executed, duly returned and not revoked**,** or proxies properly voted by telephone or the Internet, will be voted in accordance with instructions contained therein. If no instructions are given with respect to a matter to be acted upon, proxies will be voted in accordance with the recommendations of the Board of Directors on such matter. A proxy may be revoked at any time before it is voted by written notice to the Company s Corporate Secretary, by delivery of a later dated proxy (including a proxy given by telephone or the Internet), or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

In voting on the election of directors, shareholders may vote in favor of all nominees or withhold their votes as to some or all nominees. In voting on the ratification of the selection of independent public accountants and on the shareholder proposal requesting the Board to redeem the rights issued to the Company s Shareholder Rights Plan, shareholders may vote **FOR, AGAINST** or **ABSTAIN** with respect to the proposal. Unless other instructions are indicated on the proxy card, all properly executed proxies received by the Company will be voted **FOR** the election of all the nominees named under Election of Directors, **FOR** the selection of Ernst and Young LLP as the Company s 2004 independent public accountants and **AGAINST** the shareholder proposal relating to the Shareholder Rights Plan. Some proxies may include broker non-votes. A broker non-vote occurs

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when a broker holding stock in street name does not have discretion to vote the shares on a particular matter without receiving specific instructions from the beneficial owner and no such instructions have been received.

The election of directors is decided by a plurality of the shares voting in person or by proxy at the Annual Meeting. Votes withheld and broker non-votes will not be included in vote totals for director nominees and will have no effect on the outcome of the election. The outcome of the vote on the selection of independent public accountants and the shareholder proposal relating to the Shareholder Rights Plan will be determined by a majority of the shares voting in person or by proxy at the Annual Meeting. Broker non-votes will not affect the outcome of the vote on these matters; however, abstentions will have the same effect as votes against these matters.

The presence, in person or by proxy, of at least a majority of the total number of outstanding shares is necessary to constitute a quorum at the Annual Meeting. Any proxy authorized to be voted at the meeting on any matter (including on routine matters pursuant to the discretionary authority granted in management s proxy), whether or not the proxy specifies to WITHHOLD AUTHORITY , to ABSTAIN or to effect a broker non-vote on any proposal, will be counted in establishing a quorum.

ITEM 1. ***Election of Directors***

Information Respecting the Board and Nominees

The Board, which held four meetings during 2003, has standing Audit, Compensation, and Corporate Governance/Nominating Committees. In 2003 each Director attended, either in person or by telephone conference, all meetings of the Board and of each committee on which he served. The memberships and principal responsibilities of these Committees are described below.

The Audit Committee, which met five times during 2003, currently includes J. Thurston Roach, Chairman, William O. McCoy and John H. Mullin, III. The Audit Committee is directly responsible for the engagement, retention, compensation and oversight of the independent public accountants and for reviewing with the independent public accountants the plan and results of the audit engagement, maintaining regular communication with the providers of the internal audit function, approving the services to be performed by the independent public accountants, reviewing the degree of independence of the public accountants, considering the range of audit and non-audit fees and reviewing the adequacy of the Company s system of internal accounting controls.

The Compensation Committee, which met one time during 2003, currently includes John R. Farmer, Chairman, Edward E. Crutchfield and Eugene E. Stone, IV. This Committee establishes the salaries and other forms of executive compensation for senior executives of the Company and its subsidiaries, develops and maintains compensation plans for such senior executives and grants benefits under such plans.

The Corporate Governance/Nominating Committee, which met one time since the last annual meeting, currently includes William B. Timmerman, Chairman, John R. Farmer and Eugene E. Stone, IV. This Committee recommends selection to management and to the Board of Directors of nominees for election as Directors and considers the performance of incumbent Directors in determining whether to nominate them for re-election. The Committee will consider nominees recommended by shareholders for the 2005 meeting provided such nominations are made in writing in accordance with the procedures set forth in the Company s Bylaws and are submitted no later than November 28, 2004 to the Corporate Secretary at the Company s above-stated address for

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referral to the Committee. This Committee also advises the Board of Directors on the Company s Corporate Governance Policy and other matters relating to corporate governance and the rights and interests of the Company s shareholders. A copy of Liberty s Corporate Governance Policy and Statement of Business Ethics can be found on the Company s website at *www.libertycorp.com* or is available free of charge upon written request addressed to the Corporate Secretary at the above-stated address.

