LICT CORPORATION

Quarterly Report for period ended September 30, 2013

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	September 30, 2013	December 31, 2012	September 30, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	$ 8,261	$ 9,030	$ 9,671
Receivables, less allowances of $366, $319 and $836, respectively	8,293	9,143	8,769
Material and supplies	3,991	3,807	4,358
Prepaid expenses and other current assets	3,008	3,589	3,088
Total current assets	23,553	25,569	25,886
Property, plant and equipment:			
Land	1,063	1,114	1,114
Buildings and improvements	19,476	19,370	19,330
Machinery and equipment	307,921	299,652	296,070
	328,460	320,136	316,514
Accumulated depreciation	(231,338)	(223,045)	(219,533)
	97,122	97,091	96,981
Goodwill	59,465	59,465	59,465
Other intangibles	2,686	2,777	2,812
Investments in and advances to affiliated entities	5,382	4,635	4,336
Other assets	8,390	8,578	8,526
Total assets	$ 196,598	$ 198,115	$ 198,026

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	September 30, 2013	December 31, 2012	September 30, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Notes payable to banks	$ 17,090	$ 15,162	$ 14,423
Trade accounts payable	4,188	4,156	4,137
Accrued interest payable	289	365	328
Accrued liabilities	8,359	8,788	9,012
Current maturities of long-term debt	6,248	6,915	13,237
Total current liabilities	36,174	35,386	41,137
Long-term debt	48,989	56,160	52,824
Deferred income taxes	17,231	17,399	16,562
Liability for unrecognized tax benefits	18	18	37
Other liabilities	6,037	5,731	5,562
Total liabilities	108,449	114,694	115,915
Commitments and contingencies			
Shareholders' equity			
Common stock, $0.0001 par value-10,000,000 shares authorized; 26,637.50, issued; 22,486.37, 23,125.37 and 23,334.37 outstanding	--	--	--
Additional paid-in capital	16,637	16,637	16,637
Retained earnings	82,450	76,240	74,451
Accumulated other comprehensive income (loss)	(37)	(3)	29
Treasury stock, 4,151.13, 3,512.13 and 3,303.13 shares, at cost	(11,379)	(9,860)	(9,391)
Shareholders' equity attributable to LICT	87,671	83,014	81,726
Noncontrolling interests	478	407	385
Total shareholders' equity	88,149	83,421	82,111
Total liabilities and shareholders' equity	$ 196,598	$ 198,115	$ 198,026

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2012**
Revenues	$24,155	$24,199	$71,337	$71,306
Costs and expenses:				
Cost of revenue, excluding depreciation	11,731	11,125	34,124	32,812
General and administrative costs at operations	3,501	3,629	10,391	10,569
Corporate office expenses	823	782	2,374	2,618
Depreciation and amortization	4,403	4,220	13,017	13,030
Total Costs and Expenses	20,458	19,716	59,906	59,029
Operating profit	3,697	4,443	11,431	12,277
Other income (expense):				
Investment income	24	33	527	618
Interest expense	(1,140)	(1,439)	(3,505)	(4,145)
Equity in earnings of affiliated companies	362	653	1,353	1,321
Gain on sale of assets	2	-	411	11,559
	(470)	(753)	(1,214)	9,353
Income before income taxes	3,228	3,690	10,217	21630
Provision for income taxes	(1,279)	(1,448)	(3,936)	(7,493)
Net income	1,948	2,242	6,281	14,137
Noncontrolling interests	(9)	(21)	(71)	(58)
Net income attributable to LICT	$1,939	$2,221	$6,210	$14,074
Basic and diluted weighted average shares	22,657	23,424	22,804	23,480
Basic and diluted earnings per share:				
Net income from continuing operations	$85.99	$95.72	$275.44	$602.07
Net income attributable to LICT	$85.59	$94.82	$272.31	$579.62
Net earnings per share, included above, attributable to:				
Gain on sale of assets	-	-	$ 10.79	$324.15
Expiration of uncertain income tax positions	-	-	-	$14.02
Basic and diluted earnings per share excluding the gain on sale of assets and expiration of uncertain income tax positions:				
Net income before noncontrolling interests	$85.99	$95.72	$264.65	$263.92
Net income attributable to LICT	$85.59	$94.82	$261.52	$261.45

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIAIRES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands, except share data)

