

CONSOLIDATED GRAPHICS INC /TX/  
Form 11-K  
June 30, 2003

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

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 0-24068

A. Full title of the plan and address of the plan, if different from that of the issuer names below:

**Consolidated Graphics, Inc. Employee 401(K) Savings Plan.**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: **Consolidated Graphics, Inc., 5858 Westheimer, Suite 200, Houston, Texas 77057.**

**CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401(k) SAVINGS PLAN**

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Schedule H, Item 4d - Non-Exempt Transactions for the year ended December 31, 2002

Schedule H, Item 4i - Schedule of Assets (Held at End of Year) as of December 31, 2002

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\* Other schedules required by Section 2520.103.10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable. Schedule H, Item 4j-Reportable Transactions for the year ended December 31, 2002 has been omitted because all investment transactions in the Plan were participant directed.

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**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Plan Administrator

Consolidated Graphics, Inc. Employee 401(K) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Consolidated Graphics, Inc. Employee 401(K) Savings Plan (the Plan ) as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the years ended December 31, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and non-exempt transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HAM, LANGSTON & BREZINA, L.L.P.

Houston, Texas

June 18, 2003



## CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401(k) SAVINGS PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2002 and 2001

	2002	2001
Assets:		
Investments, at fair value:		
Calvert Income Fund	\$ 3,768,471*	\$ 3,289,666*
Davis New York Venture Fund	4,417,117*	5,197,935*
Davis Growth Opportunity Fund	2,474,726	2,373,927
Franklin Balance Sheet Investment Fund	3,031,731	2,036,365
Franklin Small-Mid Cap Growth Fund	3,304,217	4,042,919*
ING International Value Fund	2,280,939	2,530,141
MS Stable Value Fund	17,646,268*	12,075,551*
MS American Opportunities Fund	3,758,524*	4,647,507*
MS S&P 500 Index Fund	8,325,700*	10,868,277*
MS Strategist Fund	1,777,227	2,144,911
MS U.S. Government Securities Trust	4,115,493*	2,503,072
Oppenheimer Global Fund	5,635,820*	7,349,036*
Van Kampen Emerging Growth Fund	5,384,974*	7,478,976*
Van Kampen Growth Fund	180,167	41,756
Consolidated Graphics, Inc. common stock	4,532,926*	4,991,223*
Participant notes receivable, at cost	2,449,279	2,303,586
Total investments	73,083,579	73,874,848
Participants' contributions receivable	139,900	291,123
Total assets	73,223,479	74,165,971
Liabilities:		
Excess contributions payable	161,595	246,533
Total liabilities	161,595	246,533
Net assets available for benefits	\$ 73,061,884	\$ 73,919,438

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\* Represents 5% or more of net assets available for benefits.

The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401(k) SAVINGS PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**for the years ended December 31, 2002 and 2001**

	2002	2001
Additions to net assets attributed to:		
Dividend and interest income	\$ 160,592	\$ 964,616
Other income	3,672	
Realized and unrealized gains (losses)	(9,239,624)	(7,523,635)
Contributions:		
Employees	7,974,725	8,534,807
Employer	6,868	
Rollovers from other plans	1,010,014	1,811,012
Plan mergers	6,809,273	14,495,201
<b>Total additions</b>	<b>6,725,520</b>	<b>18,282,001</b>
Deductions from net assets attributed to:		
Benefits and withdrawals	7,540,035	8,774,619
Trustee fees	36,155	26,606
Other	6,884	
<b>Total deductions</b>	<b>7,583,074</b>	<b>8,801,225</b>
<b>Net increase (decrease) in net assets available for benefits</b>	<b>(857,554)</b>	<b>9,480,776</b>
<b>Net assets available for benefits, beginning of year</b>	<b>73,919,438</b>	<b>64,438,662</b>
<b>Net assets available for benefits, end of year</b>	<b>\$ 73,061,884</b>	<b>\$ 73,919,438</b>

The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401(K) SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**1. Description of Plan**

The following description of the Consolidated Graphics, Inc. (the Company) Employee 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**General**

The Plan was established effective January 1, 1997 as a defined contribution plan covering all full-time employees of the Company and its participating subsidiaries who have completed one month of service and are age nineteen or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Company executed nine asset transfer agreements in 2001 to merge the 401(k) plans of acquired printing businesses into the Plan. Certain investments resulting from these Plan mergers were restricted and not transferred into the Plan until 2002. The following plans were merged into the Plan as of the following dates:

Maryland Composition Company, Inc. 401(k) Profit Sharing Plan	January 4, 2001
Graphic Communications, Inc. Retirement Plan	January 23, 2001
Automated Graphic Systems, Inc. 401(k) Plan	February 1, 2001
Tursack Printing, Inc. 401(k) Profit Sharing Plan	March 1, 2001
Georges & Shapiro Lithograph, Inc. 401(k) Profit Sharing Plan	April 13, 2001
Apple Graphics, Inc. Profit Sharing Plan	April 27, 2001
Mercury Printing Employees Profit Sharing Plan	May 1, 2001
Lincoln Litho Profit-Sharing & 401(k) Plan	May 15, 2001
Austin Printing Company, Inc. 401(k) Plan	November 1, 2001

Effective October 1, 2001, the Plan trustee/custodian was changed from Morgan Stanley Dean Witter to State Street Bank and Trust, which now serves as the Plan trustee/custodian. ADP Retirement Services is the recordkeeper for the Plan. Certain plan administrative expenses were paid by the Company through September 30, 2001, and paid by the Plan thereafter.

