MONSTER WORLDWIDE, INC.
Form 10-Q
November 07, 2014
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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 SEPTEMBER 30, 2014

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 001-34209

MONSTER WORLDWIDE, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	**13-3906555**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	**(I.R.S. EMPLOYER IDENTIFICATION NO.)**
622 Third Avenue, New York, New York	**10017**
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	**(ZIP CODE)**

(212) 351-7000

(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. x 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). x 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.

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 x No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding as of October 24, 2014**
Common Stock	88,710,296

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PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MONSTER WORLDWIDE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except per share amounts)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Revenue	$ 191,220	$ 196,817	$ 583,810	$ 608,861
Salaries and related	100,587	92,931	305,806	279,973
Office and general	52,186	51,542	156,524	154,936
Marketing and promotion	35,109	38,089	113,899	130,750
Restructuring and other special charges				19,995
Total operating expenses	187,882	182,562	576,229	585,654
Operating income	3,338	14,255	7,581	23,207
Gain on deconsolidation of subsidiaries, net			11,828	
Interest and other, net	(1,830)	(1,482)	(4,813)	(4,107)
Income before income taxes and income (loss) in equity interests	1,508	12,773	14,596	19,100
Provision for (benefit from) income taxes	1,934	4,480	10,212	(5,153)
Income (loss) in equity interests, net	75	(119)		(822)
(Loss) Income from continuing operations	(351)	8,174	4,384	23,431
Income (loss) from discontinued operations, net of tax		3,095		(3,798)
Net (loss) income	(351)	11,269	4,384	19,633
Net income attributable to noncontrolling interest	1,318		3,954	
Net (loss) income attributable to Monster Worldwide, Inc.	$ (1,669)	$ 11,269	$ 430	$ 19,633
***Basic (loss) earnings per share attributable to Monster Worldwide, Inc.:**				
(Loss) Income from continuing operations	$ (0.02)	$ 0.08	$	$ 0.21
Income (loss) from discontinued operations, net of tax		0.03		(0.03)

Basic (loss) earnings per share	$	(0.02)	$	0.11	$		$	0.18
***Diluted (loss) earnings per share attributable to Monster Worldwide, Inc.:**								
(Loss) Income from continuing operations	$	(0.02)	$	0.08	$		$	0.21
Income (loss) from discontinued operations, net of tax				0.03				(0.03)
Diluted (loss) earnings per share	$	(0.02)	$	0.11	$		$	0.18
Weighted average shares outstanding:								
Basic		86,576		105,394		88,236		109,221
Diluted		86,576		105,967		91,235		110,247
Net (loss) income	**$**	**(351)**	**$**	**11,269**	**$**	**4,384**	**$**	**19,633**
Other comprehensive (loss) income:								
Foreign currency translation adjustments, net		(27,563)		21,022		(26,925)		(25,116)
Comprehensive (loss) income		(27,914)		32,291		(22,541)		(5,483)
Comprehensive (loss) income attributable to noncontrolling interest		(14)				4,712		
Comprehensive (loss) income attributable to Monster Worldwide, Inc.	**$**	**(27,900)**	**$**	**32,291**	**$**	**(27,253)**	**$**	**(5,483)**

* Earnings per share may not add in certain periods due to rounding

See accompanying notes.

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MONSTER WORLDWIDE, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par values)

	September 30, 2014 (unaudited)		December 31, 2013	
ASSETS				
Current assets:				
Cash and cash equivalents	$	80,376	$	88,581
Accounts receivable, net of allowance for doubtful accounts of $3,169 and $3,995, respectively		262,434		332,675
Prepaid and other		87,353		82,809
Total current assets		**430,163**		**504,065**
Goodwill		891,870		895,518
Property and equipment, net		121,461		124,169
Intangibles, net		31,327		24,058
Investment in unconsolidated affiliates		22,690		220
Other assets		37,355		38,227
Total assets	**$**	**1,534,866**	**$**	**1,586,257**
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable, accrued expenses and other	$	153,343	$	167,306
Deferred revenue		281,039		342,156
Current portion of long-term debt		10,000		9,375
Total current liabilities		**444,382**		**518,837**
Long-term income taxes payable		56,465		53,078
Long-term debt, less current portion		190,600		125,900
Other long-term liabilities		59,219		44,297
Total liabilities		**750,666**		**742,112**
Commitments and contingencies				
Stockholders equity:				
Preferred stock, $.001 par value, authorized 800 shares; issued and outstanding: none				

