IPG PHOTONICS CORP
Form 10-Q
August 03, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

OR

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

Commission File Number 001-33155

IPG PHOTONICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**04-3444218**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
50 Old Webster Road, Oxford, Massachusetts	**01540**
(Address of principal executive offices)	**(Zip code)**

(508) 373-1100

(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 x 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 x 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	x	Accelerated Filer	¨
Non-Accelerated Filer	¨	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 x

As of July 30, 2012, there were 51,074,936 shares of the registrant s common stock issued and outstanding.

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PART I-FINANCIAL INFORMATION

ITEM 1. UNAUDITED INTERIM FINANCIAL STATEMENTS

IPG PHOTONICS CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 30, 2012	December 31, 2011
	(In thousands, except share and per share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 345,578	$ 180,234
Short-term investments	9,765	25,451
Accounts receivable, net	86,132	75,755
Inventories, net	121,979	116,978
Prepaid income taxes and income taxes receivable	13,946	13,285
Prepaid expenses and other current assets	14,516	11,855
Deferred income taxes, net	11,041	10,899
Total current assets	602,957	434,457
DEFERRED INCOME TAXES, NET	6,660	4,830
INTANGIBLE ASSETS, NET	4,946	6,157
PROPERTY, PLANT AND EQUIPMENT, NET	177,441	155,202
OTHER ASSETS	6,010	7,486
TOTAL	$ 798,014	$ 608,132
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Revolving line-of-credit facilities	$ 4,037	$ 7,057
Current portion of long-term debt	1,580	1,613
Accounts payable	13,200	11,122
Accrued expenses and other liabilities	46,225	47,285
Deferred income taxes, net	7,545	5,405
Income taxes payable	31,191	21,230
Total current liabilities	103,778	93,712
OTHER LONG-TERM LIABILITIES	9,834	8,961
LONG-TERM DEBT, NET OF CURRENT PORTION	14,671	15,726
Total liabilities	128,283	118,399
REDEEMABLE NONCONTROLLING INTERESTS		46,123
COMMITMENTS AND CONTINGENCIES (NOTE 13)		
IPG PHOTONICS CORPORATION STOCKHOLDERS EQUITY:		
Common stock, $0.0001 par value, 175,000,000 shares authorized; 51,065,627 shares issued and outstanding at June 30, 2012; 47,616,115 shares issued and outstanding at December 31, 2011	5	5
Additional paid-in capital	499,951	332,585
Retained earnings	190,983	122,833
Accumulated other comprehensive loss	(21,208)	(12,100)

Total IPG Photonics Corporation stockholders equity	669,731	443,323
NONCONTROLLING INTERESTS		287
Total equity	669,731	443,610
TOTAL	$ 798,014	$ 608,132

See notes to consolidated financial statements.

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IPG PHOTONICS CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
	(in thousands, except per share data)			
NET SALES	$ 137,927	$ 121,936	$ 261,119	$ 221,894
COST OF SALES	63,017	55,230	117,525	101,522
GROSS PROFIT	74,910	66,706	143,594	120,372
OPERATING EXPENSES:				
Sales and marketing	5,854	5,847	10,986	10,795
Research and development	7,229	6,610	14,369	12,341
General and administrative	8,736	8,333	18,685	16,502
(Gain) loss on foreign exchange	(3,354)	(206)	(2,068)	514
Total operating expenses	18,465	20,584	41,972	40,152
OPERATING INCOME	56,445	46,122	101,622	80,220
OTHER INCOME (EXPENSE), Net:				
Interest income (expense), net	615	(170)	486	(376)
Other expense, net	(92)	(618)	(1,186)	(610)
Total other income (expense)	523	(788)	(700)	(986)
INCOME BEFORE PROVISION FOR INCOME TAXES	56,968	45,334	100,922	79,234
PROVISION FOR INCOME TAXES	(17,119)	(13,827)	(30,525)	(24,349)
NET INCOME	39,849	31,507	70,397	54,885
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2,107	771	2,740	1,081
NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION	$ 37,742	$ 30,736	$ 67,657	$ 53,804
NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION PER SHARE:				
Basic	$ 0.74	$ 0.65	$ 1.37	$ 1.14
Diluted	$ 0.72	$ 0.63	$ 1.34	$ 1.11
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	50,989	47,310	49,717	47,205
Diluted	52,071	48,610	50,826	48,650

See notes to consolidated financial statements.

