

ServiceNow, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		*As Adjusted		*As Adjusted
Revenues:				
Subscription	\$ 666,139	\$ 499,738	\$ 2,421,313	\$ 1,739,500
Professional services and other	49,302	49,355	187,503	178,994
Total revenues	715,441	549,093	2,608,816	1,918,494
Cost of revenues ⁽¹⁾ :				
Subscription	113,503	87,524	417,421	315,570
Professional services and other	54,659	46,640	205,237	184,292
Total cost of revenues	168,162	134,164	622,658	499,862
Gross profit	547,279	414,929	1,986,158	1,418,632
Operating expenses ⁽¹⁾ :				
Sales and marketing	319,163	250,979	1,203,056	894,977
Research and development	148,662	104,559	529,501	377,518
General and administrative	79,176	60,291	296,027	210,533
Total operating expenses	547,001	415,829	2,028,584	1,483,028
Income (loss) from operations	278	(900)	(42,426)	(64,396)
Interest expense	(8,938)	(16,813)	(52,733)	(53,394)
Interest income and other income (expense), net	10,615	4,561	56,135	4,384
Income (loss) before income taxes	1,955	(13,152)	(39,024)	(113,406)
Provision for (benefit from) income taxes	(5,060)	4,194	(12,320)	3,440
Net income (loss)	\$ 7,015	\$ (17,346)	\$ (26,704)	\$ (116,846)
Net income (loss) per share - basic	\$ 0.04	\$ (0.10)	\$ (0.15)	\$ (0.68)
Net income (loss) per share - diluted	\$ 0.04	\$ (0.10)	\$ (0.15)	\$ (0.68)
Weighted-average shares used to compute net income (loss) per share - basic	179,763,953	173,567,143	177,846,023	171,175,577
Weighted-average shares used to compute net income (loss) per share - diluted	190,662,082	173,567,143	177,846,023	171,175,577

(1) Includes stock-based compensation as follows:

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		*As Adjusted		*As Adjusted
Cost of revenues:				
Subscription	\$ 12,134	\$ 9,474	\$ 48,738	\$ 35,334
Professional services and other	8,506	5,853	32,816	27,401
Sales and marketing	58,762	45,877	228,045	170,527
Research and development	37,298	24,401	135,203	92,025
General and administrative	25,944	20,022	99,151	68,717

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606.

ServiceNow, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
		*As Adjusted
Assets		
Current assets:		
Cash and cash equivalents	\$ 566,204	\$ 726,495
Short-term investments	931,718	1,052,803
Accounts receivable, net	574,810	437,051
Current portion of deferred commissions	139,890	109,643
Prepaid expenses and other current assets	132,071	95,959
Total current assets	<u>2,344,693</u>	<u>2,421,951</u>
Deferred commissions, less current portion	282,490	224,252
Long-term investments	581,856	391,442
Property and equipment, net	347,216	245,124
Intangible assets, net	100,582	86,916
Goodwill	148,845	128,728
Other assets	73,458	51,832
Total assets	<u><u>\$ 3,879,140</u></u>	<u><u>\$ 3,550,245</u></u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,733	\$ 32,109
Accrued expenses and other current liabilities	330,246	253,257
Current portion of deferred revenue	1,651,594	1,210,695
Current portion of convertible senior notes, net	—	543,418
Total current liabilities	<u>2,012,573</u>	<u>2,039,479</u>
Deferred revenue, less current portion	38,597	36,120
Convertible senior notes, net	661,707	630,018
Other long-term liabilities	55,064	65,884
Stockholders' equity	1,111,199	778,744
Total liabilities and stockholders' equity	<u><u>\$ 3,879,140</u></u>	<u><u>\$ 3,550,245</u></u>

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606.