Common stock, $.001 par value, authorized 1,500,000 shares; issued: 143,169 and 141,671 shares, respectively; outstanding: 86,744 and 92,372 shares, respectively	143	142
Class B common stock, $.001 par value, authorized 39,000 shares; issued and outstanding: none		
Additional paid-in capital	2,026,324	2,003,394
Accumulated deficit	(564,441)	(564,871)
Accumulated other comprehensive income	35,685	63,368
Less: Treasury stock, at cost, 56,425 and 49,299 shares, respectively	(769,676)	(712,362)
Total Monster Worldwide, Inc. stockholders equity	728,035	789,671
Noncontrolling interest in subsidiary	56,165	54,474
Total stockholders equity	**784,200**	**844,145**
Total liabilities and stockholders equity	**$ 1,534,866**	**$ 1,586,257**

See accompanying notes.

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MONSTER WORLDWIDE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Nine months ended September 30, 2014	2013
Cash flows provided by operating activities:		
Net income	**$ 4,384**	**$ 19,633**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,548	46,374
Provision for doubtful accounts	1,290	1,750
Stock-based compensation	23,918	17,165
Loss in equity interests, net		822
Non-cash restructuring charges		5,315
Deferred income taxes	3,455	2,218
Gain on deconsolidation of subsidiaries	(13,647)	
Tax benefit from change in uncertain tax positions		(14,355)
Amount reclassified from accumulated other comprehensive income	1,819	(23,109)
Excess income tax benefit from equity compensation plans	(199)	(4,014)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	65,356	41,461
Prepaid and other	(10,845)	12,184
Deferred revenue	(56,972)	(47,824)
Accounts payable, accrued liabilities and other	637	(48,603)
Total adjustments	51,360	(10,616)
Net cash provided by operating activities	**55,744**	**9,017**
Cash flows used for investing activities:		
Capital expenditures	(30,756)	(24,990)
Payments for acquisitions, net of cash acquired	(27,005)	
Investment in Alma Career Oy	(6,516)	
Cash funded to and dividends received from equity investee and other	(1,222)	(2,499)
Capitalized patent defense costs	(2,962)	
Net cash used for investing activities	**(68,461)**	**(27,489)**
Cash flows provided by (used for) financing activities:		
Payments on borrowings on credit facilities	(8,100)	(39,799)

Proceeds from borrowings on credit facilities		80,300		69,500
Payments on borrowings on term loan		(6,875)		(5,000)
Repurchase of common stock		(52,070)		(60,782)
Tax withholdings related to net share settlements of restricted stock awards and units		(5,014)		(5,914)
Excess income tax benefit from equity compensation plans		199		4,014
Dividend paid to minority shareholder		(3,021)		
Net cash provided by (used for) financing activities		**5,419**		**(37,981)**
Effects of exchange rates on cash		**(907)**		**(4,787)**
Net decrease in cash and cash equivalents		**(8,205)**		**(61,240)**
Cash and cash equivalents, beginning of period		88,581		148,185
Cash and cash equivalents, end of period	**$**	**80,376**	**$**	**86,945**
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	$	6,757	$	4,664
Cash paid for interest	$	5,785	$	5,534
Non-cash activities:				
Net assets of entities contributed to Alma Career Oy	$	4,200	$	

See accompanying notes.

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MONSTER WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

(unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Monster Worldwide, Inc. (together with its consolidated subsidiaries, the Company , Monster , Monster Worldwide , we , our , or us) has operations that consist of three reportable segments: Careers-North America, Careers-International and Internet Advertising & Fees. Revenue in the Company s Careers segments is primarily earned from the placement of job advertisements on the websites within the Monster network, access to the Monster network of online resume databases, recruitment media services and other career-related services. Revenue in the Company s Internet Advertising & Fees segment is primarily earned from the display of advertisements on the Monster network of websites, click-throughs on text based links and leads provided to advertisers. The Company s Careers segments provide online services to customers in a variety of industries throughout North America, Europe, and the Asia-Pacific region, while Internet Advertising & Fees delivers online services primarily in North America.

