FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
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FILER

ALLBRITTON COMMUNICATIONS CO

CIK:**889156**| IRS No.: **781803105** | State of Incorp.:**DE** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **333-02302** | Film No.: **1697563**
SIC: **4833** Television broadcasting stations

Business Address
800 SEVENTHEEN ST NW STE 300
WASHINGTON DC 20006
2027892130

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2001	Commission file number: 333-02302

ALLBRITTON COMMUNICATIONS COMPANY
(Exact name of registrant as specified in its charter)

Delaware	74-180-3105
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

808 Seventeenth Street, N.W.
Suite 300
Washington, D.C. 20006-3910
(Address of principal executive offices)

Registrant's telephone number, including area code: 202-789-2130

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 X No

Number of shares of Common Stock outstanding as of August 3, 2001: 20,000 shares.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

THIS QUARTERLY REPORT ON FORM 10-Q, INCLUDING ITEM 2 "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, THAT ARE NOT HISTORICAL FACTS AND INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES. THERE ARE A NUMBER OF FACTORS THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED IN SUCH FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE, WITHOUT LIMITATION, THE COMPANY'S OUTSTANDING INDEBTEDNESS AND ITS HIGH DEGREE OF LEVERAGE; THE

RESTRICTIONS IMPOSED ON THE COMPANY BY THE TERMS OF THE COMPANY'S INDEBTEDNESS; THE HIGH DEGREE OF COMPETITION FROM BOTH OVER-THE-AIR BROADCAST STATIONS AND PROGRAMMING ALTERNATIVES SUCH AS CABLE TELEVISION, WIRELESS CABLE, IN-HOME SATELLITE DISTRIBUTION SERVICE AND PAY-PER-VIEW AND HOME VIDEO AND ENTERTAINMENT SERVICES; THE IMPACT OF NEW TECHNOLOGIES; CHANGES IN FEDERAL COMMUNICATIONS COMMISSION REGULATIONS; AND THE VARIABILITY OF THE COMPANY'S QUARTERLY RESULTS AND THE COMPANY'S SEASONALITY.

ALL WRITTEN OR ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE COMPANY ARE EXPRESSLY QUALIFIED BY THE FOREGOING CAUTIONARY STATEMENTS.

READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS WHICH REFLECT MANAGEMENT'S VIEW ONLY AS OF THE DATE HEREOF. THE COMPANY UNDERTAKES NO OBLIGATION TO RELEASE THE RESULT OF ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS WHICH MAY BE MADE TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

ALLBRITTON COMMUNICATIONS COMPANY
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

ALLBRITTON COMMUNICATIONS COMPANY
(an indirectly wholly-owned subsidiary of Perpetual Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(Dollars in thousands)
(unaudited)

<TABLE>
<CAPTION>

	Three Months Ended June 30, 2000	Three Months Ended June 30, 2001	Nine Months Ended June 30, 2000	Nine Months Ended June 30, 2001
<S>	<C>	<C>	<C>	<C>
Operating revenues, net	$ 54,544	$ 49,747	$ 157,395	$ 150,453
Television operating expenses, excluding depreciation and amortization	27,627	27,507	85,521	85,595
Depreciation and amortization	3,813	3,631	11,702	10,527
Corporate expenses	1,085	1,402	3,285	4,230
	32,525	32,540	100,508	100,352
Operating income	22,019	17,207	56,887	50,101
Nonoperating income (expense)				
Interest income				
Related party	637	582	1,925	1,894
Other	101	46	246	268
Interest expense	(10,224)	(10,515)	(32,007)	(31,118)
Other, net	(292)	(283)	(943)	(954)
	(9,778)	(10,170)	(30,779)	(29,910)
Income before income taxes	12,241	7,037	26,108	20,191
Provision for income taxes	5,174	2,697	10,944	7,984
Net income	7,067	4,340	15,164	12,207
Retained earnings, beginning of period .	62,151	79,105	54,054	71,238
Retained earnings, end of period	$ 69,218	$ 83,445	$ 69,218	$ 83,445

</TABLE>

See accompanying notes to interim consolidated financial statements.

