

HICKORY TECH CORP
Form 8-K/A
March 09, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Date of Report (Date of earliest event reported): **December 30, 2003**

HICKORY TECH CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction
of incorporation)

0-13721

(Commission
File Number)

41-1524393

(IRS Employer
Identification Number)

221 East Hickory Street, P.O. Box 3248, Mankato, MN

(Address of principal executive offices)

56002-3248

(Zip code)

Registrant's telephone number including area code **(800) 326-5789**

ITEM 2. Acquisition or Disposition of Assets

This form 8-K/A is being filed to amend the Form 8-K filed by Hickory Tech Corporation (HickoryTech) on December 30, 2003, relating to the disposition of its wireless business to include the financial information referred to in Item 7 below.

ITEM 7. Financial Statements and Exhibits.

(a) Not applicable.

(b) Pro forma financial information.

1. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Twelve Months Ended December 31, 2000.
2. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Twelve Months Ended December 31, 2001.
3. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Twelve Months Ended December 31, 2002.
4. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months Ended September 30, 2002.
5. Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Nine Months Ended September 30, 2003.
6. Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations.
7. Unaudited Pro Forma Condensed Consolidated Balance Sheet at September 30, 2003.
8. Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet.

The above-referenced unaudited pro forma condensed consolidated financial statements reflect the sale of our wireless business (Wireless), and the related reduction of our borrowings under our credit facility (Debt) using a portion of the proceeds from the sale. The unaudited pro forma condensed consolidated financial statements have been prepared by applying pro forma adjustments to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002, (the 2002 Form 10-K), and our Amended Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2003 (the Third Quarter 2003 Form 10-Q/A) (the Historical). The unaudited pro forma consolidated statements of operations reflect Wireless, and Debt, assuming the transaction had been consummated as of the beginning of January 1, 2000. The unaudited pro forma consolidated balance sheet reflects the sale of Wireless, and the related reduction in Debt, assuming the transaction had been consummated as of September 30, 2003.

The pro forma adjustments, as described in the notes to the unaudited pro forma condensed consolidated financial statements, are estimates based on currently available information and certain adjustments that management believes are reasonable. The unaudited pro forma condensed consolidated financial statements are presented for informational purposes only and are not necessarily indicative of the operating results or financial position that would have occurred had the sale of Wireless, or the related reduction in debt, been consummated on or as of the dates indicated nor is it necessarily indicative of future operating results or financial position. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Historical Financial Statements and the related management's discussion and analysis of financial condition and results of operations, which are contained in the Third Quarter 2003 Form 10-Q/A and the 2002 Form 10-K.

(c) Exhibits

2.1 Stock Purchase Agreement dated as of September 18, 2003 between HickoryTech and Western Wireless Corporation (previously filed as an exhibit to HickoryTech's Form 8-K filed on December 30, 2003)

99.1 Press Release dated December 16, 2003 (previously filed as an exhibit to HickoryTech's Form 8-K filed on December 30, 2003)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereto duly authorized.

Date: March 9, 2004

HICKORY TECH CORPORATION

By /s/ John E. Duffy
John E. Duffy
Chief Executive Officer

By /s/ David A. Christensen
David A. Christensen
Chief Financial Officer

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2000

(Dollars in Thousands)

	Historical	Wireless (1)	Pro Forma Adjustments	Pro Forma
OPERATING REVENUES:				
Telecom Sector	\$ 79,505	\$ (18,899)	\$	\$ 60,606
Information Solutions Sector	4,287			4,287
Enterprise Solutions Sector	18,511			18,511
TOTAL OPERATING REVENUES	102,303	(18,899)		83,404
COSTS AND EXPENSES:				
Cost of Products Sold, Enterprise Solutions	12,510			12,510
Operating Expenses, Excluding Depreciation and Amortization	53,182	(10,600)		42,582
Depreciation	11,088	(2,354)		8,734
Amortization of Intangibles	2,995	(1,923)		1,072
TOTAL COSTS AND EXPENSES	79,775	(14,877)		64,898
OPERATING INCOME/(LOSS)	22,528	(4,022)		18,506
OTHER INCOME/(EXPENSE):				
Gain on Sale of Assets	271			271
Equity in Net Income of Investees	23			23
Interest and Other Income	411	(23)		388
Loss on Debt Extinguishment	(391)			(391)
Interest Expense	(9,988)	1	1,327(2)	(8,660)
TOTAL OTHER INCOME (EXPENSE)	(9,674)	(22)	1,327	(8,369)
INCOME BEFORE INCOME TAXES	12,854	(4,044)	1,327	10,137
INCOME TAX PROVISION	5,129	(1,690)	530(3)	3,969
INCOME FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	\$ 7,725	\$ (2,354)	\$ 797	\$ 6,168
Income per Share From Continuing Operations Before Cumulative Effect of Accounting Change	\$ 0.56			\$ 0.47

