SYNCHRONOSS TECHNOLOGIES INC
Form 10-Q
May 03, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

or

o **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 000-52049

SYNCHRONOSS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**06-1594540** (I.R.S. Employer Identification No.)
200 Crossing Boulevard, 8th Floor **Bridgewater, New Jersey** (Address of principal executive offices)	**08807** (Zip Code)

(866) 620-3940

(Registrant s telephone number, including area code)

(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 x No o

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Shares outstanding of the Registrant s common stock:

Class	Outstanding at April 25, 2013
Common stock, $0.0001 par value	39,628,323

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SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share data)

		March 31, 2013		December 31, 2012
ASSETS				
Current assets:				
Cash and cash equivalents	$	51,116	$	36,028
Marketable securities		15,392		20,188
Accounts receivable, net of allowance for doubtful accounts of $664 and $258 at March 31, 2013 and December 31, 2012, respectively		69,461		74,980
Prepaid expenses and other assets		19,883		24,012
Deferred tax assets		4,127		4,114
Total current assets		159,979		159,322
Marketable securities		583		653
Property and equipment, net		64,023		58,162
Goodwill		126,106		127,322
Intangible assets, net		105,902		110,760
Deferred tax assets		7,009		6,961
Other assets		3,698		3,482
Total assets	$	467,300	$	466,662
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	6,342	$	8,980
Accrued expenses		30,653		41,658
Deferred revenues		24,280		20,954
Contingent consideration obligation		8,619		3,279
Total current liabilities		69,894		74,871
Lease financing obligation - long-term		9,259		9,540
Contingent consideration obligation - long-term				5,100
Other liabilities		3,700		2,494
Stockholders equity:				
Preferred stock, $0.0001 par value; 10,000 shares authorized, 0 shares issued and outstanding at March 31, 2013 and December 31, 2012				
Common stock, $0.0001 par value; 100,000 shares authorized, 43,396 and 42,533 shares issued; 39,572 and 38,674 outstanding at March 31, 2013 and December 31, 2012, respectively		4		4
Treasury stock, at cost (3,824 and 3,859 shares at March 31, 2013 and December 31, 2012, respectively)		(67,487)		(67,918)
Additional paid-in capital		355,829		344,469
Accumulated other comprehensive loss		(2,842)		(365)
Retained earnings		98,943		98,467
Total stockholders equity		384,447		374,657
Total liabilities and stockholders equity	$	467,300	$	466,662

See accompanying notes to consolidated financial statements.

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SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
Net revenues	$	78,276	$	64,560
Costs and expenses:				
Cost of services*		32,131		28,621
Research and development		16,718		12,876
Selling, general and administrative		14,652		10,390
Net change in contingent consideration obligation		433		(780)
Restructuring charges		5,172		
Depreciation and amortization		8,969		5,171
Total costs and expenses		78,075		56,278
Income from operations		201		8,282
Interest income		86		398
Interest expense		(232)		(239)
Other (expense) income		(258)		14
(Loss) income before income tax expense		(203)		8,455
Income tax benefit (expense)		679		(2,972)
Net income	$	476	$	5,483
Net income per common share:				
Basic	$	0.01	$	0.14
Diluted	$	0.01	$	0.14
Weighted-average common shares outstanding:				
Basic		38,121		38,099
Diluted		39,089		39,258
Comprehensive (loss) income	$	(2,001)	$	5,751

* Cost of services excludes depreciation and amortization which is shown separately.

See accompanying notes to consolidated financial statements.