The Board of Directors, which currently has nine members, is divided into three classes; and at each annual meeting, one class is elected. The Board of Directors has determined that eight of its nine members meet the New York Stock Exchange standard for independence. Hayne Hipp, Liberty s Chairman and Chief Executive Officer, is the only Director who is an employee of the Company. Only independent directors serve on the Company s Audit, Compensation and Corporate Governance/Nominating Committees.

The Corporate Governance/Nominating Committee has recommended the election of Edward E. Crutchfield, John R. Farmer and William O. McCoy as Directors to hold office for terms of three years, expiring with the annual shareholders meeting to be held in 2007. All Directors will continue in office until their successors are duly elected and qualified. The terms of office of the other six Directors continue until the annual meeting of shareholders held in the year shown for their respective classes. The Board of Directors and management concur in this recommendation.

Should any one or more of the nominees become unavailable to accept nomination for election as a Director, the persons named in the enclosed proxy will vote for the election of such other persons as management may recommend, unless the Board reduces the number of Directors. The nominees receiving a plurality of the votes cast will be elected as Directors.

Following is information about each nominee for Director or Director whose term continues after the meeting, including certain biographical data.

NOMINEES FOR DIRECTOR

Directors Continuing In Office

For Terms Expiring in May 2007:

EDWARD E. CRUTCHFIELD is retired Chairman of Wachovia Corporation (formerly First Union Corporation), a bank holding company, located in Charlotte, North Carolina, where he also served as Chief Executive Officer until March 10, 2000. Mr. Crutchfield has served as a Director of Liberty since 1989 and also serves as a Director of VF Corporation. He is 62 years old.

JOHN R. FARMER is Senior Director of Goldman Sachs, London, England, an investment banking firm. He assumed this position in 1999 and formerly served as a Limited Partner of The Goldman Sachs Group, L.P., New York, New York. Mr. Farmer was first elected a Director of Liberty in 1995. He is 65 years old.

WILLIAM O. McCOY has been a partner with Franklin Street Partners, an investment management firm located in Chapel Hill, North Carolina, since December, 1997. From April, 1999, until August, 2000, Mr. McCoy served as Interim Chancellor of the University of North Carolina at Chapel Hill. Mr. McCoy has served as a Director of Liberty since 1984 and also serves as a Director of Progress Energy, Inc., Fidelity Investments, North Carolina Capital Management Trust, and Duke Realty Corporation. He is 70 years old.

Terms Expiring in May 2005:

FRANK E. MELTON is a private investor and has served as Chairman and Chief Executive Officer of TV-3, Inc. Foundation since 1997. From 2003 until January 2004 he was appointed to serve as Director of the Mississippi Bureau of Narcotics, Jackson, Mississippi, in 2003. Prior to the purchase of Civic Communications Corporation by Liberty in 2000, Mr. Melton was Chairman and Chief Executive Officer of Civic, a television broadcasting company located in Jackson, Mississippi. He had held this position since 1984. Mr. Melton was first elected a Director of Liberty in 2001. He is 53 years old.

JOHN H. MULLIN, III is Chairman of Ridgeway Farm, LLC, a company engaged in agriculture and timber production, located in Brookneal, Virginia. He also serves as a Director of Alex. Brown Realty, Inc., Progress Energy, Inc., Sonoco Products Company and as a Trustee of The Putnam Funds. Mr. Mullin has served as a Director of Liberty since 1989. He is 62 years old.

EUGENE E. STONE, IV, is Chief Executive Officer of Stone International, LLC, a clothing manufacturer, located in Greenville, South Carolina. He has held this position since April, 1999 and previously served as Chief Executive Officer of Stone Manufacturing, LLC, and as Chairman of Umbro International, Inc. Mr. Stone first became a Director of Liberty in 1996 and also serves as a Director of The South Financial Group, Inc. He is 65 years old.

Terms Expiring in May 2006:

HAYNE HIPP has served as Chief Executive Officer of Liberty since 1979 and as Chairman since 1995. From 1981 until February 5, 2003, he also served as President. Mr. Hipp has served as a Director of Liberty since 1977 and also serves on the Board of SCANA Corporation. He is 64 years old.

J. THURSTON ROACH is a private investor. Previously, from October 2000 to November 2001, he served as a Director, President and Chief Executive Officer of HaloSource Corporation, a chemtech company based in Seattle, Washington. From January 1999 through March 2000, he served as Chief Financial Officer and Senior Vice President of Owens Corning. Owens Corning filed a voluntary petition for reorganization relief under Chapter 11 of the Bankruptcy Code in October 2000. Mr. Roach was first elected a Director of Liberty in 1994 and also serves as a Director of Deltic Timber Corporation, Pope Resources and CellFor Inc. He is 62 years old.

