ORCHARD SUPPLY HARDWARE STORES CORP Form 10-Q December 22, 2011 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED OCTOBER 29, 2011 OR
- " TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NO. 001-11679

Orchard Supply Hardware Stores Corporation

(Exact name of Registrant as specified in its charter)

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Delaware (State or other jurisdiction of

95-4214109 (I.R.S. Employer

incorporation or organization)

Identification Number)

6450 Via Del Oro

95119

San Jose, California (Address of principal executive offices)

(Zip Code)

Registrant s telephone number, including area code: (408) 361-2536

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 and (2) has been subject to such filing requirements for the past 90 days. Yes "No x

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 S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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.

Large accelerated filer " Accelerated filer

Non-accelerated filer x 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 x

As of December 21, 2011, the registrant had 6,000,000 shares of Class A Common Stock, 8,644 shares of Class B Common Stock and no shares of Class C Common Stock outstanding.

ORCHARD SUPPLY HARDWARE STORES CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

QUARTERLY PERIOD ENDED OCTOBER 29, 2011

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PART I. FINANCIAL INFORMATION

ITEM 1. UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORCHARD SUPPLY HARDWARE STORES CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

AS OF OCTOBER 29, 2011, JANUARY 29, 2011 AND OCTOBER 30, 2010

(In thousands, unaudited)

	As of October 29, 2011		As of January 29, 2011		As of October 30, 2010	
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$	32,381	\$	15,604	\$	8,044
Restricted cash		556		556		557
Merchandise inventories		161,214		172,050		165,373
Deferred income taxes		18,181		16,444		15,341
Prepaid expenses and other current assets		14,766		11,253		12,677
Tabal assessed assets		227.098		215.907		201.992
Total current assets		.,		- ,		- ,
PROPERTY AND EQUIPMENT Net		231,692		262,968		267,477
OTHER INTANGIBLE ASSETS		139,401		145,451		147,610
DEFERRED FINANCING COSTS		4,288		5,666		4,361
TOTAL ASSETS	\$	602,479	\$	629,992	\$	621,440
LIABILITIES AND STOCKHOLDERS EQUITY						
CURRENT LIABILITIES:						
Merchandise payables	\$	57,573	\$	55,325	\$	59,866
Accrued expenses and other liabilities		50,769		40,116		44,949
Current portion of long-term debt and capital lease obligations		41,781		19,292		7,348
Payable to Sears Holdings Corporation		3,100		12,458		1,480
Total current liabilities		153.223		127.191		113,643
		, -		- , -		
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS		278,269		318,928		321,594
OTHER LONG-TERM LIABILITIES DEFERRED INCOME TAXES		21,978		16,338		15,215
COMMITMENTS AND CONTIGENCIES		57,969		69,503		69,499
COMMITMENTS AND CONTIOENCES						
Total liabilities		511,439		531,960		519,951
STOCKHOLDERS EQUITY				222,500		
Series A common stock		60		60		60
Series B common stock						
Additional paid in capital		262,990		262,775		262,805
Accumulated losses		(172,010)		(164,803)		(161,376)
		(1)1 1)		(-))		(-) /
Total stockholders equity		91,040		98,032		101,489
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$	602,479	\$	629,992	\$	621,440

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See notes to condensed consolidated financial statements.

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ORCHARD SUPPLY HARDWARE STORES CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE 13 AND 39 WEEKS ENDED OCTOBER 29, 2011 AND OCTOBER 30, 2010

(In thousands, except for per share amounts, unaudited)