In May 2014, Monster revealed its strategy to drive the business and enhance its competitive position. Monster s strategy focuses on adding massive scale to its business to expand its total addressable market and the value it can provide to customers through a variety of new products, technologies and business models to successfully connect more people with more jobs.

Basis of Presentation

The consolidated interim financial statements included herein are unaudited and have been prepared by the Company pursuant to the rules and regulations of the United States Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading.

The consolidated interim financial statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. Investments in which the Company does not have a controlling interest or is not the primary beneficiary, but has the ability to exert significant influence, are accounted for under the equity method of accounting. All inter-company accounts and transactions have been eliminated in consolidation. The noncontrolling interest in our South Korean subsidiary is recorded net of tax as Net income attributable to noncontrolling interest.

These statements reflect all normal recurring adjustments that, in the opinion of management, are necessary for fair presentation of the information contained herein. These consolidated interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013. The Company adheres to the same accounting policies in preparing interim financial statements. As permitted under U.S. GAAP, interim accounting for certain expenses, including income taxes, are based on full year assumptions. Such amounts are expensed in full in the year incurred. For interim financial reporting purposes, income taxes are recorded based upon estimated annual income tax rates.

We have reclassified certain amounts previously reported in our financial statements to conform to the current presentation. Unless noted otherwise, discussions in these notes pertain to our continuing operations.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-08, which amends the guidance in Accounting Standard Codification (ASC) 205, *Presentation of Financial Statements* as it relates to reporting discontinued operations. The revised guidance raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the revised definition of a discontinued operation. This amended guidance is to be applied prospectively and is effective for reporting periods (interim and annual) beginning after December 15, 2014, for public companies, with early adoption permitted. The implementation of the amended accounting guidance is not expected to have a material impact on our consolidated financial position or results of operations.

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In May 2014, the FASB issued ASU No. 2014-09, which supersedes the revenue recognition guidance in ASC 605, *Revenue Recognition*. The new guidance clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and International Financial Reporting Standards. The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes the most current revenue recognition guidance. This amended guidance is effective retrospectively for reporting periods (interim and annual) beginning after December 15, 2016. We are currently assessing the potential impact of this ASU on our consolidated financial position and results of operations.

3. EARNINGS PER SHARE ATTRIBUTABLE TO MONSTER WORLDWIDE, INC.

Basic earnings per share is calculated using the Company s weighted-average outstanding common shares. When the effects are dilutive, diluted earnings per share is calculated using the weighted-average outstanding common shares, participating securities and the dilutive effect of all other stock-based compensation awards as determined under the treasury stock method. Certain stock options and stock issuable under employee compensation plans were excluded from the computation of earnings per share due to their anti-dilutive effect.

A reconciliation of shares used in calculating basic and diluted earnings per share is as follows (shares in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Basic weighted-average shares outstanding	86,576	105,394	88,236	109,221
Effect of common stock equivalents - stock options and non-vested stock under employee compensation plans [(1)]		573	2,999	1,026
Diluted weighted-average shares outstanding [(1)]	86,576	105,967	91,235	110,247
Weighted-average anti-dilutive common stock equivalents [(1)]	7,602	4,487	4,461	5,023

(1) For periods in which losses are presented, dilutive earnings per share calculations do not differ from basic earnings per share because the effects of any potential common stock equivalents are anti-dilutive and therefore not included in the calculation of dilutive earnings per share. For the three months ended September 30, 2014, those potential shares totaled 2,741 which are included in the weighted average anti-dilutive common stock equivalents above in addition to 4,861 of out of the money anti-dilutive common stock equivalents for the three months ended September 30, 2014.

On October 22, 2014, the Company consummated an offering of its 3.50% convertible senior notes due 2019 (the Notes). Under the treasury stock method, the Notes will generally have a dilutive impact on earnings per share if the Company s average stock price for the period exceeds the conversion price of the Notes. In connection with the pricing of the Notes, Monster entered into a capped call transaction which increases the effective conversion price of the Notes, and is designed to reduce potential dilution upon conversion of the Notes. Since the beneficial impact of the capped call is anti-dilutive, it will be excluded from the calculation of earnings per share. See Note 20 *Subsequent*

Events for additional details and further discussion.

