NUVASIVE INC
Form 10-Q
May 06, 2011

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

OR

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

For the transition period from to

Commission file number 000-50744
NUVASIVE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**33-0768598**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

7475 Lusk Boulevard
San Diego, CA 92121
(Address of principal executive offices, including zip code)
(858) 909-1800
(Registrant s telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes þ No o

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 þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of April 29, 2011, there were 39,673,718 shares of the registrant s common stock outstanding.

NUVASIVE, INC.
QUARTERLY REPORT ON FORM 10-Q
March 31, 2011
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

NUVASIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 134,101	$ 92,597
Short-term marketable securities	58,876	86,458
Accounts receivable, net	75,952	76,632
Inventory	114,388	107,577
Deferred tax assets	4,425	4,425
Prepaid expenses and other current assets	4,750	4,082
Total current assets	392,492	371,771
Property and equipment, net	105,066	102,165
Long-term marketable securities	32,814	50,635
Intangible assets, net	105,817	107,121
Goodwill	103,070	103,070
Deferred tax assets, non-current	52,033	52,033
Other assets	15,438	15,234
Total assets	$ 806,730	$ 802,029
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 54,899	$ 58,995
Accrued payroll and related expenses	14,643	17,266
Acquisition-related liabilities	33,155	32,715
Total current liabilities	102,697	108,976
Senior convertible notes	230,000	230,000
Long-term acquisition-related liabilities	339	326
Deferred tax liabilities	3,685	3,685
Other long-term liabilities	12,729	12,810
Commitments and contingencies Noncontrolling interests	11,496	11,877
Stockholders equity:		
Preferred stock, $0.001 par value; 5,000 shares authorized, none outstanding		
Common stock, $0.001 par value; 70,000 shares authorized, 39,652 and 39,528 issued and outstanding at March 31, 2011 and December 31, 2010, respectively	40	40
Additional paid-in capital	553,484	545,114
Accumulated other comprehensive income	1,316	616
Accumulated deficit	(109,056)	(111,415)

Total stockholders equity	445,784	434,355
Total liabilities and stockholders equity	$ 806,730	$ 802,029

See accompanying notes to unaudited condensed consolidated financial statements.

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NUVASIVE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenue	$124,466	$109,087
Cost of goods sold (excluding amortization of purchased technology)	23,526	19,443
Gross profit	100,940	89,644
Operating expenses:		
Sales, marketing and administrative	84,220	74,661
Research and development	10,769	10,699
Amortization of intangible assets	1,342	1,350
Total operating expenses	96,331	86,710
Interest income	183	189
Interest expense	(1,771)	(1,669)
Other income, net	497	117
Total interest and other expense, net	(1,091)	(1,363)
Income before income tax expense	3,518	1,571
Income tax expense	1,540	865
Consolidated net income	$ 1,978	$ 706
Net loss attributable to noncontrolling interests	$ (381)	$ (382)
Net income attributable to NuVasive, Inc.	$ 2,359	$ 1,088
Net income per share attributable to NuVasive, Inc.:		
Basic and diluted	$ 0.06	$ 0.03
Weighted average shares outstanding:		
Basic	39,616	38,898
Diluted	40,511	40,061

See accompanying notes to unaudited condensed consolidated financial statements.

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NUVASIVE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended March 31,	
	2011	**2010**
Operating activities:		
Consolidated net income	$ 1,978	$ 706
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,781	8,104
Stock-based compensation	7,946	6,434
Allowance for excess and obsolete inventory	216	736
Allowance for doubtful accounts and sales return reserves, net of write-offs	6	(657)
Other non-cash adjustments	1,795	1,454
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	942	(3,100)
Inventory	(6,658)	(1,237)
Prepaid expenses and other current assets	(751)	(1,570)
Accounts payable and accrued liabilities	3,959	4,780
Accrued payroll and related expenses	(2,670)	(6,512)
Net cash provided by operating activities	14,544	9,138
Investing activities:		
Purchases of property and equipment	(10,000)	(8,402)
Purchases of marketable securities	(26,018)	(45,525)
Sales of marketable securities	71,185	54,016
Payment for specific rights in connection with supply agreement	(8,000)	
Net cash provided by investing activities	27,167	89
Financing activities:		
Issuance of common stock	425	6,628
Other assets	(709)	(4,408)
Tax benefits related to stock-based compensation awards		882
Net cash (used in) provided by financing activities	(284)	3,102
Effect of exchange rate changes on cash	77	(78)
Increase in cash and cash equivalents	41,504	12,251
Cash and cash equivalents at beginning of period	92,597	65,413
Cash and cash equivalents at end of period	$134,101	$ 77,664

See accompanying notes to unaudited condensed consolidated financial statements.