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IPG PHOTONICS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Net income	$ 39,849	$ 31,507	$ 70,397	$ 54,885
Other comprehensive (loss) income, net of tax:				
Translation adjustments	(21,846)	3,736	(6,803)	17,335
Unrealized gain (loss) on derivatives	49	(102)	106	13
Total other comprehensive (loss) income	(21,797)	3,634	(6,697)	17,348
Comprehensive income	$ 18,052	$ 35,141	$ 63,700	$ 72,233
Comprehensive (loss) income attributable to noncontrolling interest & redeemable noncontrolling interest	(857)	1,295	1,908	2,239
Comprehensive income attributable to IPG Photonics Corporation	$ 18,909	$ 33,846	$ 61,792	$ 69,994

See notes to consolidated financial statements.

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IPG PHOTONICS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2012	2011
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 70,397	$ 54,885
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,358	11,955
Deferred income taxes	389	6,624
Stock-based compensation	4,199	4,301
Unrealized (gains) losses on foreign currency transactions	(865)	551
Other	12	530
Provisions for inventory, warranty & bad debt	8,502	7,056
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(13,301)	(16,928)
Inventories	(10,148)	(35,193)
Prepaid expenses and other current assets	(1,296)	(4,555)
Accounts payable	2,184	4,888
Accrued expenses and other liabilities	(3,922)	(2,693)
Income and other taxes payable	11,041	1,829
Tax benefit from exercise of employee stock options	(1,095)	(6,258)
Net cash provided by operating activities	78,455	26,992
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment and intangible assets	(35,966)	(22,786)
Proceeds from short-term investments	15,687	
Acquisition of businesses, net of cash acquired		(450)
Other	(39)	112
Net cash used in investing activities	(20,318)	(23,124)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line-of-credit facilities	6,949	6,951
Payments on line-of-credit facilities	(9,692)	(6,817)
Purchase of noncontrolling interests	(700)	
(Purchase) sale of redeemable noncontrolling interests	(55,400)	19,973
Principal payments on long-term borrowings	(1,476)	(666)
Exercise of employee stock options and issuances under employee stock purchase plan	2,249	3,989
Tax benefit from exercise of employee stock options	1,095	6,258
Proceeds from follow-on public offering, net of offering expenses	168,022	
Net cash provided by financing activities	111,047	29,688
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(3,840)	6,780
NET INCREASE IN CASH AND CASH EQUIVALENTS	165,344	40,336
CASH AND CASH EQUIVALENTS Beginning of period	180,234	147,860

CASH AND CASH EQUIVALENTS End of period	$	345,578	$	188,196
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for interest	$	411	$	514
Cash paid for income taxes	$	14,446	$	14,905
Non-cash transactions:				
Demonstration units transferred from inventory to other assets	$	1,182	$	1,291
Amounts related to acquisition of businesses included in accounts payable and accrued expenses and other liabilities	$		$	882
Additions to property, plant and equipment included in accounts payable	$	537	$	545
Change in fair value of warrant	$		$	654
Property purchase financed with debt	$		$	1,851

See notes to consolidated financial statements.

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IPG PHOTONICS CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY

	Six Months Ended June 30, 2012		2011	
	(In thousands, except share and per share data)			
	Shares	Amount	Shares	Amount
COMMON STOCK				
Balance, beginning of year	47,616,115	$ 5	46,988,566	$ 5
Exercise of stock options	181,437		433,050	
Common stock issued under employee stock purchase plan	18,075		16,072	
Common stock issued in a public offering	3,250,000			
Balance, end of period	51,065,627	5	47,437,688	5
ADDITIONAL PAID-IN CAPITAL				
Balance, beginning of year		332,584		310,218
Stock-based compensation		4,199		4,301
Exercise of stock options and related tax benefit from exercise		2,801		9,830
Common stock issued under employee stock purchase plan		543		417
Fair value of warrant transferred to additional paid-in capital				674
(Purchase) sale of redeemable noncontrolling interests (NCI)		(7,794)		10,138
Increase redeemable NCI to initial redemption value				(9,795)
Common stock issued in follow-on public offering		168,022		
Premium on purchase of NCI		(404)		
Balance, end of period		499,951		325,783
RETAINED EARNINGS				
Balance, beginning of year		122,833		5,567
Net income attributable to IPG Photonics Corporation		67,657		53,804
Adjustments to redemption value of redeemable NCI		493		
Balance, end of period		190,983		59,371
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME				
Balance, beginning of year		(12,100)		810
Translation adjustments		(6,803)		17,335
Unrealized gain on derivatives, net of tax		106		13
Purchase of NCI & redeemable NCI		(3,243)		
Attribution to NCI & redeemable NCI		832		(1,158)
Balance, end of period		(21,208)		17,000
TOTAL IPG PHOTONICS CORPORATION STOCKHOLDERS EQUITY		669,731		402,159
NONCONTROLLING INTERESTS				
Balance, beginning of year		287		203
Net income attributable to NCI				31
Sale of NCI		(700)		

Other comprehensive income attributable to NCI	9	11
Premium on purchase of NCI	404	
Balance, end of period		245
TOTAL STOCKHOLDERS EQUITY	$ 669,731	$ 402,404

See notes to consolidated financial statements.

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IPG PHOTONICS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared by IPG Photonics Corporation, or IPG , we , our , its or the Company . Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The consolidated financial statements include the Company s accounts and those of its subsidiaries. All intercompany balances have been eliminated in consolidation. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company s Annual Report on Form 10-K for the year ended December 31, 2011.

The Company recognizes revenue in accordance with Accounting Standards Update No. (ASU) 2009-13. Revenue from orders with multiple deliverables is divided into separate units of accounting when certain criteria are met. These separate units generally consist of equipment and installation. The consideration for the arrangement is then allocated to the separate units of accounting based on their relative selling prices. The selling price of equipment is based on vendor specific objective evidence and the selling price of installation is based on third party evidence. Applicable revenue recognition criteria are then applied separately for each separate unit of accounting. Equipment revenue is generally recognized upon the transfer of ownership which is typically at the time of shipment. Installation revenue is recognized upon completion of the installation service which is typically completed within 30 to 90 days of delivery. Returns and customer credits are infrequent and are recorded as a reduction to revenue. Rights of return are generally not included in sales arrangements.

In the opinion of the Company s management, the unaudited financial information for the interim periods presented reflects all adjustments necessary for a fair presentation of the Company s financial position, results of operations and cash flows. The results reported in these consolidated financial statements are not necessarily indicative of results that may be expected for the entire year.

The Company has evaluated subsequent events through the time of filing this Quarterly Report on Form 10-Q with the SEC.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income , which amends current comprehensive income guidance. This accounting update eliminated the option to present the components of other comprehensive income as part of the statement of stockholders equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. The Company adopted ASU 2011-05 in the first quarter of 2012. This adoption did not have an impact on the statement of financial condition as it only required a change in the ordering of its financial statements.

3. INVENTORIES, NET

Inventories consist of the following:

	June 30, 2012	December 31, 2011
Components and raw materials	$ 44,053	$ 41,107
Work-in-process	40,586	40,380
Finished goods	37,340	35,491
Total	$ 121,979	$ 116,978

The Company recorded inventory provisions totaling $1,793 and $1,190 for the three months ended June 30, 2012 and 2011, respectively, and $3,643 and $2,239 for the six months ended June 30, 2012 and 2011, respectively. These provisions relate to the recoverability of the value of inventories due to technological changes and excess quantities. These provisions are reported as a reduction to components and raw materials and finished goods.