	Shares of Common Stock Out-standing	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Non-controlling Interest	Total
Balance at December 31, 2012	23,125	$ --	$ 16,637	$ 76,240	$ (3)	$ (9,860)	$ 407	$ 83,421
Net income for the period	--	--	--	6,210	--	--	71	6,,281
Unrealized loss on available for sale securities, net	--	--	--	--	(30)	--		(30)
Comprehensive income								6,251
Purchase of Treasury Stock	(639)	--	--	--	--	(1,519)		(1,519)
Balance at September 30, 2013	22,486	$ --	$ 16,637	$ 82,450	$ (33)	$ (11,379)	$ 478	$ 88,149

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2013	**2012**
Operating activities:		
Net Income attributable to LICT	$6,210	$14,079
Adjustments to reconcile net income attributable to LICT to net cash provided by operating activities:		
Depreciation and amortization	13,017	13,030
Equity in earnings of affiliated companies	(1,353)	(1,321)
Distributions received from affiliated companies	605	865
Other gains	(411)	(11,559)
Uncertain income tax benefit	--	(330)
Noncontrolling interest	71	58
Changes in operating assets and liabilities:		
Accounts receivables	850	(465)
Income tax payable/ receivable	(239)	2,342
Other current assets	398	(1,152)
Accounts payable and accrued liabilities	(163)	1,470
Other	54	(477)
Net cash provided by operating activities	19,039	16,540
Investing activities:		
Capital expenditures	(13,042)	(10,224)
Stimulus grant spending	(1,061)	(2,267)
Stimulus grant recoveries	801	1,399
Proceeds from sale of spectrum	--	12,312
Proceeds from sale of assets	758	--
Other	35	363
Net cash provided by (used in) investing activities	(12,509)	1,583
Financing activities:		
Issuance of long term debt	34	848
Repayments of long term debt	(7,742)	(19,445)
Net repayment on lines of credit	(1,928)	(1,112)
Purchase of treasury stock	(1,519)	(448)
Net cash used in financing activities	(7,299)	(20,157)
Net decrease in cash and cash equivalents	(769)	(2,034)
Cash and cash equivalents at beginning of period	9,030	11,705
Cash and cash equivalents at end of period	$8,261	$9,671
Cash paid for:		
Interest expense	$3,405	$3,875
Income taxes	$4,096	$5,647
Non cash transactions:		
Purchases of property, plant and equipment included in payables or accruals at:		
- End of period	$626	$331
- Beginning of period	$698	$359

See accompanying Notes to Condensed Consolidated Financial Statements.

LICT CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

LICT Corporation ("LICT" or the "Company") consolidates the operating results of its subsidiaries. All material intercompany transactions and balances have been eliminated. Investments in affiliates in which the Company does not have majority voting control, but has the ability to significantly influence management decisions, are accounted for in accordance with the equity method. The Company accounts for the following affiliated companies on the equity basis of accounting: a cellular partnership in California (25% owned) and telecommunications operations in Iowa and New York (5% to 14% owned).

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they are not audited and do not include all of the information and footnotes required for complete financial statements. These consolidated financial statements and footnotes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2012. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and ninemonth periods ended September 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

B. Other gains

In January 2013, the Company's Utah subsidiary sold a CATV system in Ely, Nevada for $0.5 million, resulting in a gain, pre-tax of $0.4 million or, net of income tax, $10.79 per share.

In February 2012, the Company closed on the sale of its eight 700MHz licenses for $12.8 million. This resulted in a net gain of $7.7 million, or $324.57 per share.

C. Investments in Affiliated Companies

A subsidiary of LICT owns a 25% partnership interest in a cellular telephone provider in northern California, California RSA #2 ("RSA #2). As of September 30, 2013, December 31, 2012 and September 30, 2012, the net investment in the partnership was $3.7 million, $3.2 million and $3.0 million, respectively. The Company's share of income, included in Equity in Earnings of Affiliated Companies was $1.07 million and $1.2 million in 2013 and 2012, respectively.

