

ExlService Holdings, 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)

**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**

**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 001-33089**

**EXLSERVICE HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

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**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**82-0572194**  
(I.R.S. Employer  
Identification No.)

**280 PARK AVENUE, 38TH FLOOR, NEW YORK,**

**NEW YORK**  
(Address of principal executive offices)

**10017**  
(Zip code)

**(212) 277-7100**  
(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. (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 April 30, 2013, there were 32,628,516 shares of the registrant's common stock outstanding (excluding 349,280 shares held in treasury and 4,834 shares of restricted stock), par value \$0.001 per share.

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**Table of Contents****PART 1. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****EXLSERVICE HOLDINGS, INC.****CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share amounts)**

	<b>March 31, 2013 (Unaudited)</b>	<b>December 31, 2012 (Recasted)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 102,307	\$ 103,037
Short-term investments	6,263	6,137
Restricted cash	757	573
Accounts receivable, net	76,612	73,729
Prepaid expenses	5,377	5,072
Deferred tax assets, net	5,111	7,460
Advance income tax, net	4,486	4,317
Other current assets	9,764	7,065
<b>Total current assets</b>	<b>210,677</b>	<b>207,390</b>
Fixed assets, net	38,973	39,356
Restricted cash	3,850	3,752
Deferred tax assets, net	14,249	14,123
Intangible assets, net	39,118	40,711
Goodwill	110,055	109,662
Other assets	20,930	20,860
<b>Total assets</b>	<b>\$ 437,852</b>	<b>\$ 435,854</b>
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,322	\$ 3,604
Deferred revenue	7,640	7,922
Accrued employee cost	17,596	29,393
Accrued expenses and other current liabilities	27,965	31,737
Current portion of capital lease obligations	1,616	1,685
<b>Total current liabilities</b>	<b>58,139</b>	<b>74,341</b>
Capital lease obligations, less current portion	2,399	2,679
Non-current liabilities	13,764	14,317
<b>Total liabilities</b>	<b>74,302</b>	<b>91,337</b>
Commitments and contingencies (See Note 15)		
Preferred stock, \$0.001 par value; 15,000,000 shares authorized, none issued		

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Stockholders' equity:

Common stock, \$0.001 par value; 100,000,000 shares authorized, 32,971,996 shares issued and 32,622,716 shares outstanding as of March 31, 2013 and 32,540,082 shares issued and 32,203,820 shares outstanding as of December 31, 2012	33	33
Additional paid-in-capital	200,813	195,248
Retained earnings	198,644	188,882
Accumulated other comprehensive loss	(32,553)	(36,647)
<b>Total stockholders' equity including shares held in treasury</b>	<b>366,937</b>	<b>347,516</b>
Less: 349,280 shares as of March 31, 2013 and 336,262 shares as of December 31, 2012, held in treasury, at cost	(3,413)	(3,024)
<b>ExlService Holdings, Inc. stockholders' equity</b>	<b>363,524</b>	<b>344,492</b>
Non-controlling interest	26	25
<b>Total stockholders' equity</b>	<b>363,550</b>	<b>344,517</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 437,852</b>	<b>\$ 435,854</b>

*See accompanying notes.*

**Table of Contents****EXLSERVICE HOLDINGS, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(In thousands, except share and per share amounts)**

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
Revenues	\$ 116,006	\$ 104,608
Cost of revenues (exclusive of depreciation and amortization)	72,913	66,672
Gross profit	43,093	37,936
Operating expenses:		
General and administrative expenses	15,045	13,347
Selling and marketing expenses	9,755	7,799
Depreciation and amortization	6,512	6,359
Total operating expenses	31,312	27,505
Income from operations	11,781	10,431
Other income/(expense):		
Foreign exchange (loss)/gain	(49)	1,058
Interest and other income, net	1,027	447
Income before income taxes	12,759	11,936
Income tax provision	2,997	3,020
Net income	\$ 9,762	\$ 8,916
Earnings per share:		
Basic	\$ 0.30	\$ 0.28
Diluted	\$ 0.29	\$ 0.27
Weighted-average number of shares used in computing earnings per share:		
Basic	32,521,481	31,445,592
Diluted	33,719,794	32,783,855