ALLBRITTON COMMUNICATIONS COMPANY
(an indirectly wholly-owned subsidiary of Perpetual Corporation)

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
<CAPTION>

Assets	September 30, 2000	June 30, 2001 (unaudited)
Current assets		
<S>	<C>	<C>
Cash and cash equivalents	$ 11,913	$ 7,243
Accounts receivable, net	37,802	41,375
Program rights	19,945	4,239
Deferred income taxes	967	967

Interest receivable from related party	492	1,045
Other	2,535	3,288
Total current assets	73,654	58,157
Property, plant and equipment, net	42,185	40,049
Intangible assets, net	136,718	133,420
Deferred financing costs and other	8,412	8,668
Cash surrender value of life insurance	8,038	8,898
Program rights	927	401
	$ 269,934	$ 249,593
Liabilities and Stockholder's Investment		
Current liabilities		
Current portion of long-term debt	$ 1,759	$ 1,690
Accounts payable	3,105	2,838
Accrued interest payable	11,156	7,795
Program rights payable	25,257	8,188
Accrued employee benefit expenses	4,798	3,912
Other accrued expenses	4,503	4,456
Total current liabilities	50,578	28,879
Long-term debt	425,970	425,572
Program rights payable	1,568	849
Deferred rent and other	2,341	1,916
Accrued employee benefit expenses	1,644	1,737
Deferred income taxes	7,729	10,305
Total liabilities	489,830	469,258
Stockholder's investment		
Preferred stock, $1 par value, 800 shares authorized, none issued	--	--
Common stock, $.05 par value, 20,000 shares authorized, issued and outstanding	1	1
Capital in excess of par value	6,955	6,955
Retained earnings	71,238	83,445
Distributions to owners, net	(298,090)	(310,066)
Total stockholder's investment	(219,896)	(219,665)
	$ 269,934	$ 249,593

</TABLE>

See accompanying notes to interim consolidated financial statements.

ALLBRITTON COMMUNICATIONS COMPANY
(an indirectly wholly-owned subsidiary of Perpetual Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended June 30,	
	2000	2001
Cash flows from operating activities:		

<S> <C> <C>

Net income	$ 15,164	$ 12,207
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,702	10,527
Other noncash charges	942	968
Provision for doubtful accounts	348	376
Loss on disposal of assets	17	26
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(10,149)	(3,949)
Program rights	14,487	16,232
Interest receivable from related party	(553)	(553)
Other current assets	(1,124)	(753)
Other noncurrent assets	(983)	(1,197)
Increase (decrease) in liabilities:		
Accounts payable	(635)	(267)
Accrued interest payable	(3,375)	(3,361)
Program rights payable	(14,133)	(17,788)
Accrued employee benefit expenses	(1,159)	(793)
Other accrued expenses	864	(47)
Deferred rent and other liabilities	(571)	(425)
Deferred income taxes	1,765	2,576
	(2,557)	1,572
Net cash provided by operating activities	12,607	13,779
Cash flows from investing activities:		
Capital expenditures	(4,081)	(4,386)
Proceeds from disposal of assets	66	17
Exercise of option to acquire assets of WJSU	(3,372)	--
Net cash used in investing activities	(7,387)	(4,369)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(1,531)	(1,304)
Deferred financing costs	--	(800)
Distributions to owners, net of certain charges	(261,285)	(118,276)
Repayments of distributions to owners	246,391	106,300
Net cash used in financing activities	(16,425)	(14,080)
Net decrease in cash and cash equivalents	(11,205)	(4,670)
Cash and cash equivalents, beginning of period	14,437	11,913
Cash and cash equivalents, end of period	$ 3,232	$ 7,243
Non-cash investing and financing activities:		
Equipment acquired under capital leases	$ --	$ 750

</TABLE>

See accompanying notes to interim consolidated financial statements.

ALLBRITTON COMMUNICATIONS COMPANY
(an indirectly wholly-owned subsidiary of Perpetual Corporation)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
(unaudited)

NOTE 1 - The accompanying unaudited interim consolidated financial statements of Allbritton Communications Company (an indirectly wholly-owned subsidiary of

Perpetual Corporation) and its subsidiaries (collectively, the "Company") have been prepared pursuant to instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been omitted or condensed where permitted by regulation. In management's opinion, the accompanying financial statements reflect all adjustments, which were of a normal recurring nature, and disclosures necessary for a fair presentation of the consolidated financial statements for the interim periods presented. The results of operations for the three and nine months ended June 30, 2001 are not necessarily indicative of the results that can be expected for the entire fiscal year ending September 30, 2001. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended September 30, 2000 which are contained in the Company's Form 10-K.