D. Indebtedness

LICT maintains a short-term line of credit facility totaling $17.5 million that expires on June 30, 2014. Borrowings under this and earlier facilities were $17.1 million, $15.2 million and $14.45 million at September 30, 2013, December 31, 2012 and September 30, 2012, respectively. Borrowing under the line of credit facility are included in Notes payable to banks. Long-term debt consists of (all interest rates are at September 30, 2013) (in thousands):

	September 30, 2013	December 31, 2012	September 30, 2012
Rural Electrification Administration ("REA") and Rural Telephone Bank ('RTB") notes payable due quarterly through 2027 at fixed interest rates ranging from 2.1% to 7.2%. (5.4% weighted average, secured by assets of the telephone companies with a net book value of $24 million)	$ 9,270	$ 13,497	$ 13,846
Bank Credit facilities utilized by certain telephone and telephone holding companies due through 2017, at variable interest rates averaging 3.0%	13,755	15,696	17,222
Unsecured notes issued in connection with acquisitions at fixed interest rates averaging 7.6%	31,697	33,197	34,235
Other	514	685	758
	55,209	63,075	66,061
Current maturities	(6,248)	(6,915)	(13,237)
	$ 48,989	$ 56,160	$ 52,824

E. Comprehensive Income

Other comprehensive income, net of tax, which consists of unrealized gains (losses) on available for sale securities, as of Septmeber 30, 2013, December 31, 2012 and September 30, 2012 are as follows (in thousands):

	Unrealized Gain (Loss)	Tax Effect	Net
		(in thousands)	
Balance at December 31, 2012	$ (5)	$ 2	$ (3)
Unrealized losses on available for sale securities, net	(35)	15	(30)
Balance at September 30, 2013	$ (50)	$ 17	$ (33)
Balance at September 30, 2012	$ 43	$ (14)	$ 29

F. Litigation

LICT is from time to time a party to routine litigation incidental to its business. Based on information currently available, the Company believes that none of this ordinary routine litigation, either individually or in the aggregate, will have a material effect on its financial condition and results of operations.

G. Related Party Transactions

At September 30, 2013, December 31, 2012 and September 30, 2012, assets of $3.5 million, $3.8 million and $4.31 million, which are classified as cash and cash equivalents, are invested in United States Treasury money market funds for which affiliates of the Company's Chairman and Chief Executive Officer serve as investment manager to the respective funds.

MANAGEMENT'S DISCUSSION OF OPERATIONS

This discussion should be read together with the Consolidated Financial Statements of LICT Corporation and the notes thereto.

RESULTS OF OPERATIONS

Overview

LICT provides an array of communications services in rural areas. Our history is primarily as an operator of rural telephone service (known as Rural Local Exchange Carriers, or “RLECs”), with our principal operations in rural parts of New Mexico, Utah, Michigan, Iowa, Kansas, California, Wisconsin, New York and New Hampshire. As the technologies have evolved, so have our services. We now provide a broad array of communications services to residential, commercial and governmental customers, principally in or near our historic telephone coverage areas.

The U.S. and state governments have long had a policy of subsidizing and encouraging telephone and other communication services in rural areas. RLECs, in particular, including those that form the core of our company, often provide communications services in rural areas where such service would not be economical without significant government subsidies. Such subsidies are derived from numerous federal and state support mechanisms, which are generally referred to as Universal Service Funds (“USF”). Such programs evolve constantly to take into consideration new technologies and to encourage RLECs to invest in new technologies and new services to the consumers. In addition, what we may charge for some of our services is often regulated by various public utility commissions. We devote considerable management attention to understanding, utilizing and adhering to these different governmental programs, incentives and regulatory structures. While there is no certainty that such programs will continue at the same levels of subsidy as they have in the past, we believe that the various governmental agencies will continue to encourage economical means of communication for people living in rural areas. People are communicating more, and in more ways, than ever before. We believe this is an opportunity for us, especially as rural customers demand additional and better communications infrastructure.

The advent and spreading acceptance of the Internet has been a significant growth area for our company. The number of our DSL subscribers, for example, has grown significantly in recent years. This has been offset, in part, by reductions in the number of traditional telephone lines, as consumers replace traditional telephone connections with new technologies. We expect such shifts in consumer behavior to continue and we intend to continue to move our company in the direction of being a communications provider, whatever the technology, rather than simply being a provider of rural telephone connections.

