

CORELOGIC, INC.
Form 10-Q
August 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended June 30, 2011

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 001-13585

CoreLogic, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

95-1068610
(I.R.S. Employer Identification No.)

4 First American Way, Santa Ana, California
(Address of principal executive offices)

92707-5913
(Zip Code)

(714) 250-6400
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports to be filed by Section 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

On August 1, 2011, there were 106,412,122 shares of common stock outstanding.

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CoreLogic, Inc.
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Items 3, 4 and 5 of Part II have been omitted because they are not applicable with respect to the current reporting period.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements.

CoreLogic, Inc.

Condensed Consolidated Balance Sheets (unaudited)

(in thousands, except per share value)	June 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$170,889	\$447,145
Marketable securities	36,236	75,221
Accounts receivable (less allowance for doubtful accounts of \$17,176 and \$27,512 in 2011 and 2010, respectively)	225,770	217,351
Prepaid expenses and other current assets	63,822	44,543
Income tax receivable, net	20,320	30,587
Deferred tax asset, current	19,835	19,835
Total current assets	536,872	834,682
Property and equipment, net	243,596	211,450
Goodwill	1,627,583	1,444,993
Other identifiable intangible assets, net	201,514	132,689
Capitalized data and database costs, net	305,789	211,331
Investment in affiliates	142,703	165,709
Deferred income tax assets, long-term	34,544	17,000
Restricted cash	23,975	21,095
Other assets	145,176	180,883
Total assets	\$3,261,752	\$3,219,832
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$158,316	\$137,578
Accrued salaries and benefits	77,797	81,949
Deferred revenue, current	214,468	186,558
Mandatorily redeemable noncontrolling interests	—	72,000
Current portion of long-term debt	29,473	233,452
Due to FAFC, net	—	18,097
Total current liabilities	480,054	729,634
Long-term debt, net of current	909,667	487,437
Deferred revenue, net of current	329,369	350,827
Deferred income tax liabilities, long term	32,027	994
Other liabilities	107,194	104,245
Total liabilities	1,858,311	1,673,137
Equity:		
CoreLogic, Inc.'s (CLGX) stockholders' equity:		
Preferred stock, \$0.00001 par value; 500 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.00001 par value; 180,000 shares authorized; 106,382 and 115,499 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	1	1
Additional paid-in capital	1,048,168	1,229,806
Retained earnings	353,330	298,590

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Accumulated other comprehensive income (loss)	(663) 15,943
Total CLGX's stockholders' equity	1,400,836	1,544,340
Noncontrolling interests	2,605	2,355
Total equity	1,403,441	1,546,695
Total liabilities and equity	\$3,261,752	\$3,219,832

See notes to condensed consolidated financial statements.

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CoreLogic, Inc.
Condensed Consolidated Statements of Income
(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
(in thousands, except per share amounts)	2011	2010	2011	2010
Operating revenues	\$396,402	\$410,976	\$800,396	\$808,844
External cost of revenues	122,603	126,842	246,877	252,656
Salaries and benefits	153,313	141,125	306,382	294,632
Other operating expenses	87,413	88,587	159,489	162,601
Depreciation and amortization	28,463	27,632	53,674	53,603
Total operating expenses	391,792	384,186	766,422	763,492
Income from operations	4,610	26,790	33,974	45,352
Interest income/(expense), net:				
Interest income	1,224	—	3,192	1,295
Interest expense	(23,069)	(9,275)	(32,624)	(16,473)
Total interest expense, net	(21,845)	(9,275)	(29,432)	(15,178)
Gain/(loss) on investment and other income	60,041	(5,520)	90,901	(2,730)
Income from continuing operations before equity in earnings of affiliates and income taxes	42,806	11,995	95,443	27,444
Provision for income taxes	16,792	11,047	51,691	13,959
Income from continuing operations before equity in earnings of affiliates	26,014	948	43,752	13,485
Equity in earnings of affiliates, net of tax	5,719	8,562	12,053	16,085
Income from continuing operations	31,733	9,510	55,805	29,570
Income from discontinued operations, net of tax	—	23,935	—	42,513
Net income	31,733	33,445	55,805	72,083
Less: Net income attributable to noncontrolling interests	248	9,035	1,065	18,257
Net income attributable to CLGX	\$31,485	\$24,410	\$54,740	\$53,826
Amounts attributable to CLGX stockholders:				
Income from continuing operations	\$31,485	\$475	\$54,740	\$11,313
Income from discontinued operations, net of tax	—	23,935	—	42,513
Net income	\$31,485	\$24,410	\$54,740	\$53,826
Basic income per share:				
Income from continuing operations attributable to CLGX stockholders	\$0.29	\$—	\$0.49	\$0.11
Income from discontinued operations attributable to CLGX stockholders, net of tax	—	0.22	—	0.40
Net income attributable to CLGX	\$0.29	\$0.22	\$0.49	\$0.51
Diluted income per share:				
Income from continuing operations attributable to CLGX stockholders	\$0.29	\$—	\$0.49	\$0.11
Income from discontinued operations attributable to CLGX stockholders, net of tax	—	0.22	—	0.40
Net income attributable to CLGX	\$0.29	\$0.22	\$0.49	\$0.51
Weighted-average common shares outstanding:				
Basic	108,018	108,936	111,781	106,205

Diluted	108,641	109,716	112,486	107,046
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See notes to condensed consolidated financial statements.

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CoreLogic, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(in thousands)	For the Three Months Ended		For the Six Months Ended		
	June 30, 2011	2010	June 30, 2011	2010	
Net income attributable to CLGX	\$31,485	\$24,410	\$54,740	\$53,826	
Other comprehensive loss, net of tax:					
Unrealized gain/(loss) on marketable securities	272	(1,702	) (93	) (4,360)
Unrealized loss on interest rate swap	(3,541	) —	(2,704) —)
Foreign currency translation adjustments	1,023	(121	) 1,291	(882)
Supplemental Benefit Plans adjustment	(17	) (171	) (78	) (407)
Investment gains reclassified to net income	(246	) —	(15,022) —)
Total other comprehensive loss, net of tax	(2,509	) (1,994	) (16,606	) (5,649)
Comprehensive income	28,976	22,416	38,134	48,177	
Less: Comprehensive loss attributable to the noncontrolling interests	—	—	—	(12)
Comprehensive income attributable to CLGX	\$28,976	\$22,416	\$38,134	\$48,189	

See notes to condensed consolidated financial statements.

CoreLogic, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

For the Six Months Ended
June 30,
2011 2010

(in thousands)

Cash flows from operating activities: