

**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 2, 2004

OR

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

Commission file number 333-112055

JOSTENS HOLDING CORP.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

90-0207875

(I.R.S. employer identification number)

5501 American Boulevard West

Minneapolis, Minnesota

(Address of principal executive offices)

55437

(Zip code)

Registrant's telephone number: **(952) 830-3300**

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 requirement 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). Yes No

As of November 15, 2004, the Registrant had outstanding 5,940,523 shares of Class A Common Stock, \$.01 par value per share, and one share of Class C Common Stock, \$.01 par value per share.

JOSTENS HOLDING CORP. AND SUBSIDIARIES
Index to Form 10-Q

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Consolidated Statements of Operations for the three months ended October 2, 2004, the period from July 30, 2003 to September 27, 2003 and the period from June 29, 2003 to July 29, 2003 and for the nine months ended October 2, 2004, the period from July 30, 2003 to September 27, 2003 and the period from December 29, 2002 to July 29, 2003

Condensed Consolidated Balance Sheets as of October 2, 2004, January 3, 2004 and September 27, 2003

Condensed Consolidated Statements of Cash Flows for the nine months ended October 2, 2004, the period from July 30, 2003 to September 27, 2003 and the period from December 29, 2002 to July 29, 2003

Notes to Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Item 4. Controls and Procedures

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits

Signatures

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

JOSTENS HOLDING CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

In thousands	For the periods			For the periods		
	Successor		Predecessor	Successor		Predecessor
	Three months ended October 2, 2004	July 30, 2003 - September 27, 2003	June 29, 2003 - July 29, 2003	Nine months ended October 2, 2004	July 30, 2003 - September 27, 2003	December 29, 2002 - July 29, 2003
Net sales	\$ 105,296	\$ 86,163	\$ 7,598	\$ 624,567	\$ 86,163	\$ 504,058
Cost of products sold	66,357	73,492	6,844	324,004	73,492	218,594
Gross profit	38,939	12,671	754	300,563	12,671	285,464
Selling and administrative expenses	67,442	46,797	16,383	272,246	46,797	196,430
Special charges	3,962	—	—	3,962	—	—
Transaction costs	—	—	30,960	—	—	30,960
Operating (loss) income	(32,465)	(34,126)	(46,589)	24,355	(34,126)	58,074
Loss on redemption of debt	—	99	13,878	420	99	13,878
Net interest expense	20,398	11,135	4,971	60,557	11,135	32,446
(Loss) income before income taxes	(52,863)	(45,360)	(65,438)	(36,622)	(45,360)	11,750
(Benefit from) provision for income taxes	(12,687)	(15,421)	(23,384)	(8,789)	(15,421)	8,695
(Loss) income from operations	(40,176)	(29,939)	(42,054)	(27,833)	(29,939)	3,055
Cumulative effect of accounting change, net of tax	—	—	4,585	—	—	4,585
Net (loss) income	(40,176)	(29,939)	(37,469)	(27,833)	(29,939)	7,640
Dividends and accretion on redeemable preferred stock	—	—	—	—	—	(6,525)
Net (loss) income available to common shareholders	\$ (40,176)	\$ (29,939)	\$ (37,469)	\$ (27,833)	\$ (29,939)	\$ 1,115

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

JOSTENS HOLDING CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

In thousands, except share amounts	Successor		
	October 2, 2004	January 3, 2004	September 27, 2003
ASSETS			
Cash and cash equivalents	\$ 8,891	\$ 24,752	\$ 11,639
Accounts receivable, net	49,623	57,018	48,863
Inventories, net	63,968	72,523	70,320
Salespersons overdrafts, net of allowance of \$10,579, \$10,953 and \$9,422	37,205	30,062	33,640
Prepaid expenses and other current assets	5,850	10,446	4,256
Deferred income taxes	12,434	—	—
Total current assets	177,971	194,801	168,718
Property and equipment	136,585	119,506	112,751
Less accumulated depreciation	(35,285)	(13,913)	(4,310)
Property and equipment, net	101,300	105,593	108,441
Goodwill	728,178	746,025	690,197
Intangibles, net	570,891	644,654	655,269
Other assets	35,629	40,340	37,648
	\$ 1,613,969	\$ 1,731,413	\$ 1,660,273
LIABILITIES AND SHAREHOLDERS' EQUITY			
Book overdrafts	\$ 3,912	\$ —	\$ 5,252
Short-term borrowings	77,068	13,013	77,112
Accounts payable	13,009	17,483	13,168
Commissions payable	7,023	16,736	6,459
Customer deposits	43,699	149,809	44,424
Income taxes payable	28,874	8,833	11,802
Interest payable	11,326	4,910	15,059
Current portion of long-term debt	150	—	11,968
Deferred income taxes	—	4,283	8,841
Other accrued liabilities	45,643	45,289	38,676
Total current liabilities	230,704	260,356	232,761
Long-term debt - less current maturities	803,715	836,693	704,184
Redeemable preferred securities (liquidation preference: \$109,820, \$99,052 and \$95,702)	126,061	135,272	173,152
Deferred income taxes	214,077	231,416	233,316
Other noncurrent liabilities	22,861	23,359	23,929
Total liabilities	1,397,418	1,487,096	1,367,342
Commitments and contingencies			
Common stock			
Class A \$.01 par value; authorized: 700,000 shares; issued and outstanding: 504,584 shares	5	5	5
Class B \$.01 par value; non-voting; authorized: 4,050,000 shares; issued and outstanding: 2,724,759 shares	27	27	27
Additional paid-in-capital	281,316	281,316	322,902
Accumulated deficit	(64,873)	(37,040)	(29,939)
Accumulated other comprehensive income (loss)	76	9	(64)
Total shareholders' equity	216,551	244,317	292,931
	\$ 1,613,969	\$ 1,731,413	\$ 1,660,273