Third quarter ended September 30, 2013 compared to 2012

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2013	2012
Regulated revenues:		
Local access	$ 2,578	$ 2,646
Interstate access	8,725	9,515
Intrastate access	2,573	2,654
Other regulated	437	490
Total regulated revenues	14,313	15,305
Broadband and other non-regulated	9,841	8,895
Total revenues	24,155	24,199
Operating Cost and Expense:		
Cost of revenue, excluding depreciation	11,730	11,125
General and administrative costs at operations	3,500	3,629
Corporate office expenses	824	782
Depreciation and amortization	4,403	4,220
Total	20,458	19,756
Operating profit	$ 3,698	$ 4,443

Total revenues in 2013 at $24.2 million decreased very slightly as compared to 2012. Our non-regulated revenues, primarily broadband services, grew by 10.6% which substantially offset the 6.5% decline in regulated revenues. Local access revenue decreased $0.1 million resulting from a 4.5% year over year decrease in access lines offset by the sale of additional services and features. Interstate access revenue decreased $0.8
million in 2013, due to changes in regulations and lower pool earnings, reduced USF funding due to a lower rate base at several of our operations, and a reduction of minutes of use. Revenues from broadband and other non-regulated services increased $0.9 million primarily due to the sale of additional broadband circuits outside of our regulated service territory, additional video revenue and the sale of communications equipment. Our DSL penetration was 69.0% at September 30, 2013 compared to 63.8% at September 30 2012.

Total costs and expenses were $20.5 million in 2013, an increase of $0.2 million compared to 2012. Costs of revenue increased $0.6 million, primarily due to startup costs for certain CLEC operations as well as increased costs from the growing internet and cable television operations. General and administrative costs incurred at the operations was $.0.1 million lower in the 2013 period. Corporate office expenses increased by less than $0.1 million. Depreciation and amortization were the same in both periods.

As a result of the above, operating profit in 2013 decreased by $0.7 million from $4.2 million in 2012 to $3.7 million in 2013.

EBITDA

EBITDA is used by our management as a supplemental financial measure to evaluate the operating performance of our business and, when viewed with our GAAP results and the accompanying reconciliations, we believe it provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. We also regularly communicate our EBITDA to the shareholders through our earnings releases because it is the financial measure commonly used by analysts that cover the telecommunications industry and by our investor base to evaluate our operating performance. In addition, we routinely use EBITDA as a metric for valuing potential acquisitions. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as EBITDA, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. This non-GAAP financial measure is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core business that may not otherwise be apparent when relying solely on GAAP financial measures, because this non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

LICT's management believes strongly in growing intrinsic value as a long-term prescription for managing an enterprise's health. Our local management teams run their respective businesses as stand-alone, entrepreneurial units although we attempt to use economies of scale and other efficiencies (such as joint purchasing) where they are available. We believe that EBITDA is the clearest indicator of the cash flow generating ability and long-term health of such units. We value potential acquisitions on the same basis.

EBITDA refers to, for any period, net income (loss) before all components of "Other income (expense)" (consisting of investment income, interest expense, equity in earnings of affiliates, gains and losses on disposition of or impairment of assets), income taxes, depreciation, amortization, minority interests and income or loss from discontinued operations. EBITDA has now been modified to include the cash we received from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we have the ability to significantly influence financial and accounting policies.

The following table provides the components of EBITDA and reconciles it to net income from continuing operations (in thousands):

	2013	2012
EBITDA from:		
Operating units	$8,924	$9,445
Dividends from equity affiliates	253	679
	9,178	10,124
Corporate expense	(824)	(782)
EBITDA	$8,354	$9,342
Reconciliation to net income:		
EBITDA	$8,354	$9,342
Less dividends from equity affiliates	(253)	(679)
Depreciation and amortization	(4,403)	(4,220)
Investment income	24	33
Interest expense	(1,140)	(1,439)
Equity in income of affiliates	362	653
Other gains	2	-
Income tax	(934)	(1,448)
Net income	$2,011	$2,242

Other Income (Expense)

Interest expense decreased by $0.3 million in 2013 primarily due to reductions in debt outstanding and slightly lower interest rates.

Equity in earnings of affiliates was the same in both periods primarily represents earnings from our 25% partnership interest in a wireless data and telephone provider in California RSA #2.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2013 and 2012, represent effective tax rates of 39.6% and 39.2%, respectively. The difference between these effective rates and the federal statutory rate is principally due to state income taxes.

Net Income

Net income in the third quarter of 2013 was $2.0 million, or $88.83 per share (basic and diluted), compared to a net income last year of $2.2 million, or $95.72 per share (basic and diluted). The Company has no dilutive instruments outstanding.