NOTE 2 - During the three months ended March 31, 2001, the Company recognized a tax benefit of approximately $950 due to a recent court ruling which enabled the Company to utilize previously unrecognized local net operating loss carryforwards.

NOTE 3 - For the nine months ended June 30, 2000 and 2001, distributions to owners were as follows:

	2000	2001
Distributions to owners, beginning of period	$ 272,357	$ 298,090
Cash advances	268,899	123,433
Repayment of cash advances	(246,391)	(106,300)
Charge for Federal and state income taxes	(7,614)	(5,157)
Distributions to owners, end of period	$ 287,251	$ 310,066
Weighted average amount of non-interest bearing advances outstanding during the period	$ 282,487	$ 298,131

NOTE 4 - Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" was issued in June 2001. SFAS No. 142 addresses the financial accounting and reporting for acquired goodwill and other intangible assets. While SFAS No. 142 becomes effective for the Company's fiscal year ending September 30, 2003, the Company intends to adopt this standard, as permitted, effective October 1, 2001. The Company anticipates that the application of the provisions of SFAS No. 142 will result in a significant reduction of amortization expense related to intangible assets beginning in Fiscal 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in thousands)

Overview

Allbritton Communications Company and its subsidiaries (on a consolidated basis, the "Company") own ABC network-affiliated television stations serving seven diverse geographic markets: WJLA-TV in Washington, D.C.; WCFT-TV in Tuscaloosa, Alabama, WJSU-TV in Anniston, Alabama and WBMA-LP, a low power television station licensed to Birmingham, Alabama (the Company operates WCFT-TV and WJSU-TV in tandem with WBMA-LP serving the viewers of the Birmingham, Tuscaloosa and Anniston market); WHTM-TV in Harrisburg, Pennsylvania; KATV in Little Rock, Arkansas; KTUL in Tulsa, Oklahoma; WSET-TV in Lynchburg, Virginia; and WCIV in Charleston, South Carolina.

The Company's advertising revenues are generally highest in the first and third quarters of each fiscal year, due in part to increases in retail advertising in the period leading up to and including the holiday season and active advertising in the spring. The fluctuation in the Company's operating results is generally related to fluctuations in the revenue cycle. In addition, advertising revenues are generally higher during election years due to spending by political candidates, which is typically heaviest during the Company's first and fourth fiscal quarters.

As compared to the same periods in the prior fiscal year, the Company's results of operations for the three and nine months ended June 30, 2001 principally reflect a decrease in net operating revenues. These decreases resulted from a general weakness in television advertising, principally represented by decreased national advertising revenue in all of the Company's markets as well as decreased local/regional advertising revenue in the Company's Washington, D.C. market. The year-to-date decrease was partially offset by significantly increased political advertising revenue in all but one of the Company's markets.

Results of Operations

Set forth below are selected consolidated financial data for the three and nine months ended June 30, 2000 and 2001 and the percentage change between the periods:
<TABLE>
<CAPTION>

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2000	2001	Percent Change	2000	2001	Percent Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenues, net......	$ 54,544	$ 49,747	-8.8%	$ 157,395	$ 150,453	-4.4%
Total operating expenses.....	32,525	32,540	0.0%	100,508	100,352	-0.2%
Operating income.............	22,019	17,207	-21.9%	56,887	50,101	-11.9%
Nonoperating expenses, net...	9,778	10,170	4.0%	30,779	29,910	-2.8%
Income tax provision.........	5,174	2,697	-47.9%	10,944	7,984	-27.0%
Net income...................	$ 7,067	$ 4,340	-38.6%	$ 15,164	$ 12,207	-19.5%
Operating cash flow..........	$ 25,832	$ 20,838	-19.3%	$ 68,589	$ 60,628	-11.6%

