

Sara Lee Corp
Form 10-Q
May 08, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

OR

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

Commission file number 1-3344

Sara Lee Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of

incorporation or organization)

3500 Lacey Road, Downers Grove, Illinois 60515

(Address of principal executive offices)

(Zip Code)

(630) 598-6000

(Registrant's telephone number, including area code)

36-2089049
(I.R.S. Employer

Identification No.)

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 ..

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of accelerated filer, large accelerated filer, smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

On March 31, 2012, the Registrant had 593,440,433 outstanding shares of common stock \$.01 par value, which is the Registrant's only class of common stock.

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Condensed Consolidated Balance Sheets at March 31, 2012 and July 2, 2011

(Unaudited)

In millions	March 31, 2012	July 2, 2011
Assets		
Cash and equivalents	\$ 2,655	\$ 2,066
Trade accounts receivable, less allowances	734	828
Inventories		
Finished goods	435	423
Work in process	34	36
Materials and supplies	438	425
	907	884
Current deferred income taxes	35	42
Other current assets	324	261
Assets held for sale	5	503
Total current assets	4,660	4,584
Property, net of accumulated depreciation of \$2,120 and \$2,057, respectively	1,300	1,380
Trademarks and other identifiable intangibles, net	400	282
Goodwill	599	624
Deferred income taxes	139	260
Pension asset	427	265
Other noncurrent assets	244	236
Noncurrent assets held for sale	5	1,902
	\$ 7,774	\$ 9,533
Liabilities and Equity		
Notes payable	\$ 187	\$ 238
Accounts payable	693	875
Income taxes payable and current deferred taxes	615	468
Other accrued liabilities	1,061	1,576
Current maturities of long-term debt	985	473
Liabilities held for sale		492
Total current liabilities	3,541	4,122
Long-term debt	954	1,935
Pension obligation	225	216
Deferred income taxes	211	179
Other liabilities	698	823
Noncurrent liabilities held for sale		284
Contingencies and commitments (Note 12)		
Equity		
Sara Lee common stockholders' equity	2,145	1,945
Noncontrolling interest		29

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Total Equity	2,145	1,974
	\$ 7,774	\$ 9,533

See accompanying Notes to Consolidated Financial Statements.

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In millions, except per share data	Quarter ended		Nine Months ended	
	Mar. 31, 2012	Apr. 2, 2011	Mar. 31, 2012	Apr. 2, 2011
Continuing Operations				
Net sales	\$ 1,899	\$ 1,860	\$ 5,923	\$ 5,545
Cost of sales	1,312	1,226	4,024	3,664
Selling, general and administrative expenses	458	436	1,410	1,308
Net charges for exit activities, asset and business dispositions	63	4	179	47
Impairment charges			32	
Operating income	66	194	278	526
Interest expense	29	25	88	87
Interest income	(11)	(9)	(31)	(21)
Debt extinguishment costs				55
Income from continuing operations before income taxes	48	178	221	405
Income tax expense	10	54	184	132
Income from continuing operations	38	124	37	273
Discontinued operations				
Income (loss) from discontinued operations net of tax expense (benefit) of \$(23), \$8, \$(155) and \$(166)	20	3	(188)	302
Gain (loss) on sale of discontinued operations, net of tax expense of \$29, \$14, \$368 and \$576	(60)	29	403	608
Net income (loss) from discontinued operations	(40)	32	215	910
Net income (loss)	(2)	156	252	1,183
Less: Income from noncontrolling interests, net of tax				
Discontinued operations		3	3	7
Net income (loss) attributable to Sara Lee	\$ (2)	\$ 153	\$ 249	\$ 1,176
Amounts attributable to Sara Lee:				
Net income from continuing operations	\$ 38	\$ 124	\$ 37	\$ 273
Net income (loss) from discontinued operations	(40)	29	212	903
Net income (loss) attributable to Sara Lee	\$ (2)	\$ 153	\$ 249	\$ 1,176
Earnings per share of common stock				
Basic				
Income from continuing operations	\$ 0.06	\$ 0.21	\$ 0.06	\$ 0.43

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Net income (loss)	\$ 0.00	\$ 0.25	\$ 0.42	\$ 1.86
Average shares outstanding	593	605	592	632
Diluted				
Income from continuing operations	\$ 0.06	\$ 0.20	\$ 0.06	\$ 0.43
Net income (loss)	\$ 0.00	\$ 0.25	\$ 0.42	\$ 1.85
Average shares outstanding	597	609	595	635
Cash dividends declared per share of common stock	\$ 0.115	\$ 0.115	\$ 0.23	\$ 0.23

See accompanying Notes to Consolidated Financial Statements.

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