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- Basic

Weighted Average Shares Outstanding - Basic	13,832,502	(1,038,927)(4)	12,793,575
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Income per Share From Continuing Operations
Before Cumulative Effect of Accounting Change

- Diluted	\$	0.55	\$	0.47
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Weighted Average Shares Outstanding - Diluted	13,923,015	(1,038,927)(4)	12,884,088
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See Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2001

(Dollars in Thousands)

	Historical	Wireless (1)	Pro Forma Adjustments	Pro Forma
OPERATING REVENUES:				
Telecom Sector	\$ 84,019	\$ (17,655)	\$	\$ 66,364
Information Solutions Sector	4,085			4,085
Enterprise Solutions Sector	20,374			20,374
TOTAL OPERATING REVENUES	108,478	(17,655)		90,823
COSTS AND EXPENSES:				
Cost of Products Sold, Enterprise Solutions	13,562			13,562
Operating Expenses, Excluding Depreciation and Amortization	54,249	(11,443)		42,806
Depreciation	12,915	(2,180)		10,735
Amortization of Intangibles	3,711	(2,074)		1,637
TOTAL COSTS AND EXPENSES	84,437	(15,697)		68,740
OPERATING INCOME/(LOSS)	24,041	(1,958)		22,083
OTHER INCOME/(EXPENSE):				
Gain on Sale of Assets	1,115	(1,115)		
Equity in Net Loss of Investees	(27)			(27)
Interest and Other Income	435	(36)		399
Interest Expense	(10,855)	1	1,082(2)	(9,772)
TOTAL OTHER INCOME (EXPENSE)	(9,332)	(1,150)	1,082	(9,400)
INCOME BEFORE INCOME TAXES	14,709	(3,108)	1,082	12,683
INCOME TAX PROVISION	5,971	(1,260)	439(3)	5,150
NET INCOME	\$ 8,738	\$ (1,848)	\$ 643	\$ 7,533
Net Income per Share - Basic	\$ 0.63			\$ 0.57
Weighted Average Shares Outstanding - Basic	13,904,690		(1,038,927)(4)	12,865,763
Net Income per Share - Diluted	\$ 0.62			\$ 0.57

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Weighted Average Shares Outstanding - Diluted	14,001,478	(1,038,927)(4)	12,962,551
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See Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended December 31, 2002

(Dollars in Thousands)

	Historical	Wireless (1)	Pro Forma Adjustments	Pro Forma
OPERATING REVENUES:				
Telecom Sector	\$ 86,557	\$ (15,449)	\$	\$ 71,108
Information Solutions Sector	4,249			4,249
Enterprise Solutions Sector	15,781			15,781
TOTAL OPERATING REVENUES	106,587	(15,449)		91,138
COSTS AND EXPENSES:				
Cost of Products Sold, Enterprise Solutions	10,638			10,638
Operating Expenses, Excluding Asset Impairment, Depreciation and Amortization	57,149	(9,926)		47,223
Asset Impairment	41,951	(41,635)		316
Depreciation	15,912	(2,345)		13,567
Amortization of Intangibles	1,877	(235)		1,642
TOTAL COSTS AND EXPENSES	127,527	(54,141)		73,386
OPERATING INCOME/(LOSS)	(20,940)	38,692		17,752
OTHER INCOME/(EXPENSE):				
Loss on Sale of Assets	(183)			(183)
Equity in Net Loss of Investees	(25)			(25)
Interest and Other Income	345			345
Interest Expense	(7,405)		723(2)	(6,682)
TOTAL OTHER INCOME (EXPENSE)	(7,268)		723	(6,545)
INCOME BEFORE INCOME TAXES	(28,208)	38,692	723	11,207
INCOME TAX PROVISION/(BENEFIT)	(11,581)	15,830	297(3)	4,546
NET INCOME/(LOSS)	\$ (16,627)	\$ 22,862	\$ 426	\$ 6,661
Net Income per Share - Basic	\$ (1.19)			\$ 0.51
Weighted Average Shares Outstanding - Basic	14,023,645		(1,038,927)(4)	12,984,718
Net Income per Share - Diluted	\$ (1.19)			\$ 0.50

