

SERVICEMASTER CO  
Form 10-Q  
May 16, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2011

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-14762

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**THE SERVICEMASTER COMPANY**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**36-3858106**  
(IRS Employer Identification No.)

**860 Ridge Lake Boulevard, Memphis, Tennessee 38120**

(Address of principal executive offices) (Zip Code)

**901-597-1400**

(Registrant's telephone number, including area code)

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 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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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

The registrant is a privately held corporation and its equity shares are not publicly traded. At May 16, 2011, 1,000 shares of the registrant's common stock were outstanding, all of which were owned by CDRSVM Holding, Inc.

The ServiceMaster Company is not required to file this Quarterly Report on Form 10-Q with the Securities and Exchange Commission and is doing so on a voluntary basis.



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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****THE SERVICEMASTER COMPANY****Condensed Consolidated Statements of Operations (Unaudited)***(In thousands)*

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Operating Revenue	\$ 614,671	\$ 580,608
Operating Costs and Expenses:		
Cost of services rendered and products sold	370,569	354,479
Selling and administrative expenses	191,305	178,120
Amortization expense	26,363	39,663
Restructuring and Merger related charges	2,589	3,353
Total operating costs and expenses	590,826	575,615
Operating Income	23,845	4,993
Non-operating Expense (Income):		
Interest expense	68,515	72,670
Interest and net investment income	(2,193)	(2,502)
Other expense	175	171
Loss from Continuing Operations before Income Taxes	(42,652)	(65,346)
Benefit for income taxes	(17,357)	(30,891)
Loss from Continuing Operations	(25,295)	(34,455)
(Loss) income from discontinued operations, net of income taxes	(21,101)	1,795
Net Loss	\$ (46,396)	\$ (32,660)

*See accompanying Notes to the Condensed Consolidated Financial Statements*

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	As of March 31, 2011 (Unaudited)	As of December 31, 2010 (Audited)
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 201,226	\$ 252,698
Marketable securities	31,844	30,406
Receivables, less allowance of \$17,888 and \$16,709, respectively	350,232	352,094
Inventories	58,846	54,732
Prepaid expenses and other assets	102,907	40,864
Deferred customer acquisition costs	54,922	34,377
Deferred taxes	2,283	11,558
Assets of discontinued operations	47,936	51,004
<b>Total Current Assets</b>	<b>850,196</b>	<b>827,733</b>
<b>Property and Equipment:</b>		
At cost	466,653	440,049
Less: accumulated depreciation	(188,906)	(173,151)
<b>Net property and equipment</b>	<b>277,747</b>	<b>266,898</b>
<b>Other Assets:</b>		
Goodwill	3,133,340	3,125,293
Intangible assets, primarily trade names, service marks and trademarks, net	2,629,573	2,653,511
Notes receivable	21,359	22,550
Long-term marketable securities	110,150	110,177
Other assets	7,987	7,164
Debt issuance costs	49,077	52,366
Assets of discontinued operations		32,398
<b>Total Assets</b>	<b>\$ 7,079,429</b>	<b>\$ 7,098,090</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$	