Share Repurchase Plan

On April 30, 2013, the Board of Directors of the Company authorized a share repurchase program of up to $200,000. Under the share repurchase program, shares of common stock will be purchased on the open market or through privately negotiated transactions from time-to-time through April 30, 2015. The timing and amount of purchases will be based on market conditions, corporate and legal requirements and other factors. The share repurchase program does not obligate the Company to acquire any specific number of shares in any period, and may be modified, suspended, extended or discontinued at any time without prior notice. During the nine months ended September 30, 2014, the Company repurchased 7,125,988 shares for a total of $51,927, excluding commissions, at an average price of $7.29 per share. From the date of the inception of this repurchase program through September 30, 2014, the Company repurchased 27,717,428 shares for a total of $158,683, excluding commissions, at an average price of $5.73 per share. The Company currently has $41,317 remaining under this repurchase program.

4. STOCK-BASED COMPENSATION

Stock-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the vesting period, net of estimated forfeitures.

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The Company awards non-vested stock to employees, directors and executive officers in the form of Restricted Stock Awards (RSAs) and Restricted Stock Units (RSUs), market-based RSAs and RSUs, performance-based RSAs and RSUs and stock options. The Compensation Committee of the Company s Board of Directors approves stock-based compensation awards for all employees and executive officers of the Company. The Corporate Governance and Nominating Committee of the Company s Board of Directors approves stock-based compensation awards for all non-employee directors of the Company. The Company uses the fair-market value of the Company s common stock on the date the award is approved to measure fair value for service-based and performance-based awards, a Monte Carlo simulation model to determine both the fair value and requisite service period of market-based awards and the Black-Scholes option-pricing model to determine the fair value of stock option awards. The Company presents as a financing activity in the consolidated statement of cash flows the benefits of tax deductions in excess of the tax-effected compensation of the related stock-based awards for the options exercised and vested RSAs and RSUs.

Compensation expense for stock option awards and service-based awards is recognized ratably over the requisite service period. For market-based awards, compensation expense is recognized over the requisite service period as derived using a Monte Carlo simulation model. If an award includes both a market and performance or service condition, the requisite service period is adjusted in the event the market condition is satisfied prior to the end of the derived service period. For performance-based awards, compensation expense is recognized based on the probability of achieving the performance conditions associated with the respective shares, as determined by management.

The Company recognized pre-tax compensation expense recorded in salaries and related in the consolidated statements of operations as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Non-vested stock, included in salaries and related	$ 6,682	$ 4,901	$ 23,918	$ 17,165

During the first nine months of 2014, the Company granted an aggregate of 515,415 service-based RSUs. The RSUs vest in various increments on the anniversaries of the individual grant dates, through September 23, 2018, subject to the recipient s continued employment or service through each applicable vesting date. The Company also granted 35,000 RSUs subject to certain specified performance-based conditions.

The Company s non-vested stock activity is as follows (shares in thousands):

	Nine months ended September 30,			
	2014		2013	
	Shares	Weighted Average Fair Value at Grant Date	Shares	Weighted Average Fair Value at Grant Date
Non-vested at beginning of period	13,142	$ 5.58	7,639	$ 10.01
Granted RSAs		$	1,213	$ 4.72
Granted RSUs	550	$ 5.75	8,279	$ 3.98
Forfeited	(372)	$ 5.52	(718)	$ 10.09
Vested	(2,280)	$ 9.53	(2,963)	$ 10.15

Non-vested at end of period	11,040	$	4.71	13,450	$	5.79

As of September 30, 2014, the unrecognized compensation expense related to non-vested stock was $29,981 which is expected to be recognized over a weighted-average period of 1.2 years

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The Company s stock option activity is as follows (shares in thousands):

	Nine months ended September 30,					
	2014			2013		
	Shares	Weighted Average Exercise Price		Shares	Weighted Average Exercise Price	
Outstanding as of the beginning of the period	928	$	29.68	1,029	$	29.04
Exercised		$				
Forfeited/expired/cancelled	(379)	$	24.62	(98)	$	23.17
Outstanding at end of the period	549	$	32.99	931	$	29.66
Options exercisable at end of period	549	$	32.99	931	$	29.66
Aggregate intrinsic value of options exercised during the period	$			$		

All stock options granted were fully expensed prior to January 1, 2014.

