KAPSTONE PAPER & PACKAGING CORP
Form 10-Q
November 02, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

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: 001-33494

KapStone Paper and Packaging Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-2699372**

(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

KapStone Paper and Packaging Corporation

1101 Skokie Blvd., Suite 300

Northbrook, IL 60062

(Address of Principal Executive Offices including zip code)

Registrant s Telephone Number, including area code **(847) 239-8800**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No 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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
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 x

There were 46,403,877 shares of the Registrant s Common Stock, $0.0001 par value, outstanding as of October 26, 2011, excluding 40,000 shares held as treasury shares.

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PART 1. FINANCIAL INFORMATION

ITEM 1. - FINANCIAL STATEMENTS

KapStone Paper and Packaging Corporation

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 67,342	$ 67,358
Trade accounts receivable, less allowances of $56 in 2011 and $1,205 in 2010	78,676	66,640
Other receivables	4,112	2,780
Inventories	77,824	73,324
Prepaid income taxes		348
Prepaid expenses and other current assets	3,391	2,403
Deferred income taxes	2,377	9,394
Total current assets	233,722	222,247
Plant, property and equipment, net	457,813	466,019
Restricted cash	15,000	
Other assets	2,142	3,996
Intangible assets, net	19,970	22,654
Goodwill	54,511	4,811
Total assets	$ 783,158	$ 719,727
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	$ 18,835	$ 18,835
Other current borrowings	623	
Accounts payable	57,149	55,504
Accrued expenses	21,610	22,986
Accrued compensation costs	19,280	18,229
Accrued income taxes	1,525	
Total current liabilities	119,022	115,554
Other liabilities:		
Long-term debt, net of current portion	78,924	92,857
Pension and post-retirement benefits	6,415	6,454
Deferred income taxes	41,283	17,917
Other liabilities	64,125	68,311
Total other liabilities	190,747	185,539
Stockholders equity:		

Preferred stock $0.0001 par value; 1,000,000 shares authorized; no shares issued and outstanding				
Common stock $0.0001 par value, 175,000,000 shares authorized; 46,403,877 shares issued and outstanding (40,000 treasury shares outstanding) at September 30, 2011 and 46,081,712 issued and outstanding (40,000 treasury shares outstanding) at December 31, 2010		5		5
Additional paid-in capital		229,508		224,844
Retained earnings		243,872		194,087
Accumulated other comprehensive income/(loss)		4		(302)
Total stockholders equity		473,389		418,634
Total liabilities and stockholders equity	$	783,158	$	719,727

See notes to consolidated financial statements

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KapStone Paper and Packaging Corporation

Consolidated Statements of Income

(In thousands, except share and per share amounts)

(unaudited)

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Net sales	$ 215,842	$ 207,493	$ 637,366	$ 583,111
Cost of sales, excluding depreciation and amortization	146,038	142,212	431,832	419,197
Depreciation and amortization	11,960	11,129	36,529	33,624
Freight and distribution expenses	19,319	20,161	56,829	56,279
Selling, general and administrative expenses	8,720	7,631	26,892	23,672
Other operating income	292	250	870	760
Operating income	30,097	26,610	86,154	51,099
Foreign exchange gain/(loss)	(456)	301	(121)	(597)
Interest expense, net	1,036	1,310	3,210	4,230
Income before provision (benefit) for income taxes	28,605	25,601	82,823	46,272
Provision (benefit) for income taxes	12,110	(12,765)	33,038	(5,578)
Net income	$ 16,495	$ 38,366	$ 49,785	$ 51,850
Weighted-average number of shares outstanding:				
Basic	46,379,537	45,984,422	46,241,251	45,795,023
Diluted	47,494,425	47,049,913	47,455,133	46,892,468
Net income per share:				
Basic	$ 0.36	$ 0.83	$ 1.08	$ 1.13
Diluted	$ 0.35	$ 0.82	$ 1.05	$ 1.11

See notes to consolidated financial statements

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KapStone Paper and Packaging Corporation

Consolidated Statements of Cash Flows

(In thousands)

(unaudited)

