

SERVICEMASTER CO
Form 10-Q
August 14, 2008
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2008

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**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

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 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

Smaller reporting company

(Do not check if a 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

On July 24, 2007, the registrant completed a transaction pursuant to an Agreement and Plan of Merger, dated as of March 18, 2007, among the registrant and two corporations formed to effect the merger transactions. As a result of the merger transaction, the registrant became a privately held corporation and its equity shares are no longer publicly traded. At August 8, 2008, 1,000 shares of the registrant's common stock were outstanding, all of which were owned by CDRSVM Holding, Inc.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SERVICEMASTER COMPANY

Condensed Consolidated Statements of Operations (Unaudited)

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(In thousands)

	Successor Three months ended June 30, 2008	Predecessor Three months ended June 30, 2007
Operating Revenue	\$ 997,305	\$ 1,008,737
Operating Costs and Expenses:		
Cost of services rendered and products sold	589,734	590,509
Selling and administrative expenses	247,114	270,833
Amortization expense	41,968	2,309
Merger related charges	305	2,794
Restructuring charges	4,005	8,260
Total operating costs and expenses	883,126	874,705
Operating Income	114,179	134,032
Non-operating Expense (Income):		
Interest expense	83,425	13,879
Interest and net investment income	(4,164)	(18,118)
Minority interest and other expense, net	145	1,472
Income from Continuing Operations before Income Taxes	34,773	136,799
Provision for income taxes	13,947	46,546
Income from Continuing Operations	20,826	90,253
Loss from businesses held pending sale and discontinued operations, net of income taxes	(2,736)	(1,622)
Net Income	\$ 18,090	\$ 88,631

See accompanying Notes to the Condensed Consolidated Financial Statements

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THE SERVICEMASTER COMPANY

Condensed Consolidated Statements of Operations (Unaudited)

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(In thousands)

	Successor Six months ended June 30, 2008	Predecessor Six months ended June 30, 2007
Operating Revenue	\$ 1,629,536	\$ 1,682,232
Operating Costs and Expenses:		
Cost of services rendered and products sold	1,007,102	1,033,859
Selling and administrative expenses	418,230	464,052
Amortization expense	92,642	4,575
Merger related charges	355	5,334