NuVasive, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Description of Business

NuVasive®, Inc. (the Company or NuVasive) was incorporated in Delaware on July 21, 1997. The Company is focused on developing minimally disruptive surgical products and procedures for the spine. The Company began commercializing its products in 2001. Its currently-marketed product portfolio is focused on applications for spine fusion surgery. Its principal product offering includes a minimally disruptive surgical platform called Maximum Access Surgery, or MAS®, as well as a growing offering of biologics, cervical and motion preservation products. In the spine surgery market, the Company s currently-marketed products are primarily used to enable access to the spine and to perform restorative and fusion procedures in a minimally disruptive fashion. The Company also focuses significant research and development efforts on expanding its MAS product platform, advancing the applications of their unique technology to additional procedures, and developing motion preservation products. The Company dedicates significant resources toward training spine surgeons on its unique technology and products.

The Company s primary business model is to loan its MAS systems to surgeons and hospitals who purchase disposables and implants for use in individual procedures. In addition, for larger customers, the Company s proprietary nerve monitoring systems, MaXcess® and surgical instrument sets are placed with hospitals for an extended period at no up-front cost to them. The Company also offers a range of bone allograft in patented saline packaging, disposables and spine implants, which include its branded CoRoent® products and fixation devices such as rods, plates and screws. Implants and disposables are shipped from the Company s inventories. The Company sells an immaterial quantity of MAS instrument sets, MaXcess and nerve monitoring systems to hospitals.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Pursuant to these rules and regulations, the Company has condensed or omitted certain information and footnote disclosures it normally includes in its annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP). In the opinion of management, the consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of the Company s financial position and of the results of operations and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements as of December 31, 2010 and for the three months ended March 31, 2011 and 2010 include the accounts of the Company and its wholly owned subsidiaries, as well as the accounts of a variable interest entity, Progentix Orthobiology, B.V. (Progentix), which is consolidated pursuant to existing guidance issued by the Financial Accounting Standards Board (FASB). All significant intercompany accounts and transactions have been eliminated in consolidation.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2010 included in NuVasive s Annual Report on Form 10-K filed with the SEC. Operating results for the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for any other interim period or for the full year. The balance sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

Change in Accounting Estimate

During the first quarter of 2011, the Company completed a review of the estimated useful life of its surgical instrument sets. Based on historical useful life information, as well as forecasted product life cycles and demand expectations, the useful life of certain surgical instrument sets was extended from three to four years. In accordance with authoritative guidance, this was accounted for as a change in accounting estimate and was made on a prospective basis effective January 1, 2011. For the three months ended March 31, 2011, depreciation expense, which is included in sales, marketing and administrative expenses, was approximately $1.7 million less than it would have been had the useful life of these assets not been extended. The effect of this change on basic and diluted earnings per share for the three months ended March 31, 2011 was $0.02 per share.

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2. Significant Accounting Policies

Recently Adopted Accounting Standards

Fair Value Measurements Disclosures

Effective January 1, 2011, the Company adopted the FASB s updated guidance related to fair value measurements and disclosures, which requires a reporting entity to disclose separately information related to purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs, or Level 3, to be included in the rollforward of activity. The guidance is effective for interim or annual financial reporting periods beginning after December 15, 2010. The Company has updated its disclosures to comply with the updated guidance; however, adoption of the updated guidance did not have an impact on the Company s consolidated results of operations or financial position.

3. Investment in Progentix Orthobiology, B.V.

In 2009, the Company completed the purchase of forty percent (40%) of the capital stock of Progentix, a company organized under the laws of the Netherlands, from existing shareholders (the Progentix Shareholders) pursuant to a Preferred Stock Purchase Agreement for $10 million in cash (the Initial Investment). Concurrent with the Initial Investment, NuVasive and Progentix also entered into a Senior Secured Facility Agreement, whereby Progentix may borrow up to $5 million from NuVasive to fund ongoing clinical and regulatory efforts (the Loan). At March 31, 2011, the Company had advanced Progentix the full $5.0 million in accordance with the Loan Agreement. The Loan accrues interest at a rate of six percent (6%) per year. Other than its obligations under the Loan Agreement, NuVasive is not obligated to provide additional funding, nor has any additional funding been provided, to Progentix.

Also concurrent with the Preferred Stock Purchase Agreement, NuVasive, Progentix and the Progentix Shareholders entered into an Option Purchase Agreement, as amended (the Option Agreement), whereby NuVasive may be obligated (the Put Option), upon the achievement of certain milestones by Progentix by June 13, 2011, to purchase the remaining sixty percent (60%) of capital stock of Progentix from its shareholders (the Remaining Shares) for an amount up to $45.0 million, payable in a combination of cash or NuVasive common stock, at NuVasive s sole discretion, subject to certain adjustments (at April 1, 2011, the aggregate amount of additional payments NuVasive may be obligated to pay for the Remaining Shares is $44.0 million).

NuVasive may also be obligated, in the event that Progentix achieves the milestones specified in the agreements and completes additional milestones and NuVasive achieves specified sales targets, by June 13, 2011, to make additional payments to the Progentix Shareholders, excluding NuVasive, of up to an aggregate total of $25.0 million, payable in a combination of cash and NuVasive common stock, at NuVasive s sole discretion, subject to certain adjustments (at April 1, 2011, the aggregate amount of additional payments NuVasive may be obligated to pay related to these milestones is $20.0 million). NuVasive also has the right under the Option Agreement to purchase the Remaining Shares (the Call Option) during June 14, 2011 through June 13, 2013 (the Option Period) for an amount up to $35.0 million, payable in a combination of cash and NuVasive common stock, at the Company s sole discretion, subject to certain adjustments. In the event NuVasive achieves in excess of a specified annual sales run rate on Progentix products during the Option Period, NuVasive may be required to purchase the Remaining Shares for an amount up to $35.0 million. NuVasive and Progentix also entered into a Distribution Agreement, as amended, whereby Progentix appointed NuVasive as its exclusive distributor for certain Progentix products. The Distribution Agreement will be in effect for a term of ten years unless terminated earlier in accordance with its terms.

In accordance with authoritative guidance issued by the FASB, the Company has determined that Progentix is a variable interest entity (VIE) as it does not have the ability to finance its activities without additional subordinated financial support and its equity investors will not absorb their proportionate share of expected losses and will be limited in the receipt of the potential residual returns of Progentix. Additionally, pursuant to this guidance, NuVasive is considered its primary beneficiary as NuVasive has both (1) the power to direct the economically significant activities of Progentix and (2) the obligation to absorb losses of, or the right to receive benefits from, Progentix. Accordingly, the financial position and results of operations of Progentix have been included in the consolidated financial statements from the date of the Initial Investment. The liabilities recognized as a result of consolidating Progentix do not represent additional claims on the Company s general assets. The creditors of Progentix have claims only on the assets of Progentix, which are not material, and the assets of Progentix are not available to NuVasive.

Pursuant to authoritative guidance, the equity interests in Progentix not owned by the Company, which includes shares of both common and preferred stock, are reported as noncontrolling interests on the consolidated balance sheet of the Company. The preferred stock represents 18% of the noncontrolling equity interests and provides for a cumulative 8% dividend, if and when declared by

Progentix s Board of Directors. As the rights and conversion features of the preferred stock are substantially the same as those of the common stock, the preferred stock is classified as noncontrolling interest and shares in the allocation of the losses incurred by Progentix. Losses incurred by Progentix are charged to the Company and to the noncontrolling interest holders based on their ownership percentage. The Remaining Shares and the Option Agreement that was entered into between NuVasive, Progentix and the Progentix Shareholders are not considered to be freestanding financial instruments as defined by authoritative guidance. Therefore the Remaining Shares and the Option Agreement are accounted for as a combined unit on the consolidated financial statements as a redeemable noncontrolling interest that was initially recorded at fair value and classified as mezzanine equity.