	Nine Months Ended September 30, 2011	2010
Operating activities		
Net income	$ 49,785	$ 51,850
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,529	33,624
Stock-based compensation expense	3,226	2,833
Excess tax benefits from stock-based compensation	(1,181)	(447)
Amortization of debt issuance costs	1,266	1,797
Loss on disposal of fixed assets	623	628
Deferred income taxes	30,215	(18,730)
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(12,036)	(14,017)
Other receivables	(1,332)	13,594
Inventories	(4,500)	(10,459)
Prepaid income taxes	348	12,777
Prepaid expenses and other current assets	(988)	(2,207)
Other assets	(349)	(624)
Accounts payable	1,645	(181)
Accrued expenses and other	(2,965)	11,806
Accrued compensation costs	1,051	8,445
Accrued income taxes	2,707	447
Net cash provided by operating activities	104,044	91,136
Investing activities		
KPB acquisition earn-out payment	(49,700)	
CKD acquisition		638
Restricted cash	(15,000)	2,500
Capital expenditures	(26,262)	(23,829)
Net cash used in investing activities	(90,962)	(20,691)
Financing activities		
Proceeds from revolving credit facility	7,600	76,700
Repayments on revolving credit facility	(7,600)	(84,100)
Repayments of long-term debt	(14,127)	(25,293)
Proceeds from other current borrowings	2,273	2,564
Repayments on other current borrowings	(1,650)	(1,920)
Loan amendment costs	(244)	
Debt issuance costs for new credit agreement	(788)	
Proceeds from the exercises of stock options	1,017	777
Excess tax benefits from stock-based compensation	1,181	447
Payment of withholding taxes on vested restricted stock awards	(952)	(624)
Proceeds from issuance of shares to ESPP	192	70

Other				111
Net cash used in financing activities		(13,098)		(31,268)
Net (decrease) increase in cash and cash equivalents		(16)		39,177
Cash and cash equivalents-beginning of period		67,358		2,440
Cash and cash equivalents-end of period	$	67,342	$	41,617

See notes to consolidated financial statements

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KAPSTONE PAPER AND PACKAGING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share amounts)

(unaudited)

1. Financial Statements

The accompanying unaudited consolidated financial statements of KapStone Paper and Packaging Corporation (the Company, we, us, our or KapStone) have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and related footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2010.

2. Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which amends current goodwill impairment testing guidance. The new guidance allows an entity to first assess qualitative factors to determine if it is necessary to perform the two-step quantitative goodwill impairment test. An entity is not required to perform the quantitative test if it determines that it is more likely than not that its fair value exceeds its carrying amount. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 2011 and early adoption is permitted. The Company does not expect the implementation of this standard to have a material impact on the consolidated financial statements and is currently assessing whether it will adopt the new guidance for its annual goodwill impairment test for the year ended December 31, 2011.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which amends current comprehensive income presentation guidance. The new guidance requires an entity to present comprehensive income in either a single continuous statement containing both net income and other comprehensive income or in two separate but consecutive statements. The guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. The guidance is effective for annual and interim reporting periods beginning after December 15, 2011 and should be applied retrospectively. The Company does not expect the implementation of this standard to have a material impact on the consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends ASC 820, *Fair Value Measurement*. The amended guidance clarifies the application of existing fair value measurement requirements and expands the disclosures for fair value measurements that use significant unobservable (Level 3) inputs. The guidance is effective for annual and interim reporting periods beginning on or after December 15, 2011. The Company does not expect the implementation of this standard to have a material impact on the consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, *Business Combinations: Disclosure of Supplementary Pro Forma Information for Business Combinations*, to clarify the reporting of pro forma financial information related to business combinations of public entities and to expand certain supplemental pro forma disclosures. This guidance is effective prospectively for business combinations that occur on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. No business combinations occurred during the nine months ended September 30, 2011. The Company is evaluating the implementation of this standard in conjunction with its acquisition of U.S. Corrugated Acquisition, Inc. (USC) on October 31, 2011 and does not expect the standard to have a material impact on the consolidated financial statements.

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3. USC Acquisition

On September 22, 2011, the Company signed a definitive agreement to acquire the stock of U.S. Corrugated Acquisition Inc. (USC), for $330.0 million in cash. The final purchase price is subject to a post-closing target working capital adjustment. USC is a privately-held corporation which, through its subsidiaries, operates a recycled containerboard paper mill in Cowpens, South Carolina and 20 converting facilities across the eastern and midwest United States. Six of such converting facilities (and certain related assets) were disposed of by USC prior to closing and were not acquired by the Company. The Board of Directors of KapStone and USC have approved the agreement and the requisite percentage of common stockholders of USC has executed written consents sufficient to adopt the agreement. In conjunction with signing the agreement, the Company paid a $15.0 million deposit to be held in escrow which was recorded as restricted cash in the accompanying Consolidated Balance Sheets.

