INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Table of Contents

KPMG LLP
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Independent Auditors' Report

The Board of Directors and Stockholders
Intermedix Holdings Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated balance sheet of Intermedix Holdings Inc. and subsidiaries (the Company), as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2012 and 2011, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statement referred to above present fairly in all material respects, the financial position of Intermedix Holdings Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Miami, FL
May 10, 2013

INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except per share data)

Assets		**December 31, 2012**	**December 31, 2011**
Current assets:			
Cash and cash equivalents	$	21,696	26,637
Restricted cash		893	501
Receivables, net		34,161	19,855
Prepaid expenses and other current assets		2,405	2,039
Deferred income taxes, net		1,791	1,554
Total current assets		60,946	50,586
Property and equipment, net		13,890	12,102
Goodwill		384,266	354,478
Intangible assets, net		298,589	279,673
Debt issuance fees, net		10,256	8,217
Other assets		1,098	801
Total assets	$	769,045	705,857
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses	$	6,985	3,388
Accrued payroll and related benefits		10,607	6,672
Collections payable to clients		9,928	15,604
Deferred revenue		10,106	7,296
Current portion of senior term loans		8,250	2,280
Other current liabilities		—	321
Total current liabilities		45,876	35,561
Revolving credit facility		10,000	8,000
Senior term loans		321,750	223,617
Subordinated debt		112,000	85,000
Deferred income taxes, net		73,576	74,866
Other long-term liabilities		1,743	803
Total liabilities		564,945	427,847
Commitments and contingencies (note 14)			
Stockholders' equity:			
Common stock, $0.01 par value; Authorized, 4,100 shares; issued and outstanding, 3,595 and 3,553 shares at December 31, 2012 and 2011, respectively		36	36
Additional paid-in capital		303,622	296,242
Accumulated deficit		(100,193)	(18,268)
Total Intermedix Holdings stockholders' equity		203,465	278,010
Noncontrolling interest		635	—
Total stockholders' equity		204,100	278,010
Total liabilities and stockholders' equity	$	769,045	705,857

See accompanying notes to consolidated financial statements.

INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In thousands)

		Year ended December 31, 2012	Year ended December 31, 2011
Revenues:			
Business services revenue	$	142,004	123,834
Subscription and other revenue		18,905	17,784
Total revenues		160,909	141,618
Costs and expenses:			
Cost of business services revenue		67,287	57,706
Cost of subscription and other revenue		3,651	3,727
Selling, general, and administrative expenses		33,200	27,426
Stock-based compensation expense		3,020	2,692
Depreciation and amortization expense		34,784	31,914
Total costs and expenses		141,942	123,465
Operating income		18,967	18,153
Interest expense, net		(27,346)	(26,820)
Other income (loss), net		(97)	830
Loss on early extinguishment of debt		(4,903)	—
Loss before income taxes		(13,379)	(7,837)
Income tax benefit		4,432	3,943
Net loss	$	(8,947)	(3,894)

See accompanying notes to consolidated financial statements.

INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2011 and 2012

(In thousands)

	Common stock		Additional		Total		
	Number of shares	Par value	paid-in capital	Accumulated deficit	stockholders' equity	Noncontrolling interest	Total equity
Balance at December 31, 2010	3,509	$ 35	289,067	(14,374)	274,728	—	274,728
Issuance of common stock in connection with acquisition of Fleeteyes, LLC	24	1	2,484	—	2,485	—	2,485
Issuance of common stock in connection with acquisition of CMBS, Inc.	20	—	1,999	—	1,999	—	1,999
Stock-based compensation expense	—	—	2,692	—	2,692	—	2,692
Net loss	—	—	—	(3,894)	(3,894)	—	(3,894)
Balance at December 31, 2011	3,553	36	296,242	(18,268)	278,010	—	278,010
Issuance of common stock in connection with acquisition of Anesthesia Revenue Management, Inc.	13	—	1,360	—	1,360	—	1,360
Issuance of common stock in connection with acquisition of Practice Service Resources, LLC	29	—	3,000	—	3,000	—	3,000
Valuation of noncontrolling interest acquired in with acquisition of ESI Acquisition, Inc.	—	—	—	—	—	635	635
Stock-based compensation expense	—	—	3,020	—	3,020	—	3,020
Dividend to Stockholders	—	—	—	(72,978)	(72,978)	—	(72,978)
Net loss	—	—	—	(8,947)	(8,947)	—	(8,947)
Balance at December 31, 2012	3,595	$ 36	303,622	(100,193)	203,465	635	204,100

See accompanying notes to consolidated financial statements.

INTERMEDIX HOLDINGS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands)

		Year ended December 31, 2012	Year ended December 31, 2011
Cash flows from operating activities:			
Net loss	$	(8,947)	(3,894)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization expense		34,784	31,914
Amortization of debt issuance costs		1,732	1,586
Write-off of unamortized debt issuance costs on early extinguishment of debt		1,487	—
Stock-based compensation expense		3,020	2,692
Deferred income taxes		(5,059)	(6,141)
Other noncash items		327	42
Changes in operating assets and liabilities, net of acquisitions:			
Accounts and notes receivable		(1,864)	86
Income taxes receivable		—	9,031
Prepaid expenses and other current assets		(70)	685
Accounts payable and accrued expenses		3,166	(1,536)
Accrued payroll and related benefits		1,805	(309)
Deferred revenue		(1,863)	(1,956)
Collections payable to clients		(5,724)	952
Other assets/liabilities		(554)	(186)
Net cash provided by operating activities		22,240	32,966
Cash flows from investing activities:			
Deposits		32	(18)
Capital expenditures		(4,035)	(2,668)
Expenditures for computer software and developed technology		(5,922)	(4,451)
Cost of business acquisitions, net of cash acquired		(72,275)	(42,275)
Proceeds from sale of investments		151	693
Net cash used in investing activities		(82,049)	(48,719)
Cash flows from financing activities:			
Borrowings under revolving credit facility		21,100	12,500
Borrowings under senior term loans		330,000	33,500
Borrowings under subordinated debt facility		112,000	—
Repayments under revolving credit facility		(19,100)	(19,000)
Repayment of senior term loans		(225,897)	(2,115)
Repayment of subordinated debt facility		(85,000)	—
Repayment of capital lease obligations		—	(241)
Payment of debt issuance costs		(5,257)	(2,050)
Payment of stockholder dividends		(72,978)	—
Net cash provided by financing activities		54,868	22,594
Net increase (decrease) in cash and cash equivalents		(4,941)	6,841
Cash and cash equivalents, beginning of year		26,637	19,796
Cash and cash equivalents, end of year	$	21,696	26,637
Supplemental disclosures of cash flow information:			
Cash paid (received) during the year for:			
Interest	$	25,695	25,850
Income taxes, net of refunds		1,580	(6,654)

See accompanying notes to consolidated financial statements.

(1) Description of Business

Intermedix Holdings, Inc. (the Company) provides revenue cycle management (RCM) services, physician management services, and technology-based solutions primarily to the emergency medical industry. However, certain of the Company's technology offerings have a wide range of appeal and have been adopted in departments and agencies of the United States (U.S.) federal government, international government agencies, and corporate customers in banking, finance, defense, energy, entertainment, healthcare, manufacturing, telecommunications, and transportation.

The Company provides a comprehensive RCM solution, seamlessly, combining robust technologies and services to manage the policy administration, clinical documentation, billing, and informatics needs of its clients. Certain RCM contracts also include the provision of electronic patient care reporting (ePCR) systems. The Company's RCM customers include (i) emergency room physicians, (ii) hospital emergency medicine departments, (iii) urgent care providers, (iv) anesthesiology physicians and nurses, (v) emergency medical transportation providers (EMS)—both ground and air, (vi) fire departments, and (vii) 911-emergency first responders. Customers include both governmental municipalities and private-sector service providers located throughout the United States.

The Company also provides physician services support to both individual physicians and established independent physician groups that include assistance in group formation and first contract acquisition such as practice feasibility studies; proposal development and presentation; contract development and negotiations; practice design and organization; and, recruiting, scheduling, and credentialing. For emergency physician groups, the Company offers a wide range of resources such as, group governance, Web-based peer review tools, accounting and financial reporting, human resource management, malpractice insurance negotiations, tax planning, and other contractual negotiations.

