

VERISIGN INC/CA
Form 10-Q
April 27, 2012
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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 March 31, 2012

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)

Delaware

94-3221585

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

12061 Bluemont Way, Reston, Virginia

20190

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (703) 948-3200

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 April 20, 2012

Common stock, \$.001 par value

157,987,693

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

As required under Item 1—Financial Statements included in this section are as follows:

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VERISIGN, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,353,040	\$1,313,349
Marketable securities	32,803	32,860
Accounts receivable, net	13,553	14,974
Deferred tax assets and other current assets	74,287	86,598
Total current assets	1,473,683	1,447,781
Property and equipment, net	328,474	327,136
Goodwill and other intangible assets, net	53,525	53,848
Other assets	27,078	27,414
Total long-term assets	409,077	408,398
Total assets	\$1,882,760	\$1,856,179
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$99,640	\$156,385
Deferred revenues	542,976	502,538
Total current liabilities	642,616	658,923
Long-term deferred revenues	240,314	226,033
Convertible debentures, including contingent interest derivative	592,821	590,086
Long-term debt	100,000	100,000
Long-term deferred tax liabilities	333,181	325,527
Other long-term liabilities	45,161	43,717
Total long-term liabilities	1,311,477	1,285,363
Total liabilities	1,954,093	1,944,286
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value \$.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value \$.001 per share; Authorized shares: 1,000,000; Issued shares: 317,722 at March 31, 2012 and 316,781 at December 31, 2011; Outstanding shares: 158,352 at March 31, 2012 and 159,422 at December 31, 2011	318	317
Additional paid-in capital	20,084,011	20,135,237
Accumulated deficit	(20,152,568)	(20,220,577)
Accumulated other comprehensive loss	(3,094)	(3,084)
Total stockholders' deficit	(71,333)	(88,107)
Total liabilities and stockholders' deficit	\$1,882,760	\$1,856,179
See accompanying Notes to Condensed Consolidated Financial Statements.		

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VERISIGN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		
	March 31,		
	2012	2011	
Revenues	\$205,726	\$181,523	
Costs and expenses:			
Cost of revenues	41,256	40,869	
Sales and marketing	27,815	22,391	
Research and development	14,765	13,594	
General and administrative	23,508	33,629	
Restructuring charges	(548) 5,530	
Total costs and expenses	106,796	116,013	
Operating income	98,930	65,510	
Interest expense	(12,340) (11,820)
Non-operating income, net	807	5,478	
Income from continuing operations before income taxes	87,397	59,168	
Income tax expense	(21,292) (16,875)
Income from continuing operations, net of tax	66,105	42,293	
Income (loss) from discontinued operations, net of tax	1,904	(1,522)
Net income	68,009	40,771	
Foreign currency translation adjustments	—	28	
Change in unrealized gain on investments, net of tax	(5) (458)
Realized gain on investments, net of tax, included in net income	(5) (27)
Other comprehensive loss	(10) (457)
Comprehensive income	\$67,999	\$40,314	
Basic income (loss) per share:			
Continuing operations	\$0.41	\$0.25	
Discontinued operations	0.02	(0.01)
Net income	\$0.43	\$0.24	
Diluted income (loss) per share:			
Continuing operations	\$0.41	\$0.25	