</TABLE>

Net Operating Revenues

The following table depicts the principal types of operating revenues, net of agency commissions, earned by the Company for each of the three and nine months ended June 30, 2000 and 2001, and the percentage contribution of each to the total broadcast revenues earned by the Company, before fees:

<TABLE>
<CAPTION>

	Three Months Ended June 30,				Nine Months Ended June 30,			
	2000		2001		2000		2001	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	(Dollars in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Local/regional <1>.........	$ 28,323	50.2	$ 26,403	51.5	$ 78,698	48.4	$ 73,964	47.7
National <2>..............	24,228	43.0	21,281	41.5	70,487	43.3	62,116	40.0
Network compensation <3>...	836	1.5	841	1.6	2,191	1.3	2,313	1.5
Political <4>..............	512	0.9	330	0.6	1,426	0.9	7,181	4.6
Trade & barter <5>.........	2,133	3.8	1,951	3.8	6,648	4.1	5,951	3.8
Other revenue <6>..........	337	0.6	502	1.0	3,267	2.0	3,733	2.4
Broadcast revenues.........	56,369	100.0	51,308	100.0	162,717	100.0	155,258	100.0
Fees <7>...................	(1,825)		(1,561)		(5,322)		(4,805)	
Operating revenues, net....	$ 54,544		$ 49,747		$ 157,395		$ 150,453	

<FN>
<1> Represents sale of advertising time to local and regional advertisers or agencies representing such advertisers.
<2> Represents sale of advertising time to agencies representing national advertisers.
<3> Represents payment by networks for broadcasting or promoting network programming.
<4> Represents sale of advertising time to political advertisers.
<5> Represents value of commercial time exchanged for goods and services (trade) or syndicated programs (barter).
<6> Represents miscellaneous revenue, principally receipts from tower rental, production of commercials and revenue from the sales of University of Arkansas sports programming to advertisers and radio stations.
<7> Represents fees paid to national sales representatives and fees paid for music licenses.
</FN>
</TABLE>

Net operating revenues for the three months ended June 30, 2001 totaled $49,747, a decrease of $4,797, or 8.8%, when compared to net operating revenues of $54,544 for the three months ended June 30, 2000. Net operating revenues decreased $6,942, or 4.4%, to $150,453 for the nine months ended June 30, 2001 as compared to $157,395 for the same period in the prior fiscal year. These decreases resulted from a general weakness in television advertising, principally represented by decreased national advertising revenue in all of the Company's markets as well as decreased local/regional advertising revenue in the Company's Washington, D.C. market. The year-to-date decrease was partially offset by significantly increased political advertising revenue in all but one of the Company's markets.

Local/regional advertising revenues decreased 6.8% and 6.0% during the three and nine months ended June 30, 2001, respectively, versus the comparable periods in Fiscal 2000. The decreases for the three and nine months ended June 30, 2001 of $1,920 and $4,734, respectively, versus the three and nine months ended June 30, 2000 were primarily attributable to decreased local/regional advertising revenues in the Washington, D.C. market.

National advertising revenues decreased $2,947 and $8,371, or 12.2% and 11.9%, for the three and nine months ended June 30, 2001, respectively, versus the comparable periods in Fiscal 2000. For both the three and nine months ended June 30, 2001, all of the Company's markets experienced decreased national advertising revenues from comparable periods in Fiscal 2000, including a substantial decrease in the strong internet-related advertising which occurred in the Washington, D.C. market, particularly during the first quarter of Fiscal 2000.

Political advertising revenues decreased $182 to $330 for the three months ended June 30, 2001 versus $512 for the three months ended June 30, 2000. The decrease was primarily due to advertising related to various local political races in several of the Company's markets with less comparable advertising in the third quarter of Fiscal 2001. Political advertising revenues increased $5,755, or 403.6%, during the nine months ended June 30, 2001 over the comparable period in Fiscal 2000. This increase was due primarily to the national presidential election and high-profile local political races affecting the Little Rock, Washington, D.C. and Lynchburg markets in November 2000 with no comparable political elections occurring during the same period of Fiscal 2000.

No individual advertiser accounted for more than 5% of the Company's broadcast revenues during the three or nine months ended June 30, 2000 or 2001.