The Company also provides Web-based information technology solutions primarily to the public health and emergency services markets, but is increasingly finding practical applications of its technology in both domestic and government departments and agencies and corporate customers in banking, finance, defense, energy, entertainment, healthcare, manufacturing, telecommunications, and transportation. The Company's technology consumers include hospitals, EMS providers, fire departments, law enforcement agencies, and state and local departments of health. Technology offerings include (i) real-time communications, (ii) inventory and resource management, (iii) mass multimedia notification, (iv) volunteer registry tracking, (v) patient and evacuee tracking, (vi) fleet management solution for real-time exchange of information between CAD systems and vehicle crews, (vii) collaboration tools that create a common operating picture, enabling emergency managers to make sound decisions and allowing users to manage multiple incidents and daily events, assign, and track missions and tasks, provide situation reports, and manage resources, and (viii) prehospital ePCR systems that seamlessly interface with the Company's RCM billing platform. These solutions integrate a full range of key emergency preparedness and response activities, and scale from daily use to large-scale utilization surges during regional and or national mass casualty and public health incidents.

(2) Acquisition of Intermedix Corporation by Intermedix Holdings Inc.

On July 19, 2010, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) with Intermedix Corporation (IMX), and Intermedix Merger Sub Inc. (Merger Sub), a Delaware corporation and a wholly owned subsidiary of the Company established as an acquisition vehicle for the purpose of acquiring IMX. The acquisition and financing transactions described below are collectively referred to as (the Merger).

In accordance with the terms of the Merger Agreement, on August 23, 2010 (the Merger Date), the Company completed the acquisition of 100% of the issued and outstanding capital stock of IMX for total consideration of $562.5 million. Following the consummation of the Merger, Merger Sub was merged with and into IMX with IMX surviving as a wholly owned subsidiary of the Company.

The Merger was accounted for as a business combination using the acquisition method of accounting in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 805, *Business Combinations* (ASC Topic 805). Goodwill resulting from the Merger totaled $322.8 million, and reflects the substantial value of the Company's expectations for continued future growth in the business, the unique synergies between RCM services and technology product offerings and the experienced management team skilled at integrating acquisitions.

(3) Summary of Significant Accounting Policies

(a) Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the consolidated accounts and operations of the Company and its majority-owned subsidiaries and have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). All significant intercompany accounts and transactions have been eliminated. As part of the acquisition of ESI (note 4), the Company acquired a 62% interest in Tucuxi, LLC (Tucuxi), a software development joint venture between ESI and an outside third party. Tucuxi operating results are consolidated with those of the Company and the noncontrolling interest is expensed and accounted for as minority interest on the consolidated balance sheets.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Management utilizes estimates in determining the value of stock-based compensation awards, the useful lives of its long-lived and intangible assets, allowances for doubtful accounts, the impairment of goodwill and other intangible assets, the valuation of deferred tax assets, income tax uncertainties, purchase price allocations pursuant to business combinations, as well as certain consolidated financial statement disclosures. Actual results could differ from such estimates.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of six months or less to be cash equivalents. Cash and cash equivalents include amounts billed and collected on behalf of clients (item (l) below for discussion of related liability).

(d) Receivables, Net

Trade Receivables

Trade receivables primarily consist of amounts due to the Company pursuant to service, subscription, and/or license contracts with its customers. Also included in trade receivables is the current portion of notes receivables due from certain customers which totaled $3.3 million and $0.7 million, respectively as of December 31, 2012 and 2011. The carrying amount of trade receivables approximates fair value given the short maturities of such receivables.

Allowances for Refunds and Doubtful Accounts

The Company records allowances for fees associated with amounts expected to be refunded due to overpayments held on behalf of its customers. Reserves related to trade receivable collectibility are recorded when specific accounts are identified as being at risk based on review of past-due accounts and the related facts and circumstances. As of December 31, 2012 and 2011, the allowance for refunds and doubtful accounts totaled $0.7 million and $1.3 million, respectively, in the accompanying consolidated balance sheets.

(e) Prepaid Expenses and Other Current Assets

"Prepaid expenses and other current assets" consist of amounts paid in advance for insurance, maintenance contracts, and other customary and routine items required for the operation of the business.

(f) Property and Equipment, Net

"Property and equipment, net" is stated at cost less accumulated depreciation and amortization. Depreciation and amortization on property and equipment are calculated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the underlying lease term or useful life of the asset. Maintenance and repairs are charged directly to expense as incurred, while betterments and renewals are generally capitalized as property, equipment, and leasehold improvements. When an item is retired or otherwise disposed of, the cost and applicable accumulated depreciation and amortization is removed and the resulting gain or loss is recognized.

(g) Computer Software and Technology Development Costs

In accordance with ASC Topic 350-40, *Internal-Use Software* (ASC Topic 350-40), the Company capitalizes costs incurred during the application development stage related to its propriety software platforms and to its enterprise cloud computing application services, as well as for modifications to existing computer software that result in additional functionality. These costs are included in "Intangible assets, net" in the accompanying consolidated balance sheets. Costs incurred for the development of internal-use software largely consist of payroll and payroll-related costs for employees and consultants who are directly associated with and who devote time to the internal-use computer software projects. Such costs are expensed until (i) the preliminary project stage is completed, (ii) management has authorized and committed funding for the project, and (iii) it is probable that the project will be completed and the software will be used to perform the function intended, at which time, in accordance with ASC Topic 350-40, any additional software development costs are capitalized. Capitalization ceases when a computer software project is substantially complete and ready for its intended use.

Amortization of internally developed computer software, which is included in "Depreciation and amortization expense," begins when the computer software is ready for its intended use. These costs are amortized over the period, which the asset is expected to contribute directly or indirectly to future cash flow. The Company generally amortizes internally developed software on a straight-line basis over a five-year period and periodically reassesses the estimated useful lives of its internally developed software in consideration of, among other factors, the effects of (i) obsolescence, (ii) technology, (iii) competition, and (iv) other economic factors.

The Company assesses the recoverability of computer software development costs by comparing the carrying amount to the fair value whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The carrying amount is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. An impairment loss is recognized if the carrying amount exceeds the fair value. In determining fair value of internally developed computer software, the Company considers whether (i) it is expected to provide continued substantive service potential, (ii) significant changes in the extent or manner in which the software is used or is expected to be used, (iii) it is or is expected to undergo a significant change, or (iv) projected development or modification costs significantly exceed original estimates.

(h) Goodwill and Intangible Assets

Goodwill is recorded in accordance with ASC Topic 805, when the consideration paid for an acquisition exceeds the fair value of identifiable net tangible and identifiable intangible assets acquired. In accordance with ASC Topic 350, *Intangibles – Goodwill and Other* (ASC Topic 350) goodwill and other indefinite-lived intangible assets are reviewed for impairment at least annually. The Company has elected to perform its annual impairment testing as of October 31 of each year and as required should any triggering events occur indicating a potential for impairment.

Goodwill impairment is determined using a two-step process. The first step of the impairment test is used to identify potential impairment by comparing the fair value of a reporting unit to the book value, including goodwill. If the fair value of a reporting unit exceeds its book value, goodwill of the reporting unit is not considered impaired, and the second step of the measurement of goodwill impairment is not required. If the book value of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of the impairment loss, if any.

The second step of the impairment test compares the implied fair value of the reporting unit's goodwill with the book value of the goodwill. The reporting unit's implied fair value of goodwill is determined by allocating the fair value to the reporting unit's assets other than goodwill. The excess of any residual fair value after this allocation is used as the implied fair value of the reporting unit goodwill. If the book value of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

(i) Impairment of Long-Lived Assets

The Company reviews long-lived assets and intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or group of assets to future net cash flows expected to be generated by the asset or group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(j) Deferred Financing Fees, Net

The Company capitalizes and amortizes costs incurred to obtain financing over the term of the underlying obligation using the effective-interest method. The amortization of debt financing fees is included in "Interest expense, net" in the accompanying consolidated statements of operations.

(k) Other Assets

Other assets consist of the long-term portion of other notes receivable, cost-basis investments, and deposits.

(l) Collections Payable to Clients

Collections payable to clients represents amounts collected on behalf of clients, which have not yet been remitted to clients. Collection held for customers are included in "Cash and cash equivalents" in the accompanying consolidated balance sheets.

(m) Revenue Recognition

The Company derives revenue from business services fees, subscription and license fees, hardware sales, and related services. The Company recognizes revenue when there is persuasive evidence of an arrangement, the service or product has been provided to the customer, the collection of the fees is reasonably assured, and the amount of fees is fixed or determinable.

Business Services Revenue

Business services revenue represents fees earned from the Company's RCM business for account billing, clinical systems, and other related services and are typically charged to the customer as a percentage of total collections. Fees under business services arrangements are not fixed or determinable until collections are realized, thus in accordance with ASC Topic 605, *Revenue Recognition* (ASC 605), revenue is recorded when such collections are made.