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

JOSTENS HOLDING CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

In thousands	For the periods		
	Successor		Predecessor
	Nine months ended October 2, 2004	July 30, 2003 - September 27, 2003	December 29, 2002 - July 29, 2003
Net (loss) income	\$ (27,833)	\$ (29,939)	\$ 7,640
Adjustments to reconcile net income to net cash used for operating activities			
Depreciation	21,436	3,862	12,649
Amortization included in interest expense	14,518	(450)	2,900
Other amortization	74,399	9,227	1,939
Accrued interest on redeemable preferred stock	10,789	2,182	1,054
Deferred income taxes	(32,687)	(14,632)	(1,500)
Other noncash reconciling items	505	117	12,058
Changes in assets and liabilities	(83,571)	(19,350)	(43,533)
Net cash used for operating activities	(22,444)	(48,983)	(6,793)
Acquisitions of businesses, net of cash acquired	—	(423,440)	(5,008)
Purchases of property and equipment	(17,747)	(9,523)	(6,129)
Other investing activities, net	29	—	(738)
Net cash used for investing activities	(17,718)	(432,963)	(11,875)
Net short-term borrowings	63,470	65,195	1,500
Net increase in book overdrafts	3,912	5,252	—
Principal payments on long-term debt	(41,116)	—	(379,270)
Redemption of senior subordinated notes payable	(5,800)	(3,550)	—
Proceeds from issuance of long-term debt	4,000	3,705	475,000
Repurchases of common stock and warrants	—	—	(471,044)
Proceeds from issuance of common shares	—	322,934	417,934
Proceeds from issuance of preferred shares	—	100,000	—
Debt financing costs	(175)	—	(20,212)
Merger costs	—	—	(12,608)
Other financing activities, net	—	—	1,625
Net cash provided by financing activities	24,291	493,536	12,925
Effect of exchange rate changes on cash and cash equivalents	10	49	236
(Decrease) increase in cash and cash equivalents	(15,861)	11,639	(5,507)
Cash and cash equivalents, beginning of period	24,752	—	10,938
Cash and cash equivalents, end of period	\$ 8,891	\$ 11,639	\$ 5,431

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements (Unaudited)
Jostens Holding Corp. and Subsidiaries

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and footnotes included in our Form 10-K for the fiscal year ended January 3, 2004.

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying unaudited condensed consolidated financial statements, after the elimination of intercompany accounts and transactions, include the accounts of Jostens Holding Corp. ("JHC") and our wholly-owned subsidiary, Jostens IH Corp. ("JIHC"), and its wholly-owned subsidiary, Jostens, Inc. ("Jostens"), as of and for the three- and nine-month periods ended October 2, 2004 and the period from July 30, 2003 to September 27, 2003 (successor periods). The accounts for the periods from June 29, 2003 to July 29, 2003 and from December 29, 2002 to July 29, 2003 (predecessor periods) relate to Jostens and its wholly-owned subsidiaries. Our unaudited condensed consolidated financial statements for the predecessor periods were prepared using the historical basis of accounting for Jostens. As a result of the 2003 merger transaction as discussed in Note 2, we applied purchase accounting, and a new basis of accounting began on July 29, 2003. Accordingly, the results of operations for periods prior to the merger may not be comparable to periods after the merger. JHC and JIHC had no operating activities until the acquisition of Jostens.

Certain amounts in our prior period financial statements and notes have been reclassified to conform to the current period presentation.

Stock-Based Compensation

We apply the intrinsic method prescribed by Accounting Principles Board Opinion (APB) 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for stock options granted to employees and non-employee directors. Accordingly, no compensation cost has been reflected in net income for these plans since all options are granted with exercise prices at or above fair value of the underlying stock on the date of grant. The following table illustrates the effect on net (loss) income if we had applied the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) 123, "Accounting for Stock-Based Compensation".

In thousands	For the periods		
	Successor		Predecessor
	Three months ended October 2, 2004	July 30, 2003 - September 27, 2003	June 29, 2003 - July 29, 2003
Net loss available to common shareholders As reported	\$ (40,176)	\$ (29,939)	