

Pendrell Corp
Form 10-Q
August 02, 2013
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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 June 30, 2013

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 001-33008

PENDRELL CORPORATION

(Exact name of registrant as specified in its charter)

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Washington **98-0221142**
(State or other jurisdiction of **(IRS Employer**
incorporation or organization) **Identification No.)**
2300 Carillon Point, Kirkland, Washington 98033
(Address of principal executive offices including zip code)
(425) 278-7100
(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 (Do not check if a smaller reporting company) 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 .

As of July 26, 2013, the registrant had 212,038,389 shares of Class A common stock and 53,660,000 shares of Class B convertible common stock outstanding.

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PENDRELL CORPORATION

FORM 10-Q

For the three and six months ended June 30, 2013

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Pendrell Corporation****Condensed Consolidated Balance Sheets****(In thousands, except share data, unaudited)**

	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 197,795	\$ 213,753
Accounts receivable, net of allowance for doubtful accounts of \$0 in both periods	372	8,471
Other receivables net of reserve \$2,750 in both periods	32	856
Prepaid expenses and other current assets	1,825	689
Total current assets	200,024	223,769
Property in service net of accumulated depreciation of \$596 and \$464, respectively	3,846	946
Other assets	67	67
Intangible assets net of accumulated amortization of \$23,141 and \$15,456, respectively	147,917	135,424
Goodwill	21,725	21,209
Total	\$ 373,579	\$ 381,415
LIABILITIES, STOCKHOLDERS EQUITY AND NONCONTROLLING INTEREST		
Current liabilities:		
Accounts payable	\$ 443	\$ 285
Accrued expenses	5,352	2,382
Other liabilities	2,597	647
Total current liabilities	8,392	3,314
Deferred tax liability	1,488	1,488
Other non-current liabilities	4,707	753
Total liabilities	14,587	5,555
Commitments and contingencies (Note 7)		
Stockholders equity and noncontrolling interest:		
Preferred stock, \$0.01 par value, 75,000,000 shares authorized, no shares issued or outstanding		
Class A common stock, \$0.01 par value, 900,000,000 shares authorized, 269,758,520 and 269,450,966 shares issued, and 211,989,628 and 211,682,074 shares outstanding	2,120	2,118
Class B convertible common stock, \$0.01 par value, 150,000,000 shares authorized, 84,663,382 shares issued and 53,660,000 shares outstanding	537	537
Additional paid-in capital	1,935,716	1,929,526
Accumulated deficit	(1,592,969)	(1,563,999)
Total Pendrell stockholders equity	345,404	368,182

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Noncontrolling interest	13,588	7,678
Total stockholders' equity and noncontrolling interest	358,992	375,860
Total	\$ 373,579	\$ 381,415

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

Table of Contents**Pendrell Corporation****Condensed Consolidated Statements of Operations****(In thousands, except share and per share data, unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue	\$ 802	\$ 20,793	\$ 11,794	\$ 24,492
Operating expenses:				
Patent administration, litigation and related costs	2,447	1,846	11,948	3,409
General and administrative	7,427	8,335	14,805	15,355
Stock-based compensation	3,648	1,742	7,118	3,080
Amortization of intangible assets	4,019	3,579	7,715	6,293
Total operating expenses	17,541	15,502	41,586	28,137
Operating income (loss)	(16,739)	5,291	(29,792)	(3,645)
Interest income	37	59	80	120
Interest expense	(66)	(1,233)	(66)	(2,483)
Gain on deconsolidation of subsidiaries		48,685		48,685
Gain on settlement of Boeing litigation		10,000		10,000
Gain (loss) associated with disposition of assets		(42)		5,603
Other income (expense)	(15)	115	(45)	1,364
Income (loss) before income taxes	(16,783)	62,875	(29,823)	59,644
Income tax benefit		291		1,004
Net income (loss)	(16,783)	63,166	(29,823)	60,648
Net income (loss) attributable to noncontrolling interest	(961)	993	(1,635)	312
Net income (loss) attributable to Pendrell	\$ (15,822)	\$ 62,173	\$ (28,188)	\$ 60,336
Basic income (loss) per share attributable to Pendrell	\$ (0.06)	\$ 0.24	\$ (0.11)	\$ 0.24
Diluted income (loss) per share attributable to Pendrell	\$ (0.06)	\$ 0.24	\$ (0.11)	\$ 0.23
Weighted average shares outstanding used to compute basic income (loss) per share	261,381,754	256,594,395	260,964,329	256,356,994
Weighted average shares outstanding used to compute diluted income (loss) per share	261,381,754	263,435,346	260,964,329	264,395,866

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

Table of Contents**Pendrell Corporation****Condensed Consolidated Statements of Comprehensive Income (Loss)****(In thousands, unaudited)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net income (loss)	\$ (16,783)	\$ 63,166	\$ (29,823)	\$ 60,648
Other comprehensive income (loss):				
Cumulative translation adjustments		1,164		(1,019)
Reclassification of cumulative translation adjustment loss included in net income		12,679		12,679
Comprehensive income (loss)	(16,783)	77,009	(29,823)	72,308
Comprehensive (income) loss attributable to noncontrolling interest	961	(993)	1,635	(312)
Comprehensive income (loss) attributable to Pendrell	\$ (15,822)	\$ 76,016	\$ (28,188)	\$ 71,996

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

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Pendrell Corporation

Condensed Consolidated Statements Changes in Stockholders Equity

(In thousands, except share data, unaudited)

	Common stock			Additional paid-in capital	Treasury stock	Accumulated other comprehensive income (loss)		Accumulated deficit	Stockholders equity (deficiency assets)	Noncontrolling interest	Total
	Class A shares	Class B shares	Amount								
Balance, December 31, 2011	206,696,021	53,660,000	\$ 3,497	\$ 2,794,970	\$ (877,833)	\$ (11,660)	\$ (1,603,941)	\$ 305,033	\$ 7,745		