



Zynga Q2'14 Financial Results

August 7, 2014

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Management Team



Don Matrick
Chief Executive Officer



Clive Downie
Chief Operating Officer



David Lee
Chief Financial Officer and
Chief Accounting Officer

Forward-Looking Statements

This presentation contains, and our call will contain, forward-looking statements relating to, among other things, our outlook for third quarter 2014 revenue, net loss, diluted net loss per share, weighted average diluted share count, bookings, Adjusted EBITDA, non-GAAP net loss, non-GAAP net loss per share and non-GAAP weighted average diluted share count; full year 2014 booking, Adjusted EBITDA and non-GAAP EPS; tax rates for 2014 and beyond and certain other financial items necessary for GAAP to Non-GAAP reconciliation; our future spend, including spend on R&D and marketing; the process of integrating NaturalMotion's operations into our operations, including but not limited to our expected ability to expand our creative pipeline, accelerate our mobile growth and deliver hit NaturalMotion games; the success of *Farmville 2: Country Escape*; the planned launch of mobile first games in our Words and Casino franchises and new features for existing games in the second half of this year and the success of these launches; our entry into, or expanded game offerings in new evergreen content categories, the evergreen potential of these categories, the timely launch of our games in these categories and the success of these games; our ability to develop, identify, market and launch hit games for mobile and web on schedule; our ability to monetize these games; our ability to retain key employees in light of business challenges, including employees key to franchise games and planned launches; the continued impact of our cost reduction plan; the impact of our new hires on our organization and other changes in personnel and roles; our future operational and strategic plans; our ability to strengthen and sustain the core of our business and achieve future growth against all of our key metrics including audience, bookings, Adjusted EBITDA and mobile bookings mix; our ability to successfully transition our business to take advantage of the market opportunity in our industry; our ability to remain profitable on an Adjusted EBITDA basis; our ability to deliver compelling entertainment experiences; our ability to grow and sustain our franchises on mobile and web; our ability to build and expand our network; our ability to grow our user base and increase customer satisfaction; our ability to reset our product pipeline and reduce the cost of operating live games; our ability to reduce costs while positioning the company for long-term growth; our ability to develop more efficient business processes and improve execution across the company; our ability to develop more efficient cost structures; our ability to efficiently deploy employees and leverage our teams and talent, including shifting resources when necessary to prioritize more important projects; our ability to embrace new practices to strengthen our game development, testing and marketing processes and our business generally; our ability to manage new IP costs; our ability to successfully defend our intellectual property; our ability to understand industry trends such as seasonality and position our business to take advantage of these trends; market opportunity in the social games market, including the mobile market and the advertising market and our ability to capitalize on and contribute to this market opportunity; our ability to effectively market our games; and our future operational plans, use of cash, strategies and prospects. Forward-looking statements often include words such as "outlook," "projected," "intends," "will," "anticipate," "believe," "target," "expect," and statements in the future tense are generally forward-looking statements. The achievement or success of the matters covered by such forward-looking statements involves significant risks, uncertainties and assumptions. Our actual results could differ materially from those predicted or implied, and reported results should not be considered as an indication of our future performance. Factors that could cause or contribute to such differences include, but are not limited to, the ability of key games, including *Farmville 2: Country Escape* to sustain or grow audience and bookings, the integration of our NaturalMotion acquisition and the success of its current and future games as part of Zynga, delays or challenges in implementing our cost-cutting activities, our relationship with Facebook or changes in the Facebook platform, our relationship with and/or agreements with iOS and or Android platform providers and/or changes to the Android or iOS platforms, our relationships with and/or agreements with key licensing partners, attrition and declines in our existing games, our ability to launch new games in a timely manner and monetize these games and features effectively on the web and on mobile, including the planned launches of features and games from our franchises and our planned launches in new evergreen content categories, our ability to successfully identify new evergreen content categories and launch games that will capture the market potential of these categories, our ability to launch games that are successful across platforms, our ability to continue to maintain bookings for franchise games, despite increasing decay rates for games generally, the effectiveness of our marketing program, our ability to control and reduce expenses, our ability to use consumer feedback to improve our games, our ability to anticipate and address technical challenges that may arise, competition, changing interests of players, our exposure to illegitimate credit card activity and other security risks, sales or purchases of virtual goods used in Zynga Poker or our other games through unauthorized or illegitimate third-party websites, regulatory issues, intellectual property disputes or other litigation, asset impairment charges, our ability to retain key employees and retain and attract new talent, acquisitions by us and changes in corporate strategy or management.

