AKAMAI TECHNOLOGIES INC
Form 10-Q
August 09, 2010
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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 June 30, 2010

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 0-27275

Akamai Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**04-3432319**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

8 Cambridge Center

Cambridge, MA 02142

(617) 444-3000

(Address, Including Zip Code, and Telephone Number,

Including Area Code, of Registrant s Principal Executive Offices)

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 (the Exchange Act) 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 ¨ (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 x

The number of shares outstanding of the registrant s common stock as of August 4, 2010: 181,605,446 shares.

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AKAMAI TECHNOLOGIES, INC.

FORM 10-Q

For the quarterly period ended June 30, 2010

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	June 30, 2010	December 31, 2009
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 120,506	$ 181,305
Marketable securities (including restricted securities of $602 at June 30, 2010 and December 31, 2009)	383,682	385,436
Accounts receivable, net of reserves of $10,900 and $10,579 at June 30, 2010 and December 31, 2009, respectively	164,574	154,269
Prepaid expenses and other current assets	73,460	31,649
Deferred income tax assets	35,945	8,514
Total current assets	778,167	761,173
Property and equipment, net	227,888	182,404
Marketable securities (including restricted securities of $27 at June 30, 2010 and $36 at December 31, 2009)	608,087	494,743
Goodwill	452,950	441,347
Other intangible assets, net	70,853	76,273
Deferred income tax assets	53,431	127,154
Other assets	11,622	4,416
Total assets	$ 2,202,998	$ 2,087,510
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 33,529	$ 23,997
Accrued expenses and other current liabilities	70,165	68,566
Deferred revenue	31,696	34,184
Accrued restructuring	882	791
1% convertible senior notes	63,562	199,755
Total current liabilities	199,834	327,293
Other liabilities	27,088	18,818
Deferred revenue	2,988	2,677
Total liabilities	229,910	348,788
Commitments, contingencies and guarantees (Note 15)		
Stockholders equity:		

Preferred stock, $0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued or outstanding		
Common stock, $0.01 par value; 700,000,000 shares authorized; 186,326,126 shares issued and 181,627,935 shares outstanding at June 30, 2010 and 174,575,502 shares issued and 171,248,356 outstanding at December 31, 2009	1,863	1,746
Additional paid-in capital	4,815,780	4,615,774
Accumulated other comprehensive income (loss)	(13,118)	(10,682)
Treasury stock, at cost, 4,698,191 shares at June 30, 2010 and 3,327,146 shares at December 31, 2009	(108,623)	(66,301)
Accumulated deficit	(2,722,814)	(2,801,815)
Total stockholders equity	1,973,088	1,738,722
Total liabilities and stockholders equity	$ 2,202,998	$ 2,087,510

The accompanying notes are an integral part of the consolidated financial statements.

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AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	For the Six Months Ended June 30, 2010	For the Six Months Ended June 30, 2009
	(In thousands, except per share amounts)			
Revenues	$ 245,318	$ 204,600	$ 485,347	$ 414,968
Costs and operating expenses:				
Cost of revenues	71,840	60,009	139,314	120,371
Research and development	13,577	9,378	26,756	20,234
Sales and marketing	55,203	41,437	104,871	83,707
General and administrative	43,707	35,144	83,257	71,212
Amortization of other intangible assets	4,152	4,238	8,260	8,477
Restructuring charge				454
Total costs and operating expenses	188,479	150,206	362,458	304,455
Income from operations	56,839	54,394	122,889	110,513
Interest income	3,262	4,059	6,512	8,799
Interest expense	(618)	(710)	(1,327)	(1,420)
Other income, net	122	184	47	1,318
Gain on investments, net	127	105	248	560
Loss on early extinguishment of debt	(294)		(294)	
Income before provision for income taxes	59,438	58,032	128,075	119,770
Provision for income taxes	21,315	22,025	49,074	46,682
Net income	$ 38,123	$ 36,007	$ 79,001	$ 73,088
Net income per weighted average share:				
Basic	$ 0.22	$ 0.21	$ 0.46	$ 0.43
Diluted	$ 0.20	$ 0.19	$ 0.42	$ 0.39
Shares used in per share calculations:				
Basic	173,317	172,561	172,209	171,540
Diluted	190,479	189,556	189,746	188,870

The accompanying notes are an integral part of the consolidated financial statements.

