

CERIDIAN CORP /DE/  
Form 10-Q  
August 14, 2002

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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, 2002

or

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

For transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-15168

**CERIDIAN CORPORATION**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

41-1981625  
(IRS Employer  
Identification No.)

3311 East Old Shakopee Road, Minneapolis, Minnesota  
(Address of principal executive offices)

55425  
(Zip Code)

Registrant's telephone number, including area code: (952) 853-8100

Former name, former address and former fiscal year if changed from last report: Not Applicable

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

The number of shares of registrant's Common Stock, par value \$.01 per share, outstanding as of July 31, 2002, was 148,462,209.

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Signature

EX-10.01 Receivable Sales Agreement

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	<p>In the opinion of Ceridian Corporation ( Ceridian or the Company ), the unaudited consolidated financial statements reflect all adjustments (consisting only of normal recurring accruals, except as set forth in the notes to consolidated financial statements) necessary to present fairly the Company s financial position as of June 30, 2002, and results of operations for the three and six month periods and cash flows for the six month periods ended June 30, 2002 and 2001.</p> <p>The results of operations for the six month period ended June 30, 2002 are not necessarily indicative of the results to be expected for the full year.</p> <p>The consolidated financial statements should be read in conjunction with the notes to consolidated financial statements.</p>	
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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF OPERATIONS

Ceridian Corporation  
and Subsidiaries

(Unaudited)

(Dollars in millions, except per share data)

	For Periods Ended June 30,			
	Three Months 2002	2001	2002	Six Months 2001
Revenue	\$ 287.8	\$ 291.9	\$ 589.6	\$ 603.6
Costs and Expenses				
Cost of revenue	139.5	143.9	282.8	291.7
Selling, general and administrative	94.4	97.3	197.2	210.2
Research and development	14.4	15.2	29.7	31.1
Other expense (income)	(0.1)	52.5	9.7	50.1
Total costs and expenses	248.2	308.9	519.4	583.1
Earnings (loss) before interest and taxes	39.6	(17.0)	70.2	20.5
Interest income	0.6	1.7	0.9	3.5
Interest expense	(1.9)	(4.0)	(3.8)	(13.0)
Earnings (loss) before income taxes	38.3	(19.3)	67.3	11.0
Income tax provision (benefit)	13.8	(7.5)	24.2	4.9
Earnings (loss) from continuing operations	24.5	(11.8)	43.1	6.1
Discontinued operations				5.2
Net earnings (loss)	\$ 24.5	\$ (11.8)	\$ 43.1	\$ 11.3
Basic earnings (loss) per share				
Continuing operations	\$ 0.17	\$ (0.08)	\$ 0.29	\$ 0.04
Net earnings (loss)	\$ 0.17	\$ (0.08)	\$ 0.29	\$ 0.08
Diluted earnings (loss) per share				
Continuing operations	\$ 0.16	\$ (0.08)	\$ 0.28	\$ 0.04
Net earnings (loss)	\$ 0.16	\$ (0.08)	\$ 0.28	\$ 0.08
Shares used in calculations (in 000 s)				
Weighted average shares (basic)	148,246	145,950	147,560	145,875
Dilutive securities	5,467		4,697	2,170
Weighted average shares (diluted)	153,713	145,950	152,257	148,045
Antidilutive shares excluded (in 000 s)	881	8,716	1,213	5,122

See notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS (Unaudited)

(Dollars in millions)

Ceridian Corporation  
and Subsidiaries

	June 30, 2002	December 31, 2001
	<u>          </u>	<u>          </u>
Assets		
Cash and equivalents	\$ 136.1	\$ 138.7
Short-term investments	27.0	22.0
Trade receivables, less allowance of \$19.6 and \$16.2	461.0	376.4
Other receivables	26.7	21.8
Current portion of deferred income taxes	39.8	31.7
Other current assets	31.0	25.0
	<u>          </u>	<u>          </u>
Total current assets	721.6	615.6
Property, plant and equipment, net	152.8	159.3
Goodwill, net	880.5	859.6
Other intangible assets, net	112.8	116.2
Software and development costs, net	102.6	92.9
Prepaid pension cost	14.3	10.7
Deferred income taxes, less current portion		4.3
Investments-cost basis	21.7	26.9
Derivative securities	36.7	24.3
Other noncurrent assets	7.3	0.8
	<u>          </u>	<u>          </u>
Total assets before payroll and tax filing funds	2,050.3	1,910.6
Payroll and tax filing funds	2,481.3	2,126.4
	<u>          </u>	<u>          </u>
Total assets	\$ 4,531.6	\$ 4,037.0
	<u>          </u>	<u>          </u>
Liabilities and Stockholders' Equity		
Short-term debt and current portion of long-term obligations	\$ 1.6	\$ 1.5
Accounts payable	38.5	31.2
Drafts and customer funds payable	240.3	160.1
Customer advances	12.6	11.8
Deferred income	31.8	35.9
Accrued taxes	66.9	66.2
Employee compensation and benefits	55.0	64.0
Other accrued expenses	45.0	46.3
	<u>          </u>	<u>          </u>
Total current liabilities	491.7	417.0
Long-term obligations, less current portion	201.5	236.4
Deferred income taxes	32.9	24.8
Employee benefit plans	137.2	140.1
Other noncurrent liabilities	39.9	31.2
	<u>          </u>	<u>          </u>
Total liabilities before payroll and tax filing obligations	903.2	849.5
Payroll and tax filing obligations	2,481.3	2,126.4
	<u>          </u>	<u>          </u>
Total liabilities	3,384.5	2,975.9
Stockholders' equity	1,147.1	1,061.1
	<u>          </u>	<u>          </u>
Total liabilities and stockholders' equity	\$ 4,531.6	\$ 4,037.0