More information about factors that could affect our operating results is included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Form 10-Q for the quarter ended March 31, 2014, copies of which may be obtained by visiting our Investor Relations web site at <http://investor.zynga.com> or the SEC's web site at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this presentation, which are based on information available to us on the date hereof. There is no guarantee that the circumstances described in our forward-looking statements will occur. We assume no obligation to update such statements. The results we report in our Form 10-Q for the three months ended June 30, 2014 could differ from the preliminary results we have announced in this presentation.

Non-GAAP Financial Measures:

We have provided in this release non-GAAP financial information including bookings, Adjusted EBITDA, free cash flow, non-GAAP net income and non-GAAP EPS, as a supplement to the consolidated financial statements, which are prepared in accordance with generally accepted accounting principles (“GAAP”). Management uses these non-GAAP financial measures internally in analyzing our financial results to assess operational performance and liquidity. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. We believe these non-GAAP financial measures are useful to investors because they allow for greater transparency with respect to key financial metrics we use in making operating decisions and because our investors and analysts use them to help assess the health of our business. We have provided reconciliations between our historical and third quarter 2014 outlook for non-GAAP financial measures to the most directly comparable GAAP financial measures. However, we have not provided reconciliation of full year 2014 bookings outlook to revenue, Adjusted EBITDA outlook to net income (loss), non-GAAP effective tax rate outlook to GAAP effective tax rate or non-GAAP EPS outlook to GAAP EPS because certain reconciling items necessary to accurately project revenue (including the projected mix of virtual goods sold in our games, and the projected estimated average lives of durable virtual goods for our games) for a full year are not in our control and cannot be reasonably projected due to variability from period to period caused by changes in player behavior and other factors. As revenue and/or net income (loss) for the applicable future period is a necessary input to determine all of these comparable GAAP figures, we are not able to provide these reconciliations for the full year 2014.

Some limitations of bookings, Adjusted EBITDA, non-GAAP net income (loss), non-GAAP EPS, free cash flow and Adjusted EBITDA margin are:

- Adjusted EBITDA and non-GAAP net income (loss) do not include the impact of stock-based expense, asset impairment charges, acquisition related transaction expenses, contingent consideration fair value adjustments, and restructuring expense;
- Bookings, Adjusted EBITDA and non-GAAP net income (loss) do not reflect that we defer and recognize online game revenue and revenue from certain advertising transactions over the estimated average life of virtual goods or as virtual goods are consumed;
- Adjusted EBITDA does not reflect income tax expense;
- Adjusted EBITDA does not include other income and expense, which includes foreign exchange gains and losses and interest income
- Adjusted EBITDA excludes both depreciation and amortization of intangible assets, while non-GAAP net income (loss) excludes amortization of intangible assets from acquisitions. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Adjusted EBITDA and non-GAAP net income (loss) do not include gains and losses associated with significant legal settlements;
- Non-GAAP EPS gives effect to all dilutive awards based on the treasury stock method that were excluded from the GAAP diluted earnings per share calculation in periods when non-GAAP net income (loss) is positive and GAAP net income (loss) is negative;
- Free cash flow is derived from net cash provided by operating activities less cash spent on capital expenditures, and removing the excess income tax benefits or costs associated with stock-based awards; and
- Other companies, including companies in our industry, may calculate bookings, Adjusted EBITDA, non-GAAP net income (loss), non-GAAP EPS and free cash flow differently or not at all, which will reduce their usefulness as a comparative measure.

Because of these limitations, you should consider bookings, Adjusted EBITDA, non-GAAP net income, non-GAAP EPS, free cash flow and Adjusted EBITDA margin, along with other financial performance measures, including revenue, net income (loss), diluted net loss per share, cash flow from operations, GAAP operating margin and our other financial results presented in accordance with GAAP. See the GAAP to non-GAAP reconciliations below for further details.



Discussion of Q2'14 Performance

Q2'14 Highlights



- Generated bookings of \$175M and Adjusted EBITDA of \$14M, performing within outlook range
- In terms of platform mix, mobile bookings grew from 36% of total in Q1 to 50% in Q2, and for the first time represented the majority of Zynga's bookings
- Achieved sequential growth across bookings, adjusted EBITDA, mobile bookings mix and mobile audience
- Delivered double digit mobile audience percentage growth quarter over quarter. Web DAUs and Mobile DAUs were 10.2 million and 18.4 million in the second quarter of 2014, respectively. Web MAUs and Mobile MAUs were 53.8 million and 75.8 million in the second quarter of 2014, respectively.
- Launched *FarmVille 2: Country Escape* in 16 languages across iOS and Android on April 17, 2014. At launch, the game received Apple App Store "Editor's Choice" featuring in 155 countries and Google Play top tier featuring in 71 countries

Q2'14 Outlook vs. Q2'14 Actuals



(in millions, except per share data)