	40 ***		39 Weeks Ended			
		ks Ended				
	October 29, 2011	October 30, 2010	October 29, 2011	October 30, 2010		
NET SALES	\$ 158,688	\$ 154,487	\$ 518,893	\$ 519,171		
COST OF SALES AND EXPENSES:						
Cost of sales (excluding depreciation and amortization)	107,174	102,755	346,411	337,975		
Selling and administrative	40,836	40,321	131,092	125,395		
Loss on sale of real property	14,310		14,310			
Depreciation and amortization	7,722	7,801	22,390	23,118		
Total cost of sales and expenses	170,042	150,877	514,203	486,488		
OPERATING (LOSS) INCOME	(11,354)	3,610	4,690	32,683		
INTEREST EXPENSE, net	5,725	4,315	16,794	12,774		
(LOSS) INCOME BEFORE INCOME TAXES	(17,079)	(705)	(12,104)	19,909		
INCOME TAX (BENEFIT) EXPENSE	(6,971)	(275)	(4,897)	7,764		
		, ,	, , ,	ŕ		
NET (LOSS) INCOME	\$ (10,108)	\$ (430)	\$ (7,207)	\$ 12,145		
	+ (,)	+ (100)	+ (1,==1)	,		
INCOME PER COMMON SHARE ATTRIBUTABLE TO STOCKHOLDERS						
Basic and diluted (loss) income per share	\$ (1.68)	\$ (0.07)	\$ (1.20)	\$ 2.02		
· · · · · · · · · · · · · · · · · · ·	. (====)	. (0.0.)	. (-1)			
Basic and diluted weighted average common shares outstanding	6.009	6,013	6.010	6,013		
Dasic and unded weighted average common shares outstanding	0,009	0,013	0,010	0,013		

See notes to condensed consolidated financial statements.