See notes to consolidated financial statements.





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CONSOLIDATED STATEMENTS OF CASH FLOWSCeridian Corporation  
and Subsidiaries(Unaudited)  
(Dollars  
in  
millions)

	For Periods Ended June 30,	
	Six Months	
	2002	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings	\$ 43.1	\$ 11.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Discontinued operations		(5.2)
Deferred income tax provision	(1.2)	2.8
Depreciation and amortization	36.0	52.0
Gains on marketable and derivative securities		(16.2)
Asset write-downs	4.9	6.1
Reduction of environmental accrual	(4.1)	
Contribution to benefit protection trust	(3.3)	
Provision for doubtful accounts	7.8	8.4
Other	(2.6)	(4.2)
Decrease (Increase) in trade and other receivables	(96.6)	(19.8)
Increase (Decrease) in accounts payable	6.1	(1.7)
Increase (Decrease) in drafts and customer funds payable	80.2	27.6
Increase (Decrease) in employee compensation and benefits	(9.2)	(7.7)
Increase (Decrease) in accrued taxes	6.3	(4.2)
Increase (Decrease) in other current assets and liabilities	(5.2)	(11.6)
Cash used by operating activities of discontinued operations		(0.8)
	<u>62.2</u>	<u>36.8</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expended for property, plant and equipment	(13.7)	(20.9)
Expended for software and development costs	(17.4)	(32.8)
Expended for investments in and advances to businesses, less cash acquired	(25.1)	(11.9)
Expended for short term investments	(5.0)	
Proceeds from sales of businesses and assets	0.1	15.1
Cash used for investing activities of discontinued operations		(1.2)
	<u>(61.1)</u>	<u>(51.7)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Revolving credit and overdrafts, net	(35.0)	224.9
Repayment of other debt		(456.6)
Exercise of stock options and other	31.3	3.5
Cash provided by financing activities of discontinued operations		225.0
	<u>(3.7)</u>	<u>(3.2)</u>
<b>NET CASH PROVIDED (USED)</b>	<u>(2.6)</u>	<u>(18.1)</u>
Cash and equivalents at beginning of period	138.7	118.5
	<u>138.7</u>	<u>118.5</u>
Cash and equivalents at end of period	\$ 136.1	\$ 100.4
	<u>\$ 136.1</u>	<u>\$ 100.4</u>

See notes to consolidated financial statements.

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 CERIDIAN CORPORATION AND SUBSIDIARIES  
 Notes to Consolidated Financial Statements  
 June 30, 2002  
 (Dollars in millions, except per share data)  
 (Unaudited)

## STOCKHOLDERS EQUITY

	June 30, 2002	December 31, 2001
Common Stock		
Par value \$ .01		
Shares authorized 500,000,000		
Shares issued 148,649,510 and 146,487,624	\$ 1.5	\$ 1.5
Shares outstanding 148,646,007 and 146,484,962		
Additional paid-in capital	906.0	870.1
Retained earnings	362.5	319.4
Treasury stock, at cost (3,503 and 2,662 common shares)	(0.1)	
Accumulated other comprehensive income, net of deferred income taxes:		
Unrealized gain on derivative securities	22.2	14.1
Unrealized gain on marketable securities	(0.6)	(0.3)
Cumulative translation adjustment	(11.0)	(10.3)
Pension liability adjustment	(133.4)	(133.4)
Total stockholders equity	\$ 1,147.1	\$ 1,061.1

## COMPREHENSIVE INCOME (LOSS)

	For Periods Ended June 30,			
	Three Months 2002	2001	Six Months 2002	2001
Net earnings (loss)	\$ 24.5	\$ (11.8)	\$ 43.1	\$ 11.3