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AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Six Months Ended June 30,	
	2010	2009
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 79,001	$ 73,088
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,634	58,356
Stock-based compensation expense	39,384	28,387
Provision for deferred income taxes, net	44,611	43,167
Amortization of deferred financing costs	394	420
Provision for doubtful accounts	1,445	3,521
Excess tax benefits from stock-based compensation	(12,923)	(658)
Gains on investments and disposal of property and equipment, net	(245)	(387)
Non-cash portion of loss on early extinguishment of debt	294	
Gain on divesture of certain assets		(1,062)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(16,406)	10,660
Prepaid expenses and other current assets	(40,284)	(4,275)
Accounts payable, accrued expenses and other current liabilities	11,878	(21,337)
Deferred revenue	(1,319)	946
Accrued restructuring	(93)	(675)
Other non-current assets and liabilities	762	4,149
Net cash provided by operating activities	174,133	194,300
Cash flows from investing activities:		
Cash paid for acquisition of business, net of cash acquired	(12,010)	(5,779)
Purchases of property and equipment	(86,446)	(34,033)
Capitalization of internal-use software costs	(14,841)	(13,687)
Purchases of short- and long-term marketable securities	(614,679)	(163,882)
Proceeds from sales of short- and long-term marketable securities	274,620	141,511
Proceeds from maturities of short- and long-term marketable securities	230,102	50,161
Increase in other investments	(500)	
Proceeds from divesture of certain assets		1,350
Proceeds from the sale of property and equipment	38	4
Decrease in restricted investments held for security deposits	8	130
Net cash used in investing activities	(223,708)	(24,225)
Cash flows from financing activities:		
Proceeds from the issuance of common stock under stock option and employee stock purchase plans	20,993	10,763
Excess tax benefits from stock-based compensation	12,923	658
Repurchases of common stock	(42,621)	(16,905)
Net cash used in financing activities	(8,705)	(5,484)
Effects of exchange rate changes on cash and cash equivalents	(2,519)	418
Net (decrease) increase in cash and cash equivalents	(60,799)	165,009
Cash and cash equivalents at beginning of period	181,305	156,074

Cash and cash equivalents at end of period	$ 120,506	$ 321,083
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 22,130	$ 17,773
Cash paid for interest	966	999
Non-cash financing and investing activities:		
Capitalization of stock-based compensation, net of impairments	$ 3,679	$ 3,152
Common stock issued upon conversion of 1% convertible senior notes	136,193	
Common stock returned upon settlement of escrow claims related to prior business acquisitions	(125)	(213)

The accompanying notes are an integral part of the consolidated financial statements.

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AKAMAI TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONSOLIDATED

FINANCIAL STATEMENTS

1. Nature of Business and Basis of Presentation

Akamai Technologies, Inc. (Akamai or the Company) provides services for accelerating and improving the delivery of content and applications over the Internet. Akamai s globally distributed platform comprises thousands of servers in hundreds of networks in approximately 70 countries. The Company was incorporated in Delaware in 1998 and is headquartered in Cambridge, Massachusetts. Akamai currently operates in one industry segment: providing services for accelerating and improving delivery of content and applications over the Internet.

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. These financial statements include the accounts of Akamai and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying financial statements.

Certain information and footnote disclosures normally included in the Company s annual audited consolidated financial statements and accompanying notes have been condensed or omitted in these interim financial statements. Accordingly, the unaudited consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Akamai s annual report on Form 10-K for the year ended December 31, 2009, filed with the Securities and Exchange Commission on March 1, 2010.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal recurring adjustments, that are necessary for a fair statement of the results of all interim periods reported herein.

2. Recent Accounting Pronouncements

In September 2009, the Emerging Issues Task Force of the Financial Accounting Standards Board (FASB) issued authoritative guidance on revenue arrangements with multiple deliverables. This guidance provides an alternative method for establishing the selling price for a deliverable. When vendor-specific objective evidence (VSOE) or third-party evidence (TPE) for deliverables in an arrangement cannot be determined, companies will be required to develop an estimate of the selling price for separate deliverables and allocate arrangement consideration using the relative selling price method. The Company has elected to early adopt this accounting guidance at the beginning of its first quarter of fiscal 2010 on a prospective basis for all new or materially modified arrangements entered into on or after January 1, 2010. For most arrangements, the Company has been able to determine the selling price for each element in its multiple element arrangements based on VSOE for each respective element. Specifically, the selling price is determined based upon the price charged when the element is sold separately or based on the renewal rate for services contractually offered to the customer. For arrangements in which the Company is unable to establish VSOE or TPE for each element, the Company uses the best estimate of selling price. As a result, the adoption of this guidance did not have a material impact on the Company s consolidated financial statements. In terms of the timing and pattern of revenue recognition, the new accounting guidance for revenue recognition is not expected to have a significant effect on revenues in periods after the initial adoption when applied to multiple element arrangements based on current go-to-market strategies due to the existence of VSOE across the Company s service offerings.