WILLIAM B. TIMMERMAN is Chairman of the Board, President and Chief Executive Officer of SCANA Corporation, an energy and telecommunications company located in Columbia, South Carolina. He has held these positions since March 1, 1997. Mr. Timmerman was first elected a Director of Liberty in 1997 and also serves as a Director of SCANA Corporation and ITC DeltaCom, Inc. He is 57 years old.

Executive Compensation

The following information is given as to the chief executive officer and the other four most highly compensated officers (collectively the Senior Executives) who received salary and bonus for 2003 from Liberty of more than $100,000.

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long Term Compensation Awards		
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Restricted Stock ($) (1)**	**Shares Underlying Stock Options (#)**	**All Other Compensation ($) (2)**
Hayne Hipp	2003	$ 550,000	$ 314,346	$ -0-	-0-	$ 16,500
	2002	450,000	469,977	-0-	-0-	16,375
Chairman & CEO of Liberty	2001	400,000	-0-	3,555,000	-0-	15,300
James M. Keelor	2003	500,000	289,198	128,640	-0-	18,000
	2002	499,989	433,825	340,000	-0-	17,700
President of Liberty	2001	483,326	-0-	-0-	75,000	15,300
Howard L. Schrott	2003	375,000	183,892	857,600	-0-	18,000
	2002	375,000	271,141	680,000	-0-	17,625
Chief Financial Officer of Liberty	2001	370,847	-0-	-0-	62,000	-0-
Martha G. Williams	2003	305,000	144,662	107,200	-0-	18,000
	2002	290,000	202,452	85,000	-0-	17,619
Vice President, General	2001	275,000	-0-	888,750	35,000	15,310
Counsel & Secretary of Liberty						
Jonathan W. Norwood	2003	134,131	51,315	-0-	-0-	16,308
	2002	130,000	58,566	-0-	-0-	7,950
Controller of Liberty	2001	89,904	21,000	-0-	12,500	-0-

1. The aggregate restricted shareholdings at December 31, 2003 for each individual named in the Summary Compensation Table were as follows: Hayne Hipp 60,000 shares valued at $2,711,400, James M. Keelor 11,000 shares valued at $497,090, Howard L. Schrott 36,000 shares valued at $1,626,840 and Martha G. Williams 19,500 shares valued at $881,205. Mr. Norwood does not have any outstanding shares of restricted stock. The restrictions on these shares lapse 20% per year over the five years after the date of grant. Dividends are paid on restricted stock at the same rate as paid on all outstanding shares of the Company s Common Stock.
2. All Other Compensation details Company contributions under the Retirement and Savings Plan for each named individual during 2003 (the last completed fiscal year).

Stock Options

The information set forth in the following table includes the number of shares of Common Stock acquired on exercise of stock options by the Senior Executives named in the Summary Compensation Table during 2003 and the value realized by these exercises calculated by multiplying the closing price of the Company s stock on the exercise date by the number of shares acquired, less the option price paid by the Senior Executives to the

Company in order to acquire these shares. Also shown is the number of unexercised options to purchase the Company s Common Stock held by each of the Senior Executives at December 31, 2003, as well as the value of these unexercised options calculated by multiplying the closing price of the Company s stock on December 31, 2003 by the number of underlying shares, less the option price that would be paid by the Senior Executives to the Company in order to acquire these shares.

AGGREGATED OPTION EXERCISES IN 2003 AND YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Shares Underlying Unexercised Options At 12/31/03 (#) Exercisable/ (1) Unexercisable (2)		Value of Shares Underlying Unexercised In-The-Money Options at 12/31/03 ($) Exercisable/ (1) Unexercisable (2)	
Hayne Hipp	-0-	-0-	(1)	-0-	(1)	-0-
			(2)	-0-	(2)	-0-
James M. Keelor	10,000	$ 6,150	(1)	60,000	(1)	$ 492,150
			(2)	45,000	(2)	532,800
Howard L. Schrott	-0-	-0-	(1)	24,800	(1)	$ 293,632
			(2)	37,200	(2)	440,448
Martha G. Williams	-0-	-0-	(1)	67,505	(1)	$ 600,444
			(2)	21,000	(2)	248,640
Jonathan W. Norwood	-0-	-0-	(1)	5,000	(1)	$ 59,200
			(2)	7,500	(2)	88,800

Closing price of Company stock on New York Stock Exchange on December 31, 2003 was $45.19.