*See accompanying notes.*

**Table of Contents****EXLSERVICE HOLDINGS, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Unaudited)****(In thousands)**

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
Net income	\$ 9,762	\$ 8,916
Other comprehensive income:		
Unrealized gain on effective cash flow hedges, net of taxes \$626 and \$2,100	1,447	6,209
Foreign currency translation adjustment	1,691	6,146
Reclassification adjustments		
Realized loss on cash flow hedges, net of taxes \$428 and \$104 <sup>(1)</sup>	926	277
Retirement benefits, net of taxes \$8 and \$7 <sup>(2)</sup>	30	26
Total other comprehensive income	4,094	12,658
Total comprehensive income	\$ 13,856	\$ 21,574

(1) These are reclassified to net income and are included in the foreign exchange (loss)/gain in the unaudited consolidated statements of income. See Note 7 to the unaudited consolidated financial statements.

(2) These are reclassified to net income and are included in the computation of net periodic pension costs in the unaudited consolidated statements of income. See Note 10 to the unaudited consolidated financial statements.

See accompanying notes.

**Table of Contents****EXLSERVICE HOLDINGS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOW****(Unaudited)****(In thousands)**

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 9,762	\$ 8,916
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	6,512	6,359
Stock-based compensation expense	3,645	2,743
Amortization of deferred financing cost	38	38
Non-employee stock options		32
Unrealized foreign exchange loss	958	1,711
Deferred income taxes	1,191	954
Non-controlling interest	1	
<b>Change in operating assets and liabilities:</b>		
Restricted cash	(239)	108
Accounts receivable	(3,062)	(2,839)
Prepaid expenses and other current assets	(1,926)	(2,292)
Accounts payable	(367)	569
Deferred revenue	(265)	21
Accrued employee cost	(11,192)	(13,229)
Accrued expenses and other liabilities	1,071	883
Advance income tax, net	(141)	817
Other assets	636	(422)
<b>Net cash provided by operating activities</b>	<b>6,622</b>	<b>4,369</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(6,610)	(9,299)
Business acquisition	(1,183)	
Purchase of short-term investments	(51)	(1,369)
Proceeds from redemption of short-term investments		2,223
<b>Net cash used for investing activities</b>	<b>(7,844)</b>	<b>(8,445)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on capital lease obligations	(434)	(446)
Acquisition of treasury stock	(389)	(182)
Proceeds from exercise of stock options	1,378	2,903
<b>Net cash provided by financing activities</b>	<b>555</b>	<b>2,275</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(63)</b>	<b>1,680</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(730)</b>	<b>(121)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>103,037</b>	<b>82,393</b>



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Cash and cash equivalents, end of period

\$ 102,307      \$ 82,272

*See accompanying notes.*

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**EXLSERVICE HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2013**

**(Unaudited)**

**(In thousands, except share and per share amounts)**

**1. Organization and Basis of Presentation**

***Organization***

ExlService Holdings, Inc. (ExlService Holdings) is organized as a corporation under the laws of the State of Delaware. ExlService Holdings, together with its subsidiaries (collectively, the Company), is a leading provider of outsourcing services and transformation services. The Company's clients are located principally in the U.S. and the U.K.

***Basis of Presentation***

The unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

The unaudited interim consolidated financial statements reflect all adjustments (of a normal and recurring nature) that management considers necessary for a fair presentation of such statements for the interim periods presented. The unaudited consolidated statements of income for the interim periods presented are not necessarily indicative of the results for the full year or for any subsequent period.