In October 2009, the FASB issued an accounting standard for certain revenue arrangements that include software elements. This standard amends previously issued guidance to exclude tangible products containing software components and non software components that function together to deliver the product s essential

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functionality. Entities that sell joint hardware and software products that meet the exception will be required to follow the guidance for multiple deliverable revenue arrangements. This standard is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption and retrospective application are also permitted. The Company has elected to early adopt this guidance beginning January 1, 2010. As a result, the adoption of this guidance did not have a material impact on the Company s consolidated financial statements.

3. Business Acquisition

On June 10, 2010, the Company acquired substantially all of the assets and liabilities of Velocitude LLC (Velocitude), in exchange for payment of approximately $12.0 million in cash. The purchase of the assets of Velocitude was intended to further Akamai s strategic position in the mobile market. The acquisition of the assets of Velocitude was accounted for using the acquisition method of accounting. The Company allocated $11.6 million of the cost of the acquisition to goodwill and $2.8 million to other intangible assets. In addition, the Company has recorded a liability of $2.4 million for contingent consideration related to the expected achievement of certain post-closing milestones. Such amount is expected to be paid over the next 18 months. The results of operations of this acquisition have been included in the consolidated financial statements of the Company since June 10, 2010, the date of acquisition, and are not material to the Company s financial position or results of operation for the three or six month periods ended June 30, 2010.

4. Marketable Securities and Investments

The Company accounts for financial assets and liabilities in accordance with a fair value measurement accounting standard. The accounting standard provides a framework for measuring fair value under GAAP and requires expanded disclosures regarding fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting standard also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including certain pricing models, discounted cash flow methodologies and similar techniques.

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The following is a summary of marketable securities and other investment-related assets held at June 30, 2010 and December 31, 2009 (in thousands):

As of June 30, 2010	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other-than-temporary Impairment Gains (Losses)	Aggregate Fair Value	Classified on Balance Sheet: Short-term Marketable Securities	Classified on Balance Sheet: Long-term Marketable Securities
Available-for-sale securities:							
Certificates of deposit	$ 408	$	$	$	$ 408	$ 381	$ 27
Commercial paper	41,394	7	(77)		41,324	41,324	
U.S. corporate debt securities	471,055	899	(781)		471,173	289,109	182,064
U.S. government agency obligations	297,406	354	(29)		297,731	22,393	275,338
Auction rate securities	166,000		(15,342)		150,658		150,658
	976,263	1,260	(16,229)		961,294	353,207	608,087
Trading securities:							
Auction rate securities	30,475			(3,432)	27,043	27,043	
Other investment-related assets:							
Put option related to auction rate securities				3,432	3,432	3,432	
	$ 1,006,738	$ 1,260	$ (16,229)	$	$ 991,769	$ 383,682	$ 608,087

As of December 31, 2009	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other-than-temporary Impairment Gains (Losses)	Aggregate Fair Value	Classified on Balance Sheet: Short-term Marketable Securities	Classified on Balance Sheet: Long-term Marketable Securities
Available-for-sale securities:							
Certificates of deposit	$ 417	$	$	$	$ 417	$ 381	$ 36
Commercial paper	60,976	6	(15)		60,967	60,967	
U.S. corporate debt securities	334,464	2,319	(395)		336,388	179,978	156,410
U.S. government agency obligations	228,376	303	(391)		228,288	67,910	160,378
Auction rate securities	198,700		(20,781)		177,919		177,919
	822,933	2,628	(21,582)		803,979	309,236	494,743
Trading securities:							
Auction rate securities	76,200			(9,614)	66,586	66,586	
Other investment-related assets:							
Put option related to auction rate securities				9,614	9,614	9,614	
	$ 899,133	$ 2,628	$ (21,582)	$	$ 880,179	$ 385,436	$ 494,743

Unrealized gains and unrealized temporary losses on investments classified as available-for-sale are included within accumulated other comprehensive income (loss). Upon realization, those amounts are reclassified from accumulated other comprehensive income (loss) to gain (loss) on investments, net in the statement of operations. All gains and losses on investments classified as trading securities are included within the income statement as gain (loss) on investments, net. Realized gains and losses and gains and losses on other-

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than-temporary impairments on investments are reflected in the income statement as gain (loss) on investments, net. As of June 30, 2010, the Company had recorded $196.5 million of auction rate securities at cost with gross unrealized losses and other-than-temporary impairment losses that have been in a continuous loss position for more than 12 months.