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Weighted Average Shares Outstanding - Diluted	14,023,645	(1,038,927)(4)	12,984,718
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See Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2002

(Dollars in Thousands)

	Historical	Wireless (1)	Pro Forma Adjustments	Pro Forma
OPERATING REVENUES:				
Telecom Sector	\$ 64,596	\$ (11,739)	\$	\$ 52,857
Information Solutions Sector	3,064			3,064
Enterprise Solutions Sector	11,655			11,655
TOTAL OPERATING REVENUES	79,315	(11,739)		67,576
COSTS AND EXPENSES:				
Cost of Products Sold, Enterprise Solutions	7,905			7,905
Operating Expenses, Excluding Depreciation and Amortization	42,909	(7,258)		35,651
Depreciation	11,796	(1,711)		10,085
Amortization of Intangibles	1,122	(133)		989
TOTAL COSTS AND EXPENSES	63,732	(9,102)		54,630
OPERATING INCOME	15,583	(2,637)		12,946
OTHER INCOME/(EXPENSE):				
Equity in Net Loss of Investees	(27)			(27)
Interest and Other Income	138			138
Interest Expense	(5,566)		542(2)	(5,024)
TOTAL OTHER INCOME/(EXPENSE)	(5,455)		542	(4,913)
INCOME BEFORE INCOME TAXES	10,128	(2,637)	542	8,033
INCOME TAX PROVISION	4,142	(1,081)	222(3)	3,283
NET INCOME	\$ 5,986	\$ (1,556)	\$ 320	\$ 4,750
Net Income per Share Basic	\$ 0.43			\$ 0.36
Weighted Average Shares Outstanding Basic	14,008,985		(1,038,927)(4)	12,970,058
Net Income per Share Diluted	\$ 0.43			\$ 0.36

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Weighted Average Shares Outstanding	Diluted	14,092,932	(1,038,927)(4)	13,054,005
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See Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

For the Nine Months Ended September 30, 2003

(Dollars in Thousands)

	Historical	Wireless (5)	Pro Forma Adjustments	Pro Forma
OPERATING REVENUES:				
Telecom Sector	\$ 56,058	\$	\$	\$ 56,058
Information Solutions Sector	2,609			2,609
Enterprise Solutions Sector	10,859			10,859
TOTAL OPERATING REVENUES	69,526			69,526
COSTS AND EXPENSES:				
Cost of Products Sold, Enterprise Solutions	7,675			7,675
Operating Expenses, Excluding Depreciation and Amortization	35,242			35,242
Depreciation	11,013			11,013
Amortization of Intangibles	761			761
TOTAL COSTS AND EXPENSES	54,691			54,691
OPERATING INCOME	14,835			14,835
OTHER INCOME/(EXPENSE):				
Equity in Net Loss of Investees	(4)			(4)
Interest and Other Income	35			35
Interest Expense	(4,624)		493(2)	(4,131)
TOTAL OTHER INCOME/(EXPENSE)	(4,593)		493	(4,100)
INCOME BEFORE INCOME TAXES	10,242		493	10,735
INCOME TAX PROVISION	4,186		202(3)	4,388
INCOME FROM CONTINUING OPERATIONS	\$ 6,056	\$	\$ 291	\$ 6,347
Income from Continuing Operations per Share - Basic	\$ 0.43			\$ 0.48
Weighted Average Shares Outstanding - Basic	13,972,741		(1,038,927)(4)	12,933,814
Income from Continuing Operations per Share - Diluted	\$ 0.43			\$ 0.48

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Weighted Average Shares Outstanding - Diluted	14,030,862	(1,038,927)(4)	12,991,935
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See Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

Hickory Tech Corporation

Notes to the Unaudited Pro Forma Condensed Consolidated Statements of Operations

(Dollars in Thousands)

(1) Reflects the elimination of all operating results of Wireless.

(2) Reflects estimated decrease in interest expense resulting from repayment of the Debt utilizing net cash proceeds from the sale of Wireless.