**2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The accompanying unaudited consolidated financial statements include the financial statements of ExlService Holdings and all of its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The non-controlling interest represents the minority partner's interest in the operation of exl Service.com (India) Private Limited (Exl India) and the profits associated with the minority partner's interest in those operations, in the unaudited consolidated balance sheets and unaudited consolidated statements of income, respectively. This non-controlling interest in these operations for the three months ended March 31, 2013 and 2012 was insignificant and is included under general and administrative expenses in the unaudited consolidated statements of income.

***Use of Estimates***

The preparation of the unaudited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the unaudited consolidated statements of income during the reporting period. Estimates are based upon management's best assessment of the current business environment. Actual results could differ from those estimates. The significant estimates and assumptions that affect the financial statements include, but are not limited to, allowance for doubtful receivables, service tax receivables, assets and obligations related to employee benefit plans, deferred tax valuation allowances, income-tax uncertainties and other contingencies, valuation of derivative financial instruments, stock-based compensation expense, depreciation and amortization periods, recoverability of long-term assets including goodwill and intangibles, and estimates to complete fixed price contracts.



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**EXLSERVICE HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**March 31, 2013**

**(Unaudited)**

**(In thousands, except share and per share amounts)**

***Recent Accounting Pronouncements***

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, (ASU No. 2011-11) which is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. This authoritative guidance was issued to enhance disclosure requirements on offsetting financial assets and liabilities. The new rules require companies to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to a netting arrangement. In January 2013, the FASB further issued ASU No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* to address implementation issues surrounding the scope of ASU No. 2011-11 and to clarify the scope of the offsetting disclosures and address any unintended consequences. The adoption of this guidance from January 2013 did not have a material impact on the Company's unaudited consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* (ASU No. 2012-02), which simplifies the guidance for testing the impairment of indefinite-lived intangible assets other than goodwill. Examples of intangible assets subject to the guidance include indefinite-lived trademarks, licenses and distribution rights. The amendment provides the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. Under the option, an entity is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This amendment is effective for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company does not expect the new guidance to have an impact on its 2013 impairment test results.

In October 2012, the FASB issued ASU No. 2012-04. This ASU makes technical corrections and improvements to a variety of topics in the FASB Accounting Standards Codification (the Codification). The changes include source literature amendments, guidance clarification, reference corrections and relocated guidance. The ASU also includes conforming amendments to the Codification to reflect ASC 820's fair value measurement and disclosure requirements. The adoption of this standard effective January 1, 2013 did not have a material impact on the Company's unaudited consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, *Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income* (ASU No. 2013-02). Under ASU No. 2013-02, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income (AOCI) by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU No. 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. ASU No. 2013-02 became effective from January 1, 2013 and the new guidance did not have any material impact on the Company's unaudited consolidated financial statements.

***Accrued expenses and other current liabilities***

Accrued expenses and other current liabilities consist of the following:

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	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Accrued expenses	\$ 16,059	\$ 20,134
Derivative instruments	5,007	6,403
Other current liabilities	6,899	5,200
Accrued expenses and other current liabilities	\$ 27,965	\$ 31,737

**Table of Contents****EXLSERVICE HOLDINGS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****March 31, 2013****(Unaudited)****(In thousands, except share and per share amounts)****Non-current liabilities**

Non-current liabilities consist of the following:

	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Derivative instruments	\$ 2,148	\$ 3,458
Unrecognized tax benefits	2,776	2,680
Deferred rent	5,089	4,631
Retirement benefits	2,601	2,380
Other non-current liabilities	1,150	1,168
Non-current liabilities	\$ 13,764	\$ 14,317

**3. Earnings Per Share**

Basic earnings per share is computed by dividing net income to common stockholders by the weighted average number of common shares outstanding during each period. Diluted earnings per share is computed using the weighted average number of common shares plus the potentially dilutive effect of common stock equivalents issued and outstanding at the reporting date, using the treasury stock method. Stock options, restricted stock and restricted stock units that are anti-dilutive are excluded from the computation of weighted average shares outstanding.

