

STAMPS.COM INC
Form 10-Q
November 07, 2008

**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, 2008

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: 000-26427

Stamps.com Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

77-0454966

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

12959 Coral Tree Place

Los Angeles, California 90066

(Address of principal executive offices)

(310) 482-5800

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 (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 October 31, 2008, there were approximately 17,997,328 shares of the Registrant's Common Stock issued and outstanding.

STAMPS.COM INC.

FORM 10-Q QUARTERLY REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2008

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SPECIAL NOTICE REGARDING PURCHASES OF MORE THAN 5% OF OUR STOCK

We currently have significant federal and state net operating loss carry-forwards (NOL). Under applicable law, our NOL assets could be adversely affected by the acquisition by any person, company or investment firm of more than 5% of our outstanding stock or the acquisition of any additional shares by 5% holders. Our articles of incorporation have provisions (the “NOL Protective Measures”) which prohibit transfers of our stock that would create new 5% shareholders or increase the ownership of existing 5% shareholders. **Accordingly, any person, company or investment firm that wishes to become a 5% shareholder must first obtain a waiver of the NOL Protective Measures from our board of directors.** In addition, any person, company or investment firm which is a 5% shareholder can not make any additional purchases of our stock without a waiver from our board of directors. **Failure to do so can mean loss of the shares and responsibility for any damages to the Company, which could be substantial.** Details of the NOL Protective Measures are contained in our definitive Proxy filed on April 2, 2008.

Accordingly, we strongly urge you to contact us prior to allowing your ownership interest in our stock to exceed 725,000 shares.

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PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****STAMPS.COM INC.
BALANCE SHEETS**

(In thousands, except per share data)

	September 30, 2008	December 31, 2007
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,835	\$ 43,667
Restricted cash	554	554
Short-term investments	17,009	22,084
Trade accounts receivable, net	2,656	2,519
Other accounts receivable	2,348	1,209
Other current assets	3,717	2,489
Total current assets	92,119	72,522
Property and equipment, net	3,186	3,790
Intangible assets, net	507	871
Long-term investments	10,180	24,518
Deferred income taxes.	3,671	—
Other assets	3,800	3,252
Total assets	\$ 113,463	\$ 104,953
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,915	\$ 9,935
Deferred revenue	4,158	2,576
Total current liabilities	17,073	12,511
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.001 par value		
Authorized shares 47,500 in 2008 and 2007		
Issued shares: 24,369 in 2008 and 24,258 in 2007		
Outstanding shares: 19,190 in 2008 and 19,813 in 2007	47	47
Additional paid-in capital	626,026	622,781
Accumulated deficit	(457,988)	(466,555)
Treasury stock, at cost, 5,179 shares in 2008 and 4,445 shares in 2007	(71,148)	(63,737)
Accumulated other comprehensive loss	(547)	(94)
Total stockholders' equity	96,390	92,442
Total liabilities and stockholders' equity	\$ 113,463	\$ 104,953

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

STAMPS.COM INC.
STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months ended September 30,		Nine Months ended September 30,	
	2008	2007	2008	2007
Revenues:				
Service	\$ 15,435	\$ 14,115	\$ 46,209	\$ 41,282
Product	2,326	2,296	7,392	7,111
Insurance	375	339	1,140	1,068
PhotoStamps	2,020	3,534	7,897	11,345
Other	—	—	—	907
Total revenues	20,156	20,284	62,638	61,713
Cost of revenues:				
Service	2,626	2,369	7,630	7,123
Product	809	760	2,637	2,398
Insurance	124	105		