Total Operating Expenses

Total operating expenses for the three months ended June 30, 2001 totaled $32,540, an increase of $15, or 0.0%, compared to total operating expenses of $32,525 for the three-month period ended June 30, 2000. This net increase consisted of a decrease in television operating expenses, excluding depreciation and amortization, of $120, a decrease in depreciation and amortization of $182 and an increase in corporate expenses of $317.

Total operating expenses for the nine-month period ended June 30, 2001 totaled $100,352, a decrease of $156, or 0.2%, compared to $100,508 for the nine months ended June 30, 2000. This net decrease consisted of an increase in television operating expenses, excluding depreciation and amortization, of $74, a decrease in depreciation and amortization of $1,175 and an increase in corporate expenses of $945.

Television operating expenses, excluding depreciation and amortization, decreased $120, or 0.4%, during the three months ended June 30, 2001 and increased $74, or 0.1%, during the nine months ended June 30, 2001 as compared to the respective periods in Fiscal 2000. Television operating expenses during the nine months ended June 30, 2001 included a decrease in programming expenses related to a reduction in the number of one-time and non-recurring programming events occurring during the first quarter of Fiscal 2001 as compared to the same period in Fiscal 2000. Excluding these expenses from the prior period, television operating expenses increased 1.1% for the nine months ended June 30, 2001 as compared to the nine months ended June 30, 2000.

Depreciation and amortization expense decreased $182 and $1,175, or 4.8% and 10.0%, for the three and nine months ended June 30, 2001, respectively, as compared to the same periods in Fiscal 2000. The decrease during the nine months ended June 30, 2001 was principally the result of the completion of the acquisition of WJSU on March 22, 2000. Prior to March 22, 2000, the costs to acquire the option to purchase WJSU were amortized over the ten-year term of the option. Upon completion of the acquisition, the portion of the purchase price assigned to the broadcast license and network affiliation of WJSU is being amortized over its estimated useful life of 40 years.

Corporate expenses increased $317 and $945, or 29.2% and 28.8%, during the three and nine months ended June 30, 2001 over the comparable periods in Fiscal 2000. The increases were primarily due to increased personnel and key-man life insurance expenses.

Operating Income

For the three months ended June 30, 2001, operating income of $17,207 decreased $4,812, or 21.9%, when compared to operating income of $22,019 for the three months ended June 30, 2000. For the three months ended June 30, 2001, the operating margin decreased to 34.6% from 40.4% for the comparable period in Fiscal 2000. Operating income of $50,101 for the nine months ended June 30, 2001 decreased $6,786, or 11.9%, when compared to operating income of $56,887 for the same period in the prior fiscal year. For the nine months ended June 30, 2001, the operating margin decreased to 33.3% from 36.1% for the comparable period in the prior fiscal year. These decreases in operating income and margin were primarily the result of decreased net operating revenues as discussed above.

Operating Cash Flow

Operating cash flow of $20,838 and $60,628 for the three and nine months ended June 30, 2001, respectively, decreased $4,994 and $7,961, or 19.3% and 11.6%, as compared to $25,832 and $68,589 for the three and nine-month periods ended June 30, 2000, respectively. These decreases were primarily the result of decreased net operating revenues as discussed above. The Company believes that operating cash flow, defined as operating income plus depreciation and amortization, is important in measuring the Company's financial results and its ability to pay principal and interest on its debt because of the Company's level of non-cash expenses attributable to depreciation and amortization of intangible assets.

Operating cash flow does not purport to represent cash flows from operating activities determined in accordance with generally accepted accounting principles as reflected in the Company's consolidated financial statements, is not a measure of financial performance under generally accepted accounting principles, should not be considered in isolation or as a substitute for net income or cash flows from operating activities and may not be comparable to similar measures reported by other companies.

Nonoperating Expenses, Net

Interest expense of $10,515 for three months ended June 30, 2001 increased $291, or 2.8%, as compared to $10,224 for the three-month period ended June 30, 2000. The increase was due to an increased average balance of debt outstanding during the three months ended June 30, 2001, partially offset by a decreased weighted average interest rate on debt.

Interest expense for the nine months ended June 30, 2001 was $31,118, a decrease of $889, or 2.8%, as compared to $32,007 for the nine-month period ended June 30, 2000. This decrease was principally due to a decreased average balance of debt outstanding during the nine-month period ended June 30, 2001.