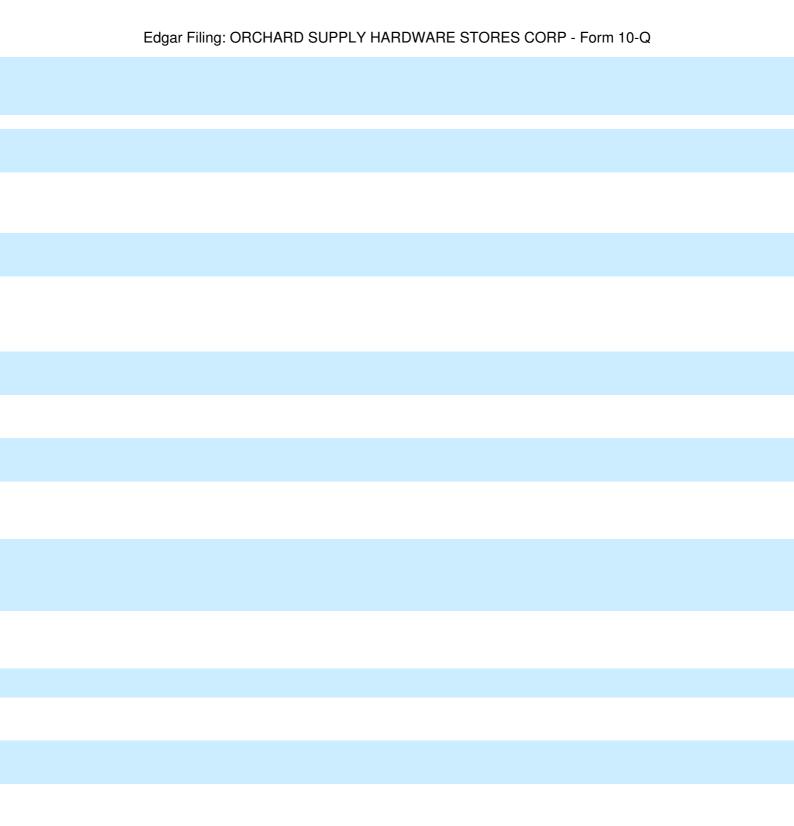
ORCHARD SUPPLY HARDWARE STORES CORPORATION AND SUBSIDIARIES

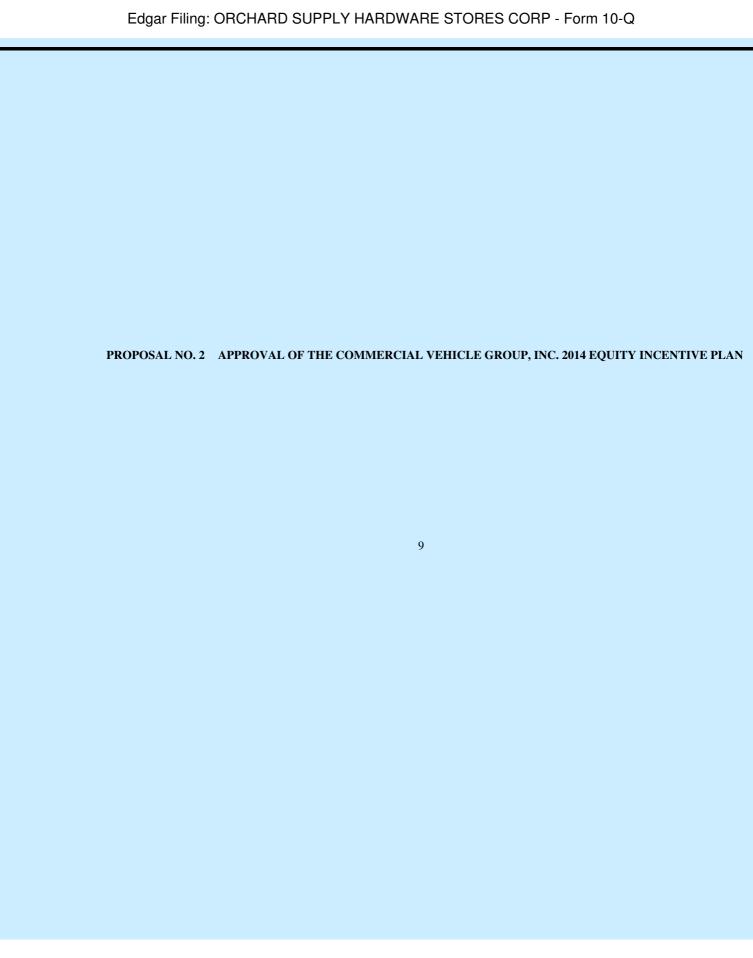
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE 39 WEEKS ENDED OCTOBER 29, 2011 AND OCTOBER 30, 2010

 $(In\ thousands, unaudited)$

39 Weeks Ended





lan may not exceed \$100,000.

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ce goals, together with the satisfaction of any other conditions (such as continued employment), as the Compensation Committee may determine.

section 162(m)(4)(C).

13

to end, no later than two and one-half months after the closing of the change in control).

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NEW PLAN BENEFITS

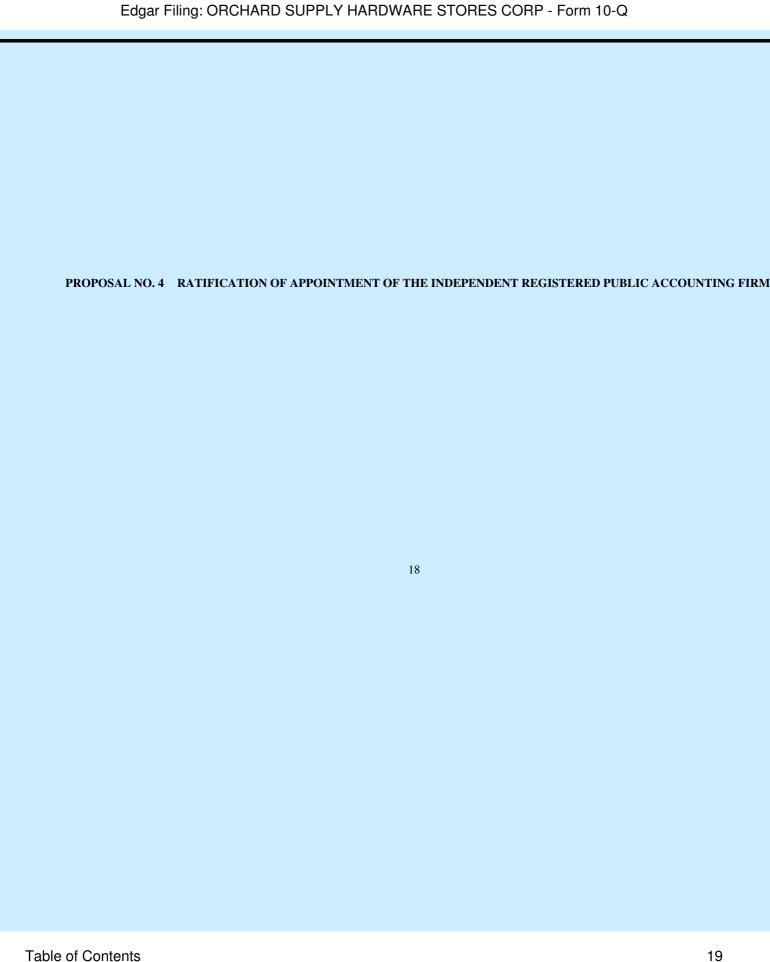
40,000 23,924 23,919 18,732 0 0 0 0 206,575 308,226

56,196

100,000

PROPOSAL NO. 3 NON-BINDING, ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

17



SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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EXECUTIVE COMPENSATION

ts upon termination, which are detailed under Payments Upon Termination or Change in Control below.