ServiceNow, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	*As Adjusted		*As Adjusted	
Cash flows from operating activities:				
Net income (loss)	\$ 7,015	\$ (17,346)	\$ (26,704)	\$ (116,846)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	43,112	32,067	149,604	113,875
Amortization of deferred commissions	35,991	30,951	143,358	99,105
Amortization of debt discount and issuance costs	8,938	16,813	52,733	53,394
Stock-based compensation	142,644	105,627	543,953	394,004
Deferred income tax	(1,883)	331	(34,180)	(5,724)
Gain on marketable equity securities	—	—	(19,257)	—
Repayments of convertible senior notes attributable to debt discount	(43,716)	—	(145,349)	—
Other	1,675	649	6,177	(905)
Changes in operating assets and liabilities, net of effect of business combinations:				
Accounts receivable	(153,602)	(145,572)	(146,148)	(99,693)
Deferred commissions	(86,861)	(75,732)	(239,382)	(190,246)
Prepaid expenses and other assets	(21,405)	(16,895)	(19,886)	(34,288)
Accounts payable	(9,815)	5,584	(4,757)	(5,504)
Deferred revenue	294,798	180,951	468,856	369,242
Accrued expenses and other liabilities	72,721	67,355	82,071	66,526
Net cash provided by operating activities	289,612	184,783	811,089	642,940
Cash flows from investing activities:				
Purchases of property and equipment	(88,113)	(34,654)	(224,462)	(150,510)
Business combinations, net of cash and restricted cash acquired	(12,500)	(31,666)	(37,440)	(58,203)
Purchases of other intangibles	(10,800)	(500)	(24,400)	(6,670)
Purchases of investments	(467,784)	(547,845)	(1,285,943)	(1,189,511)
Purchases of strategic investments	(1,000)	(750)	(9,839)	(4,750)
Sales of investments	—	7,138	39,975	85,106
Maturities of investments	333,058	89,993	1,194,687	440,590
Net cash used in investing activities	(247,139)	(518,284)	(347,422)	(883,948)
Cash flows from financing activities:				
Net proceeds from borrowings on convertible senior notes	—	—	—	772,127
Repayments of convertible senior notes attributable to principal	(118,125)	(4)	(429,645)	(4)
Proceeds from issuance of warrants	—	—	—	54,071
Purchases of convertible note hedges	—	—	—	(128,017)
Repurchases and retirement of common stock	—	—	—	(55,000)
Proceeds from employee stock plans	3,723	5,819	104,160	82,567
Taxes paid related to net share settlement of equity awards	(59,742)	(50,808)	(281,010)	(181,938)

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		*As Adjusted		*As Adjusted
Payments on financing obligations	(177)	(2,233)	(933)	(4,914)
Net cash (used in) provided by financing activities	(174,321)	(47,226)	(607,428)	538,892
Foreign currency effect on cash, cash equivalents and restricted cash	(5,937)	2,248	(15,530)	28,013
Net (decrease) increase in cash, cash equivalents and restricted cash	(137,785)	(378,479)	(159,291)	325,897
Cash, cash equivalents and restricted cash at beginning of period	706,323	1,106,308	727,829	401,932
Cash, cash equivalents and restricted cash at end of period	<u>\$ 568,538</u>	<u>\$ 727,829</u>	<u>\$ 568,538</u>	<u>\$ 727,829</u>

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606.