The average balance of debt outstanding, including capital lease obligations, was $430,650 and $445,635 for the three months ended June 30, 2000 and 2001, respectively, and the weighted average interest rate on debt was 9.4% and 9.3% for the three-month periods ended June 30, 2000 and 2001, respectively.

The average balance of debt outstanding, including capital lease obligations, was $450,898 and $437,751 for the nine months ended June 30, 2000 and 2001, respectively, and the weighted average interest rate on debt was 9.4% for each of the nine-month periods ended June 30, 2000 and 2001.

Income Taxes

The provision for income taxes for the three months ended June 30, 2001 totaled $2,697, a decrease of $2,477, or 47.9%, when compared to the provision for income taxes of $5,174 for the three months ended June 30, 2000. The decrease was directly related to the $5,204, or 42.5%, decrease in the Company's income before income taxes.

The provision for income taxes for the nine months ended June 30, 2001 totaled $7,984, a decrease of $2,960, or 27.0%, when compared to the provision for income taxes of $10,944 for the nine months ended June 30, 2000. The decrease was directly related to the $5,917, or 22.7%, decrease in the Company's income before income taxes as well as the one-time recognition of a tax benefit of approximately $950 during the second quarter of Fiscal 2001 due to a recent court ruling which enabled the Company to utilize previously unrecognized local net operating loss carryforwards.

Net Income

For the three and nine months ended June 30, 2001, the Company recorded net income of $4,340 and $12,207, respectively, as compared to net income of $7,067 and $15,164 for the three and nine months ended June 30, 2000, respectively. The decreases of $2,727 and $2,957 during the three and nine months ended June 30, 2001 were due to the factors discussed above.

Balance Sheet

Significant balance sheet fluctuations from September 30, 2000 to June 30, 2001 consisted primarily of decreases in program rights and program rights payable, which reflect the annual cycle of the underlying program contracts which generally begins in September of each year.

Liquidity and Capital Resources

As of June 30, 2001, the Company's cash and cash equivalents aggregated $7,243, and the Company had an excess of current assets over current liabilities of $29,278.

Cash Provided by Operations. The Company's principal source of working capital is cash flow from operations and borrowings under its revolving credit facility. As reported in the consolidated statements of cash flows, the Company's net cash provided by operating activities was $12,607 and $13,779 for the nine months ended June 30, 2000 and 2001, respectively. The $1,172 increase in cash flows from operating activities was principally due to decreased accounts receivable as well as increased program rights, partially offset by decreased net income and increased program rights payable.

Transactions with Owners. For the nine months ended June 30, 2000 and 2001, the Company made cash advances to owners, net of repayments and certain charges, totaling $14,894 and $11,976, respectively. The Company periodically makes advances in the form of distributions to its parent. At present, the primary source of repayment of the net advances is through the ability of the Company to pay dividends or make other distributions to its parent, and there is no immediate intent for the advances to be repaid. Accordingly, these advances have been treated as a reduction of Stockholder's Investment and described as "distributions" in the Company's consolidated financial statements.

Stockholder's deficit amounted to $219,665 at June 30, 2001, a decrease of $231, or 0.1%, from the September 30, 2000 deficit of $219,896. The decrease was due to net income for the period of $12,207, substantially offset by a net increase in distributions to owners of $11,976.

Indebtedness. The Company's total debt, including the current portion of long-term debt, decreased from $427,729 at September 30, 2000 to $427,262 at June 30, 2001. This debt, net of applicable discounts, consisted of $274,254 of 9.75% Debentures, $150,000 of 8.875% Notes and $3,008 of capital lease obligations at June 30, 2001. The decrease of $467 in total debt from September 30, 2000 to June 30, 2001 was primarily due to payments under capital lease obligations, partially offset by $750 in new capital lease transactions. As of September 30, 2000, there were no amounts outstanding under the Company's $40,000 revolving credit facility. Effective March 27, 2001, the Company entered into an amended and restated revolving credit facility in the amount of $50,000. The amended and restated revolving credit facility is secured by the pledge of stock of the Company and its subsidiaries and matures March 27, 2006. As of June 30, 2001, there were no amounts outstanding under the amended and restated revolving credit facility.