The following table sets forth the computation of basic and diluted earnings per share:

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Numerators:</b>		
Net income	\$ 9,762	\$ 8,916
<b>Denominators:</b>		
Basic weighted average common shares outstanding	32,521,481	31,445,592
Dilutive effect of share based awards	1,198,313	1,338,263
Diluted weighted average common shares outstanding	33,719,794	32,783,855
<b>Earnings per share:</b>		
Basic	\$ 0.30	\$ 0.28
Diluted	\$ 0.29	\$ 0.27
Weighted average common shares considered anti-dilutive in computing diluted earnings per share	356,717	338,237

**4. Segment Information**

The Company is organized around its outsourcing services and transformation services segments. The Company's recent acquisition of Landacorp, Inc. ( Landacorp ) is classified within the outsourcing services segment. See note 5 for further details regarding the acquisition of Landacorp (the Landacorp Acquisition ).

**Table of Contents****EXLSERVICE HOLDINGS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****March 31, 2013****(Unaudited)****(In thousands, except share and per share amounts)**

The chief operating decision maker generally reviews financial information at the consolidated statement of income level but does not review any information except for revenues and cost of revenues of the individual segments. Therefore, the Company does not allocate or evaluate operating expenses, interest expense or income, capital expenditures, and income taxes to its operating segments. Consequently, it is not practical to show assets, capital expenditures, depreciation or amortization by segment.

Revenues and cost of revenues for each of the three months ended March 31, 2013 and 2012 for the Company's outsourcing services and transformation services segments, respectively, are as follows:

	Three months ended March 31, 2013			Three months ended March 31, 2012		
	Outsourcing Services	Transformation Services	Total	Outsourcing Services	Transformation Services	Total
Revenues	\$ 97,572	\$ 18,434	\$ 116,006	\$ 89,734	\$ 14,874	\$ 104,608
Cost of revenues (exclusive of depreciation and amortization)	59,476	13,437	72,913	56,478	10,194	66,672
Gross profit	\$ 38,096	\$ 4,997	\$ 43,093	\$ 33,256	\$ 4,680	\$ 37,936
Operating expenses			31,312			27,505
Other income/(expense)			978			1,505
Income tax provision			2,997			3,020
Net income			\$ 9,762			\$ 8,916

**5. Business Combinations, Goodwill and Intangible Assets**

On October 12, 2012, the Company acquired Landacorp, a leading provider of healthcare solutions and technology. Landacorp has more than 50 million lives under management on its software platforms and has developed services and technology solutions that share vital clinical data with payers, providers, plan participants and accountable care organizations. The Landacorp Acquisition furthers the Company's strategic intent to continue investing in the healthcare domain and strengthen its capabilities to serve the U.S. healthcare industry and continue to invest in building processes, analytics and platform capabilities in its focused verticals. Accordingly, the Company paid a premium for the acquisition which is being reflected in the goodwill recognized from the purchase price allocation of the total purchase consideration paid by the Company.

The total purchase price of the acquisition is as follows:

Enterprise Value	\$ 37,500
Add: Working capital adjustments*	1,183
Total purchase price	\$ 38,683



\* Paid in January 2013.

After the December 31, 2012 consolidated financial statements were issued, the Company received a revised valuation report from a third party valuation firm with respect to the Landacorp Acquisition. After considering the results of that valuation report, the Company revised its estimates related to certain of its acquired intangibles and other assets as of the date of acquisition as follows:

	<b>Revised Allocation</b>	<b>Initial Allocation</b>
<b>Assets</b>		
Identifiable intangible assets:		
Customer relationships	\$ 5,664	\$ 7,095
Developed technology	3,881	5,313
Trade names	601	549
Net tangible assets	10,547	10,727
Goodwill	17,990	14,999
Total purchase price*	\$ 38,683	\$ 38,683

\* Includes \$4,500 deposited in escrow accounts in connection with the acquisition.