The USC business was deemed an attractive acquisition candidate based upon meeting the Company s objectives of being a North American-based, profitable company in the paper and packaging industry within the containerboard market, and for its synergies with the Company s existing operations.

USC acquisition costs related to due diligence, advisory and legal services are expensed as incurred. These costs were $1.1 million for the three and nine months ended September 30, 2011 and were recorded as selling, general and administrative expenses in the Consolidated Statements of Income.

The Company consummated the acquisition on October 31, 2011. The acquisition was financed by cash on hand and by a new credit agreement of $525.0 million consisting of a $375.0 million LIBOR based five-year term loan and a $150.0 million revolving credit facility. A portion of the proceeds was used to redeem $100.8 million of term loans under the Company s old credit agreement dated June 12, 2008, and to pay $12.5 million of financing fees. See Footnote 8, Debt and Other Borrowings , for more information on the new credit agreement.

The initial accounting for the USC acquisition is incomplete as the Company is in the process of determining the estimated fair values of all assets acquired and liabilities assumed as well as fair values of certain intangible assets. As such, the disclosures related to the allocation of the purchase price, goodwill and supplemental pro forma information are omitted.

4. KPB Acquisition Earn-out Payment

On January 4, 2011, the Company negotiated the early settlement of its final contingent earn-out payment to International Paper Company relating to the Company s 2007 acquisition of the Kraft Papers Business (KPB). The Company paid $49.7 million to settle this liability in January 2011, approximately $5.3 million less than the maximum contractual amount that the Company could have been required to pay had it settled the earn-out payment in April 2012 under the original contract terms. The payment, representing additional acquisition consideration, was recorded as an addition to goodwill during the quarter ended March 31, 2011. The Company amended its Senior Credit Agreement to allow for the early settlement of the earn-out and paid an amendment fee of $0.2 million.

5. Alternative Fuel Mixture Tax Credit

The Company recognized $22.2 million of alternative fuel mixture tax credits in the nine months ended September 30, 2010 as a reduction of cost of goods sold. The tax credit expired on December 31, 2009.

6. Planned Maintenance Outages

Cost of sales for the three months ended September 30, 2011 and 2010, included approximately $4.6 million and $3.4 million, respectively, for planned maintenance outages at the Company s South Carolina unbleached kraft paper facility.

Cost of sales for the nine months ended September 30, 2011 and 2010, included approximately $7.7 million and $13.9 million, respectively, for planned maintenance outages at the Company s South Carolina unbleached kraft paper facility. The decrease in outage costs reflects $6.8 million for the 2010 tri-annual planned maintenance outage.

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7. Inventories

Inventories consist of the following at September 30, 2011 and December 31, 2010, respectively:

	(Unaudited) September 30, 2011	December 31, 2010
Raw materials	$ 19,811	$ 18,988
Work in process	700	967
Finished goods	34,026	33,056
Replacement parts and supplies	23,287	20,313
Inventories	$ 77,824	$ 73,324

8. Debt and Other Borrowings

Effective January 1, 2011, the Company entered into a financing agreement of $2.3 million at an annual interest rate of 1.75 percent for its annual property insurance premiums. The agreement requires the Company to pay consecutive monthly payments of $0.2 million through the term of the financing agreement ending on December 1, 2011. As of September 30, 2011, $0.6 million was outstanding.

In connection with the USC acquisition on October 31, 2011, the Company entered into a credit agreement (the New Credit Agreement) by and among KapStone, Kapstone Kraft Paper Corporation, as Borrower (Borrower), KapStone and certain subsidiaries of Borrower from time to time party thereto, as Guarantors, the lenders from time to time thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer. The New Credit Agreement replaces the Company s existing Credit Agreement dated June 12, 2008, (the Old Credit Agreement), which was fully repaid and terminated.