Pursuant to authoritative guidance, when the embedded Put Option is exercisable and therefore the Remaining Shares considered currently redeemable (i.e., at the option of the holder), the instrument will be adjusted to its maximum redemption amount. If the embedded Put Option is considered not currently exercisable (e.g., because a contingency has not been met), and it is not probable that the embedded Put Option will become exercisable, an adjustment is not necessary until it is probable that the embedded Put Option will become exercisable. At March 31, 2011, the embedded Put Option was not deemed currently exercisable and therefore the Remaining Shares were not redeemable because the milestones referred to previously had not been met. Furthermore, at March 31, 2011, the Company concluded it is not probable that the milestones will be met, therefore the Remaining Shares are not expected to become redeemable. The probability of redemption is reevaluated at each reporting period.

Total assets and liabilities of Progentix as of March 31, 2011 included in the accompanying condensed consolidated balance sheet are as follows *(in thousands):*

Total current assets	$ 470
Identifiable intangible assets, net	15,683
Goodwill	12,654
Other long-term assets	427
Accounts payable & accrued expenses	318
Other long-term liabilities	403
Deferred tax liabilities, net	3,685
Noncontrolling interests	11,496

The following is a reconciliation of equity (net assets) attributable to the noncontrolling interests (*in thousands*):

Noncontrolling interests at December 31, 2010	$ 11,877
Less: Net loss attributable to the noncontrolling interests	381
Noncontrolling interests at March 31, 2011	$ 11,496

4. Balance Sheet Reserves

The balances of the reserves for accounts receivable and inventory are as follows *(in thousands)*:

	March 31, 2011	**December 31, 2010**
Reserves for accounts receivable and sales returns	$2,390	$ 2,573
Reserves for excess and obsolete inventory	6,898	6,682

The Company s inventory consists primarily of purchased finished goods, which includes specialized implants and disposables, and is stated at the lower of cost or market determined by a weighted average cost method. The Company reviews the components of its inventory on a periodic basis for excess, obsolete or impaired inventory, and records a reserve for the identified items.

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5. Marketable Securities and Fair Value Measurements

Marketable securities consist of corporate debt securities, U.S. government treasury securities and securities of government sponsored entities. The Company classifies all securities as available-for-sale, as the sale of such securities may be required prior to maturity to implement management strategies. These securities are carried at fair value, with the unrealized gains and losses reported as a component of other comprehensive income in stockholders equity until realized. A decline in the market value of any marketable security below cost that is determined to be other than temporary will result in a revaluation of its carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. No such impairment charges were recorded for any period presented.

Realized gains and losses from the sale of marketable securities, if any, are determined on a specific identification basis. Realized gains and losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are included in other income or expense on the consolidated statements of income. Realized gains and losses during the periods presented were immaterial. Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to yield using the straight-line method and are included in interest income on the consolidated statements of income. Interest and dividends on securities classified as available-for-sale are included in interest income on the consolidated statements of income.

The composition of marketable securities is as follows (*in thousands, except years*):

	Contractual Maturity (in Years)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
March 31, 2011:					
Classified as current assets					
Certificates of deposit	Less than 1	$ 910	$	$	$ 910
Corporate notes	Less than 1	10,093	4		10,097
U.S. government treasury securities	Less than 1	14,550	10		14,560
Securities of government-sponsored entities	Less than 1	33,295	15	(1)	33,309
Short-term marketable securities		58,848	29	(1)	58,876
Classified as non-current assets					
Certificates of deposit	1 to 2	194			194
Corporate notes	1 to 2	6,157		(3)	6,154
Securities of government-sponsored entities	1 to 2	26,502	1	(37)	26,466
Long-term marketable securities		32,853	1	(40)	32,814
Total marketable securities at March 31, 2011		$ 91,701	$ 30	$ (41)	$ 91,690

	Contractual Maturity (in Years)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
December 31, 2010:					
Classified as current assets					

