

VERISIGN INC/CA
Form 10-Q
November 06, 2009
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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 September 30, 2009

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: 000-23593

VERISIGN, INC.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	94-3221585 (I.R.S. Employer Identification No.)
487 East Middlefield Road, Mountain View, CA (Address of principal executive offices)	94043 (Zip Code)
Registrant's telephone number, including area code: (650) 961-7500	

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. (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

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

Class	Shares Outstanding October 31, 2009
Common stock, \$.001 par value	192,345,267

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PART I FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

As required under Item 1 Condensed Consolidated Financial Statements (Unaudited) included in this section are as follows:

Financial Statement Description	Page
<u>Condensed Consolidated Balance Sheets as of September 30, 2009 and December 31, 2008</u>	4
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Table of Contents**VERISIGN, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share data)****(Unaudited)**

	September 30, 2009	December 31, 2008
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,432,306	\$ 789,068
Accounts receivable, net of allowance for doubtful accounts of \$668 at September 30, 2009 and \$1,208 at December 31, 2008	73,247	83,749
Prepaid expenses and other current assets	151,003	268,178
Assets held for sale	240,202	483,840
Total current assets	1,896,758	1,624,835
Property and equipment, net	372,413	385,498
Goodwill	290,214	283,109
Other intangible assets, net	24,681	35,312
Other assets	37,397	38,118
Total long-term assets	724,705	742,037
Total assets	\$ 2,621,463	\$ 2,366,872
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 246,592	\$ 263,535
Accrued restructuring costs	5,980	28,920
Deferred revenues	656,751	629,800
Liabilities related to assets held for sale	41,455	49,160
Other current liabilities	2,712	5,463
Total current liabilities	953,490	976,878
Long-term deferred revenues	224,541	215,281
Long-term accrued restructuring costs	3,114	3,037
Convertible debentures, including contingent interest derivative	571,526	568,712
Other long-term liabilities	86,692	84,543
Total long-term liabilities	885,873	871,573
Total liabilities	1,839,363	1,848,451
Commitments and contingencies		
Stockholders' equity:		
VeriSign, Inc. and subsidiaries stockholders' equity:		
Preferred stock - par value \$.001 per share; Authorized shares: 5,000,000; Issued and outstanding shares:		
none		

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Common stock par value \$.001 per share; Authorized shares: 1,000,000,000; Issued and outstanding shares: 192,271,949 excluding 115,079,736 held in treasury, at September 30, 2009; and 191,547,795 excluding 112,717,587 held in treasury, at December 31, 2008

	307	304
Additional paid-in capital	22,009,195	21,891,786
Accumulated deficit	(21,286,483)	(21,439,988)
Accumulated other comprehensive income	9,039	17,111
Total VeriSign, Inc. and subsidiaries stockholders equity	732,058	469,213
Noncontrolling interest in subsidiary	50,042	49,208
Total stockholders equity	782,100	518,421
Total liabilities and stockholders equity	\$ 2,621,463	\$ 2,366,872

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**VERISIGN, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	\$ 257,995	\$ 245,934	\$ 769,609	\$ 723,232
Costs and expenses:				
Cost of revenues	56,736	57,265	174,520	172,498
Sales and marketing	45,015	41,646	128,341	133,779
Research and development	24,940	21,764	72,976	70,528
General and administrative	42,634	49,677	134,721	152,742
Restructuring, impairments and other charges	10,428	5,909	15,673	107,293
Amortization of other intangible assets	3,112	2,500	9,394	7,675
Total costs and expenses	182,865	178,761	535,625	644,515
Operating income	75,130	67,173	233,984	78,717
Other loss, net	(8,669)	(13,450)	(23,228)	(22,308)
Income from continuing operations before income taxes and loss from unconsolidated entities	66,461	53,723	210,756	56,409
Income tax expense	18,111	8,876	71,213	7,466
Loss from unconsolidated entities, net of tax		(2,509)		(3,099)
Income from continuing operations, net of tax	48,350	42,338	139,543	45,844
Income (loss) from discontinued operations, net of tax	6,249	(242,613)	16,343	(321,463)
Net income (loss)	54,599	(200,275)	155,886	(275,619)
Less: Net income attributable to noncontrolling interest in subsidiary	(988)	(815)	(2,381)	(2,710)
Net income (loss) attributable to VeriSign, Inc. and subsidiaries common stockholders	\$ 53,611	\$ (201,090)	\$ 153,505	\$ (278,329)
Basic income (loss) per share attributable to VeriSign, Inc. and subsidiaries common stockholders from:				
Continuing operations	\$ 0.25	\$ 0.21	\$ 0.71	\$ 0.22
Discontinued operations	0.03	(1.25)	0.09	(1.62)
Net income (loss)	\$ 0.28	\$ (1.04)	\$ 0.80	\$ (1.40)
Diluted income (loss) per share attributable to VeriSign, Inc. and subsidiaries common stockholders from:				
Continuing operations	\$ 0.24	\$ 0.21	\$ 0.71	\$ 0.21
Discontinued operations	0.04	(1.24)	0.08	(1.58)

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Net income (loss)	\$ 0.28	\$ (1.03)	\$ 0.79	\$ (1.37)
Shares used to compute net income (loss) per share attributable to VeriSign, Inc. and subsidiaries common stockholders:				
Basic	192,619	193,853	192,527	198,622
Diluted	193,472	195,930	193,235	202,951
Amounts attributable to VeriSign, Inc. and subsidiaries common stockholders:				
Income from continuing operations, net of tax	\$ 47,362	\$ 41,523	\$ 137,162	\$ 43,134
Income (loss) from discontinued operations, net of tax	6,249	(242,613)	16,343	(321,463)
Net income (loss) attributable to VeriSign, Inc. and subsidiaries common stockholders	\$ 53,611	\$ (201,090)	\$ 153,505	\$ (278,329)