Directors Compensation

In 2003 each Director who is not also an officer of Liberty or one of its subsidiaries received compensation of $5,000 and an award of 2,500 shares of Restricted Stock, which will vest twenty percent per year over the next five years. Travel expenses incurred by a Director in attending a meeting of the Board or a Committee are also reimbursed.

The Audit Committee Report, the Compensation Committee Report on Executive Compensation and the performance graph which follow shall not be deemed to be incorporated by reference into any filing made by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, notwithstanding any general statement contained in any such filing incorporating this proxy statement by reference, except to the extent the Company incorporates such Reports and graph by specific reference.

Board Audit Committee Report

The Audit Committee is currently composed of Messrs. J. Thurston Roach, Chairman, William O. McCoy and John H. Mullin, III. The Board of Directors has determined that committee members have no financial or

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personal ties to the Company (other than director compensation and equity ownership as described in this proxy statement) and meet the New York Stock Exchange standard for independence. In addition, the Board of Directors has determined that each member of the Audit Committee is financially literate and that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise. The Board of Directors has also determined that J. Thurston Roach meets the Securities and Exchange Commission (SEC) criteria of an audit committee financial expert. Mr. Roach s extensive background and experience includes serving as Chief Financial Officer for both Owens Corning and Simpson Investment Company, where he actively supervised and participated extensively in dealing with accounting, auditing, internal control and risk management issues. Mr. Roach also holds an MBA from Stanford University Graduate School of Business.

The Audit Committee provides overall guidance to the Company s audit function and operates under a written Charter approved by the Board of Directors, which was reviewed and revised in February 2004 and which is attached to this proxy statement as Appendix A. The Charter can also be viewed on Liberty s website on *www.libertycorp.com*. The new Charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation and oversight of the Company s independent auditors, including pre-approval of all audit and non-audit services to be performed by the independent auditors. The Audit Committee Charter has also been amended to give this Committee broader authority to fulfill its obligations under SEC and New York Stock Exchange requirements.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited consolidated balance sheets for the years ended December 31, 2002 and 2003, and the related statements of consolidated income, shareholder s equity and cash flows for each of the three years in the period ended December 31, 2003. The Committee also discussed certain matters with Ernst & Young LLP, the Company s independent auditors for the year ended December 31, 2003, as required by the American Institute of Certified Public Accountants Statement on Auditing Standards No. 61, Communication with Audit Committees. Furthermore, the Committee received a formal written statement from its external auditors consistent with the disclosures required by the Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with representatives of Ernst & Young LLP that firm s independence from management and the Company.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements for year-end 2003 be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2003 for filing with the Securities and Exchange Commission.

The table below discloses the aggregate fees billed for professional services rendered by Ernst & Young LLP for the years ended December 31, 2003 and December 31, 2002 for: (1) the audit of the Company s annual financial statements for the year ended December 31, 2003 and December 31, 2002 and the reviews of the financial statements included in the Company s Forms 10-Q for each year, (2) audit-related fees, (3) tax fees and (4) all other fees.

AGGREGATE AUDIT FEES BILLED FOR YEAR 2003 AND 2002

Service Provided	2003 Amount	2002 Amount
Audit Fees	$ 334,186*	$ 300,826*
Audit-Related Fees	76,077	43,509
Tax Fees	57,027	260,089
All Other Fees	0	0
Total	$ 467,290	$ 604,424

* Includes expenses of approximately $10,600 in 2003 and $6,500 in 2002.

The Audit Committee has considered whether the provision of the services covered in the above table is compatible with maintaining the principal accountant s independence and found no incompatibility. All audit and non-audit services performed by Ernst & Young in 2003 were pre-approved by the Audit Committee. None of the hours expended on Ernst & Young s engagement to audit the Company s financial statements for the year ended December 31, 2003 were attributed to work performed by persons other than Ernst & Young s full-time permanent employees.

SUBMITTED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS:

J. Thurston Roach William O. McCoy John H. Mullin, III

Board Compensation Committee Report on Executive Compensation

The Compensation Committee is currently composed of Messrs. John R. Farmer, Chairman, Edward E. Crutchfield and Eugene E. Stone, IV, all of whom are non-employee directors deemed to be independent, as defined under the rules of the New York Stock Exchange. The Committee provides overall guidance to the compensation programs and stock ownership plans established for the Company s executive officers. Set forth below is the Committee s report addressing the Company s compensation policies for 2003.

