

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 |
|---|------------|----------------|------------|

Income per Share From Continuing Operations
Before Cumulative Effect of Accounting Change

| | | | | |
|-----------|----|------|----|------|
| - Diluted | \$ | 0.55 | \$ | 0.47 |
|-----------|----|------|----|------|

| | | | |
|---|------------|----------------|------------|
| Weighted Average Shares Outstanding - Diluted | 13,923,015 | (1,038,927)(4) | 12,884,088 |
|---|------------|----------------|------------|

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 |
|---|------------|----------------|------------|

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 |
|---|------------|----------------|------------|

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 |
|-------------------------------------|---------|------------|----------------|------------|

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 |
|---|------------|----------------|------------|

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)

-
- (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.