

Time Inc.
Form 10-Q
August 05, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2014

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: 001-36218

TIME INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3486363
(I.R.S. Employer Identification No.)

1271 Avenue of the Americas, New York, NY
(Address of Principal Executive Offices)
(212) 522-1212

10020
(Zip Code)

(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 (§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 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 "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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Description of Class	Shares Outstanding as of
Common Stock — \$0.01 par value	July 31, 2014
	108,938,560

* The registrant became subject to the requirements on May 9, 2014.

TIME INC.
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AND OTHER FINANCIAL INFORMATION

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Part I. FINANCIAL INFORMATION

Item 1. Consolidated and Combined Financial Statements

TIME INC.

CONSOLIDATED AND COMBINED BALANCE SHEETS

(Unaudited; millions, except share amounts)

	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$204	\$46
Receivables, less allowances of \$250 and \$281	383	489
Inventories, net of reserves	62	56
Deferred tax assets	98	75
Prepaid expenses and other current assets	113	97
Assets held for sale	51	—
Total current assets	911	763
Property, plant and equipment, net	475	534
Intangible assets subject to amortization, net	1,130	582
Intangible assets not subject to amortization	—	586
Goodwill	3,163	3,162
Other assets	78	47
Total assets	\$5,757	\$5,674
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$564	\$534
Deferred revenue	437	449
Current portion of long-term debt	7	—
Liabilities held for sale	12	—
Total current liabilities	1,020	983
Long-term debt	1,370	38
Deferred tax liabilities	296	313
Deferred revenue	122	135
Other noncurrent liabilities	191	163
Commitments and contingencies (Note 11)		
Shareholders' Equity		
Common stock, \$0.01 par value, 400 million shares authorized; 108.97 million shares issued and outstanding	1	—
Preferred stock, \$0.01 par value, 40 million shares authorized; none issued	—	—
Additional paid-in-capital	12,654	—
Time Warner investment	—	4,158
Accumulated deficit	(9,819) —
Accumulated other comprehensive loss, net	(78	) (116)
Total shareholders' equity	2,758	4,042
Total liabilities and shareholders' equity	\$5,757	\$5,674
See accompanying notes.		

TIME INC.
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(Unaudited; millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues				
Advertising	\$461	\$448	\$851	\$837
Circulation	258	273	528	531
Other	101	112	186	202
Total Revenues	820	833	1,565	1,570
Costs of revenues	(332	) (322	) (643	) (626
Selling, general and administrative expenses	(408	) (376	) (802	) (755
Amortization of intangible assets	(20	) (10	) (39	) (20
Restructuring and severance costs	(55	) (1	) (170)