Policies. To maintain and grow the Company s leadership position in terms of market share, revenue and profitability, the Compensation Committee establishes compensation policies which are intended to: (1) reward capable and productive employees and (2) reinforce the Company s business strategies, in a manner consistent with internal equity considerations, competitive practice and the requirements of appropriate regulatory bodies.

At present, the executive compensation program is composed of annual incentive cash bonus, long-term incentive awards of stock options and restricted stock, and salary and benefits generally available to executives in the media industry. The Company is subject to the loss of the deduction for compensation in excess of

$1,000,000 paid to certain of the Company s executives unless the design and administration of the compensation programs comply with the requirements of Section 162(m) of the Internal Revenue Code. The Company generally has endeavored to satisfy the conditions required to preserve the deductibility of such executive compensation in the past and will continue to do so in the future. However, in specific situations after considering the costs of not satisfying Section 162(m) of the Code, the Company appropriately rewards individual performance regardless of tax deductibility.

Comparability. The Committee annually reviews the executive compensation program, including an analysis of competitive market data. This data compares the Company s compensation practices to those of groups of comparator companies that have business operations in the media industry and that are similar in size in terms of revenues and assets. Salaries are generally targeted at the 50^{th} percentile of the salaries of comparable positions at the comparator companies. The opportunity for executive officers to earn compensation in excess of the 50^{th} percentile is provided by the annual performance-based bonus plan and the long-term stock ownership plans. The Performance Graph in this proxy statement displays, in addition to the Company and the S&P 500, a new and old peer group of broadcasting companies. The Company has amended the constituents of its peer group to more accurately reflect a portfolio of companies that more closely resembles its operating profile. The new peer group companies, comprised of LIN TV Corporation, Hearst-Argyle Television, Inc., Media General Inc., Gray Television, Inc., Sinclair Broadcast Group, Inc. and Young Broadcasting, Inc., are included in the comparator groups used for compensation purposes.

Annual Performance Incentive. The Compensation Committee s emphasis on tying pay to corporate, business unit and individual performance is reflected in the 2003 Management Bonus Plan (the Bonus Plan). The Bonus Plan provided for cash bonus awards to executive officers based on the 2003 actual versus target financial performance of the Company and various other individual or operating measures tailored to an individual executive s area of responsibility. The financial performance measures were revenue, EBITDA and broadcast cash flow. As financial performance and shareholder value increase, bonus payouts increase proportionally. The target awards set for the executive officers reflected the Committee s subjective judgment as to the extent to which the participant could contribute to the achievement of the Company s financial goals. Threshold actual earnings of the Company were required before an executive officer became eligible. Under the Plan executives could earn higher than targeted bonuses for personal achievements contributing significantly to the Company s long-term success. Actual bonuses awarded to executive officers of the Company were approximately equal to the target bonuses established under the Bonus Plan since the 2003 actual revenue, EBITDA and broadcast cash flow of the Company were higher than threshold target revenue, EBITDA and broadcast cash flow of the Company.

Long-term Performance Incentive. The Company s Performance Incentive Compensation Program (the Program) is designed to align a significant portion of the executive compensation program with shareholder interests. The Program permits the granting of several types of stock-based awards, all of which can be performance based at the Committee s election:

Stock Option. A right vesting over a period of years as established by the Compensation Committee and terminating after ten years to purchase shares of Common Stock at a price equal to the market value of the Common Stock on the date the option is awarded.

Restricted Stock. Shares of Common Stock which the recipient cannot sell or otherwise dispose of until a restriction period lapses and which are forfeited if the recipient terminates employment for any reason other than retirement, disability or death prior to the lapse of the restriction period.

Phantom Units. Book accounts for participants which can be vested in increments over time and paid by delivery of a number of shares of Common Stock equal to the number of phantom shares held in the book account and which are forfeited if the recipient terminates employment for any reason other than retirement, disability or death prior to vesting.

Individual performance as well as formulas tied to an executive officer s base salary was utilized in establishing the number of shares of restricted stock and stock options for each 2003 award. No emphasis was placed on the number of shares in previous awards.

Salaries. Executive officers were granted base salary increases effective May 1, 2003 after evaluating executives levels of performance, responsibility and internal equity issues, and after evaluating the range of salaries paid by the comparative group of companies.

Chief Executive Officer. After evaluating the competitive total compensation market data for the comparator companies and the prior year performance of the Company against its bonus targets for revenue, EBITDA and broadcast cash flow, the Committee determined that a salary of $550,000 and a bonus of $314,346, would be appropriate for the Chief Executive Officer.