Under the existing borrowing agreements, the Company is subject to restrictive covenants that place limitations upon payments of cash dividends, issuance of capital stock, investment transactions, incurrence of additional obligations and transactions with affiliates. In addition, under the revolving credit facility, the Company must maintain specified levels of operating cash flow and comply with other financial covenants. Compliance with the financial covenants is measured at the end of each quarter, and as of June 30, 2001, the Company was in compliance with those financial covenants. The Company is also required to pay a commitment fee ranging from .5% to .75% per annum based on the amount of any unused portion of the revolving credit facility.

Other Uses of Cash. The Company anticipates that capital expenditures for Fiscal 2001 will approximate $6,000. Fiscal 2001 capital expenditures are primarily for the acquisition of technical equipment and vehicles to support operations. Capital expenditures during the nine months ended June 30, 2001 totaled $5,136, of which $750 was financed through capital lease transactions.

The Company anticipates that its existing cash position, together with cash flows generated by operating activities and amounts available under its revolving credit facility will be sufficient to finance the operating cash flow requirements of its stations, debt service requirements and anticipated capital expenditures.

New Accounting Standards

Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" was issued in June 2001. SFAS No. 142 addresses the financial accounting and reporting for acquired goodwill and other intangible assets. While SFAS No. 142 becomes effective for the Company's fiscal year ending September 30, 2003, the Company intends to adopt this standard, as permitted, effective October 1, 2001. The Company anticipates that the application of the provisions of SFAS No. 142 will result in a significant reduction of amortization expense related to intangible assets beginning in Fiscal 2002.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

At June 30, 2001, the Company had other financial instruments consisting primarily of long-term fixed interest rate debt. Such debt, with future principal payments of $425,000, matures during the year ending September 30, 2008. At June 30, 2001, the carrying value of such debt was $424,254, the fair value was $431,188 and the weighted average interest rate was 9.4%. The fair market value of long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The Company estimates the fair value of its long-term debt using either quoted market prices or by discounting the required future cash flows under its debt using borrowing rates currently available to the Company, as applicable. The Company actively monitors the capital markets in analyzing its capital raising decisions.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company currently and from time to time is involved in litigation incidental to the conduct of its business, including suits based on defamation. The Company is not currently a party to any lawsuit or proceeding which, in the opinion of management, if decided adverse to the Company, would be likely to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

See Exhibit Index on pages 14-16.

b. Reports on Form 8-K

No reports on Form 8-K were filed during the quarter.

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 thereunto duly authorized.

ALLBRITTON COMMUNICATIONS COMPANY

(Registrant)

August 3, 2001 /s/ Robert L. Allbritton

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Date	Name: Robert L. Allbritton Title: Chairman and Chief Executive Officer
August 3, 2001	/s/ Stephen P. Gibson
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Date	Name: Stephen P. Gibson Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description of Exhibit	Page No.
3.1	Certificate of Incorporation of ACC. (Incorporated by reference to Exhibit 3.1 of Company's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
3.2	Bylaws of ACC. (Incorporated by reference to Exhibit 3.2 of Registrant's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
4.1	Indenture dated as of February 6, 1996 between ACC and State Street Bank and Trust Company, as Trustee, relating to the Debentures. (Incorporated by reference to Exhibit 4.1 of Company's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
4.2	Indenture dated as of January 22, 1998 between ACC and State Street Bank and Trust Company, as Trustee, relating to the Notes. (Incorporated by reference to Exhibit 4.1 of Company's Registration Statement on Form S-4, No. 333-45933, dated February 9, 1998)	*
4.3	Form of 9.75% Series B Senior Subordinated Debentures due 2007. (Incorporated by reference to Exhibit 4.3 of Company's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
4.4	Amended and Restated Revolving Credit Agreement dated as of March 27, 2001 by and among Allbritton Communications Company, certain financial institutions, and Fleet National Bank, as Agent, and Deutsche Banc Alex. Brown Inc., as Documentation Agent. (Incorporated by reference to Exhibit 10.20 of the Company's Quarterly Report on Form 10-Q, No. 333-02302, dated May 10, 2001)	*
10.1	Network Affiliation Agreement (Harrisburg Television, Inc.). (Incorporated by reference to Exhibit 10.3 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*
10.2	Side Letter Amendment to Network Affiliation Agreement (Harrisburg Television, Inc.) dated August 10, 1999. (Incorporated by reference to Exhibit 10.2 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.3	Network Affiliation Agreement (First Charleston Corp.). (Incorporated by reference to Exhibit 10.4 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*