Certificates of deposit	Less than 1	$	938	$	1	$	(1)	$ 938
Corporate notes	Less than 1		12,076		3			12,079
U.S. government treasury securities	Less than 1		16,550		12		(1)	16,561
Securities of government-sponsored entities	Less than 1		56,870		24		(14)	56,880
Short-term marketable securities			86,434		40		(16)	86,458
Classified as non-current assets								
Certificates of deposit	1 to 2		456					456
Corporate notes	1 to 2		3,123				(9)	3,114
U.S. government treasury securities	1 to 2		4,023					4,023
Securities of government-sponsored entities	1 to 2		43,056		6		(20)	43,042
Long-term marketable securities			50,658		6		(29)	50,635
Total marketable securities at December 31, 2010		$	137,092	$	46	$	(45)	$ 137,093

As of March 31, 2011, the Company had no significant investment positions that were in an unrealized loss position. The Company reviews its investments to identify and evaluate investments that have an indication of possible other-than-temporary impairment. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and the Company s intent

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and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. The Company maintains an investment portfolio of various holdings, types and maturities. The Company does not use derivative financial instruments. The Company places its cash investments in instruments that meet high credit quality standards, as specified in its investment policy guidelines. These guidelines also limit the amount of credit exposure to any one issue, issuer or type of instrument.

The Company measures certain assets and liabilities in accordance with authoritative guidance which requires fair value measurements be classified and disclosed in one of the following three categories:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfers of assets and liabilities between Level 1 and Level 2 and no transfers to or from Level 3 of the fair value measurement hierarchy during the three months ended March 31, 2011.

The fair values of the Company s assets and liabilities at March 31, 2011, which are measured at fair value on a recurring basis, were determined using the following inputs (*in thousands*):

	Total	Quoted Price in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities:				
Certificates of deposit	$ 1,104	$ 1,104	$	$
Corporate notes	16,251	14,251	2,000	
U.S government treasury securities	14,560	14,560		
Securities of government-sponsored entities	59,775	59,775		
Total marketable securities at March 31, 2011	$ 91,690	$ 89,690	$ 2,000	$
Contingent Consideration:				
Acquisition-related liabilities	$(33,494)	$	$	$ (33,494)

The fair and carrying value of the Company s Senior Convertible Notes is discussed in Note 7.

Contingent Consideration Liability

In connection with the acquisition of Cervitech®, Inc. (Cervitech) in May 2009, the Company is required to pay an additional amount not to exceed $33.0 million in the event that the PCM® cervical total disc replacement device receives U.S. Food and Drug Administration approval. The fair value of the contingent consideration is determined using a probability-weighted discounted cash flow model, the significant inputs which are not observable in the market. The key assumptions in applying this approach are the interest rate, the timing of expected approval and the probability assigned to the milestone being achieved. Based on the expected timing of the milestone being achieved, the estimated fair value of the contingent consideration increased to $32.1 million at March 31, 2011. Changes in fair value are recorded in the statement of income as sales, marketing and administrative expenses.

In connection with an immaterial acquisition in 2010, the Company is required to pay an additional amount not to exceed $3.0 million in the event three specified milestones are met. The fair value of the contingent consideration is determined using a probability-weighted discounted cash flow model, the significant inputs which are not observable in the market. The key assumptions in applying this approach are the interest rate and the probabilities assigned to the milestones being achieved. Based on the probabilities assigned to the milestones being achieved, the estimated fair value of the contingent consideration totaled $1.4 million at March 31, 2011. Changes in fair value are recorded in the statement of income as sales, marketing and administrative expenses.

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The following table sets forth the change in the estimated fair value for the Company s liabilities measured using significant unobservable inputs (Level 3) (*in thousands*):

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Fair value measurement at beginning of period	$33,041	$30,694
Change in fair value measurement included in operating expenses	453	
Fair value measurement at end of period	$33,494	$30,694

6. Goodwill and Intangible Assets

Goodwill and intangible assets as of March 31, 2011 consisted of the following *(in thousands, except years):*

	Weighted-Average Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net
Intangible Assets Subject to Amortization:				
Purchased technology:				
Developed technology	14	$ 39,975	$ (8,546)	$ 31,429
Manufacturing know-how and trade secrets	12	21,146	(4,659)	16,487
Trade name and trademarks	14	6,100	(1,067)	5,033
Customer relationships	13	10,035	(3,167)	6,868