**Contributions**



Each year, participants may contribute from 1% to 50% of their pretax annual compensation not to exceed the limitation set forth in Section 402(g) (\$11,000 in 2002) by the Internal Revenue Service. Participants may also rollover amounts representing distributions from other plans. The Plan also provides for discretionary employer matching contributions not exceeding 6% of an employee's annual compensation. Additional amounts may also be contributed by the employer at the option of the Company's board of directors. During 2002 and 2001, the Company made no discretionary contributions to the Plan.

**Participant Accounts**

Each participant's account is credited with the participant's contributions and allocations of (i) Plan earnings and (ii) discretionary contributions made by the Company, if any, and charged with an allocation of administrative expenses. Allocations are based on participants' compensation or account balances, as described in the Plan. Upon the occurrence of a distribution event, the benefit to which the participant is entitled is the benefit that can be provided from the participant's vested interest in his or her account.

**Vesting**

Participants are immediately vested in their elective contributions, plus any earnings on such contributions and any qualified employer matching contributions. The vesting of certain discretionary employer contributions plus any earnings thereon is based on years of continuous service accrued by the participant while in covered employment. A participant vests at a rate of 20% per year until fully vested after five years of credited service.

**Investment Options**

Upon enrollment in the Plan, a participant may direct contributions in 1% increments into one or more of the investment options offered by the Custodian, as follows:

**Calvert Income Fund**

Seeks to maximize income through long-term investment in bonds and other income producing securities.

**Davis New York Venture Fund**

Seeks to provide long-term growth of capital by investing primarily in common stock of U.S. companies with market capitalizations of at least \$5 billion.

**Davis Growth Opportunity Fund**

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Seeks to provide long-term growth of capital by investing primarily in common stock of U.S. companies with small and medium market capitalizations of less than \$20 billion.

**Franklin Balance Sheet Investment Fund**

Seeks total return by investing primarily in equities it determines to be undervalued, including common and preferred stocks, bonds, and commercial paper.

**Franklin Small-Mid Cap Growth Fund**

Seeks long-term capital growth by investing primarily in equity securities of companies that have small and mid-market capitalization.

**ING International Value Fund**

Seeks long-term growth of capital by investing primarily in equity securities and equity equivalents of companies outside the United States.

**MS Stable Value Fund**

Seeks to preserve principal while earning current income by investing primarily in book value liquidity agreements from major financial institutions such as banks and insurance companies.

**MS American Opportunities Fund**

Seeks to provide long-term capital growth with an effort to reduce volatility by investing primarily in a diversified portfolio of common stocks.

**MS S&P 500 Index Fund**

Seeks to provide investment results which correspond to the total return of the Standard & Poor's 500 Composite Stock Price Index.

**MS Strategist Fund**

Seeks to maximize the total return on its investments by investing in the major asset categories of equity securities, fixed-income securities and money market instruments.

**MS U.S. Government Securities Trust**

Seeks a high level of current income consistent with safety of principal by investing in U.S. Government securities.

**Oppenheimer Global Fund**

Seeks to provide capital appreciation by investing in common stocks of U.S. and foreign companies.

**Van Kampen Emerging Growth Fund**

Seeks to provide long-term capital appreciation by investing primarily in a portfolio of common stocks of emerging growth companies.

**Van Kampen Growth Fund**

Seeks capital growth by investing primarily in common stocks and other equity securities issued by growth companies.

Participants may change their investment options at any time.

The Plan also holds shares of Consolidated Graphics, Inc. common stock. However, this is no longer an investment option for participant contributions.

### **Participant Notes Receivable**

Participants may borrow from their fund accounts at a minimum of \$500 up to a maximum equal to the lesser of \$50,000 or 50% of the participant's vested account balance. Loan terms range from 1 to 5 years or up to 30 years for the purchase of a primary residence. The loans are secured by the vested balance in the participant's account and bear interest at the current Wall Street prime rate, re-determined monthly, plus 1%, with the resulting interest rate fixed over the term of the loan. Principal and interest payments are made by means of payroll withholdings according to the terms of the respective promissory note.

### **Payment of Benefits**

Upon termination of employment due to death or retirement, a participant (or his or her designated beneficiary in the event of death) may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or to have the account balance distributed in annual installments. For termination of employment due to other reasons, the vested interest in his or her account will be distributed as a lump-sum distribution.

### **Forfeited Accounts**

All employer contributions credited to a participant's account, but not vested, are forfeited by the participant upon distribution of the fully vested value of his or her account (or his or her designated beneficiary in the event of death). Forfeitures are generally used to pay Plan expenses or to reduce employer contributions.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. These principles may require management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities; accordingly, actual results could differ from any such estimates.