The New Credit Agreement provides for a senior secured credit facility in an initial aggregate principal amount of $525.0 million (the Credit Facility), consisting of an initial term loan in an aggregate principal amount of $375.0 million (the Initial Term Loan) and a revolving credit facility in an initial aggregate principal amount of $150.0 million (including a letter of credit sub-facility) (the Revolver). The Credit Facility also includes an accordion feature which allows Borrower, subject to certain terms and conditions, to increase the commitments under the Credit Facility by up to $300.0 million. The proceeds of the Initial Term Loan were used, together with cash on hand, (i) to finance Borrower s acquisition of USC, (ii) to pay certain transaction fees and expenses of $12.5 million in connection with the acquisition of USC and entering in to the New Credit Agreement, (iii) to repay certain existing indebtedness of $100.8 million and (iv) to provide for ongoing working capital requirements and general corporate purposes. The repayment of borrowings under the Credit Facility is guaranteed by KapStone and Borrower s domestic subsidiaries, and is secured by substantially all of the assets of KapStone, Borrower and such subsidiaries. In certain unique circumstances, the repayment of borrowings under the Credit Facility may also be guaranteed by Borrower s foreign subsidiaries.

Depending on the type of borrowing by Borrower, the applicable interest rate under the Credit Facility is calculated at a per annum rate equal to (a) LIBOR plus an applicable margin, which is currently 2.00% for Eurodollar loans, or (b) (i) the greatest of (x) the prime rate, (y) the federal funds effective rate plus 0.5% or (z) one-month LIBOR plus 1.00% plus (ii) an applicable margin, which is currently 1.00% for base rate loans. The unused portion of the Revolver will also be subject to an unused fee that will be calculated at a per annum rate (the Unused Fee Rate), which is currently 0.40%. Commencing with the delivery of the financial statements for the fiscal quarter ending December 31, 2011, the applicable margin for borrowings under the Credit Facility and the Unused Fee Rate will be determined by reference to a pricing grid based on the Company s total leverage ratio. Under such pricing grid, the applicable margins for the Credit Facility will range from 1.50% to 2.50% for Eurodollar loans and from 0.50% to 1.50% for base rate loans, and the Unused Fee Rate will range from 0.30% to 0.50%.

The Credit Facility has a maturity date of October 31, 2016, but the outstanding amounts thereunder may be prepaid at any time without premium (except for certain customary break funding payments in connection with Eurodollar loans). Net cash proceeds (in excess of certain minimum threshold amounts) from certain asset dispositions, the sale or issuance of equity securities, and the incurrence or issuance of certain indebtedness are subject to certain mandatory prepayment provisions. The New Credit Agreement contains customary representations and warranties, conditions to borrowing and events of default, the occurrence of which would entitle lenders to accelerate the amounts outstanding.

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At September 30, 2011 and December 31, 2010 the fair value of the Company s debt approximates its carrying value of $98.5 million and $111.7 million, respectively. The fair value of the Company s long-term debt was estimated using an income approach based on current interest rates available to the Company for debt of similar terms and maturities. The debt was valued using Level 3 inputs in the fair value hierarchy which are significant unobservable inputs.

9. Income Taxes

The Company s U.S. federal statutory income tax rate is 35 percent for 2011 and 2010. The Company s effective tax rate for the nine months ended September 30, 2011 and 2010 was 39.9 percent and (12.1%) percent, respectively. The effective tax rate increased in 2011 due to a $0.6 million lower expected benefit from the domestic manufacturing deduction and a $0.7 million discrete item related to filing 2010 income tax returns. The 2010 effective tax rate included a $20.7 million benefit related to the Cellulosic Biofuel credit and a refundable tax credit from the inorganic content of black liquor burned in 2009.

The difference between the effective tax rate and the federal statutory tax rate for the nine months ended September 30, 2011 was due to the impact of state tax net of the federal tax benefit and a discrete item related to filing 2010 income tax returns. The difference between the effective tax rate and the federal statutory tax rate for the nine months ended September 30, 2010 was due to the benefit related to the Cellulosic Biofuel credit, the benefit related to a refundable tax credit from the inorganic content of the black liquor burned in 2009 and impact of state tax net of the federal tax benefit.

Gross unrecognized tax benefits, including interest, as of September 30, 2011 increased by $0.9 million to $68.6 million from December 31, 2010. Gross unrecognized tax benefits of $68.6 million are included in other long-term liabilities in the accompanying Consolidated Balance Sheets.