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SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Operating activities:		
Net income	$ 476	$ 5,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	8,969	5,171
Amortization of bond premium	86	332
Deferred income taxes	(118)	1,995
Non-cash interest on leased facility	229	230
Stock-based compensation	4,910	5,211
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance for doubtful accounts	5,519	(1,314)
Prepaid expenses and other current assets	4,499	2,361
Other assets	(384)	(131)
Accounts payable	(2,639)	(2,422)
Accrued expenses	(11,126)	(6,928)
Contingent consideration obligation	241	(3,307)
Excess tax benefit from the exercise of stock options		(269)
Other liabilities	1,247	124
Deferred revenues	3,325	89
Net cash provided by operating activities	15,234	6,625
Investing activities:		
Purchases of fixed assets	(10,964)	(4,873)
Purchases of marketable securities available-for-sale	(13)	(2,729)
Maturities of marketable securities available-for-sale	4,791	3,482
Business acquired, net of cash		(14)
Net cash used in investing activities	(6,186)	(4,134)
Financing activities:		
Proceeds from the exercise of stock options	6,212	3,564
Payments on contingent consideration obligation		(575)
Excess tax benefit from the exercise of stock option		269
Proceeds from the sale of Treasury Stock in connection with an employee stock purchase plan	670	
Repayments of capital obligations	(760)	(224)
Net cash provided by financing activities	6,122	3,034
Effect of exchange rate changes on cash	(82)	143
Net increase in cash and cash equivalents	15,088	5,668
Cash and cash equivalents at beginning of year	36,028	69,430
Cash and cash equivalents at end of period	$ 51,116	$ 75,098
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	337	192

See accompanying notes to consolidated financial statements.

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED

(in thousands, except per share data unless otherwise noted)

The consolidated financial statements as of March 31, 2013 and for the three months ended March 31, 2013 and 2012 are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results for the interim periods. They do not include all of the information and footnotes required by U.S. generally accepted accounting principles (GAAP) for complete financial statements and should be read in conjunction with the financial statements and notes in the Annual Report of Synchronoss Technologies, Inc. incorporated by reference in the Company s annual report on Form 10-K for the year ended December 31, 2012. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation. The Company has no unconsolidated subsidiaries or investments accounted for under the equity method. The results reported in these consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

1. Description of Business

Synchronoss Technologies, Inc. (the Company or Synchronoss) is a mobile innovation company that provides software-based activation and personal cloud solutions for connected devices across the globe. Such solutions include device and service procurement, provisioning, activation, support, intelligent connectivity management and content synchronization, back-up and sharing that enable communications service providers (CSPs), cable operators/multi-services operators (MSOs), original equipment manufacturers (OEMs) with embedded connectivity (e.g. smartphones, laptops, tablets and mobile Internet devices, among others), e-Tailers/retailers and other customers to accelerate and monetize their go-to-market strategies for connected devices. This includes automating subscriber activation, order management, upgrades, service provisioning and connectivity and content management from any channel (e.g., e-commerce, telesales, enterprise, indirect and other retail outlets, etc.) to any communication service (e.g., wireless (3G, (EV-DO and HSPA), 4G, (LTE and WiMAX)), Wi-Fi, high speed access, local access, IPTV, cable, satellite TV, etc.) across any connected device type and content transfer, synchronize and share. The Company s solutions touch all aspects of connected devices on the mobile Internet.

The Company s Activation Services and Personal Cloud platforms provide end-to-end seamless integration between customer-facing channels/applications, communication services, or devices and back-office infrastructure-related systems and processes. The Company s customers rely on its solutions and technology to automate the process of activation and content management for their customers devices while delivering additional communication services. The Company s platforms also support automated customer care processes through use of highly accurate and effective speech processing technology and enable the Company s customers to offer their subscribers the ability to store in the Cloud their personal content and data which resides on their connected mobile devices, such as personal computers, smartphones and tablets. The Company s platforms are designed to be carrier-grade, high availability, flexible and scalable to enable multiple converged communication services to be managed across multiple distribution channels, including e-commerce, m-commerce, telesales, customer stores, indirect and other retail outlets, etc., allowing it to meet the rapidly changing and converging services and connected devices offered by its customers. The Company enables its customers to acquire, retain and service subscribers quickly, reliably and cost-effectively by enabling back-up, synchronization and sharing of subscriber content. Through the use of the Company s platforms, its customers can simplify the processes associated with managing the customer experience for procuring, activating, connecting, synchronizing and social media sharing connected devices and services. The extensibility, scalability and relevance of the Company s platforms enable new revenue streams and retention opportunities for its customers through new subscriber acquisitions, sale of new devices, accessories and new value-added service offerings in the Cloud, while optimizing their cost of operations and enhancing customer experience.