Nine months ended September 30, 2013 compared to 2012

The following is a breakdown of revenues and operating costs and expenses (in thousands):

	2013	2012
Regulated revenues:		
Local access	$ 7,833	$ 8,219
Interstate access	26,095	27,461
Intrastate access	7,535	7,903
Other regulated	1,308	1,441
Total regulated revenues	42,772	45,020
Broadband and other non-regulated	28,565	26,282
Total revenues	71,337	71,306
Operating Cost and Expense:		
Cost of revenue, excluding depreciation	34,124	32,812
General and administrative costs at operations	10,391	10,569
Corporate office expenses	2,374	2,618
Depreciation and amortization	13,017	13,030
Total	59,906	59,029
Operating profit	$ 11,431	$ 12,277

Total revenues in 2013 increased slightly ($35,000) as compared to as ur non-regulated revenues, primarily broadband services, grew by 8.7% which more than offset the 5.0% decline in regulated revenues. Local access revenue decreased $0.4 million resulting from a 5.0% decrease in access lines offset by the sale of additional services and features. Interstate access revenue decreased $1.4 million in 2013, due to changes in regulations and lower pool earnings, reduced USF funding due to a lower rate base at several of our operations, and a reduction of minutes of use. Revenues from broadband and other non-regulated services increased $2.3 million primarily due to the sale of additional broadband circuits outside of our regulated service territory, additional video revenue and the sale of communications equipment.

Total costs and expenses were $39.4 million in 2013 and $39.3 million in 2012. Costs of revenue increased $0.7 million, primarily due to startup costs for certain CLEC operations as well as increased costs from the growing internet and cable television operations. General and administrative costs incurred at the operations decreased less than $0.1 million. Corporate office expenses decreased $0.3 million. Depreciation and amortization decreased by $0.2 million.

As a result of the above, operating profit in 2013 decreased by $0.1 million from $7.8 million in 2012 to $7.7 million in 2013.

EBITDA

The following table provides the components of EBITDA and reconciles it to net income from continuing operations (in thousands):

	2013	2012
EBITDA from:		
Operating units	$26,823	$27,925
Dividends from equity affiliates	605	1,932
	27,428	29,857
Corporate expense	(2,374)	(2,618)
EBITDA	$25,054	$27,239
Reconciliation to net income:		
EBITDA	$25,054	$27,239
Less dividends from equity affiliates	(605)	(1,932)
Depreciation and amortization	(13,017)	(13,030)
Investment income	527	618
Interest expense	(3,505)	(4,145)
Equity in income of affiliates	1,353	1,321
Other gains	411	11,559
Income tax	(3,936)	(7,493)
Net income	$6,210	$14,137

Other Income (Expense)

In 2013, investment income decreased by $0.1 million primarily due to a reduction in patronage dividends.

Interest expense decreased by $0.6 million in 2013 primarily due to reductions in debt outstanding and lower interest rates.

Equity in earnings of affiliates in 2013 increased by less than $0.1 million primarily represents earnings from our 25% partnership interest in a wireless data and telephone provider in California RSA #2.

Other gains primarily resulted from: in January 2013, the sale by the Company's Utah subsidiary of a CATV system in Ely, Nevada; and in February 2012, the sale by the Company of eight 700MHz spectrum licenses.

Income Tax Provision

The income tax provision includes federal, as well as state and local taxes. The tax provision for 2013 and 2012, represent effective tax rates of 38..5% and 36.27%, respectively. The difference between these effective rates and the federal statutory rate is principally due to state income taxes. In 2012, the sale of spectrum was not subject to state income tax. In addition, the 2012 period included a benefit of $0.3 million from the expiration of uncertain income tax provisions.

Net Income

Net income in the nine months of 2013 was $6.2 million, or $275.44 per share (basic and diluted), compared to a net income last year of $14.1 million, or $602.07 per share (basic and diluted). The 2012 nine months included $8.0 million combined, or $338 per share from the sale of spectrum and the expiration of uncertain income tax positions. The 2013 six month period included $0.4 million, or $11 per share from the sale of the CATV system. The Company has no dilutive instruments outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The debt at certain of LICT's subsidiary companies contains restrictions on the amount of funds that can be transferred to their respective parent companies. For the subsidiaries with restrictions, LICT receives cash to meet its obligations primarily through management fees charged to its subsidiaries, dividends, a tax sharing agreement with its subsidiaries, usage of a line of credit facility and by the sale of assets.

Our $17.5 million line of credit facility with a expires on June 30, 2014.Interest on borrowings is LIBOR plus 4.0% Management is in the process of renewing or replacing this Line believes, but it is not assured that it has adequate liquidity for at least the next twelve months.