In the normal course of business, the Company is subject to examination by taxing authorities. The Company s open tax years are 2006 through 2010. The Internal Revenue Service s audit of the Company s income tax returns for 2007, 2008 and 2009 is currently being reviewed by the Joint Committee on Taxation.

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10. Net Income Per Share

Basic and diluted net income per share is calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$ 16,495	$ 38,366	$ 49,785	$ 51,850
Weighted-average number of common shares for basic net income per share	46,379,537	45,984,422	46,241,251	45,795,023
Incremental effect of dilutive common stock equivalents:				
Unexercised stock options	836,954	740,589	884,590	677,907
Unvested restricted stock awards	277,934	324,902	329,292	72,282
Underwriter s purchase option				347,256
Weighted-average number of shares for diluted net income per share	47,494,425	47,049,913	47,455,133	46,892,468
Net income per share basic	$ 0.36	$ 0.83	$ 1.08	$ 1.13
Net income per share diluted	$ 0.35	$ 0.82	$ 1.05	$ 1.11

A total of 285,461 unexercised stock options were outstanding during the three and nine months ended September 30, 2011, but were not included in the computation of diluted earnings per share because the awards were anti-dilutive.

11. Pension Plan and Post Retirement Benefits

Defined Benefit Pension Plan

The KapStone Paper and Packaging Corporation Defined Benefit Pension Plan (the Pension Plan) provides benefits for approximately 1,000 union employees.

Net pension cost recognized for the three and nine months ended September 30, 2011 and 2010 for the Pension Plan, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010

Service cost for benefits earned during the period	$	844	$	715	$	2,531	$	2,145
Interest cost on projected benefit obligation		203		141		611		423
Expected return on plan assets		(185)		(129)		(555)		(386)
Amortization of prior service cost		141		10		423		30
Net pension cost	$	1,003	$	737	$	3,010	$	2,212

KapStone funds the Pension Plan according to IRS funding requirements. Based on those limitations, KapStone funded $2.5 million for the nine months ended September 30, 2011 and expects to fund an additional $0.6 million to the Pension Plan in 2011.

Defined Contribution Plans

The KapStone Paper and Packaging Corporation 401(k) Plan (the 401(k) Plan) is a defined contribution plan and covers all eligible employees. The amount of the Company s monthly contributions to the 401(k) Plan are based on the matching of employee contributions, vest immediately for salaried, non-bargained hourly and certain union employees, and vest after three years for other union employees. For the three months ended September 30, 2011 and 2010, the Company recognized expense of $1.0 million and $0.9 million, respectively, for matching contributions. For the nine months ended September 30, 2011 and 2010, the Company recognized expense of $3.4 million and $2.7 million, respectively, for matching contributions.

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The Company s Retirement Savings Plan, which covers all eligible salaried and non-bargained hourly employees, provides for an annual contribution based on an employee s salary and age. The Company contributions vest 100 percent after three years. For the three months ended September 30, 2011 and 2010, the Company recognized expense of $0.6 million and $0.5 million, respectively. For the nine months ended September 30, 2011 and 2010, the Company recognized expense of $1.8 million and $1.5 million, respectively.

12. Stock-Based Compensation

On March 3, 2011, the Compensation Committee of the board of directors approved stock awards to executive officers, certain employees and directors. The 2011 awards included 285,461 stock option grants and 114,199 restricted stock units.

The Company accounts for stock awards in accordance with ASC 718, *Compensation Stock Compensation*, which requires that the cost resulting from all share-based payment transactions be recognized as compensation cost over the vesting period based on the fair value of the instrument on the date of grant.

Total stock-based compensation expense related to the stock option and restricted stock unit grants for the three and nine months ended September 30, 2011 and 2010 is as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011		2010		2011		2010	
Stock option compensation expense	$	403	$	385	$	1,802	$	1,590
Restricted stock unit compensation expense		302		291		1,424		1,243
Total stock-based compensation expense	$	705	$	676	$	3,226	$	2,833

Total unrecognized stock-based compensation cost related to the stock option grants and restricted stock units as of September 30, 2011 and December 31, 2010 is as follows:

	September 30, 2011		December 31, 2010	
Unrecognized stock option compensation cost	$	2,059	$	1,742
Unrecognized restricted stock compensation cost		1,997		1,557
Total unrecognized stock-based compensation cost	$			