Subscription and Other Revenue

Subscription revenue generally represents fees earned from the Company's software-as-a-service (SaaS) offerings, whereby customers are granted access to the Company's Internet-based software solutions. Under a SaaS-based solution, customers do not have the right to take possession of the software and, in accordance with ASC Topic 985, *Software* (ASC 985), these arrangements are considered service contracts, which are outside the scope of ASC 985.

Other revenue primarily comprises fees charged for implementation and training services provided in conjunction with the Company’s SaaS offerings, as well as support services, hosting services, and hardware sales.

Subscription and support services revenues are recognized ratably over the contract terms in accordance with ASC 605. Software license revenue is recognized upon delivery to the customer when all of the other revenue recognition criteria are met. Implementation and training revenues, when sold with SaaS offerings, are accounted for separately when there is objective evidence of the fair value of each deliverable. Implementation and training revenues are recognized ratably over the longer of the contract life or the estimated expected customer life, which is estimated to be five years.

Hosting services revenue represents fees charged to manage and host customers’ hardware and software solutions at the Company’s data centers. Hosting services revenue is recognized ratably over the contract term in accordance with ASC 605.

Hardware revenue, which represents the sale of mobile devices that are utilized in conjunction with the Company’s SaaS-based solutions, is recognized upon delivery to the customer when all of the other revenue recognition criteria are met. Support services that are sold together with hardware devices are accounted for separately, when there is objective evidence of the fair value of each deliverable, and are recognized ratably over the service term.

Amounts that have been invoiced for subscription, license, and other revenue are recorded in accounts receivable and in deferred revenue or revenue, depending on the whether the revenue recognition criteria have been met.

(n) Cost of Revenues

Cost of business services revenue primarily includes direct production costs such as labor, patient statement printing and mailings, telecommunications, facility, and e-commerce costs. Cost of subscription and other revenue includes labor, hardware, and data center costs.

(o) Employee Stock-Based Compensation

Compensation expense for all stock-based compensation awards granted is based on the grant date fair value estimated in accordance with the provisions of ASC Topic 718, *Compensation – Stock Compensation* (ASC Topic 718). The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. The Company’s options vest over terms of five years. As stock-based compensation expense recognized is based on awards ultimately expected to vest, such expense is generally reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company estimates the fair value of stock-based compensation awards on the date of grant using the Black-Scholes-Merton (BSM) option pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and are freely transferable. The BSM option pricing model considers, among other factors, the expected life of the award and the expected volatility of the Company's stock price.

(p) Income Taxes

Income taxes are accounted for under the asset-and-liability method in accordance with ASC Topic 740, *Income Taxes* (ASC Topic 740). Deferred tax assets and liabilities are recognized for (i) the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (ii) operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Net deferred tax assets are recorded to the extent that these assets will "more likely than not" be realized. In making such determination, all available positive and negative evidence is considered, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and results of recent financial operations. It was determined that a valuation allowance was not necessary as of December 31, 2012 and 2011.

ASC Topic 740 prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken in a tax return, if that position is "more likely than not" of being sustained upon examination by the relevant taxing authority, based on the technical merits of the position. The tax benefits recognized in the Company's consolidated financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. There was no liability for unrecognized tax benefits as of December 31, 2012 and 2011.

(q) Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Company attempts to limit its credit risk by maintaining deposit relationships with high-credit quality financial institutions. The Company also sweeps most of its excess cash daily into overnight government secured funds.

No individual account receivable accounted for more than 10% of consolidated accounts receivable as of December 31, 2012 and 2011 and that no individual customer accounted for 10% of consolidated revenue for the years ended December 31, 2012 and 2011.

(r) Recent Accounting Standards

On January 1, 2011, the Company adopted FASB's Accounting Standards Update (ASU) 2009-13, *Revenue Recognition – Multiple Element Arrangements* (ASU 2009-13), on a prospective basis. ASU 2009-13 requires the use of the relative selling price method of allocating the total consideration to units of accounting in a multiple element arrangement and eliminates the residual method. This new accounting principle requires an entity to allocate revenue in an arrangement using the estimated selling price (ESP) of deliverables if it does not have vendor-specific objective evidence (VSOE) or third-party evidence (TPE) of selling price. The adoption of ASU 2009-13 did not have a material impact on the Company's consolidated financial statements.

On January 1, 2012, the Company adopted ASU 2011-04, *Fair Value Measurement* (ASU 2011-04). ASU 2011-04 is an amendment to ASC 820, *Fair Value Measurement* (ASC 820) to achieve common fair value measurement and disclosure requirements in GAAP and IFRS. ASU 2011-04 changes the wording used to describe the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments include (i) those that clarify the intent of the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of ASU 2011-04 did not have a material impact on the Company's consolidated financial statements or disclosures.

On January 1, 2012, the Company adopted ASU 2011-08, *Intangibles—Goodwill and Other* (ASU 2011-08). ASU 2011-08 is an amendment to ASC 350, *Intangibles—Goodwill and Other* (ASC 350). As a result of the issuance of ASU 2011-08, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines, through a qualitative approach, that it is more likely than not that its fair value is less than its carrying amount. An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after qualitatively assessing the totality of events or circumstances, an entity determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then it is required to perform the two-step impairment test. The adoption of ASU 2011-08 did not have a material impact on the Company's consolidated financial statements or disclosures.

(4) Restricted Cash

As of December 31, 2012 and 2011, respectively, the Company had $0.9 million and $0.5 million of restricted cash, representing collateral to secure a letter of credit and four performance bonds aggregating $0.4 million. The letter of credit is secured by a collateralized bank account and the performance bonds are secured by six-month auto renewable Certificates of Deposit (CD's). Pursuant to the contractual terms to provide RCM and/or technology services to certain clients, the Company was required to furnish such letter of credit or CD's to assure its performance under the respective contracts.

(5) Acquisitions

2012 Transactions

During 2012, the Company entered into four separate transactions, as described below, wherein it acquired a business or substantially all the assets of a business. The transactions were funded with new debt and equity issuances, and internally generated cash. The allocation of the purchase price of the assets acquired and liabilities assumed for each transaction is reflected in the table below under "Purchase Price Allocation of 2012 Acquisitions." The transactions resulted in aggregate goodwill of $29.5 million, of which $20.5 million is deductible for tax purposes. In general, goodwill reflects the value of the Company's expectations for future growth opportunities resulting from expansion into a new RCM line of business, and the unique synergies created by leveraging its current product offerings with those of the acquired companies, to broaden both its existing customer base and to differentiate itself with new sales opportunities. Specific discussion with respect to the factors giving rise to goodwill is included below by transaction.

Ascend Billing Services, LLC (Ascend)

Pursuant to an Asset Purchase Agreement (APA) dated July 6, 2012, Medical Consultants, Inc. (MCI), a wholly owned subsidiary of the Company, purchased substantially all of the net assets of Ascend. The purchase price of $2.5 million was funded entirely by internal cash.

The APA also provides for a Contingent Purchase Price Adjustment (CPPA) to be made within 48 months of the closing date in the event that Ascend's major customer (i) terminates its billing agreement with Ascend for convenience or (ii) there is a change in control of such major customer and the billing agreement is not assumed by the successor. The CPPA is calculated as the product of $2.5 million and a fraction, the numerator of which is forty-eight minus the number of elapsed months since the closing date and the denominator of which is forty-eight months. Pursuant to guidance provided in ASC 805, the Company assigned no value to the CPPA.

Approximately $0.1 million in transaction costs were incurred in connection with the acquisition and are included in "Selling, general, and administrative expense" in the accompanying consolidated statements of operations of the Company.

Ascend is engaged in the business of providing billing, accounts receivable management, medical coding, and practice management services to emergency medical service providers, emergency department physicians, staffing groups, hospitals, and similar persons.

As a result of this acquisition, the Company recorded goodwill of $1.2 million, which reflects the value that the acquired contracts have on strengthening the Company's market position.

South Oakland Billing, Inc. (dba Anesthesia Revenue Management, Inc.) (ARM)

Pursuant to an APA dated November 30, 2012, Intermedix ARM, LLC, a newly formed, wholly owned subsidiary of the Company, purchased substantially all of the net assets of ARM. The purchase price of $13.6 million included (i) $10.2 million paid in cash to seller at closing, (ii) the issuance of $1.4 million in the Company's common stock in exchange for certain ARM shares owned by ARM management, (iii) $2.0 million that will be held in escrow by a third-party agent to be released on or about the 18 month anniversary of the close.

Funding for the acquisition of ARM consisted of $10.0 million in revolver borrowings available under the Company's then existing credit facility and the remainder from internally generated cash. Approximately $0.1 million in transaction costs were incurred in connection with the acquisition.