ServiceNow, Inc.
GAAP to Non-GAAP Reconciliation
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Growth Rates	Twelve Months Ended		Growth Rates
	December 31, 2018	December 31, 2017 ⁽³⁾		December 31, 2018	December 31, 2017 ⁽³⁾	
Subscription revenues:						
GAAP subscription revenues	\$ 666,139	\$ 499,738	33%	\$ 2,421,313	\$ 1,739,500	39%
Effects of foreign currency rate fluctuations	7,427			(27,453)		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$ 673,566</u>		35%	<u>\$ 2,393,860</u>		38%
Subscription billings:						
GAAP subscription revenues	\$ 666,139	\$ 499,738	33%	\$ 2,421,313	\$ 1,739,500	39%
Change in subscription deferred revenue, unbilled receivables and customer deposits	285,856	188,540		460,117	384,316	
Non-GAAP subscription billings	951,995	688,278	38%	2,881,430	2,123,816	36%
Effects of foreign currency rate fluctuations	10,815			(28,883)		
Effects of fluctuations in billings duration	(3,948)			(7,419)		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$ 958,862</u>		39%	<u>\$ 2,845,128</u>		34%
Professional services and other revenues:						
GAAP professional services and other revenues	\$ 49,302	\$ 49,355	0%	\$ 187,503	\$ 178,994	5%
Effects of foreign currency rate fluctuations	834			(2,151)		
Non-GAAP adjusted professional service and other revenues ⁽¹⁾	<u>\$ 50,136</u>		2%	<u>\$ 185,352</u>		4%
Professional services and other billings:						
GAAP professional services and other revenues	\$ 49,302	\$ 49,355	0%	\$ 187,503	\$ 178,994	5%
Change in professional services and other deferred revenue	11,745	(1,915)		19,902	(3,156)	
Non-GAAP professional services and other billings	61,047	47,440	29%	207,405	175,838	18%
Effects of foreign currency rate fluctuations	834			(2,151)		
Non-GAAP adjusted professional services and other billings ⁽²⁾	<u>\$ 61,881</u>		30%	<u>\$ 205,254</u>		17%
Total revenues:						
GAAP total revenues	\$ 715,441	\$ 549,093	30%	\$ 2,608,816	\$ 1,918,494	36%
Effects of foreign currency rate fluctuations	8,261			(29,604)		
Non-GAAP adjusted total revenues ⁽¹⁾	<u>\$ 723,702</u>		32%	<u>\$ 2,579,212</u>		34%
Total billings:						
GAAP total revenues	\$ 715,441	\$ 549,093	30%	\$ 2,608,816	\$ 1,918,494	36%
Change in total deferred revenue, unbilled receivables and customer deposits	297,601	186,625		480,019	381,160	
Non-GAAP total billings	1,013,042	735,718	38%	3,088,835	2,299,654	34%
Effects of foreign currency rate fluctuations	11,649			(31,034)		
Effects of fluctuations in billings duration	(3,948)			(7,419)		
Non-GAAP adjusted total billings ⁽²⁾	<u>\$ 1,020,743</u>		39%	<u>\$ 3,050,382</u>		33%

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017 ⁽³⁾	December 31, 2018	December 31, 2017 ⁽³⁾
Cost of revenues:				
GAAP subscription cost of revenues	\$ 113,503	\$ 87,524	\$ 417,421	\$ 315,570
Stock-based compensation	(12,134)	(9,474)	(48,738)	(35,334)
Amortization of purchased intangibles	(5,063)	(4,118)	(18,993)	(14,967)
Non-GAAP subscription cost of revenues	<u>\$ 96,306</u>	<u>\$ 73,932</u>	<u>\$ 349,690</u>	<u>\$ 265,269</u>
GAAP professional services and other cost of revenues	\$ 54,659	\$ 46,640	\$ 205,237	\$ 184,292
Stock-based compensation	(8,506)	(5,853)	(32,816)	(27,401)
Non-GAAP professional services and other cost of revenues	<u>\$ 46,153</u>	<u>\$ 40,787</u>	<u>\$ 172,421</u>	<u>\$ 156,891</u>
Gross profit (loss):				
GAAP subscription gross profit	\$ 552,636	\$ 412,214	\$ 2,003,892	\$ 1,423,930
Stock-based compensation	12,134	9,474	48,738	35,334
Amortization of purchased intangibles	5,063	4,118	18,993	14,967
Non-GAAP subscription gross profit	<u>\$ 569,833</u>	<u>\$ 425,806</u>	<u>\$ 2,071,623</u>	<u>\$ 1,474,231</u>
GAAP professional services and other gross loss	\$ (5,357)	\$ 2,715	\$ (17,734)	\$ (5,298)
Stock-based compensation	8,506	5,853	32,816	27,401
Non-GAAP professional services and other gross profit	<u>\$ 3,149</u>	<u>\$ 8,568</u>	<u>\$ 15,082</u>	<u>\$ 22,103</u>
GAAP gross profit	\$ 547,279	\$ 414,929	\$ 1,986,158	\$ 1,418,632
Stock-based compensation	20,640	15,327	81,554	62,735
Amortization of purchased intangibles	5,063	4,118	18,993	14,967
Non-GAAP gross profit	<u>\$ 572,982</u>	<u>\$ 434,374</u>	<u>\$ 2,086,705</u>	<u>\$ 1,496,334</u>
Gross margin:				
GAAP subscription gross margin	83%	82%	83%	82%
Stock-based compensation as % of subscription revenues	2%	2%	2%	2%
Amortization of purchased intangibles as % of subscription revenues	1%	1%	1%	1%
Non-GAAP subscription gross margin	<u>86%</u>	<u>85%</u>	<u>86%</u>	<u>85%</u>
GAAP professional services and other gross margin	(11%)	6%	(9%)	(3%)
Stock-based compensation as % of professional services and other revenues	17%	12%	17%	15%
Non-GAAP professional services and other gross margin	<u>6%</u>	<u>18%</u>	<u>8%</u>	<u>12%</u>
GAAP gross margin	76%	76%	76%	74%
Stock-based compensation as % of total revenues	3%	3%	3%	3%
Amortization of purchased intangibles as % of total revenues	1%	0%	1%	1%
Non-GAAP gross margin	<u>80%</u>	<u>79%</u>	<u>80%</u>	<u>78%</u>

