

Sara Lee Corp
Form 10-Q
February 04, 2009
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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 December 27, 2008

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)

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Maryland
(State or other jurisdiction of
incorporation or organization)

36-2089049
(I.R.S. Employer
Identification No.)

3500 Lacey Road, Downers Grove, Illinois 60515

(Address of principal executive offices)

(Zip Code)

(630) 598-6000

(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 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 December 27, 2008, the Registrant had 695,543,690 outstanding shares of common stock \$.01 par value, which is the Registrant's only class of common stock.

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SARA LEE CORPORATION AND SUBSIDIARIES

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Table of Contents**SARA LEE CORPORATION AND SUBSIDIARIES****Condensed Consolidated Balance Sheets at December 27, 2008 and June 28, 2008****(Unaudited)**

In millions	December 27, 2008	June 28, 2008
Assets		
Cash and equivalents	\$ 562	\$ 1,284
Trade accounts receivable, less allowances	1,413	1,491
Inventories		
Finished goods	711	775
Work in process	36	43
Materials and supplies	424	402
	1,171	1,220
Current deferred income taxes	208	111
Other current assets	330	361
Total current assets	3,684	4,467
Property, net of accumulated depreciation of \$2,870 and \$2,925, respectively	2,323	2,519
Trademarks and other identifiable intangibles, net	929	1,021
Goodwill	1,982	2,223
Deferred income taxes	181	295
Other non-current assets	212	233
Assets held for sale	44	72
	\$ 9,355	\$ 10,830
Liabilities and Stockholders' Equity		
Notes payable	\$ 253	\$ 280
Accounts payable	954	1,258
Income taxes payable and current deferred taxes	7	16
Other accrued liabilities	1,727	1,702
Current maturities of long-term debt	204	568
Liabilities held for sale		17
Total current liabilities	3,145	3,841
Long-term debt	2,355	2,340
Pension obligation	331	405
Deferred income taxes	193	177
Other liabilities	1,018	1,237
Minority interests in subsidiaries	19	19
Common stockholders' equity	2,294	2,811
	\$ 9,355	\$ 10,830

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**SARA LEE CORPORATION AND SUBSIDIARIES****Consolidated Statements of Income****For the Quarters and Six Months ended December 27, 2008 and December 29, 2007****(Unaudited)**

In millions, except per share data	Quarter Ended		Six Months Ended	
	Dec.	Dec.	Dec.	Dec.
	27,	29,	27,	29,
	2008	2007	2008	2007
Net sales	\$ 3,340	\$ 3,408	\$ 6,689	\$ 6,462
Cost of sales	2,143	2,116	4,252	4,013
Selling, general and administrative expenses	1,017	1,054	2,058	2,044
Net charges for exit activities, asset and business dispositions	40	7	36	11
Impairment charge	107		107	
Contingent sale proceeds			(150)	(130)
Interest expense	41	48	87	101
Interest income	(6)	(21)	(27)	(46)
	3,342	3,204	6,363	5,993
Income (loss) before income taxes	(2)	204	326	469
Income tax expense	15	22	113	87
Net income (loss)	\$ (17)	\$ 182	\$ 213	\$ 382
Net income (loss) per share of common stock				
Basic	\$ (0.02)	\$ 0.25	\$ 0.30	\$ 0.53
Diluted	\$ (0.02)	\$ 0.25	\$ 0.30	\$ 0.53
Average shares outstanding				
Basic	703	720	705	722
Diluted	703	722	706	724
Cash dividends declared per share of common stock	\$ 0.11	\$ 0.105	\$ 0.11	\$ 0.105

See accompanying Notes to Consolidated Financial Statements.

Table of Contents**SARA LEE CORPORATION AND SUBSIDIARIES****Condensed Consolidated Statements of Common Stockholders' Equity****For the Period June 30, 2007 to December 27, 2008****(Unaudited)**

In millions	Total	Common Stock	Capital Surplus	Retained Earnings	Unearned Stock	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)
Balances at June 30, 2007	\$ 2,543	\$ 7	\$	\$ 3,413	\$ (123)	\$ (754)	
Net loss	(79)			(79)			\$ (79)
Translation adjustments, net of tax	686					686	686
Net unrealized gain (loss) on qualifying cash flow hedges, net of tax	25					25	25
Pension/Postretirement activity, net of tax	192					192	192
Comprehensive income							\$ 824
Adoption of SFAS Interpretation No. 48	13			13			
Dividends	(300)			(300)			
Stock issuances							
Stock option and benefit plans	9		9				
Restricted stock	25		25				
Share repurchases and retirement	(315)		(27)	(288)			
ESOP tax benefit, redemptions and other	12			1	11		
Balances at June 28, 2008	2,811	7	7	2,760	(112)	149	
Net income	213			213			\$ 213
Translation adjustments, net of tax	(638)					(638)	(638)
Net unrealized gain (loss) on qualifying cash flow hedges, net of tax	(28)					(28)	(28)
Pension/Postretirement activity, net of tax	99					99	99
Other comprehensive income activity, net of tax	(4)					(4)	(4)
Comprehensive loss							\$ (358)
Dividends	(78)			(78)			