The Company currently operates in and markets its solutions and services directly through its sales organizations in North America, Europe and Asia-Pacific.

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

2. Basis of Presentation

For further information about the Company s basis of presentation or its significant accounting policies, refer to the financial statements and footnotes thereto included in the Company s annual report on Form 10-K for the year ended December 31, 2012.

In connection with the Spatial Systems Nominees PTY LTD (Spatial) acquisition, the consolidated balance sheet at December 31, 2012 has been recast to include retrospective purchase accounting adjustments. These adjustments pertain to measurement period adjustments during the three months ended March 31, 2013 based on the reclassification and valuation of assets acquired and liabilities assumed in the Spatial acquisition. The effect on the consolidated balance sheet at December 31, 2012, as a result of the recast, is a decrease in accounts receivable of $2.6 million, an increase in prepaid expenses and other assets of $5.0 million, an increase in goodwill of $11.8 million, an increase in accrued expenses of $4.6 million, and an increase in deferred revenues of $9.6 million.

Impact of Recently Issued Accounting Standards

In February 2013, the FASB issued ASU 2013-02 which requires additional disclosures regarding the reporting of reclassifications out of accumulated other comprehensive income. ASU 2013-02 requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. This guidance is effective for reporting periods beginning after December 15, 2012. The Company adopted this guidance effective January 1, 2013. The Company s adoption of this standard did not have a significant impact on its consolidated financial statements.

In March 2013, the FASB issued ASU 2013-05, which permits an entity to release cumulative translation adjustments into net income when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided, or, if a controlling financial interest is no longer held. The revised standard is effective for fiscal years beginning after December 15, 2013; however, early adoption is permitted. The Company does not expect adoption of this ASU to significantly impact on its consolidated financial statements.

3. Earnings per Common Share

The Company calculates basic and diluted per share amounts based on net earnings adjusted for the effects to earnings that would result if contingently issuable shares related to contingent consideration to be settled in the Company s stock were reported as equity for the periods presented. To calculate basic earnings per share, the Company uses the weighted average number of common shares outstanding during the period adjusted for the weighted average number of contingently issuable shares. The weighted average numbers of shares contingently issuable are calculated as if they were outstanding as of the last day of the period. The diluted earnings per share calculation is based on the weighted average number of shares of common stock outstanding adjusted for the number of additional shares that would have been outstanding had all potentially dilutive common shares been issued. Potentially dilutive shares of common stock include stock options, non-vested share awards and contingently issuable shares related to contingent consideration to be settled in stock. The dilutive effects of stock options and restricted stock awards are based on the treasury stock method. The dilutive effects of the contingent consideration to be settled in stock are calculated as if the contingently issuable shares were outstanding as of the beginning of the period. The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income attributable to common stockholders per common share. Stock options that are anti-dilutive and excluded from the following table totaled 1,841 and 1,171 for the three months ended March 31, 2013 and 2012, respectively.

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

	Three Months Ended March 31, 2013		2012	
Numerator:				
Net income attributable to common stockholders	$	476	$	5,483
Income effect for equity mark-to-market on contingent consideration obligation, net of tax				
Net income applicable to shares of common stock for earnings per share	$	476	$	5,483
Denominator:				
Weighted average common shares outstanding basic		38,121		38,099
Dilutive effect of:				
Options and unvested restricted shares		968		1,159
Weighted average common shares outstanding diluted		39,089		39,258

4. Fair Value Measurements of Assets and Liabilities

The Company classifies marketable securities as available-for-sale. The fair value hierarchy established in the guidance adopted by the Company prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1 Observable inputs quoted prices in active markets for identical assets and liabilities;

- Level 2 Observable inputs other than the quoted prices in active markets for identical assets and liabilities includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and

- Level 3 Unobservable inputs includes amounts derived from valuation models where one or more significant inputs are unobservable and require the Company to develop relevant assumptions.