5. NONCONTROLLING INTEREST

In December 2013, the Company sold a 49.99% interest in JobKorea Ltd. (JobKorea), its wholly owned subsidiary in South Korea, to H&Q Korea for an aggregate purchase price of $90,000. H&Q Korea, an affiliate of H&Q Asia Pacific, is a pioneer in the development of Korea s private equity industry and one of the top private equity managers in the country. Based on the terms of the agreement, Monster maintains a controlling interest in the subsidiary and, accordingly, will continue to consolidate the results of JobKorea in its consolidated financial statements. The noncontrolling interest s share of income from continuing operations and net income was $1,318 and $3,954 for the three and nine months ended September 30, 2014, respectively.

The following table reflects the changes in stockholders equity attributed to the Company and the noncontrolling interest in the nine months ended September 30, 2014:

	Attributable to Monster Worldwide, Inc.	**Attributable to Noncontrolling Interest**	**Total Stockholders Equity**
Balance, December 31, 2013	**$ 789,671**	**$ 54,474**	**$ 844,145**
Net income	430	3,954	4,384
Change in cumulative foreign currency translation adjustment	(27,683)	758	(26,925)

Comprehensive (loss) income	(27,253)	4,712	(22,541)
Repurchase of common stock	(52,070)		(52,070)
Tax withholdings related to net share settlements of restricted stock awards and units	(5,244)		(5,244)
Cash dividend		(3,021)	(3,021)
Tax provision for stock-based compensation	(2,062)		(2,062)
Stock based compensation - restricted stock	24,993		24,993
Balance, September 30, 2014	**$ 728,035**	**$ 56,165**	**$ 784,200**

6. BUSINESS COMBINATIONS

In the first quarter of 2014, the Company s Careers-North America segment purchased TalentBin, Inc., a social profile talent search engine, and Gozaik LLC, a developer of social jobs aggregation and distribution technology. Aggregate consideration for the acquisitions was $27,005 in cash, net of cash acquired, with $1,750 of the consideration in escrow. The Company recorded $25,061 of goodwill, $907 of deferred tax assets, $1,740 of purchased technology, $730 of other intangibles, $249 of other assets and $1,482 of liabilities related to the acquisitions. Of the goodwill recorded, approximately $10,500 will be deductible for tax purposes.

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7. FAIR VALUE MEASUREMENT

The Company values its assets and liabilities using the methods of fair value as described in ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of fair value hierarchy are described below:

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

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management s estimates of assumptions that market participants would use in pricing the asset or liability.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and considers counterparty credit risk in its assessment of fair value. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company s assumptions based on the best information available. There have been no transfers of assets or liabilities between the fair value measurement classifications for the nine months ended September 30, 2014.

The Company has certain assets and liabilities that are required to be recorded at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States. The following table summarizes those assets and liabilities measured at fair value on a recurring basis as of September 30, 2014:

	September 30, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Bank time deposits	$	$ 51,345	$	$ 51,345
U.S. and foreign government obligations		6,296		6,296
Foreign exchange contracts		30		30
Total Assets	$	$ 57,671	$	$ 57,671
Liabilities:				
Foreign exchange contracts	$	$ 315	$	$ 315
Lease exit liabilities			11,001	11,001
Total Liabilities	$	$ 315	$ 11,001	$ 11,316

The following table summarizes those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013:

December 31, 2013

	Level 1	Level 2	Level 3	Total
Assets:				
Bank time deposits	$	$ 46,881	$	$ 46,881
U.S. and foreign government obligations		1,595		1,595
Bankers acceptances		8,475		8,475
Foreign exchange contracts		255		255
Total Assets	$	$ 57,206	$	$ 57,206
Liabilities:				
Foreign exchange contracts	$	$ 9	$	$ 9
Lease exit liabilities			12,550	12,550
Total Liabilities	$	$ 9	$ 12,550	$ 12,559