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4. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	June 30, 2012	December 31, 2011
Accrued compensation	$ 16,819	$ 21,453
Customer deposits and deferred revenue	18,623	15,317
Current portion of accrued warranty	6,687	6,186
Other	4,096	4,329
Total	$ 46,225	$ 47,285

5. FINANCING ARRANGEMENTS

The Company s borrowings under existing financing arrangements consist of the following:

	June 30, 2012	December 31, 2011
Revolving line-of-credit facilities:		
Euro line-of-credit	$ 3,402	$ 2,421
Foreign subsidiary drawings on U.S. line-of-credit	382	4,243
Other European facilities	253	393
Total	$ 4,037	$ 7,057
Term Debt:		
U.S. long-term note	$ 14,667	$ 15,333
Other notes payable	1,584	2,006
Less: current portion	(1,580)	(1,613)
Total long-term debt	$ 14,671	$ 15,726

The U.S. line of credit is available to certain foreign subsidiaries and allows for borrowings in the local currencies of those subsidiaries.

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6. NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION PER SHARE

The following table sets forth the computation of diluted net income attributable to IPG Photonics Corporation per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income attributable to IPG Photonics Corporation	$ 37,742	$ 30,736	$ 67,657	$ 53,804
Adjustments to redemption value of redeemable noncontrolling interests			493	
Net income attributable to common stockholders	37,742	30,736	68,150	53,804
Weighted average shares	50,989	47,310	49,717	47,205
Dilutive effect of common stock equivalents	1,082	1,300	1,109	1,445
Diluted weighted average common shares	52,071	48,610	50,826	48,650
Basic net income attributable to IPG Photonics Corporation per share	$ 0.74	$ 0.65	$ 1.36	$ 1.14
Adjustments to redemption value of redeemable noncontrolling interests			0.01	
Basic net income attributable to common stockholders	$ 0.74	$ 0.65	$ 1.37	$ 1.14
Diluted net income attributable to IPG Photonics Corporation per share	$ 0.72	$ 0.63	$ 1.33	$ 1.11
Adjustments to redemption value of redeemable noncontrolling interests			0.01	
Diluted net income attributable to common stockholders	$ 0.72	$ 0.63	$ 1.34	$ 1.11

The computation of diluted weighted average common shares excludes options to purchase 14,000 shares and 89,000 shares for the three months ended June 30, 2012 and 2011, respectively, and 14,000 shares and 89,000 shares for the six months ended June 30, 2012 and 2011, respectively, because the effect would be anti-dilutive.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company s primary market exposures are to interest rates and foreign exchange rates. The Company uses certain derivative financial instruments to help manage these exposures. The Company executes these instruments with financial institutions it judges to be credit-worthy. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company recognizes all derivative financial instruments as either assets or liabilities at fair value in the consolidated balance sheets. The Company has used foreign currency forward contracts as cash flow hedges of forecasted intercompany settlements denominated in foreign currencies of major industrial countries. The Company has no outstanding foreign currency forward contracts. The Company has interest rate swaps that are classified as a cash flow hedge of its variable rate debt. The Company has no derivatives that are not accounted for as a hedging instrument.

Cash flow hedges The Company s cash flow hedges are interest rate swaps under which it pays fixed rates of interest. The fair value amounts in the consolidated balance sheets were:

	Notional Amounts[1]		Other Assets		Other Long-Term Liabilities	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,

	2012	2011	2012	2011	2012	2011
Interest rate swap	$ 14,667	$ 15,333	$	$	$ 1,071	$ 1,223
Total	$ 14,667	$ 15,333	$	$	$ 1,071	$ 1,223

(1) Notional amounts represent the gross contract/notional amount of the derivatives outstanding.

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The derivative gains (losses) in the consolidated statements of income related to the Company s interest rate swap contracts were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Effective portion recognized in other comprehensive (loss) gain, pretax:				
Interest rate swap	$ 210	$ 1	$ 448	$ 340
Effective portion reclassified from other comprehensive (loss) gain to interest expense, pretax:				
Interest rate swap	$ (148)	$ (164)	$ (296)	$ (319)
Ineffective portion recognized in income:				
Interest rate swap	$	$	$	$