The following table details the fair value measurements within the fair value hierarchy of the Company s financial assets, including investments and cash equivalents, at June 30, 2010 (in thousands):

	Total Fair Value at June 30, 2010	Fair Value Measurements at Reporting Date Using Level 1	Level 2	Level 3
Money market funds	$ 59,562	$ 59,562	$	$
Certificates of deposit	408	408		
Commercial paper	41,324		41,324	
U.S. corporate debt securities	471,173		471,173	
U.S. government agency obligations	297,731		297,731	
Auction rate securities	177,701			177,701
Put option related to auction rate securities	3,432			3,432
	$ 1,051,331	$ 59,970	$ 810,228	$ 181,133

The following table reflects the activity for the Company s major classes of assets measured at fair value using Level 3 inputs for the six months ended June 30, 2010 (in thousands):

	Auction Rate Securities	Put Option Related to Auction Rate Securities	Total
Balance as of December 31, 2009	$ 244,505	$ 9,614	$ 254,119
Sales of securities	(78,425)		(78,425)
Unrealized gain included in accumulated other comprehensive income (loss), net	5,439		5,439
Unrealized gain on auction rate securities included in the statement of operations	6,182		6,182
Unrealized loss on other investment-related assets included in the statement of operations		(6,182)	(6,182)
Balance as of June 30, 2010	$ 177,701	$ 3,432	$ 181,133

As of June 30, 2010, the Company had grouped money market funds and certificates of deposit using a Level 1 valuation because market prices for such investments are readily available in active markets. As of June 30, 2010, the Company had grouped commercial paper, U.S. government agency obligations and U.S. corporate debt securities using a Level 2 valuation because quoted prices for identical or similar assets are available in markets that are not active. As of June 30, 2010, the fair value of the Company s assets grouped using a Level 3 valuation consisted of auction rate securities (ARS) as well as a related put option described below.

In January 2010, the FASB issued authoritative guidance related to disclosures of fair value measurements. The guidance requires the gross presentation of activity within the Level 3 fair value measurement roll-forward and details of transfers in and out of Level 1 and 2 fair value measurements. It also clarifies two existing disclosure requirements on the level of disaggregation of fair value measurements and disclosures on inputs and valuation techniques. The Company adopted all of this guidance in the first quarter of 2010.

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A change in the hierarchy of an investment from its current level will be reflected in the period during which the pricing methodology of such investment changed. Disclosure of the transfer of securities from Level 1 to Level 2 or Level 3 will be made in the event that the related security is significant to total cash and investments. The Company did not have any transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy during the three or six months ended June 30, 2010.

The Company s commercial paper, U.S. government agency obligations and U.S. corporate debt securities are classified as Level 2 securities. The Company primarily relies on valuation pricing models, recent bid prices and broker quotes to determine the fair value of these securities. The valuation models for Level 2 assets are developed and maintained by third party pricing services and use a number of standard inputs to the valuation model including benchmark yields, reported trades, broker/dealer quotes where the party is standing ready and able to transact, issuer spreads, benchmark securities, bids, offers and other reference data. The valuation model may prioritize these inputs differently at each balance sheet date for any given security, based on market conditions. Not all of the standard inputs listed will be used each time in the valuation models. For each asset class, quantifiable inputs related to perceived market movements and sector news may be considered in addition to the standard inputs.