The APA also provides for a Contingent Purchase Price Adjustment (CPPA) to be made after 18 months from the closing date in the event that Annualized Revenue from ARM's customers is less than $7.1 million. The CPPA is calculated as the lesser of the (a) the purchase price minus $12.5 million or

(b) 1.9 times the difference between $7.4 million and the actual Annualized Revenue from ARM clients. Pursuant to the guidance in ASC 805, the Company assigned no value to the CPPA.

ARM is engaged in the business of providing billing, accounts receivable management, medical coding, and practice management services to anesthesiology medical service providers, physicians, staffing groups, hospitals, and similar persons.

As a result of this acquisition, the Company recorded goodwill of $6.4 million which reflects (i) the Company's entry into the anesthesiology line of business, a natural extension of the Company's core capabilities, (ii) opportunity to leverage the Company's billing platform and create synergies, and (iii) the numerous opportunities to enhance customer satisfaction and cost efficiencies through the integration of the Company's respective best practices, technologies, and resources.

Practice Service Resources, LLC (PSR)

On December 27, 2012, Advanced Data Processing, Inc. (ADPI), a wholly owned subsidiary of the Company, entered into an Agreement and Plan of Merger (the PSR Merger Agreement) with PSR and PSR Merger Sub, LLC (PSR Merger Sub), a Texas limited liability company and a wholly owned subsidiary of ADPI, established as an acquisition vehicle for the purpose of acquiring PSR. Following the consummation of the PSR Merger, PSR Merger Sub was merged with and into PSR with it surviving as a wholly owned subsidiary of ADPI.

In accordance with the terms of the PSR Merger Agreement, ADPI purchased 100% of the issued and outstanding Member Units of PSR. The purchase price of $46.5 million included (i) $38.9 million paid in cash to seller at closing, (ii) the issuance of $3.0 million in the Company's common stock in exchange for certain PSR units owned by PSR management, (iii) $3.5 million that will be held in escrow by a third-party agent to be released 50% on or about the 18-month anniversary of the close and the remainder to be released on the third anniversary of closing, (iv) $0.8 million of PSR internal cash, and (v) $0.3 million excess purchase price consideration from a true up of "working capital" that was paid within 120 days after closing.

To consummate this acquisition and the acquisition of ESI discussed below, the Company refinanced its existing Senior and Subordinated Debt Credit Facilities that, among other things, provide an additional $105 million in new borrowings, which along with internal cash was used to fund the PSR and ESI acquisitions (note 9) and a stockholder distribution of $73.0 million (note 9). Approximately $0.4 million in transaction costs were incurred in connection with the acquisition.

PSR provides physician services support to both individual physicians and established independent physician groups that include assistance in group formation and first contract acquisition such as practice feasibility studies; proposal development and presentation; contract development and negotiations; practice design and organization; and, recruiting, scheduling and credentialing. For emergency physician groups, PSR offers a wide range of resources such as, group governance, Web-based peer review tools, accounting and financial reporting, human resource management, malpractice insurance negotiations, tax planning, and other contractual negotiations

As a result of the merger, PSR recorded goodwill of $12.9 million, which reflects the value of the Company's expectations that the acquisition of PSR would (i) strengthen the Company stature as industry leader in emergency medicine, (ii) provide new service offering to the Company's existing clients, (iii) provide billing opportunities with many PSR clients that use competitor services, (iv) create new and unique skill set to attack the market, (v) provide the Company with large growth opportunities outside of emergency medicine, and (vi) provide incremental experienced management resources.

ESI Acquisition, Inc. (ESI)

Pursuant to a Stock Purchase Agreement dated December 27, 2012, EMSystems, LLC (Systems), a wholly owned subsidiary of the Company, purchased all of the issued and outstanding shares of common stock of ESI including, its majority-owned subsidiary, Tucuxi. The purchase price of $17.4 million included (i) $15.5 million paid in cash to seller at closing, (ii) $1.0 million that will be held in escrow by a third-party agent to be released 50% on or about the first anniversary of the close and the remainder to be released on the second anniversary of closing, and (iii) $0.9 million excess purchase price consideration from a true up of "working capital" that was paid subsequent to acquisition date.

As noted above in the PSR acquisition discussion, to consummate this acquisition, the Company obtained additional debt funding by refinancing its existing Senior and Subordinated Debt Credit Facilities. Approximately $0.3 million in transaction costs were incurred in connection with the acquisition.

ESI is a leader in crisis-information management solutions. ESI pioneered the concept of the virtual emergency operations center with WebEOC®, the world's first Web-enabled Crisis Information Management Software (CIMS). Through its innovative systems, ESI provides access to real-time information and communication between crisis response teams and decision makers. WebEOC provides situational awareness and a common operating picture (COP) during a crisis event or day-to-day operations. ESI offers a total solutions package that ranges from initial design and installation through training, implementation, and ongoing support. Today, WebEOC is used by 19 departments and agencies within the executive and legislative branches of the U.S. federal government, more than 60 state-level agencies in 40 States/District/U.S. territories, and thousands of first responders and emergency managers in counties and cities. WebEOC has also been adopted by hospitals, airlines, utilities, universities, government agencies, and corporations around the world.

As a result of this acquisition, the Company recorded goodwill of $9.0 million which reflects (i) the Company's expanded presence in providing solutions to America's safety net providers, (ii) cost synergies expected to be realized from consolidation of offices, client relationship, and support teams and product offering, (iii) synergies expected in cross selling all companies product suites, and (iv) strong strategic fit into long-term technology model and opportunity to expand footprint.

Determination of Estimated Fair Values of Assets Acquired and Liabilities Assumed

In accordance with guidance provided in ASC Topic 805, the Company was required to estimate and record the fair value of the assets acquired and liabilities assumed in the 2012 and 2011 transactions described below. Methodologies and assumptions used in valuation of significant accounts acquired are described below:

Current Assets

Current assets and primarily trade receivables are recorded at their carrying amount, which approximates fair value given the short maturity of these balances. The fair value of receivables acquired includes management's estimate of the cash flows not expected to be collected.

Property and Equipment

In the estimation of the fair value of property and equipment, the Company used varying methods and procedures; however, those procedures followed the same basic principles of the cost approach, (i) a current cost to replace the asset new is calculated, and then (ii) the estimated replacement cost is reduced to reflect the applicable decline in value resulting from physical deterioration, functional obsolescence, and/or economic obsolescence.

Intangible Assets Other Than Goodwill

Customer-Related Intangible Assets

The fair value of customer relationships was established based on an income approach using the excess earnings method, by comparing the present value of the expected benefits from ownership of the subject intangible asset to the required return on the investment in the assets related to realizing the benefits.

Technology-Based Intangible Assets

Technology fair values were established based on an income approach using the relief from royalty method, which recognizes that because the Company owns the technology, rather than licensing it, the Company does not have to pay a royalty for its use. The fair value of the technology is determined based on the present value of the after-tax cost savings.

Marketing-Based Intangible Assets

Trademarks – The fair value of trademarks was established based on an income approach using the relief from royalty method, which recognizes that a trademark has a fair value equal to the present value of the royalty income attributable to it. The royalty income attributable to a trademark represents the hypothetical cost savings that are derived from owning the trademark instead of paying royalties to license the trademark from another owner.

Noncompetition Agreements – The fair value of noncompetition agreements was established based on an income approach, using a differential methodology, since their value is representative of the current and future revenue and profit erosion projection they provide. A differential was calculated whereby the profit of the business is projected under two scenarios: one "with" and one "without" the noncompetition agreement in place. The present value of the profits is determined in each scenario, and the differential between the two amounts is deemed the fair value of the noncompetition agreement.

All of the acquired intangibles, other than goodwill, aggregating $44.0 million and $20.8 million in 2012 and 2011, respectively, are amortizable. See note 8 for further disclosures.

Deferred Revenue

Deferred revenue consists of service contracts wherein the Company has a legal obligation to perform services and expects to incur future costs to fulfill those obligations. Estimates related to deferred revenue were based on the direct cost of fulfilling these obligations plus a normal profit margin.