The following is a summary of assets and liabilities held by the Company and their related classifications under the fair value hierarchy:

	March 31, 2013		December 31, 2012	
Level 1 (A)	$	56,496	$	41,395
Level 2 (B)		10,595		15,474
Level 3 (C)		(8,619)		(8,379)

Total	$	58,472	$	48,490

(A) Level 1 assets include money market funds and enhanced income money market funds which are classified as cash equivalents and marketable securities, respectively.

(B) Level 2 assets include certificates of deposit, municipal bonds and corporate bonds which are classified as marketable securities.

(C) Level 3 liabilities include the contingent consideration obligation.

The Company utilizes the market approach to measure fair value for its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The Company s marketable securities investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No transfers of assets between Level 1 and Level 2 of the fair value measurement hierarchy occurred during the three months ended March 31, 2013.

The aggregate fair value of available-for-sale securities and aggregate amount of unrealized gains and losses for available for sale securities at March 31, 2013 were as follows:

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

	Aggregate Fair Value	Aggregate Amount of Unrealized Gains	Aggregate Amount of Unrealized Losses
Due in one year or less	$ 15,392	$ 13	$ (30)
Due after one year, less than five years	583	1	(1)
	$ 15,975	$ 14	$ (31)

The aggregate fair value of available-for-sale securities and aggregate amount of unrealized gains and losses for available for sale securities at December 31, 2012 were as follows:

	Aggregate Fair Value	Aggregate Amount of Unrealized Gains	Aggregate Amount of Unrealized Losses
Due in one year or less	$ 20,188	$ 18	$ (41)
Due after one year, less than five years	653	1	(1)
	$ 20,841	$ 19	$ (42)

Unrealized gains and losses are reported as a component of accumulated other comprehensive loss in stockholders equity. The cost of securities sold is based on specific identification method. The Company evaluates investments with unrealized losses to determine if the losses are other than temporary. The Company has determined that the gross unrealized losses at March 31, 2013 and December 31, 2012 are temporary. In making this determination, the Company considered the financial condition, credit ratings and near-term prospects of the issuers, the underlying collateral of the investments, and the magnitude of the losses as compared to the cost and the length of time the investments have been in an unrealized loss position. Additionally, while the Company classifies the securities as available for sale, the Company does not currently intend to sell such investments and it is more likely than not to recover the carrying value prior to being required to sell such investments.

The Company determined the fair value of the contingent consideration obligation based on a probability-weighted income approach derived from quarterly revenue estimates and a probability assessment with respect to the likelihood of achieving the various performance criteria. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement. The significant unobservable inputs used in the fair value measurement of the Company s contingent consideration obligation are the probabilities of achieving certain financial targets and contractual milestones. Significant increases (decreases) in any of those probabilities in isolation may result in a higher (lower) fair value measurement. No changes in valuation techniques occurred during the three months ended March 31, 2013.

The changes in fair value of the Company s Level 3 contingent consideration obligation during the three months ended March 31, 2013 were as follows:

		Level 3
Balance at December 31, 2012	$	8,379
Fair value adjustment to contingent consideration obligation included in net income		433
Fx impact of change in contingent consideration obligation		(30)
Earn-out compensation due to SpeechCycle employees		(163)
Balance at March 31, 2013	$	8,619

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

5. Acquisition

Spatial Systems Nominees PTY LTD (Spatial)

On November 30, 2012 the Company acquired 100% of the capital stock of Spatial, an Australian company with operations in the U.S., for total cash consideration of $31.0 million and issued approximately 240 shares of the Company s Common Stock. The total cash consideration was comprised of $30.0 million for the purchase of all of the shares of Spatial and $625 for the estimated surplus working capital on the date of purchase. Of the 240 shares of the Company s Common Stock issued, only a portion valued at approximately $1.4 million based on the Company s November 30, 2012 closing stock price per share was considered purchase price. The remaining value of the shares will be recognized as compensation expense and amortized over the service period of three years. In addition, the Company potentially may make payments totaling up to approximately $5.0 million in cash and may issue up to 260 shares of stock based on the ability to achieve a range of business objectives for the period from December 1, 2012 through November 30, 2013.