8. REDEEMABLE NONCONTROLLING INTERESTS

In December 2010 and June 2011, the Company sold a 22.5% minority interest (the Minority Interest) of its Russian subsidiary, NTO IRE-Polus (NTO), to the Russian Corporation for Nanotechnologies (Rusnano) for $45,000. In addition, the Company had a call option commencing in December 2013 to buy back the Minority Interest at a predetermined value and Rusnano had a warrant to purchase an additional 2.5% interest in NTO and a put option commencing in December 2015 to sell its Minority Interest to the Company at a predetermined value. On June 29, 2012, the Company repurchased the Minority Interest for $55,400 cash and, under the terms of the agreement, the warrant and the put and call options were terminated. Due to the put rights, the Minority Interest was reported as a liability other than permanent equity under ASC 480-10-S99-3A. Based upon the Company s valuation of the Minority Interest, the amount paid to repurchase the Minority Interest did not exceed its fair value. Accordingly, as per ASC 480-10-S99-3A, the Company recorded the amount paid in excess of carrying amount in additional paid-in capital.

The following is a reconciliation of the reported amounts in the accompanying consolidated financial statements as of June 30, 2012:

	Redeemable Noncontrolling Interest (NCI)
Balance at January 1, 2012	$ 46,123
Net income attributable to redeemable NCI	2,740
Other comprehensive income attributable to redeemable NCI	(841)
Adjustments to redemption value	(493)
Carrying value of redeemable NCI at purchase date	$ 47,529
Purchase of NCI in excess of carrying amount	7,794
Sale of NCI, less warrant value	(55,323)
Balance at June 30, 2012	$

9. FAIR VALUE MEASUREMENTS

The Company s financial instruments consist of accounts receivable, auction rate securities, accounts payable, drawings on revolving lines of credit, long-term debt and certain derivative instruments.

The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. These two types of inputs create the following fair value hierarchy: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The carrying amounts of accounts receivable, accounts payable and drawings on revolving lines of credit are considered reasonable estimates of their fair market value, due to the short maturity of these instruments or as a result of the competitive market interest rates, which have been negotiated. If measured at fair value, accounts receivable and accounts payable would be classified as Level 3 and drawings on the revolving lines of credit would be classified as Level 2.

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The following table presents information about the Company s assets and liabilities measured at fair value:

	Total	Level 1	Level 2	Level 3
	Fair Value Measurements at June 30, 2012			
Assets				
Money market funds	$ 17,748	$ 17,748	$	$
Treasury bills	158,959	158,959		
Time deposits	38,692	38,692		
Auction rate securities	1,103			1,103
Total assets	$ 216,502	$ 215,399	$	$ 1,103
Liabilities				
Contingent purchase consideration	$ 597	$	$	$ 597
Interest rate swaps	1,071		1,071	
Total liabilities	$ 1,668	$	$ 1,071	$ 597

	Total	Level 1	Level 2	Level 3
	Fair Value Measurements at December 31, 2011			
Assets				
Money market funds	$ 18,466	$ 18,466	$	$
Treasury bills	58,994	58,994		
Time deposits	33,513	33,513		
Auction rate securities	1,104			1,104
Total assets	$ 112,077	$ 110,973	$	$ 1,104
Liabilities				
Contingent purchase consideration	$ 999	$	$	$ 999
Warrant	77			77
Interest rate swaps	1,223		1,223	
Total liabilities	$ 2,299	$	$ 1,223	$ 1,076

The fair value of the auction rate securities considered prices observed in inactive secondary markets for the securities held by the Company.

The fair value of the accrued contingent consideration incurred was determined using an income approach at the acquisition date and reporting date. That approach is based on significant inputs that are not observable in the market. Key assumptions include assessing the probability of meeting certain milestones required to earn the contingent consideration. During the six months ended June 30, 2012, the Company made a final payment of contingent consideration and other related matters in association with the purchase of a technology company.

Also, during the six months ended June 30, 2012, the Company terminated the warrant held by Rusnano as part of the redemption of Rusnano s redeemable noncontrolling interest for its fair value of $77.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Auction Rate Securities				
Balance, beginning of period	$ 1,106	$ 870	$ 1,104	$ 921
Period transactions				
Change in fair value	2		4	(51)