Purchase Price Allocation of 2012 Acquisitions

The following table summarizes the consideration paid along with the allocations of the purchase price paid by the Company to acquire the businesses or assets in the four transactions described above:

		Ascend	ARM	PSR	ESI	Total
Consideration:						
Cash (net of cash acquired of $1,180 and $2,567 for PSR and ESI, respectively)	$	2,500	12,240	42,418	14,866	72,024
Common stock		—	1,360	3,000	—	4,360
Fair value of total consideration transferred		2,500	13,600	45,418	14,866	76,384
Fair value of noncontrolling interest		—	—	—	635	635
Total purchase price allocation	$	2,500	13,600	45,418	15,501	77,019

		Ascend	ARM	PSR	ESI	Total
Recognized amounts of identifiable assets acquired and liabilities assumed:						
Current assets	$	161	885	8,230	4,155	13,431
Property and equipment		—	453	441	690	1,584
Other intangible assets		1,150	6,150	25,874	10,790	43,964
Other assets		—	7	101	—	108
Liabilities (including deferred revenue totaling $5,081 for ESI)		(29)	(275)	(2,136)	(5,715)	(8,155)
Deferred income taxes		—	—	—	(3,448)	(3,448)
Total identifiable net assets acquired		1,282	7,220	32,510	6,472	47,484
Goodwill		1,218	6,380	12,908	9,029	29,535
	$	2,500	13,600	45,418	15,501	77,019
Other intangible assets included above consist of the following by major intangible asset class:						
Customer related	$	1,140	6,000	10,400	7,300	24,840
Technology related		—	100	12,514	2,780	15,394
Marketing related		10	50	2,960	710	3,730
	$	1,150	6,150	25,874	10,790	43,964

2011 Transactions

During 2011, the Company entered into three separate transactions, as described below, wherein it acquired a business or substantially all the assets of a business. The transactions were funded with new debt and equity issuances, and internally generated cash. The allocation of the purchase price of the assets acquired and liabilities assumed for each transaction is reflected in the table below under “Purchase Price Allocation of 2011 Acquisitions.” The transactions resulted in aggregate goodwill of $28.2 million, of which $17.0 million is deductible for tax purposes. In general, goodwill reflects the value of the Company’s expectations for future growth opportunities resulting from unique synergies created by leveraging its current technologies with those of the acquired companies to broaden its customer base and solutions. Specific discussion with respect to the factors giving rise to goodwill is included below by transaction

Fleeteyes, LLC (Fleeteyes)

Pursuant to an APA dated June 30, 2011, Systems purchased substantially all of the net assets of Fleeteyes. On the closing date, the purchase price of $4.6 million was funded by (i) $2.1 of internal cash and (ii) the issuance of $2.5 million in the Company’s common stock in exchange for certain Fleeteye’s membership units owned by Fleeteyes management.

The APA also provides for the payment of Contingent Purchase Price Consideration (CPPC) up to $1.7 million. The CPPC is to be paid monthly based on the revenue received from certain applicable transactions, as defined in the APA, entered into after April 11, 2011 and within three years of the transaction closing date. Pursuant to ASC 805, the Company estimates the fair value of the CPPC to be $0.5 million. As of December 31, 2012, the Company had not entered into any applicable transactions for which CPPC would be payable.

Approximately $0.2 million in transaction costs were incurred in connection with the acquisition and are included in "Selling, general, and administrative expense" in the accompanying consolidated statements of operations of the Company.

Fleeteyes is an emergency fleet management company providing solutions addressing emergency agency inoperability and vehicle location systems integration. The Fleeteyes solution is designed to optimize cross cooperation between emergency agencies by allowing each separate agency to see available vehicle assets in any given geographical area regardless of jurisdictional lines. Fleeteyes clients include commercial ambulance companies, hospital-based EMS, municipal EMS, air medical, fire services, health departments, and hospitals.

As a result of this acquisition, the Company recorded goodwill of $4.2 million, which reflects the value of securing (i) additional technology-based offerings for the emergency medical services industry and (ii) experienced human resources for continued development and support of new technologies and integrations.

Comprehensive Medical Billing Services (CMBS)

Pursuant to an APA dated August 12, 2011, MCI purchased substantially all of the net assets of CMBS. The acquisition price of $29.5 million included (i) $26.0 million paid in cash to seller at closing, (ii) the issuance of $2.0 million in the Company's common stock in exchange for certain CMBS shares owned by CMBS management, and (iii) $1.5 million that was paid to CMBS upon termination of a third-party escrow arrangement on February 16, 2013.

Funding for the acquisition of CMBS consisted of (i) $27.5 million in issuance of new term loans under the Company's then existing credit facility and (ii) issuance of $2.0 million in common stock of the Company as discussed above. Approximately $0.4 million in transaction costs were incurred in connection with the acquisition. CMBS is a full service RCM company specializing in meeting the needs of hospital-based emergency physicians across the United States.

As a result of this acquisition, the Company recorded goodwill of $12.8 million which reflects (i) the Company's expanded presence in the emergency department line of business, (ii) synergies expected to be realized from both Company's close operating proximities in Oklahoma City, and (iii) the numerous opportunities to enhance customer satisfaction and cost efficiencies through the integration of the Company's respective best practices, technologies, and resources.

Collaborative Fusion, Inc. (CFI)

On September 16, 2011, Systems entered into an Agreement and Plan of Merger (the CFI Merger Agreement) with CFI and CFI Acquisition Corp. (CFI Merger Sub), a Delaware corporation and a wholly owned subsidiary of Systems established as an acquisition vehicle for the purpose of acquiring CFI. Following the consummation of the CFI Merger, CFI Merger Sub was merged with and into CFI with it surviving as a wholly owned subsidiary of Systems.

In accordance with the terms of the CFI Merger Agreement, Systems completed the acquisition of 100% of the issued and outstanding capital stock of CFI by paying $13.7 million in cash for all the outstanding shares of CFI's common stock at $96.58 per share. Of the amount tendered, $1.0 million was placed in escrow with a third-party agent. $0.5 million was released to Seller on the first anniversary of the closing date and the remaining 50% is to be released on the second anniversary of the closing date less any funds necessary to satisfy any open claims. The escrow fund was established to provide indemnification to the Company for certain losses, claims, and liabilities as defined in the CFI Merger Agreement Funding for the acquisition of CFI consisted of $11.0 million in revolver borrowings available under the Company's then existing credit facility and the remainder from internally generated cash. Approximately $0.4 million in transaction costs were incurred in connection with the acquisition and are included in "Selling, general, and administrative expense" in the accompanying consolidated statements of operations of the Company.

CFI specializes in emergency disaster preparedness through its CORE Platform Preparedness Software that includes credentialing, alerting, and patient tracking software solutions to manage medical professionals in large-scale disasters.

As a result of the merger, EMSystems recorded goodwill of $11.2 million which reflects the value of the Company's expectations that the acquisition of CFI would (i) provide the Company with a dominant competitive market position, (ii) provide expansion into new geographical areas, (iii) result in significant synergies that would be realized by combining and or eliminating overlapping product offerings, and (iv) provide incremental experienced human resources for continued development and support of new technologies and integrations.

Purchase Price Allocation of 2011 Acquisitions

The following table summarizes the consideration paid along with the allocations of the purchase price paid by the Company to acquire the businesses or assets in the three transactions described above:

	Fleeteyes	CMBS	CFI	Total
Consideration:				
Cash (net of cash acquired of $1,024 for CFI)	$ 2,060	27,540	12,675	42,275
Common stock	2,484	2,000	—	4,484
Contingent consideration	500	—	—	500
Fair value of total consideration transferred	$ 5,044	29,540	12,675	47,259
Recognized amounts of identifiable assets acquired and liabilities assumed:				
Current assets	$ 61	1,233	1,582	2,876
Property and equipment	13	252	194	459
Other intangible assets	780	15,320	4,710	20,810
Other assets	12	309	4	325
Current liabilities (including deferred revenue totaling $1,630)	(46)	(354)	(2,771)	(3,171)
Deferred income taxes	—	—	(2,212)	(2,212)
Total identifiable net assets acquired	820	16,760	1,507	19,087
Goodwill	4,224	12,780	11,168	28,172
Total	$ 5,044	29,540	12,675	47,259
Other intangible assets included above consist of the following amounts by major intangible asset class:				
Customer related	$ 410	14,230	2,900	17,540
Technology related	350	—	1,450	1,800
Marketing related	20	1,090	360	1,470
	$ 780	15,320	4,710	20,810

(6) Goodwill

Goodwill, which amounted to $384.3 million and $354.5 million at December 31, 2012 and 2011, respectively, represents the excess of purchase price over net assets acquired. During the year ended December 31, 2012, the Company's goodwill was affected by certain acquisitions (note 5), as well as adjustments related to prior year acquisitions based on facts and circumstances that arose within the measurement period.

The change in carrying amount of goodwill for the year ended December 31, 2012 is as follows:

Balance at December 31, 2011	$	354,478
Acquisitions:		
Ascend		1,218
ARM		6,380
PSR		12,908
ESI		9,029
Other adjustments		253
Balance at December 31, 2012	$	384,266

ASC Topic 350 requires an impairment test be performed at least annually on the carrying value of goodwill at the reporting unit level. The Company impairment testing indicated that the estimated fair value of goodwill exceeds its carrying value at each of the Company's three reporting units for 2012 and 2011.