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017 ⁽³⁾	December 31, 2018	December 31, 2017 ⁽³⁾
Operating expenses:				
GAAP sales and marketing expenses	\$ 319,163	\$ 250,979	\$ 1,203,056	\$ 894,977
Stock-based compensation	(58,762)	(45,877)	(228,045)	(170,527)
Amortization of purchased intangibles	—	(56)	—	(407)
Non-GAAP sales and marketing expenses	<u>\$ 260,401</u>	<u>\$ 205,046</u>	<u>\$ 975,011</u>	<u>\$ 724,043</u>
GAAP research and development expenses	\$ 148,662	\$ 104,559	\$ 529,501	\$ 377,518
Stock-based compensation	(37,298)	(24,401)	(135,203)	(92,025)
Amortization of purchased intangibles	(455)	(455)	(1,820)	(1,820)
Non-GAAP research and development expenses	<u>\$ 110,909</u>	<u>\$ 79,703</u>	<u>\$ 392,478</u>	<u>\$ 283,673</u>
GAAP general and administrative expenses	\$ 79,176	\$ 60,291	\$ 296,027	\$ 210,533
Stock-based compensation	(25,944)	(20,022)	(99,151)	(68,717)
Amortization of purchased intangibles	(1,534)	(730)	(4,416)	(2,464)
Business combination and other related costs	(43)	(917)	(1,007)	(2,421)
Non-GAAP general and administrative expenses	<u>\$ 51,655</u>	<u>\$ 38,622</u>	<u>\$ 191,453</u>	<u>\$ 136,931</u>
GAAP total operating expenses	\$ 547,001	\$ 415,829	\$ 2,028,584	\$ 1,483,028
Stock-based compensation	(122,004)	(90,300)	(462,399)	(331,269)
Amortization of purchased intangibles	(1,989)	(1,241)	(6,236)	(4,691)
Business combination and other related costs	(43)	(917)	(1,007)	(2,421)
Non-GAAP total operating expenses	<u>\$ 422,965</u>	<u>\$ 323,371</u>	<u>\$ 1,558,942</u>	<u>\$ 1,144,647</u>
Income (loss) from operations:				
GAAP income (loss) from operations	\$ 278	\$ (900)	\$ (42,426)	\$ (64,396)
Stock-based compensation	142,644	105,627	543,953	394,004
Amortization of purchased intangibles	7,052	5,359	25,229	19,658
Business combination and other related costs	43	917	1,007	2,421
Non-GAAP income from operations	<u>\$ 150,017</u>	<u>\$ 111,003</u>	<u>\$ 527,763</u>	<u>\$ 351,687</u>
Operating margin:				
GAAP operating margin	0%	0%	(2%)	(3%)
Stock-based compensation as % of total revenues	20%	19%	21%	21%
Amortization of purchased intangibles as % of total revenues	1%	1%	1%	0%
Business combination and other related costs as % of total revenues	0%	0%	0%	0%
Non-GAAP operating margin	<u>21%</u>	<u>20%</u>	<u>20%</u>	<u>18%</u>