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We recognize a liability for costs to terminate an operating lease obligation before the end of its term when we no longer derive economic benefit from the lease. The lease exit liabilities within the Level 3 tier relate to vacated facilities associated with previously discontinued operations, restructuring activities of the Company and consolidation of office facilities and are recorded in accrued expenses and other current liabilities in the consolidated balance sheets. The liability is recognized and measured based on a discounted cash flow model when the cease use date has occurred. The fair value of the liability is determined based on the remaining lease rentals due, reduced by estimated sublease rental income that could be reasonably obtained for the property. In the first quarter of 2014, the Company vacated its office facilities in Maynard, Massachusetts and Cambridge, Massachusetts and moved in to our new corporate headquarters in Weston, Massachusetts. The changes in the fair value of the Level 3 liabilities are as follows:

	Lease Exit Liability Nine months ended September 30,	
	2014	2013
Balance, Beginning of Period	$ 12,550	$ 14,233
Expense	6,608	6,239
Cash Payments and changes in fair value	(8,157)	(6,110)
Balance, End of Period	$ 11,001	$ 14,362

The carrying value for cash and cash equivalents, accounts receivable, accounts payable, certain accrued expenses and other current liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. The Company s debt relates to borrowings under its revolving credit facilities and term loan (Please see Note 16 - *Financing Agreements*), which approximates fair value due to the debt bearing fluctuating market interest rates.

8. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

The amounts recognized in accumulated other comprehensive income for the nine months ended September 30, 2014, were as follows:

	Foreign Currency Translation Adjustments Nine months ended September 30,	
	2014	2013
Beginning balance	$ 63,368	$ 87,162
Other comprehensive loss before reclassifications	(29,502)	(2,007)
Amounts reclassified from accumulated other comprehensive income	1,819	(23,109)
Net current period change in accumulated other comprehensive income	(27,683)	(25,116)

Ending balance	$	35,685	$	62,046

Amounts reclassified from accumulated other comprehensive income to income were as follows:

Details about AOCI Components	**Affected Line Item in the Statement Where Net Income Is Presented**	Nine months ended September 30, 2014	2013
Foreign currency translation adjustments			
Deconsolidation of foreign subsidiaries	Gain on deconsolidation of subsidiaries, net	$ 1,819	$
Sale of foreign entity	Loss from discontinued operations, net of tax		(23,109)
Total reclassifications		$ 1,819	$ (23,109)

There were no amounts reclassified from accumulated other comprehensive income to income during the three months ended September 30, 2014 and 2013.

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9. DECONSOLIDATION OF SUBSIDIARIES

Prior to January 3, 2014, the Company had a 25% equity investment in a company located in Finland related to a business combination completed in 2001, with the remaining 75% held by Alma Media Corporation (Alma Media). Alma Media is a leading media company based in Finland, focused on digital services and publishing in Finland, the Nordic countries, the Baltics and Central Europe. Effective January 3, 2014, the Company expanded its relationship with Alma Media. Monster and Alma Media each contributed several additional entities and businesses into the existing joint venture and formed a significantly larger joint venture where Monster has an equity ownership of 15% with the opportunity to increase ownership up to 20%. The Company also contributed cash of approximately $6,500. Following closing, Monster no longer held a controlling interest in its subsidiaries in Poland, Hungary and the Czech Republic and therefore deconsolidated those subsidiaries effective January 3, 2014. The Company accounts for its investment under the equity method of accounting due to the Company s ability to exert significant influence over the financial and operating policies of the new joint venture, primarily through our representation on the board of directors.

The Company recorded a gain of $13,647 as a result of the deconsolidation. The gain was measured as the difference between (a) the net fair value of the retained noncontrolling investment and the consideration transferred and (b) the carrying value of the contributed entities net assets of approximately $4,200. The fair value of the retained noncontrolling investment was approximately $24,800 which was determined based on the present value of estimated future cash flows and comparable market transactions. Cash flow projections were based on estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used was based on the weighted-average cost of capital adjusted for the relevant risk associated with the business-specific characteristics and the uncertainty related to the business s ability to execute on the projected cash flows. The Company also recognized $1,819 of accumulated unrealized currency translation loss related to the net assets of the subsidiaries contributed by Monster.

As a result of the deconsolidation, the Company recorded a net gain of $11,828 to Gain on deconsolidation of subsidiaries, net in the first quarter of 2014. See Note 17 *Income Taxes* for discussion on the tax impact of the deconsolidation.

10. INVESTMENTS

Equity Method Investments

The Company accounts for investments through which it holds a noncontrolling interest and has the ability to exert