Historically, the carrying value (par value) of the Company s ARS holdings approximated fair market value due to the resetting of variable interest rates in a Dutch auction process. Beginning in mid-February 2008 and continuing throughout the period ended June 30, 2010, however, the auctions for ARS then held by the Company failed. As a result, the interest rates on ARS reset to the maximum rate per the applicable investment offering statements. The Company will not be able to liquidate affected ARS until a future auction on these investments is successful, a buyer is found outside the auction process, the securities are called or refinanced by the issuer, or the securities mature. Due to these liquidity issues, the Company used a discounted cash flow analysis to determine the estimated fair value of these investments. The discounted cash flow analysis considered the timing of expected future successful auctions, the impact of extended periods of maximum interest rates, collateralization of underlying security investments and the creditworthiness of the issuer. The discounted cash flow analysis as of June 30, 2010 assumed a weighted average discount rate of 3.53% and expected term of five years. The discount rate was determined using a proxy based upon the current market rates for similar debt offerings. The expected term was based on management s estimate of future liquidity. As a result, as of June 30, 2010, the Company has estimated an aggregate loss of $18.8 million, of which $15.3 million was related to the impairment of ARS deemed to be temporary and included in accumulated other comprehensive income (loss) within stockholders equity, and of which $3.4 million was related to the impairment of ARS deemed other-than-temporary and included in gain (loss) on investments, net in the consolidated statements of operations on a cumulative basis. The discounted cash flow analysis performed as of December 31, 2009 for ARS assumed a weighted average discount rate of 3.98% and expected term of five years. As a result, as of that date, the Company estimated an aggregate loss of $30.4 million, of which $20.8 million was related to the impairment of ARS deemed to be temporary and included in accumulated other comprehensive income (loss) within stockholders equity, and of which $9.6 million was related to the impairment of ARS deemed other-than-temporary and included in gain (loss) on investments, net in the consolidated statements of operations on a cumulative basis.

The ARS the Company holds are primarily AAA-rated bonds, most of which are collateralized by federally guaranteed student loans as part of the Federal Family Education Loan Program through the U.S. Department of Education. The Company believes the quality of the collateral underlying these securities will enable it to recover the Company s principal balance.

Despite the failed auctions, the Company continues to receive cash flows in the form of specified interest payments from the issuers of ARS. In addition, except as described below for ARS related to the put option, the Company believes it is more likely than not that it will not be required to sell the ARS prior to a recovery of par value and currently intends to hold the investments until such time because it believes it has sufficient cash and other marketable securities on-hand and from projected cash flows from operations.

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In November 2008, the Company entered into an agreement with one of its investment advisors, which requires the advisor to repurchase the $30.5 million in par value of ARS purchased through such advisor at par value beginning on June 30, 2010. Such agreement created a separate financial instrument between the two companies (the put option). At any time during the period up until June 2010, the investment advisor had the right to call the ARS at par value but did not do so. These ARS were classified as trading securities as of June 30, 2010 and December 31, 2009. In early July 2010, the Company exercised the put option, and the $30.5 million of ARS were repurchased by the investment advisor at par value. See Note 16.

The Company elected to apply the fair value option, permissible under the accounting standard for the fair value option for financial assets and liabilities, to the put option. As of June 30, 2010, the fair value of the put option had been reduced to $3.4 million as compared to $9.6 million as of December 31, 2009. As a result, the Company recorded a loss of $6.2 million, included in gain (loss) on investments, net in the consolidated statement of operations for the six months ended June 30, 2010. As of June 30, 2010, the $3.4 million fair value of the put option was grouped with short-term marketable securities on the Company s consolidated balance sheet. The fair value of the put option was determined by comparing the fair value of the related ARS, as described above, to their par values and also considers the credit risk associated with the investment advisor. The fair value of the put option is based on unobservable inputs and is therefore classified as Level 3 in the hierarchy.

As of June 30, 2010 and December 31, 2009, the Company classified $150.7 million and $177.9 million, respectively, of ARS as long-term marketable securities on its consolidated balance sheet due to management s estimate of its inability to liquidate these investments within the following twelve months. As of June 30, 2010 and December 31, 2009, the Company classified $27.0 million and $66.6 million, respectively, of ARS as short-term marketable securities on its consolidated balance sheet due to its ability and intent to exercise the put option that the Company has with its investment advisor shortly after June 30, 2010. Contractual maturities of the Company s marketable securities and other investment-related assets held at June 30, 2010 and December 31, 2009 were as follows (in thousands):

	June 30, 2010	December 31, 2009
Available-for-sale securities:		
Due in 1 year or less	$ 353,207	$ 309,236
Due after 1 year through 5 years	457,429	316,824
Due after 5 years	150,658	177,919
Trading securities:		
Due after 5 years	27,043	66,586
Other investment-related assets:		
Due in 1 year or less		