(7) Property and Equipment, net

Property and equipment, at cost and respective estimated useful lives, are classified as follows at December 31, 2012 and 2011 (in thousands):

		2012	2011	
Land	$	640	640	
Building		4,672	4,672	27 years
Equipment		7,439	4,859	3 years
Clinical field data systems		5,937	4,485	3 years
Furniture and fixtures		1,203	796	5 – 7 years
Leasehold improvements		1,468	814	(a)
Total		21,359	16,266	
Less accumulated depreciation and amortization		(7,469)	(4,164)	
	$	13,890	12,102	

(a) The lesser of the lease term or the economic useful life of the improvements.

Depreciation and amortization expense related to property and equipment was $3.7 million and $3.1 million for the years ended December 31, 2012 and 2011, respectively.

(8) Intangible Assets, net

Intangible assets and accumulated amortization at December 31, 2012 and 2011, and the remaining weighted average useful life at December 31, 2012 consisted of the following (in thousands):

	Weighted average useful life		2012	2011
Customer-related, net of accumulated amortization of $42,811 and $23,861 as of December 31, 2012 and 2011, respectively	12	$	247,784	238,079
Technology-based, net of accumulated amortization of $25,601 and $14,238 as of December 31, 2012 and 2011, respectively	7		41,020	30,927
Marketing-based, net of accumulated amortization of $1,950 and $1,103 as of December 31, 2012 and 2011, respectively	6		9,785	10,667
		$	298,589	279,673

All intangible assets are subject to amortization and are amortized over their useful lives using the straight-line method. Amortization expense related to intangible assets was $31.1 million and $28.9 million for 2012 and 2011, respectively. Estimated amortization expense is as follows (in thousands) for the year ending December 31:

2013	$	32,807
2014		31,482
2015		29,679
2016		27,230
2017		25,987
Thereafter		151,404
	$	298,589

(9) Long-Term Debt

Long-term debt consisted of the following at December 31, 2012 and 2011 (in thousands):

		2012	2011
Revolving credit facility	$	10,000	8,000
Senior credit facility – term loans		330,000	225,897
Subordinated loans		112,000	85,000
Total debt		452,000	318,897
Less amounts payable in less than one year		(8,250)	(2,280)
	$	443,750	316,617

Except as provided for below, aggregate annual maturities of long-term debt were as follows at December 31, 2012 (in thousands):

Year ending December 31:		
2013	$	8,250
2014		8,250
2015		8,250
2016		8,250
2017		8,250
Thereafter		410,750
	$	452,000

Senior Financing

Overview

On August 23, 2010, in connection with the Merger, the Company and each of its subsidiaries (each a Guarantor and, collectively, the Guarantors), entered into a $235.0 million Credit Agreement (the Senior Credit Facility) and a Senior Subordinated Loan Agreement (the Subordinated Loan Agreement), which collectively are herein referred to as the Senior Financing. Borrowings under the Senior Financing were used to fund a portion of the purchase price of the Merger which included the retirement of Intermedix Corporation's debt, as well as pay fees and expenses incurred in connection with the Merger.

On March 14, 2011, the Company refinanced the Senior Credit Facility to, among other things, reduce pricing, provide greater latitude in the Company's financial covenants, and eliminate the excess cash flow mandatory prepayment provision included in the previous facility. Based on the guidance provided in ASC Topic 470-50, *Debt Modifications and Extinguishments* (ASC Topic 470-50), the Company was not required to record a loss on extinguishment of debt related to the write-off of financing fees deferred in connection with the original senior credit facility, but rather have and will continue to amortize such fees as an adjustment of interest expense over the remaining term of the refinanced Senior Credit Facility. Approximately $0.7 million of incremental financing fees were incurred with respect to the execution of the March 2011 refinancing.

On August 12, 2011, the Company amended the Senior Credit Facility to increase the term loan portion of that facility from $194.5 million to $228.0 million. The additional $33.5 million in term loans were used to (i) fund the CMBS acquisition (note 5) and (ii) to repay a portion of the outstanding advances under the then existing revolving credit facility. Approximately $1.3 million in incremental financing fees were incurred with respect to the new term loan issuance. Such fees were being amortized over the remaining term of the Senior Credit Facility as an adjustment to interest expense.

On December 27, 2012, the Company refinanced its Senior Credit Facility to increase the term loan facility from $228.0 million to $330.0 million and the revolving credit facility from $40 million to $50 million. The proceeds of the incremental term loan borrowings were used to fund a portion of the PSR and ESI acquisitions (note 4), and a stockholder dividend in the amount of $73.0 million. The refinancing, among other things, increased pricing under the Senior Credit Facility, and provided greater latitude in the Company's financial covenants. Based on the guidance provided in ASC Topic 470-50, the Company did not record a loss on extinguishment of debt related to the write-off of financing fees deferred in connection with the previous facilities, but rather will amortize such fees as an adjustment of interest expense over the term of the refinanced Senior Credit Facility. Approximately $2.7 million of incremental fees were incurred with respect to the execution of the December 2012 refinancing.

Senior Credit Facility

The Senior Credit Facility consists of (i) a $330.0 million term loan facility (the Term Loans) maturing December 27, 2018 of which $330.0 million and $225.9 million was outstanding at December 31, 2012 and 2011, respectively, (ii) a $50.0 million revolving credit facility (the Revolving Credit Facility) which expires December 27, 2018 of which $10.0 million and $8.0 million was outstanding at December 31, 2012 and 2011, respectively.

The Senior Credit Facility also provides a swing line loan commitment (the Swing Line Facility) which expires December 27, 2018, under which there were no borrowings outstanding at December 31, 2012 and 2011, and provisions for the issuance of commercial and standby letters of credit (LOCs) on behalf of the Company, none of which were issued or outstanding at December 31, 2012 and 2011. Borrowings under the Swing Line Facility, together with outstanding LOCs, reduce available borrowings under the Revolving Credit Facility and each are subject to a $15.0 million sublimit. All borrowings outstanding under the Swing Line Facility or amounts drawn pursuant to LOCs are to be repaid no later than five business days prior to the expiration of the Revolving Credit Facility.

Borrowings under the Senior Credit Facility are secured by substantially all of the assets of the Company and its subsidiaries including all of the Company's outstanding capital stock. The Senior Credit Facility limits the Company's ability to dispose of assets, incur additional indebtedness or contingent obligations, prepay the subordinated debt, engage in mergers or consolidations, suffer additional liens, or engage in certain transactions with affiliates. The Senior Credit Facility contains various customary covenants requiring that the Company comply with certain specified financial ratios and tests. The Company was in compliance with all covenants at December 31, 2012 and 2011.

Interest and other fees

Borrowings under the Senior Credit Facility bear interest, at the Company's option, at an applicable fixed margin over the lender's base rate or London Interbank Offered Rate (LIBOR). The interest rate on LIBOR borrowings may be fixed for periods ranging from one to six months or, with the consent of all relevant lenders, nine or twelve months thereafter. LIBORs are set at the greater of the quoted rate or 1.25%.

The Company pays an annual administrative fee of $0.1 million and an unused commitment fee associated with the revolving portion of the facility (see discussion below).

Mandatory and other prepayments

The Senior Credit Facility permits prepayments by the Company at any time in whole or in part without premium or penalty. The Company must make mandatory repayments with the occurrence of specified events such as receipt of major casualty proceeds, proceeds from the sale of debt or equity securities or proceeds from asset dispositions, which are not otherwise reinvested in the business or used for acquisitions or investments as such are permitted in the Facility.

Provided below is a detailed discussion of each component of the Senior Credit Facility.

(a) Revolving Credit Facility

The Revolving Credit Facility provides for borrowings up to $50.0 million. Proceeds from the Revolving Credit Facility are used for working capital, capital expenditures, acquisitions, and general corporate purposes. Advances under the Revolving Credit Facility are unrestricted as long as such advances are used in accordance with the definition of "use of proceeds" and the aggregate outstanding balance of the revolving credit loans, swing line loans and letter of credit obligations do not exceed $50 million. Borrowings under the Revolver (including swing line borrowings) bear interest, as discussed above, plus a fixed bank margin of 4.5% for LIBOR loans or 3.5% for Base Rate Loans. The Company's previous revolving credit facility bore interest based upon the Company's Total Leverage Ratio (TLR), as reflected on the most recent compliance certificate filed with the lender, ranging from 3.50% to 3.75% for base rate loans and from 4.50% to 4.75% for LIBOR loans. When the TLR exceeded 3.75:1.00, interest accrued at the high end of the range verses a TLR equal to or less than 3.75:1.00 wherein interest accrued at the low end of the range. Interest rates on the Revolving Credit Facility ranged from 6.00% to 7.25% during 2012 and 2011.