	Year Ended December 31,			Nine Months Ended September 30,	
	2000	2001	2002	2002	2003
Debt Reduction	16,246	16,246	16,246	16,246	16,246
Weighted Average Interest Rate	8.17%	6.66%	4.45%	4.45%	4.05%
Interest Reduction	1,327	1,082	723	542	493
Effect of a 1/8% change in Interest Rates	20	20	20	20	20

(3) Reflects income tax effect of proforma adjustments.

(4) Reflects retirement of HickoryTech common stock received from the buyer as part of proceeds from the sale of Wireless.

(5) Wireless is presented as a discontinued operation for the nine month period ended September 30, 2003. As such, Wireless has been removed from the operating results.

HICKORY TECH CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

September 30, 2003

(In Thousands Except Share and Per Share Amounts)

	Historical	Wireless (1)	Pro Forma Adjustments	Pro Forma
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 880	\$	\$	\$ 880
Receivables, Net of Allowance for Doubtful Accounts of \$1,201	10,343			10,343
Costs in Excess of Billings on Contracts	839			839
Inventories	4,825			4,825
Deferred Income Taxes	951			951
Other	2,534			2,534
Assets Held for Sale	2,181	(2,181)		
TOTAL CURRENT ASSETS	22,553	(2,181)		20,372
INVESTMENTS	6,741			6,741
PROPERTY, PLANT AND EQUIPMENT	224,482			224,482
Less ACCUMULATED DEPRECIATION	112,807			112,807
PROPERTY, PLANT AND EQUIPMENT, NET	111,675			111,675
OTHER ASSETS:				
Goodwill	25,086			25,086
Intangible Assets, Net	507			507
Financial Derivative Instrument	1,961			1,961
Deferred Costs and Other	4,945			4,945
Assets Held for Sale	27,481	(27,481)		
TOTAL OTHER ASSETS	59,980	(27,481)		32,499
TOTAL ASSETS	\$ 200,949	\$ (29,662)		\$ 171,287
LIABILITIES & SHAREHOLDERS EQUITY				
CURRENT LIABILITIES:				
Accounts Payable	\$ 2,608	\$	\$	\$ 2,608
Accrued Expenses	2,495			2,495
Accrued Interest	60			60
Accrued Income Taxes	1,576			1,576
Due to Parent		(28,063)	28,063(2)	
Billings in Excess of Costs on Contracts	275			275

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Advanced Billings and Deposits	2,846			2,846
Liabilities Held for Sale	1,568	(1,568)		
Current Maturities of Long-Term Obligations	1,482			1,482
TOTAL CURRENT LIABILITIES	12,910	(29,631)	28,063	11,342
LONG-TERM OBLIGATIONS, Net of Current Maturities	140,096		(16,246)(3)	123,850
LONG-TERM LIABILITIES HELD FOR SALE	31	(31)		
DEFERRED INCOME TAXES	2,204			2,204
DEFERRED REVENUE AND BENEFITS	5,766			5,766
TOTAL LIABILITIES	161,007	(29,662)	11,817	143,162
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS EQUITY				
Common Stock, no par value, \$.10 stated value Shares authorized: 100,000,000 Shares outstanding: 12,958,616	1,400		(104)(4)	1,296
Additional Paid-In Capital	8,519		(582)(4)	7,937
Retained Earnings	28,866		(11,521)(4) 390(5)	17,735
Accumulated Other Comprehensive Income	1,157			1,157
TOTAL SHAREHOLDERS EQUITY	39,942		(11,817)	28,125
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	\$ 200,949	\$ (29,662)	\$	171,287

See Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

Hickory Tech Corporation

Notes to the Unaudited Pro Forma Condensed Consolidated Balance Sheet

(Dollars in Thousands)

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- (1) Reflects the elimination of the net assets of Wireless.
 - (2) Reflects elimination of intercompany payable from Wireless to its parent.
 - (3) Reflects repayment of the Debt utilizing net cash proceeds from the sale of Wireless.
 - (4) Reflects retirement of HickoryTech common stock with an estimated fair value of \$12,207 received from the buyer as part of the proceeds from the sale of Wireless.
 - (5) Reflects elimination of the gain realized had the closing of the sale of Wireless occurred on September 30, 2003. Assumes cash proceeds of \$16,246 and estimated fair value of HickoryTech common stock received of \$12,207.