LICT was awarded $6.5 Million of grant and $1.0 Million of loan stimulus funds from the Department of Agriculture's Rural Utilities Service ("RUS") Broadband Initiatives Program in 2010. In addition, the Company is obligated for an additional $1.1 million of its own funds to complete such projects. This funding is aimed at expanding broadband access in unserved and underserved portions of the nation. LICT will expand and upgrade broadband service at four of our companies, in New Hampshire, Kansas, California and Utah, with this stimulus funding. As of September 30, 2013: LICT spent $6.8 million on such stimulus projects, including $1.0 million in 2013; of which it has recovered $3.8 million, including $1.0 million in 2013, and expects to recover an additional $1.3 million; and has borrowed $0.8 million.

The Company is obligated under long-term debt provisions and lease agreements to make certain cash payments over the term of the agreements. The following table summarizes, as of March 31, 2013 for the periods shown, these contractual obligations and certain other financing commitments from banks and other financial institutions that provide liquidity:

	Payments Due by Period (In thousands)				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long-term debt, principal only	$55,236	$6,248	$25,788	$19,133	$4,101
Operating leases	6,609	1,182	1,967	1,756	1,704
Notes payable to banks, principal only	17,090	17,090	--	--	--
Interest on debt and notes	9,898	3,58	4,639	1,230	570
Total contractual cash obligations and commitments	$88,833	$27,997	$32,394	$22,119	$9,375

At September 30, 2013, total debt (including notes payable to banks) was $72.3 million, a decrease of $5.9 million from December 31, 2012. At September 30, 2013, there was $41.8 million of fixed interest rate debt outstanding, averaging 6.72%, and $30.8 million of variable interest rate debt, averaging 4.1%. The long-term debt facilities at certain subsidiaries are secured by substantially all of such subsidiaries' assets, while at other subsidiaries it is secured by the common stock of such subsidiaries. In addition, the debt facilities contain certain covenants restricting distributions to LICT. The repayment of all debt at our New Mexico and Michigan operations, and as of July 2013 at our Utah operations, has removed restrictions on up-streaming cash from those operations. At the Company's other subsidiaries, substantially all of the subsidiaries' net assets were restricted.

LICT has a manageable degree of financial leverage. As of September30, 2013, the ratio of total debt to total EBITDA, on a trailing twelve month basis, was 2.1 to 1. Certain subsidiaries have higher debt to EBITDA profit ratios.

As of September 30, 2013, LICT had current assets of $23.6 million and current liabilities of $36.24 million resulting in negative working capital of $12.6 million compared to negative $9.8 million at December 31, 2012.

Sources and Uses of Cash

Cash at September 30, 2013, was $8.3 million, a decrease of $0.7 million compared to December 31, 2012. In the nine months of 2013, net cash provided by operations of $19.0 million was primarily used to invest in plant and equipment and repay debt.

In the nine months, capital expenditures were $12.0 million in 2013 compared to $10.2 million in 2012, of which 57% and 53% were spent at the RLECs and, for our cost based companies, will be included in their rate bases for rate setting purposes.

In 2008 through the present, the Company has taken bonus depreciation deductions for eligible property additions as allowed by the Internal Revenue Service of 50%, starting January 1, 2008, 100%, starting September 9, 2010 through December 31, 2011 and 50% starting January 1, 2012. Such deductions which have the effect of reducing current taxes payable, will continue in 2013, but will increase tax payments in future years.

In February 2012, the Company closed on the sale of its eight 700MHz licenses for $12.8 million. The licenses had a basis of $0.8 million and net of sales cost and income tax, resulted in a net gain of $7.7 million, or $324 per share. Using such proceeds, the Company paid off $7.6 million of long term debt and a capital lease of its Michigan subsidiary.

The Company received cash distributions from a 25% interest in the Modoc Partnership of $1.3 million in the nine months of 2012 compared to $0.6 million in the current period.

Periodically, the Company's Board of Directors authorizes the purchase of shares of the Company's common stock. The Company's bank covenants, however, restrict share repurchases. Through September 30, 2013, 4,151 shares allowed under the bank covenants had been purchased at an average investment of $2,741 per share, including 639 shares purchased in 2013 at an average investment of $2,378 per share.

The Company has not paid any cash dividends since its spin-off from Lynch Corporation in 1999. The Company has spun-off three entities: Morgan Group Holding Co., CIBL Inc., and ICTC Group Inc.