SUBMITTED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS:

John R. Farmer	Edward E. Crutchfield	Eugene E. Stone, IV

Board Corporate Governance/Nominating Committee

The Corporate Governance/Nominating Committee is currently composed of Messrs. William B. Timmerman, Chairman, John R. Farmer and Eugene E. Stone, IV, all of whom are non-employee directors deemed to be independent, as defined under the rules of the New York Stock Exchange. The Committee operates under a written Charter, a current copy of which is available to security holders on the Company s website at *www.libertycorp.com*. The Committee will consider director candidates recommended by security holders provided the procedures described in the section of this proxy statement entitled Shareholders Proposals are adhered to. Minimum qualifications that the Committee believes must be met by a Committee-recommended nominee for a position on the Company s Board of Directors are as follows.

Each nominee should:

Be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;

Be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

Be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committee member (including developing and maintaining sufficient knowledge of the Company and its industry; reviewing and analyzing reports and other information important to Board and committee responsibilities; preparing for, attending and participating in Board and committee meetings; and taking part in orientation and continuing education);

Have the desire to represent the balanced, best interests of the shareholders as a whole; and

Have the skill, expertise, background (whether in business or in other areas such as public service, academia or scientific communities), and other characteristics to enhance the effectiveness of the Board and Board committees.

The Committee seeks to identify potential director candidates who will strengthen the Board. It could receive potential nominees from directors and shareholders as described above and, when appropriate, could retain a search firm to identify director candidates. The Committee will evaluate potential nominees in accordance with the above stated minimum qualifications and will further evaluate a potential candidate s skills, expertise, background and other characteristics.

Compensation Committee Interlocks and Insider Participation

During 2003 there were no interlocking relationships involving the Company s executive officers and its directors.

Certain Transactions

William B. Timmerman, Chairman of the Board, President and Chief Executive Officer of SCANA Corporation, is a Director of Liberty. During 2003 subsidiaries of Liberty sold advertising time to SCANA Corporation that totaled approximately $66,000 (including the value of non-utility, in-kind services provided by SCANA Corporation to Liberty s subsidiaries). It is anticipated that similar transactions will occur in the future.

Management believes that the terms of the arrangements described in this Certain Transactions section are as favorable to Liberty as are similar transactions between unrelated parties.

Five-Year Shareholder Return Comparison

The Performance Graph below compares cumulative, five-year shareholder returns on an indexed basis with the S&P 500 Stock Index, the selected peer group used in 2003 and a new selected peer group.

Notes:

1. The Company amended the constituents of its peer group to more accurately reflect a portfolio of companies that more closely resembles its operating profile.

2. The new peer group consists of LIN TV Corporation; Hearst-Argyle Television, Inc.; Media General Inc.; Gray Television, Inc.; Sinclair Broadcast Group, Inc.; and Young Broadcasting, Inc. The old peer group consists of Granite Broadcasting Corporation; Hearst-Argyle Television, Inc.; Media General Inc.; Paxson Communications Corporation; Sinclair Broadcast Group, Inc.; and Young Broadcasting, Inc.

Security Ownership of Certain Beneficial Owners and Management

The following table shows as of January 31, 2004, the shares of Liberty Common Stock beneficially owned (as that term is defined by Rule 13d-3 issued by the SEC under the Securities Exchange Act of 1934) by each Director, nominee for Director and by all executive officers and Directors of Liberty as a group, and by the only entity known to Liberty to beneficially own more than 5% of the shares of such stock.

	Nature and Amount of Beneficial Ownership			
Name (1)	**Sole Voting and/or Investment Power**	**Shared Voting and/or Investment Power (2)**	**Total Shares Beneficially Owned**	**Percentage of Outstanding Common Stock**
Edward E. Crutchfield	16,530(3)	-0-	16,530	.09%
John R. Farmer	19,530(4)	-0-	19,530	.10%
Hayne Hipp	457,634(5)	1,980,458(6)	2,438,092	12.88%
James M. Keelor	153,284(7)	-0-	153,284	.81%
William O. McCoy	16,930(4)	-0-	16,930	.09%
Frank E. Melton	16,500(4)	-0-	16,500	.09%
John H. Mullin, III	16,530(4)	-0-	16,530	.09%
Jonathan W. Norwood	7,500(8)	-0-	7,500	.04%
J. Thurston Roach				