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017 ⁽³⁾	December 31, 2018	December 31, 2017 ⁽³⁾
Net income (loss):				
GAAP net income (loss)	\$ 7,015	\$ (17,346)	\$ (26,704)	\$ (116,846)
Stock-based compensation	142,644	105,627	543,953	394,004
Amortization of purchased intangibles	7,052	5,359	25,229	19,658
Business combination and other related costs	43	917	1,007	2,421
Amortization of debt discount and issuance costs for the convertible senior notes	8,938	16,813	52,733	53,394
Loss on early note conversions	—	—	4,063	—
Income tax expense effects related to the above adjustments	(20,093)	(32,786)	(129,912)	(110,502)
Non-GAAP net income	<u>\$ 145,599</u>	<u>\$ 78,584</u>	<u>\$ 470,369</u>	<u>\$ 242,129</u>
Net income (loss) per share - basic and diluted:				
GAAP net income (loss) per share - basic	<u>\$ 0.04</u>	<u>\$ (0.10)</u>	<u>\$ (0.15)</u>	<u>\$ (0.68)</u>
GAAP net income (loss) per share - diluted	<u>\$ 0.04</u>	<u>\$ (0.10)</u>	<u>\$ (0.15)</u>	<u>\$ (0.68)</u>
Non-GAAP net income per share - basic	<u>\$ 0.81</u>	<u>\$ 0.45</u>	<u>\$ 2.64</u>	<u>\$ 1.41</u>
Non-GAAP net income per share - diluted	<u>\$ 0.77</u>	<u>\$ 0.43</u>	<u>\$ 2.49</u>	<u>\$ 1.35</u>
GAAP weighted-average shares used to compute net income (loss) per share - basic	<u>179,763,953</u>	<u>173,567,143</u>	<u>177,846,023</u>	<u>171,175,577</u>
GAAP weighted-average shares used to compute net income (loss) per share - diluted	190,662,082	173,567,143	177,846,023	171,175,577
Effect of dilutive time-based stock awards ⁽⁴⁾	—	7,988,601	7,873,351	8,773,040
In-the-money portion of convertible senior notes ⁽⁴⁾	(1,396,949)	—	—	—
Warrants ⁽⁴⁾	—	1,055,388	2,967,725	—
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>189,265,133</u>	<u>182,611,132</u>	<u>188,687,099</u>	<u>179,948,617</u>
Free cash flow:				
GAAP net cash provided by operating activities	\$ 289,612	\$ 184,783	\$ 811,089	\$ 642,940
Purchases of property and equipment	(88,113)	(34,654)	(224,462)	(150,510)
Repayments of convertible senior notes attributable to debt discount	43,716	2	145,349	2
Non-GAAP free cash flow	<u>\$ 245,215</u>	<u>\$ 150,131</u>	<u>\$ 731,976</u>	<u>\$ 492,432</u>
Free cash flow margin:				
GAAP net cash provided by operating activities as % of total revenues	40%	34%	31%	34%
Purchases of property and equipment as % of total revenues	(12%)	(7%)	(9%)	(8%)
Repayments of convertible senior notes attributable to debt discount as % of total revenues	6%	0%	6%	0%
Non-GAAP free cash flow margin	<u>34%</u>	<u>27%</u>	<u>28%</u>	<u>26%</u>

- (1) Adjusted revenues and the corresponding growth rates are derived by applying the exchange rates in effect during the comparison period rather than the actual exchange rates in effect during the current period.
- (2) Adjusted billings and the corresponding growth rates are derived by applying the exchange rates in effect during the comparison period rather than the actual exchange rates in effect during the current period, and by replacing the portion of multi-year billings in excess of twelve months during the current period with the portion of multi-year billings in excess of twelve months during the comparison period.
- (3) Amounts in the comparison period have been restated for Topic 606 and are unaudited. Effects of foreign currency rate fluctuations and fluctuations in billing durations are not applicable for the comparison period.

- (4) Effect of dilutive time-based stock awards, in-the-money portion of convertible senior notes and warrants are included in the GAAP weighted-average diluted shares in periods where we have GAAP net income. We exclude the in-the-money portion of convertible senior notes for non-GAAP weighted-average diluted shares as they are covered by our note hedges.