Exhibit No.	Description of Exhibit	Page No.
10.4	Side Letter Amendment to Network Affiliation Agreement (First Charleston Corp.) dated August 10, 1999. (Incorporated by reference to Exhibit 10.4 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.5	Network Affiliation Agreement (WSET, Incorporated). (Incorporated by reference to Exhibit 10.5 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*
10.6	Side Letter Amendment to Network Affiliation Agreement (WSET, Incorporated) dated August 10, 1999. (Incorporated by reference to Exhibit 10.6 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.7	Network Affiliation Agreement (WJLA-TV). (Incorporated by reference to Exhibit 10.6 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*
10.8	Side Letter Amendment to Network Affiliation Agreement (WJLA-TV) dated August 10, 1999. (Incorporated by reference to Exhibit 10.8 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.9	Network Affiliation Agreement (KATV Television, Inc.). (Incorporated by reference to Exhibit 10.7 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*
10.10	Side Letter Amendment to Network Affiliation Agreement (KATV Television, Inc.) dated August 10, 1999. (Incorporated by reference to Exhibit 10.10 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.11	Network Affiliation Agreement (KTUL Television, Inc.). (Incorporated by reference to Exhibit 10.8 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*
10.12	Side Letter Amendment to Network Affiliation Agreement (KTUL Television, Inc.) dated August 10, 1999. (Incorporated by reference to Exhibit 10.12 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.13	Network Affiliation Agreement (TV Alabama, Inc.). (Incorporated by reference to Exhibit 10.9 of Company's Pre-effective Amendment No. 1 to Registration Statement on Form S-4, dated April 22, 1996)	*

Exhibit No.	Description of Exhibit	Page No.
10.14	Amendment to Network Affiliation Agreement (TV Alabama, Inc.) dated January 23, 1997. (Incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q, No. 333-02302, dated February 14, 1997)	*

10.15	Side Letter Amendment to Network Affiliation Agreement (TV Alabama, Inc.) dated August 10, 1999. (Incorporated by reference to Exhibit 10.15 of Company's Quarterly Report on Form 10-Q, No. 333-02302, dated August 16, 1999)	*
10.16	Tax Sharing Agreement effective as of September 30, 1991 by and among Perpetual Corporation, ACC and ALLNEWSCO, Inc., amended as of October 29, 1993. (Incorporated by reference to Exhibit 10.11 of Company's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
10.17	Second Amendment to Tax Sharing Agreement effective as of October 1, 1995 by and among Perpetual Corporation, ACC and ALLNEWSCO, Inc. (Incorporated by reference to Exhibit 10.9 of the Company's Form 10-K, No. 333-02302, dated December 22, 1998)	*
10.18	Master Lease Finance Agreement dated as of August 10, 1994 between BancBoston Leasing, Inc. and ACC, as amended. (Incorporated by reference to Exhibit 10.16 of Company's Registration Statement on Form S-4, No. 333-02302, dated March 12, 1996)	*
10.19	Master Equipment Lease Agreement dated as of November 22, 2000 between Fleet Capital Corporation and ACC. (Incorporated by reference to Exhibit 10.19 of the Company's Form 10-K, No. 333-02302, dated December 28, 2000)	*
10.20	Amended and Restated Pledge Agreement dated as of March 27, 2001 by and among ACC, Allbritton Group, Inc., Allfinco, Inc., and Fleet National Bank, as Agent. (Incorporated by reference to Exhibit 10.20 of the Company's Quarterly Report on Form 10-Q, No. 333-02302, dated May 10, 2001)	*
10.21	$20,000,000 Promissory Note of ALLNEWSCO, Inc. payable to KTUL, LLC. (Incorporated by reference to Exhibit 10.16 of Company's Form 10-K, No. 333-02302, dated December 22, 1998)	*

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*Previously filed