

PROQUEST CO
Form 10-Q
May 13, 2003
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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 29, 2003

OR

.. 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 1-3246

ProQuest Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3580106
(I.R.S. employer
identification number)

300 North Zeeb Road, Ann Arbor, Michigan

48103-1553

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(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (734) 761-4700

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 Rule 12b-2 of the Act). X

The number of shares of the Registrant's Common Stock, \$.001 par value, outstanding as of May 7, 2003 was 27,960,957.

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Table of Contents**ProQuest Company and Subsidiaries****Consolidated Statements of Operations****For the Thirteen Weeks Ended March 29, 2003 and March 30, 2002****(In thousands, except per share data)****(Unaudited)**

	Thirteen Weeks Ended	
	March 29, 2003	March 30, 2002
Net sales	\$ 111,843	\$ 102,752
Cost of sales	(56,006)	(47,750)
Gross profit	55,837	55,002
Research and development expense	(5,018)	(4,956)
Selling and administrative expense	(28,650)	(29,528)
Earnings from operations before interest and income taxes	22,169	20,518
Net interest expense:		
Interest income	171	572
Interest expense	(4,783)	(7,738)
Net interest expense	(4,612)	(7,166)
Earnings before income taxes	17,557	13,352
Income tax expense	(6,321)	(5,074)
Net earnings	\$ 11,236	\$ 8,278
Net earnings per common share:		
Basic	\$ 0.40	\$ 0.34
Diluted	\$ 0.40	\$ 0.34
Average number of common shares and equivalents outstanding:		
Basic	28,013	24,130
Diluted	28,037	24,666

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

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As of March 29, 2003, December 28, 2002, and March 30, 2002

(In thousands)

	March 29, 2003 (Unaudited)	December 28, 2002	March 30, 2002 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,716	\$ 1,782	\$ 1,644
Accounts receivable, net	78,306	103,517	78,032
Inventory, net	5,730	4,909	4,443
Other current assets	28,164	25,475	38,154
	<u>115,916</u>	<u>135,683</u>	<u>122,273</u>
Total current assets	115,916	135,683	122,273
Property, plant, equipment and product masters, at cost	504,655	490,531	458,959
Accumulated depreciation and amortization	(325,828)	(317,301)	(304,076)
	<u>178,827</u>	<u>173,230</u>	<u>154,883</u>
Net property, plant, equipment and product masters	178,827	173,230	154,883
Long-term receivables	3,490	4,635	24,692
Goodwill	295,539	247,354	239,055
Intangibles, net	8,252	692	
Other assets	73,260	69,923	93,974
	<u>675,284</u>	<u>631,517</u>	<u>634,877</u>
Total assets	\$ 675,284	\$ 631,517	\$ 634,877
LIABILITIES AND SHAREHOLDERS EQUITY (DEFICIT)			
Current liabilities:			
Notes payable	\$	\$ 62	\$
Current maturities of long-term debt			10,599
Accounts payable	36,146	38,055	36,754
Accrued expenses	36,253	28,090	69,159
Current portion of monetized future billings	26,250	26,738	28,696
Deferred income	109,302	109,865	99,497
	<u>207,951</u>	<u>202,810</u>	<u>244,705</u>
Total current liabilities	207,951	202,810	244,705
Long-term liabilities:			
Long-term debt, less current maturities	209,300	187,000	275,000
Monetized future billings, less current portion	50,437	51,071	56,286
Other liabilities	67,657	60,880	91,829
	<u>327,394</u>	<u>298,951</u>	<u>423,115</u>
Total long-term liabilities	327,394	298,951	423,115
Shareholders equity (deficit):			

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Common stock (28,490 shares issued and 27,981 shares outstanding at March 29, 2003, 28,482 shares issued and 28,023 shares outstanding at December 28, 2002, and 24,669 shares issued and 24,219 shares outstanding at March 30, 2002)

	28	28	24
Capital surplus	298,727	298,548	171,473
Notes receivable for stock purchases	(531)	(523)	(683)
Retained earnings (accumulated deficit)	(141,596)	(152,832)	(187,573)
Treasury stock, at cost	(12,554)	(11,629)	(11,529)
Other comprehensive income (loss):			
Accumulated foreign currency translation adjustment	(2,841)	(2,506)	541
Unrealized loss from derivatives	(911)	(947)	(5,196)
Minimum pension liability	(383)	(383)	
	<u> </u>	<u> </u>	<u> </u>
Accumulated other comprehensive loss	(4,135)	(3,836)	(4,655)
	<u> </u>	<u> </u>	<u> </u>
Total shareholders' equity (deficit)	139,939		