ServiceNow, Inc.
Reconciliation of Non-GAAP Financial Guidance

The financial guidance provided below is an estimate based on information available as of December 31, 2018. The company's future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect the company's financial results are stated above in this press release. Further information on these and other factors that could affect our financial results are included in our Form 10-Q for the quarter ended September 30, 2018 and in other filings we make with the Securities and Exchange Commission from time to time, including our Form 10-K that will be filed for the year ended December 31, 2018. The company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

	Three Months Ended		Growth Rates
	March 31, 2019	March 31, 2018 ⁽³⁾	
GAAP subscription revenues	\$715 - \$720 million	\$543 million	32% - 33%
Effects of foreign currency rate fluctuations	21 million		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$736 - \$741 million</u>		35% - 36%
GAAP subscription revenues	\$715 - \$720 million	\$543 million	32% - 33%
Change in subscription deferred revenue, unbilled receivables and customer deposits	75 million	95 million	
Non-GAAP subscription billings	<u>\$790 - \$795 million</u>	<u>\$638 million</u>	24% - 25%
Effects of foreign currency rate fluctuations	23 million		
Effects of fluctuations in billings duration	18 million		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$831 - \$836 million</u>		30% - 31%
GAAP operating margin	(6%)		
Stock-based compensation expense as % of total revenues	21%		
Amortization of purchased intangibles as % of total revenues	1%		
Non-GAAP operating margin	<u>16%</u>		
GAAP weighted-average shares used to compute net loss per share - diluted	182 million		
Effect of dilutive securities (stock options, restricted stock units and warrants)	8 million		
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>190 million</u>		

	Twelve Months Ended		Growth Rates
	December 31, 2019	December 31, 2018 ⁽³⁾	
GAAP subscription revenues	\$3,215 - \$3,235 million	\$2,421 million	33% - 34%
Effects of foreign currency rate fluctuations	41 million		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$3,256 - \$3,276 million</u>		34% - 35%
GAAP subscription revenues	\$3,215 - \$3,235 million	\$2,421 million	33% - 34%
Change in subscription deferred revenue, unbilled receivables and customer deposits	490 million	460 million	
Non-GAAP subscription billings	<u>\$3,705 - \$3,725 million</u>	<u>\$2,881 million</u>	29%
Effects of foreign currency rate fluctuations	45 million		
Effects of fluctuations in billings duration	22 million		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$3,772 - \$3,792 million</u>		31% - 32%
GAAP subscription gross margin	83%		
Stock-based compensation expense as % of subscription revenues	2%		
Amortization of purchased intangibles as % of subscription revenues	1%		
Non-GAAP subscription margin	<u>86%</u>		
GAAP operating margin	0%		
Stock-based compensation expense as % of total revenues	20%		
Amortization of purchased intangibles as % of total revenues	1%		
Business combination and other related costs as % of total revenues	0%		
Non-GAAP operating margin	<u>21%</u>		
GAAP net cash provided by operating activities as % of total revenues	35%		
Purchases of property and equipment as % of total revenues	(7%)		
Non-GAAP free cash flow margin	<u>28%</u>		
GAAP weighted-average shares used to compute net loss per share - diluted ⁽⁴⁾	185 million		
Effect of dilutive securities (stock options, restricted stock units and warrants)	5 million		
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>190 million</u>		

- (1) Adjusted revenues and the corresponding growth rates are derived by applying the exchange rates in effect during the comparison period rather than the forecasted exchange rates for the guidance period.
- (2) Adjusted billings and the corresponding growth rates are derived by applying the exchange rates in effect during the comparison period rather than the forecasted exchange rates for the guidance period, and by replacing the forecasted portion of multi-year billings in excess of twelve months for the guidance period with the actual portion of multi-year billings in excess of twelve months during the comparison period.
- (3) Effects of foreign currency rate fluctuations and fluctuations in billing durations are not applicable for the comparison period.
- (4) GAAP net income or loss for the year ending December 31, 2019 will depend in part on costs associated with non-cash charges associated with equity awards which vary depending on the grant date stock price and actual attainment for our performance-based RSUs, business combinations and other related expenses which are not known at this time.