Interest is payable quarterly in arrears for base rate loans including swing line borrowings. Interest on LIBOR loans is payable on the last day of each interest period as determined by the disbursement, conversion or continuation of such loan and its duration. Interest is due on each quarterly anniversary of LIBOR loans with terms in excess of three months.

An unused commitment fee ranging from 0.50% to 0.75% of the unused portion of the revolving line of the credit facility is due quarterly in arrears. During 2012 and 2011, the Company recognized unused commitment fees at a rate 0.75%.

LOC fees accrue at the applicable rate for revolving credit loans and are paid quarterly in arrears. In addition, fronting fees (not to exceed 1.0% per annum) and customary administrative and processing fees are assessed with respect to each LOC.

(b) Term Loans

Term Loans bear interest, as discussed above, plus a fixed bank margin of 5.00% and 4.00% for LIBOR and base rate borrowings, respectively (the previous term loan facility bore interest of 4.75% and 3.75% for LIBOR and base rate borrowings, respectively). Interest rates on the Term Loans ranged from 6.00% to 7.00% during 2012 and 2011. The repayment terms under the Senior Credit Facility require quarterly principal payments on the Term Loans of approximately $2.1 million with a balloon payment of approximately $282.6 million on December 27, 2018. However, at which time that the Gross First Lien Leverage Ratio, as defined in the facility, is less than 4.25 to 1.00, then the quarterly amortization payments will be permanently reduced to $5.8 million.

Subordinated debt financing

Overview

In connection with the 2010 Merger, the Company borrowed $85.0 million pursuant to a Subordinated Loan Agreement (Subordinated Loans) the proceeds of which were used to finance a portion of the Merger and to pay fees and expenses in connection with the transaction. The Subordinated Loans accrued interest at 13.0% and was paid in arrears on the last business day of each fiscal quarter. The agreement provided for prepayment penalties up until August 23, 2015, the fifth anniversary of the agreement.

On December 27, 2012, the Company refinanced its Subordinated Loans to increase the borrowings from $85 million to $112 million. The proceeds of the incremental borrowings were used to fund a portion of the PSR and ESI acquisitions (note 5), and a stockholder dividend in the amount of $73.0 million. The refinancing, among other things, reduced pricing under the Subordinated Loans and provided greater latitude in the Company's financial covenants. Based on the guidance provided in ASC Topic 470-50, the Company recorded a loss on extinguishment of debt of $4.9 million. The loss consisted primarily of a $1.5 million write-off of deferred financing fees and $3.4 million of prepayment penalties.

The Subordinated Loans mature June 27, 2019 and are secured by substantially all of the assets of the Company and its subsidiaries including all of the Company's outstanding capital stock. The Subordinated Loans limit the Company's ability to dispose of assets, incur additional indebtedness or contingent obligations, engage in mergers or consolidations, suffer additional liens, or engage in certain transactions with affiliates. The Subordinated Loans contain various customary covenants requiring that the Company comply with certain specified financial ratios and tests. The Company was in compliance with all covenants at December 31, 2012 and 2011.

Interest and other fees

Borrowings under the Subordinated Loans bear interest, at the Company's option, at an applicable fixed margin over the lender's base rate or LIBOR. The interest rate on LIBOR borrowings may be fixed for periods ranging from one to six months or, with the consent of all relevant lenders, nine or twelve months thereafter. LIBORs are set at the greater of the quoted rate or 1.25%.

Subordinated Loans bear interest, as discussed above, plus a fixed bank margin of 9.00% and 8.00% for LIBOR and base rate borrowings, respectively (the previous agreement bore interest of 13.00%). Interest rates on the Term Loans ranged from 10.25% to 13.00% during 2012 and 2011.

The Company pays an annual administrative fee of $0.1 million.

Mandatory and other prepayments

The Subordinated Loan agreement provides for prepayment penalties up until December 27, 2015, the third anniversary of the agreement. However, prepayments of less than $30 million made out of “Net Cash Proceeds” from casualty events are not subject to a prepayment penalty during the first two years. The Company must make mandatory repayments with the occurrence of specified events such as receipt of major casualty proceeds, proceeds from the sale of debt or equity securities or proceeds from asset dispositions, which are not otherwise reinvested in the business or used for acquisitions or investments as such are permitted in the Facility.

(10) Income Taxes

Income tax benefit for the years ended December 31, 2012 and 2011 was as follows (in thousands):

		2012	2011
Current tax (benefit) expense:			
Federal	$	158	400
State		469	1,798
		627	2,198
Deferred tax (benefit) expense:			
Federal		(4,665)	(2,569)
State		(394)	(3,572)
		(5,059)	(6,141)
Income tax benefit	$	(4,432)	(3,943)

A reconciliation of the benefit from income taxes to the expected amount based on the federal statutory rate of 35% for both 2012 and 2011, respectively, is as follows (in thousands):

		2012	2011
Expected federal income tax	$	(4,683)	(2,743)
State taxes, net of federal benefit		46	550
Nondeductible items		83	77
Rate change on deferred taxes		21	(2,108)
Acquisition related costs		91	124
Other, net		10	157
	$	(4,432)	(3,943)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2012 and 2011 are presented below (in thousands):

		2012	2011
Deferred tax assets:			
Stock-based incentive compensation	$	2,516	1,352
Allowance for doubtful accounts		285	497
Accrued bonus		945	614
Accrued vacation		822	666
Deferred revenue		—	148
Acquisition costs		3,964	3,735
Net operating loss carryforwards		6,597	4,736
Federal tax credits		996	570
Other		584	73
Gross deferred income tax assets		16,709	12,391
Deferred tax liabilities:			
Property and equipment		7,100	2,891
Intangible assets		70,935	77,147
Goodwill		9,381	5,221
Deferred revenue		398	—
Other		680	444
Gross deferred income tax liabilities		88,494	85,703
Net deferred income tax liabilities	$	(71,785)	(73,312)

		2012	2011
Consolidated balance sheet presentation:			
Current deferred income tax assets, net	$	1,791	1,554
Noncurrent deferred income tax liabilities, net		(73,576)	(74,866)
Net deferred income tax liabilities	$	(71,785)	(73,312)

The change in net deferred income tax liabilities as of December 31, 2012 and 2011 includes approximately $3.5 million in adjustments to intangible assets that do not impact deferred tax benefit.

The Company has recorded a deferred tax asset of $6.6 million reflecting the benefit of federal and state net operating loss carryforwards. Such deferred tax assets expire at various dates from 2027 through 2032. The Company recognizes valuation allowances on deferred tax assets reported if, based on the weight of evidence, management believes that it is more likely than not that some or all of the deferred tax assets will not be realized. The valuation allowance is based on the Company’s estimates of taxable income and the period over which deferred tax assets will be recovered. There is no valuation allowance recorded at December 31, 2012 and 2011 because management believes that the deferred tax assets will be recognized due to the reversal of significant taxable temporary differences.

Due to the change of ownership provisions of the Tax Reform Act of 1986, utilization of a portion of the Company's domestic net operating loss and tax credit carryforwards may be limited in future periods. The Company does not expect the carryforwards to expire before being applied to reduce future income tax liabilities.

With few exceptions, as of December 31, 2012, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before 2008. There was no liability for unrecognized tax benefits as of December 31, 2012 and 2011. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as interest expense in its consolidated statements of operations.

(11) Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various valuation approaches, including quoted market prices and discounted cash flows. A hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect a company's judgment concerning the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

The fair value hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical instruments that the Company is able to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted prices in active markets for instruments that are similar, or quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair Value of Financial Assets

The fair value of the cash and cash equivalents at December 31, 2012 and 2011 (which is equal to carrying value) is determined based on Level 1 inputs as follows (in thousands):

Description		2012 Fair value	2011 Fair value
Cash held in overnight depository or repurchase agreements collected on behalf of and due to customers	$	9,887	17,000
Government collateralized money market funds and depository accounts		11,809	9,637

The carrying amount of accounts receivable, notes receivable, accounts payable and accrued expenses, client collections payable, other current liabilities, and accrued interest approximate fair value based on the short maturity of these accounts.