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This revision did not have a material impact on the Company's consolidated earnings for the year ended December 31, 2012. As required by the accounting guidance for business combinations, this adjustment was recorded by the Company retrospectively as of the acquisition date resulting in changes to the preliminary amounts as set forth in the Company's December 31, 2012 consolidated balance sheet included in its Annual Report on Form 10-K for the year ended December 31, 2012.

**Table of Contents****EXLSERVICE HOLDINGS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****March 31, 2013****(Unaudited)****(In thousands, except share and per share amounts)**

Under ASC topic 805, *Business Combinations*, the preliminary allocation of the purchase price to the tangible and intangible assets and liabilities acquired may change up to a period of one year from the date of acquisition. Accordingly, the Company may adjust the amounts recorded as of March 31, 2013 to reflect any revised valuations of the assets acquired or liabilities assumed. The Company's purchase accounting as of March 31, 2013 was incomplete primarily due to the pending final assessment of the realizability of the Landacorp's federal and state net operating losses in the U.S. and valuation of intangibles as of October 12, 2012. The total amount of deferred tax assets recognized for the acquired federal and state net operating losses is approximately \$5,745 as of March 31, 2013 and is included under deferred tax assets in the unaudited consolidated financial statements.

***Goodwill***

The following table sets forth details of the Company's goodwill balance as of March 31, 2013:

	<b>Outsourcing Services</b>	<b>Transformation Services</b>	<b>Total</b>
Balance at January 1, 2012	\$ 75,502	\$ 16,785	\$ 92,287
Goodwill arising from Landacorp acquisition	17,990		17,990
Purchase accounting adjustments <sup>(1)</sup>	422		422
Currency translation adjustments	(1,037)		(1,037)
Balance at December 31, 2012	\$ 92,877	\$ 16,785	\$ 109,662
Currency translation adjustments	393		393
Balance at March 31, 2013	\$ 93,270	\$ 16,785	\$ 110,055

- (1) Relates to the acquisition of Business Process Outsourcing Inc. ( OPI ) on May 31, 2011 (the OPI Acquisition ) pertaining to service tax receivables included under other current assets in the consolidated balance sheet as of December 31, 2011.

**Table of Contents****EXLSERVICE HOLDINGS, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)****March 31, 2013****(Unaudited)****(In thousands, except share and per share amounts)****Intangible Assets**

Information regarding the Company's intangible assets is as follows:

	<b>As of March 31, 2013</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer relationships	\$ 38,742	\$ (8,958)	\$ 29,784
Leasehold benefits	3,399	(1,373)	2,026
Developed technology	6,014	(870)	5,144
Non-compete agreements	1,316	(1,316)	
Trade names and trademarks	3,322	(1,158)	2,164
	\$ 52,793	\$ (13,675)	\$ 39,118

	<b>As of December 31, 2012</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer relationships	\$ 38,728	\$ (7,832)	\$ 30,896
Leasehold benefits	3,355	(1,213)	2,142
Developed technology	6,013	(683)	5,330
Non-compete agreements	1,316	(1,316)	
Trade names and trademarks	3,322	(979)	2,343
	\$ 52,734	\$ (12,023)	\$ 40,711

Amortization expense for the three months ended March 31, 2013 and 2012 was \$1,634 and \$1,394, respectively. The weighted average life of intangible assets was 8.8 years for customer relationships, 6.8 years for leasehold benefits, 8.0 years for developed technology, 1.5 years for non-compete agreements and 3.5 years for trade names and trademarks excluding indefinite life trade names and trademarks. The Company had \$900 of indefinite lived trade names and trademarks as of March 31, 2013 and December 31, 2012.

<b>Estimated amortization of intangible assets during the year ending March 31,</b>	
2014	\$ 6,230
2015	\$ 5,679
2016	\$ 5,579
2017	\$ 5,575