### **Risks and Uncertainties**

The Plan provides for various investment options. These investment options are exposed to market risk, which generally means the risk of loss in the value of certain investment securities due to changes in interest rates, security and commodity prices and general market conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

**Concentration of Market Risk**

Financial instruments which potentially subject the Plan to a concentration of market risk consist of investments in the Company's common stock and shares of registered investment companies. The Plan has not experienced any market losses associated with these investments.

### **Investment Valuation**

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end. The Company's common stock is valued at its quoted market price. Participant notes receivable are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

### **Payment of Benefits**

Benefits are recorded when paid.

### **3. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in any previously non-vested account balances.

### **4. Tax Status**

The Plan is based on a standardized prototype plan. The prototype plan received an opinion letter from the Internal Revenue Service (IRS) dated May 3, 2002. The Plan trustee and administrator believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (IRC), and accordingly, that the trust maintained in connection with the Plan is tax-exempt.

### **5. Prohibited Transactions and Other**

The Plan did not satisfy the nondiscrimination test under IRC Section 401(k)(3) for the 2002 and 2001 Plan years. To comply with such nondiscrimination test, the Plan made certain required distributions of excess contributions, including any income attributable thereto, to highly compensated employees by March 15, 2003 and 2002, respectively.



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On six occasions during the 2002 Plan year, participant 401(k) contributions totaling \$12,284 were not forwarded to the trustee of the Plan by the fifteenth business day of the month following the month in which such contributions were withheld from the pay of such participants. In each case, such contributions were subsequently contributed to the trust for the Plan together with earnings totaling \$1,296 calculated from such fifteenth business day to the date such contributions were deposited in the trust.

**SUPPLEMENTAL SCHEDULES**

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## CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401(k) SAVINGS PLAN

## SCHEDULE H, ITEM 4d - NON-EXEMPT TRANSACTIONS

for the year ended December 31, 2002

EIN: 76-0190827

PN: 010

Identity of Party Involved	Relationship to Plan	Description of the Issue	Amount	Net Gain or (Loss)
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of participant contributions to trusts containing assets of the Plan.	\$ 377	*
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of participant contributions to trusts containing assets of the Plan.	1,042	*
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of participant contributions to trusts containing assets of the Plan.	2,934	*
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of participant contributions to trusts containing assets of the Plan.	6,175	*
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of participant contributions to trusts containing assets of the Plan.	1,096	*
Consolidated Graphics, Inc.	Employer	Consolidated Graphics, Inc. was not in compliance with the DOL's regulation concerning the timely remittance of	660	*

participant contributions to trusts containing  
assets of the Plan.

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\* The Plan was credited with the amount of earnings that could have been earned on the investments had the remittances been made on a timely basis.

## CONSOLIDATED GRAPHICS, INC. EMPLOYEE 401 (k) SAVINGS PLAN

## SCHEDULE H, ITEM 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2002

EIN: 76-0190827

PN: 010

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Value*
**	Consolidated Graphics, Inc.	Consolidated Graphics, Inc. common stock	\$ 4,532,926***
	Calvert	Calvert Income Fund	3,768,471***
	Davis	Davis New York Venture Fund	4,417,117***
	Davis	Davis Growth Opportunity Fund	2,474,726
	Franklin	Franklin Balance Sheet Investment Fund	3,031,731
	Franklin	Franklin Small-Mid Cap Growth Fund	3,304,217
	ING	ING International Value Fund	2,280,939
	Morgan Stanley	MS Stable Value Fund	17,646,268***
	Morgan Stanley	MS American Opportunities Fund	3,758,524***
	Morgan Stanley	MS S&P 500 Index Fund	8,325,700***
	Morgan Stanley	MS Strategist Fund	1,777,227
	Morgan Stanley	MS U.S. Government Securities Trust	4,115,493***
	Oppenheimer	Oppenheimer Global Fund	5,635,820***
	Van Kampen	Van Kampen Emerging Growth Fund	5,384,974***
	Van Kampen	Van Kampen Growth Fund	180,167
	Participant Loans	Loans bearing interest at rates ranging from 5.25% to 11.5% per year	2,449,279
			\$ 73,083,579

\* Cost information is not presented because all investments are participant directed.

\*\* Represents party-in-interest transactions.

\*\*\* Represents investments comprising at least 5% of net assets available for benefits.

**SIGNATURE**

**PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE ACT OF 1934, THE TRUSTEE (OR OTHER PERSONS WHO ADMINISTER THE PLAN) HAS DULY CAUSED THIS ANNUAL REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED HEREUNTO DULY AUTHORIZED.**

Consolidated Graphics, Inc.  
Employee 401 (k) Savings Plan

By: /s/ G. Christopher Colville

G. Christopher Colville  
Member of the Consolidated Graphics, Inc.  
Employee 401 (k) Savings Plan  
Retirement Committee

Date : June 30, 2003

EXHIBIT INDEX

- 23 Consent of Independent Accountants.
- 99.1 Certification of G. Christopher Colville pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification of Michael B. Barton pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.