The Company accounted for this business combination by applying the acquisition method, and accordingly, the purchase price was allocated to the tangible assets acquired and liabilities assumed based upon their fair values at the acquisition date. The excess of the purchase price over the net tangible assets and liabilities, approximately $36.1 million was recorded as goodwill, which is not tax deductible. The Company is in the process of finalizing the purchase allocation, thus the provisional measures of deferred revenue, deferred income taxes, intangibles and goodwill are subject to change. The purchase price allocation will be finalized in 2013.

The Company believes that Spatial will help to augment the Company s activation services offerings with more powerful broadband bundled offerings and expand into new and emerging markets. In addition, the acquisition of Spatial will help to increase the Company s penetration of its domestic customer base and expand the Company s engagements in the Asia-Pacific markets.

Allocation of Consideration Transferred

Total purchase price is summarized as follows:

	November 30, 2012

Cash consideration	$	30,000
Working Capital Surplus		625
Value of Synchronoss common stock issued		1,386
Estimated fair value of the Earn-out payments		4,600
Total purchase price	$	36,611

The Company prepared an initial determination of the fair value of assets acquired and liabilities assumed as of the acquisition date using preliminary information. In accordance with ASC 805, during the measurement period an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of the acquisition date. Accordingly, the Company has recognized measurement period adjustments made during the first quarter of 2013 to the fair value of certain assets acquired and liabilities assumed as a result of the further refinements in the Company s provisional amounts. These adjustments were retrospectively applied to the November 30, 2012 acquisition date balance sheet. The effect of these adjustments on the preliminary purchase price allocation was a decrease in accounts receivable of $2.6 million, an increase in prepaid expenses and other assets of $5.0 million, an increase to goodwill of $11.8 million, an increase in accrued expenses of $4.6 million, and an increase to deferred revenues of $9.6 million. None of the adjustments had a material impact on the Company s previously reported results of operations.

The following table summarizes the preliminary estimated fair values of the assets and liabilities assumed at the acquisition date, as adjusted:

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

[redacted]		
Cash and cash equivalents	$	2,395
[redacted]		
Prepaid expenses and other assets		5,232
[redacted]		
Intangible assets		11,322
[redacted]		
Total identifiable assets acquired		24,012
[redacted]		
Accounts payable and accrued liabilities		(9,860)
[redacted]		
Deferred tax liability		(2,129)
[redacted]		
Total liabilities assumed		(23,489)
[redacted]		
Net identifiable assets acquired		523
[redacted]		
Goodwill		36,088
[redacted]		

Total goodwill changed during the three months ended March 31, 2013 as follows:

Balance at December 31, 2012	$	127,322
Acquisitions		
Reclassifications, adjustments and other		(67)
Translation adjustments		(1,149)
Balance at March 31, 2013	$	126,106

6. Stockholders Equity

Stock Options

The Company uses the Black-Scholes option pricing model for determining the estimated fair value for stock-based awards. The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Three Months Ended March 31,	
	2013	**2012**
Expected stock price volatility	66%	69%
Risk-free interest rate	0.85%	0.89%
Expected life of options (in years)	4.49	4.56
Expected dividend yield	0%	0%

The weighted-average fair value (as of the date of grant) of the options was $15.71 and $16.55 per share for the three months ended March 31, 2013 and 2012, respectively. During the three months ended March 31, 2013 and 2012, the Company recorded total pre-tax stock-based compensation expense of $4.9 million ($3.3 million after tax or $0.09 per diluted share) and $5.2 million ($3.4 million after tax or $0.09 per diluted share), respectively, which includes the fair value for equity awards issued after January 1, 2006.

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SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED (Continued)

(in thousands, except per share data unless otherwise noted)

The total stock-based compensation cost related to non-vested equity awards not yet recognized as an expense as of March 31, 2013 was approximately $39.9 million. That cost is expected to be recognized over a weighted-average period of approximately 2.62 years.

The following table summarizes information about shares available for grant and stock options outstanding as of March 31, 2013:

Options	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2012	3,976	$ 20.88		
Options Granted	358	29.85		
Options Exercised	(398)	15.62		
Options Cancelled				