29

Business Unit

32

2013 Summary Compensation Table

58,500

13,163

37,339

174,404

336,656

35,100

23,400

459,094

1,139,063

213,731

492,188

217,393

486,690

111,589

340,875

2013 All Other Compensation Table

31,852

7,026 15,872

40

2013 Grants of Plan-Based Awards Table

1,500,000

637,500

157,500

478,710 249,047

450,000 249,000

300,000

195,000

558,512

548,972

454,500

41

2013 Outstanding Equity Awards at Fiscal Year-End Table

Option Awards
Equity
Incentive
Plan Awards:
Number of
Securities
Underlying
Unexercised
Unearned
Options
(#)

42

27,000

290,800 70,032

02,507

73,927

73,891

36,182

2013 Option Exercises and Stock Vested Table

Number of Shares Acquired on Vesting

2013 Pension Benefits Table

80,922 283,988

2013 Deferred Compensation Table

121,548 46,709

107,017 105,840

48,353

4,841

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Potential Payments Upon Termination or Change-in-Control Table

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pecified employee (within the meaning of Section 409A of the Internal Revenue Code) on the date of termination of his employment, any severance payments that

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2013 Director Compensation Table

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SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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SUBMISSION OF STOCKHOLDERS PROPOSALS AND ADDITIONAL INFORMATION

geen such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations are to be made by such

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OTHER MATTERS

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COMMERCIAL VEHICLE GROUP, INC.

2014 EQUITY INCENTIVE PLAN

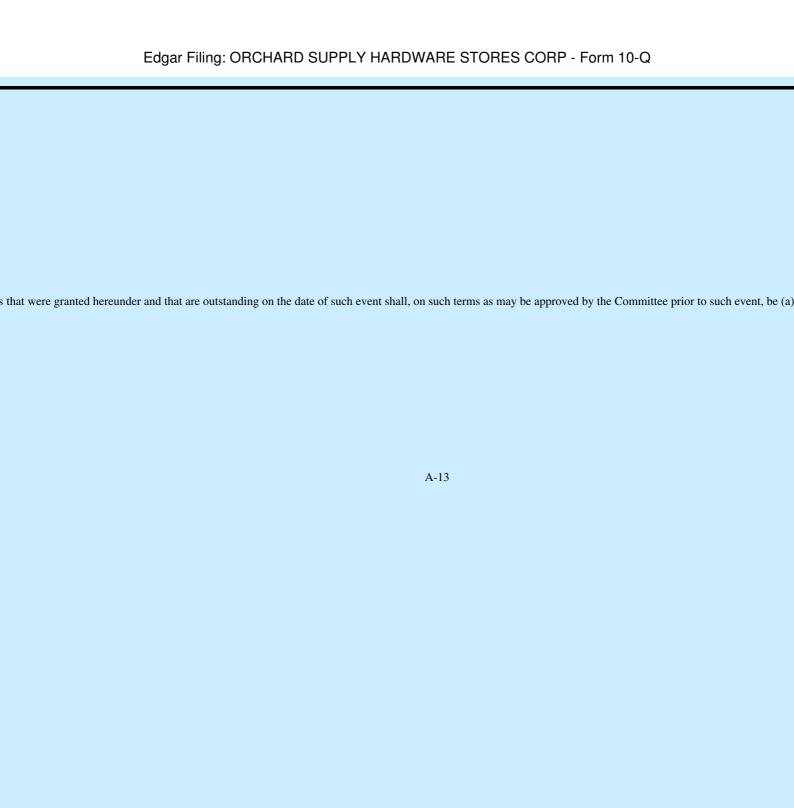
A-1

f the date of award, except for travel reasonably required in the performance of the participant s responsibilities.

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may include, without limitation, risk-based adjustments or adjustments for items that are unusual in nature or infrequent in occurrence. The Committee shall have the

A-10



Abstain

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