

PRICE COMMUNICATIONS CORP
Form 10-Q
November 09, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

Commission file number
1-8309

PRICE COMMUNICATIONS CORPORATION

(Exact Name of Registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation or organization)

**45 Rockefeller Plaza,
New York, New York**
(Address of principal executive offices)

13-2991700
(I.R.S. Employer
Identification No.)

10020
(Zip Code)

Registrant's telephone number (212) 757-5600

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

Title of each class

Name of each exchange
on which registered

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Common Stock, par value \$.01 per share
Associated Common Stock Rights Under Rights Plan

New York Stock Exchange
Boston Stock Exchange
Chicago Stock Exchange
Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The number of shares outstanding of the issuer's common stock as of September 30, 2004 was 56,280,345.

PRICE COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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Item 1. *Financial Statements*

PRICE COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(\$ in thousands)

	September 30, 2004 (Unaudited)	December 31, 2003 (Audited)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,105	\$ 6,499
Available for sale securities	15,976	13,587
Total current assets	18,081	20,086
Restricted cash and securities (principally securities)	92,197	86,430
Investment in limited partnership	1,151,326	1,138,772
Other assets	578	390
	\$ 1,262,182	\$ 1,245,678
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Income taxes payable (current and deferred)	6,634	4,350
Other current liabilities	5,197	5,175
Total current liabilities	11,831	9,525
Accrued income taxes - long term		53,165
Deferred income taxes, net	521,038	525,000
Estimated liability to former minority partners	26,000	16,000
Total liabilities	558,869	603,690
Commitments and contingencies		
Shareholders' equity	703,313	641,988
	\$ 1,262,182	\$ 1,245,678

See accompanying notes to consolidated financial statements.

PRICE COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(\$ in thousands, except per share data)

(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2004	2003	2004	2003
Revenue:				
Earnings from partnership	\$ 8,360	\$ 8,132	\$ 24,988	\$ 24,321
Operating expenses:				
Provision and accrued settlement of cellular legal matters	10,000	1,500	10,000	1,500
General and administrative	706	675	4,708	4,634
Total operating expenses	10,706	2,175	14,708	6,134
Operating income (loss)	(2,346)	5,957	10,280	18,187
Other income, net	1,908	1,360	8,638	7,263
Income (loss) before income taxes	(438)	7,317	18,918	25,450
Income tax expense (benefit)	(54,115)	2,927	(47,085)	10,190
Net income	53,677	4,390	66,003	15,260
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on available for sale securities	2,409	(5,217)	2,988	(3,659)
Reclassification adjustment	(249)	(3)	(2,101)	(1,094)
Comprehensive income (loss)	\$ 55,837	\$ (830)	\$ 66,890	\$ 10,507
Per share data:				
Basic earnings per share	\$ 0.95	\$ 0.08	\$ 1.17	\$ 0.27
Weighted average shares outstanding	56,341,000	56,844,900	56,464,000	57,057,000
Diluted earnings per share	\$ 0.95	\$ 0.08	\$ 1.16	\$ 0.27
Weighted average shares outstanding	56,627,000	57,096,900	56,738,000	57,309,000

See accompanying notes to consolidated financial statements.

PRICE COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(\$ in thousands)

(Unaudited)

	For the nine months ended September 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 66,003	\$ 15,260
Adjustments to reconcile net income to net cash provided by operating activities:		
Earnings from partnership	(24,988)	(24,321)
Gain on available for sale marketable securities and options	(5,381)	(4,553)
Increase (decrease) in income taxes receivable/payable	2,182	3,252
Deferred taxes	(4,450)	
Increase in other assets	(188)	(340)
Decrease in other current liabilities	(9)	1,336
Increase in estimated liability to former minority partners	10,000	
Decrease in accrued income taxes-long term	(53,165)	
Changes in other accounts		24
Total adjustments	(75,999)	(24,602)
Net cash used in operating activities	(9,996)	(9,342)
Cash flows from investing activities:		
Proceeds from sale of securities and put and call options	95,382	127,192
Purchase of securities and put and call options	(96,827)	(135,550)
Decrease in cash in collateral account	179	378
Distribution of profits from partnership	12,433	12,287
Net cash provided by investing activities	11,167	4,307
Cash flows from financing activities:		
Purchase and retirement of common stock	(5,565)	(5,805)
Exercise of employee stock options		60
Net cash used in financing activities	(5,565)	(5,745)
Net decrease in cash and cash equivalents	(4,394)	(10,780)
Cash and cash equivalents at the beginning of period	6,499	20,733
Cash and cash equivalents at the end of period	\$ 2,105	\$ 9,953
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 8,347	\$ 6,937

See accompanying notes to consolidated financial statements.

PRICE COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Shareholders Equity

(in thousands)

(Unaudited)

	Common Stock Class A Shares	Par Value	Additional paid-in capital	Accumulated other comprehensive income/(loss)	Retained earnings	Total shareholders equity
Balance at December 31, 2003	56,683	\$ 567	\$ 163,240	\$ 4,590		