The following table presents the carrying amounts and fair values of the Company's debt at December 31, 2012 and 2011 (in thousands), which has been determined based on Level 2 inputs:

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Senior Credit Facility	$	340,000	340,000	225,897	225,897
Subordinated loans		112,000	112,000	85,000	85,000

At December 31, 2012, the carrying value of the Senior Credit Facility and Subordinated loans approximated their fair market values based on the prices paid to transfer the liability in an orderly transaction as evidenced by the December 27, 2012 refinancing of such debt (note 9). At December 31, 2011, the fair value of borrowings under the Senior Credit Facility and Subordinated Loans was estimated based on the price paid to transfer the liability in an orderly transaction as evidenced by similar other transactions involving similar rated debt.

(12) Transactions with Related Parties

Advisory and Professional Services Fees Paid to Related Parties

The Company has an Advisory Services Agreement (the ASA) dated August 23, 2010, with THL Managers VI, LLC, a Delaware limited liability company (Sponsor) who is an affiliate of the Company's majority equity holders. Pursuant to the terms of the ASA, the Sponsor agrees to provide the Company certain management consulting, financial and other advisory services as requested from time to time by the Board of Directors BOD or other governing body of the Company, as applicable, and agreed to by the Sponsor.

The ASA also provides for a Periodic Retainer Fee (the Periodic Fee) in an amount per year equal to the greater of (i) $0.8 million or (ii) 1.5% of consolidated Earnings Before Income Taxes, Depreciation and

Amortization (EBITDA) (as defined in the ASA) for the immediately preceding fiscal year or such other amount or formula as may be mutually agreed between the Company and the Sponsor. Fees are payable in equal quarterly installments in advance on the first day of each fiscal quarter. The Company paid $0.9 million and $0.8 million in 2012 and 2011, respectively, pursuant to the Periodic Fee. The Periodic Fee payable in respect of the first fiscal quarter of any fiscal year shall be $0.2 million, with the Periodic Fee payable in succeeding quarters to be adjusted to include any incremental amount deemed payable in connection with the consolidated EBITDA performance measurement. In the event of an initial public offering or change of control event, the Company shall pay an amount equal to the net present value (using a discount rate equal to the then yield on U.S. Treasury Securities of like maturity) of the Periodic Fees that would have been payable to Sponsor with respect to the period from the date of such transaction until the scheduled date of termination of the APA (the tenth anniversary of the Merger).

In addition, upon the consummation of any acquisitions, divestitures, financings, refinancings, mergers, recapitalizations, change of control events, or other transactions by the Company, Sponsor is entitled to a fee equal to up to 1% fee of the aggregate gross value of such transaction (plus reimbursement of expenses).

Furthermore, the Company agrees to indemnify the Sponsor and its affiliates against any and all actions including, and without limitation, all professional fees and expenses.

Related-Party Subscription Agreement

In September 2010, the Company entered into a subscription agreement wherein the Company invested $0.3 million in a Colorado LLC whose BOD and investors includes the Company's Chief Executive Officer (CEO). In 2011, the Colorado LLC was acquired by a third party resulting in the liquidation of the Company's investment holding. The investment was sold for $0.8 million in cash resulting in a gain on sale of investment of $0.5 million that is included in "Other income (loss), net" in the accompanying consolidated statements of operations. Approximately $0.1 million of the investment proceeds was held in a third-party escrow arrangement and subsequently paid to the Company in March 2013.

(13) Benefit Plan

The Company provides a 401(k) plan for the benefit of eligible employees as defined by the plan. The 401(k) plan does not require a Company match. Any employer match is at the discretion of the Company. During 2012 and 2011, the Company agreed to match 50% of participating employees' first 6% of compensation amounting to approximately $0.5 million in both periods. At December 31, 2012 and 2011, this amount was accrued and included in "Accrued payroll and related benefits" in the accompanying consolidated balance sheets. The accruals are paid in March of each period's subsequent year.

(14) Commitments and Contingencies

(a) Litigation

The Company is from time to time involved in litigation arising in the ordinary course of business. It is the opinion of management, after consulting with its legal counsel, that the outcome of such cases will not have a material adverse impact on the consolidated financial position or results of operations of the Company.

(b) Lease Commitments

The Company leases office equipment and conducts its operations from leased office space located in Oklahoma City, Oklahoma; Jacksonville, Fort Lauderdale, and Miami, Florida; Oakland, San Diego, Folsom, and Arcata, California; Denver, Colorado; Houston, Dallas and San Antonio, Texas; Mechanicsburg and Pittsburgh, Pennsylvania; Milwaukee, Wisconsin; Columbus, Ohio; Augusta and Sandy Springs, GA; Raleigh, North Carolina; Washington D.C.; Cumberland, Rhode Island; and Washougal, Washington. The leases expire on various dates through December 2013. Under the terms of most of the leases, the Company is required to pay all taxes, insurance, and maintenance.

Future minimum rental payments for noncancelable leases having an initial lease term in excess of one year at December 31, 2012 are summarized as follows (in thousands):

		Operating leases
Years ending December 31:		
2013	$	3,417
2014		2,179
2015		2,015
2016		1,874
2017		1,212
Thereafter		4,614
Total minimum payments	$	15,311

Many of the operating leases provide for renewal at varying escalations. Fixed rent escalations have been included in the table disclosed above.

Rent expense incurred under operating leases totaled $3.1 million for the years ended December 31, 2012 and 2011, respectively.

The Company has been granted lease incentives such as rent abatement periods and leasehold allowances under certain of its leases. The accompanying consolidated statements of operations reflect rent expense on a straight-line basis over the term of the respective leases. An obligation of $0.9 million and $0.1 million representing the remaining unamortized lease incentives is reflected in "Other long-term liabilities" in the accompanying consolidated balance sheets at December 31, 2012 and 2011, respectively.

(15) Stock-Based Incentive Compensation

Intermedix Holdings Inc. 2011 Stock Option Plan (the 2011 Stock Option Plan)

Pursuant to the terms of the 2011 Stock Option Plan the Company is authorized to issue options to acquire up to 501,352 shares of common stock of the Company to employees and service providers of the Company. Certain members of the Company's management and professional staff were issued ten-year options to purchase shares of common stock of the Company. All stock options granted under the 2011

Stock Option Plan were granted with an exercise price at least equal to the underlying stock's fair value at the date of grant. The Company's options vest at a rate of 20% per year over a five-year term.

Any unexercised portion of the options will automatically terminate upon the tenth anniversary of the issuance date or following termination of employment. In addition, pursuant to the grant agreements under which such stock options were issued, the Company's BOD has the right to cause all or any portion of any unvested options to immediately vest and become exercisable upon a sale of the Company or at such other time as the BOD may elect.

Stock-based compensation expense is shown as an individual line on the accompanying consolidated statements of operations. The Company accounts for its equity-based awards using ASC Topic 718. This statement requires entities to measure compensation expense for all equity-based awards granted, modified, or settled using the fair value measurement method and to recognize the costs in income over the requisite service period, which is generally the vesting period. The Company has elected to recognize these costs on a straight-line basis.

The fair value of each stock option award is estimated on the date of grant using BSM option pricing model. The weighted average grant-date value of each option grant awarded during 2012 and the 2011 years ended was as follows:

		2012	2011
Weighted average grant-date value of options granted	$	105.00	96.52
Assumptions:			
Risk-free rate of return		0.86 – 1.13%	1.20% – 2.49%
Expected life in years		6.50	6.50
Expected volatility		44.5%	48.4%
Expected dividend yield		—	—

The risk free rate of return is determined based on a yield curve of U.S. Treasury rates ranging from five to seven years, which is the period commensurate with the expected life of options granted. Expected life in years is calculated using the simplified method, as permitted under ASC Topic 718, given the Company's lack of historical experience with respect to the lives of options granted and postvesting termination patterns. Since the Company has no historical basis for determining its own volatility, the expected volatility is established based on a peer group comprising companies similar to that of the Company. The expected dividend yield is zero as the Company has not paid any cash dividends and does not anticipate it will do so in the foreseeable future.

A summary of stock option activity under the 2012 Stock Option Plan during 2012 and the 2011 years ended is as follows (in thousands, except for exercise price and term):

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate calculated intrinsic value
Outstanding at December 31, 2010	396	118.95	6.50	$ 14,574
Granted during 2011	56	125.18	6.50	1,605
Exercised	—	—	—	—
Cancelled or forfeited	(6)	118.95	5.25	(221)
Outstanding at December 31, 2011	446	119.73	5.35	15,958
Granted during 2012	33	117.19	6.50	1,456
Exercised	—	—	—	—
Cancelled or forfeited	(72)	120.62	4.40	(2,549)
Outstanding at December 31, 2012	407	119.37	4.44	$ 14,865

(16) Subsequent Events

The Company has reviewed and evaluated subsequent events from the balance sheet date as of December 31, 2012 through the financial statement issue date.