Non-GAAP

	<u>Outlook*</u>	<u>Actuals</u>
Bookings	\$ 175 - 195	\$ 175
Adjusted EBITDA	\$ 10 - 20	\$ 14
Non-GAAP net income	\$ (2) - 6	\$ 3
Non-GAAP EPS	\$ 0.00 - 0.01	\$ 0.00

GAAP

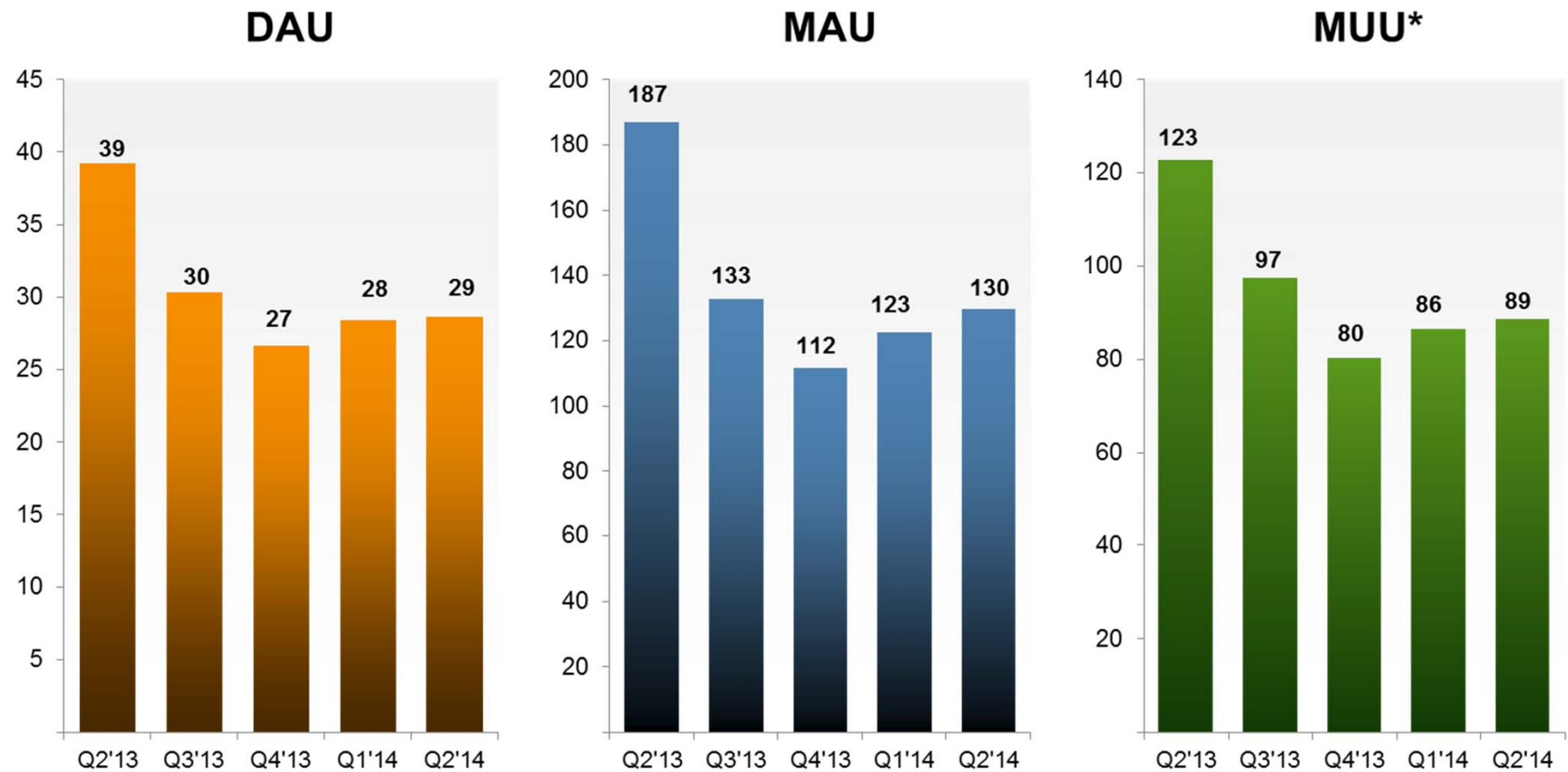
Revenue	\$ 140 - 160	\$ 153
Stock-based expense	\$ 30	\$ 29
Net loss	\$ (75) - (65)	\$ (63)
EPS	\$ (0.08) - (0.07)	\$ (0.07)

* Q2'14 outlook as communicated on our April 23, 2014 first quarter earnings call

Audience Metrics



In millions



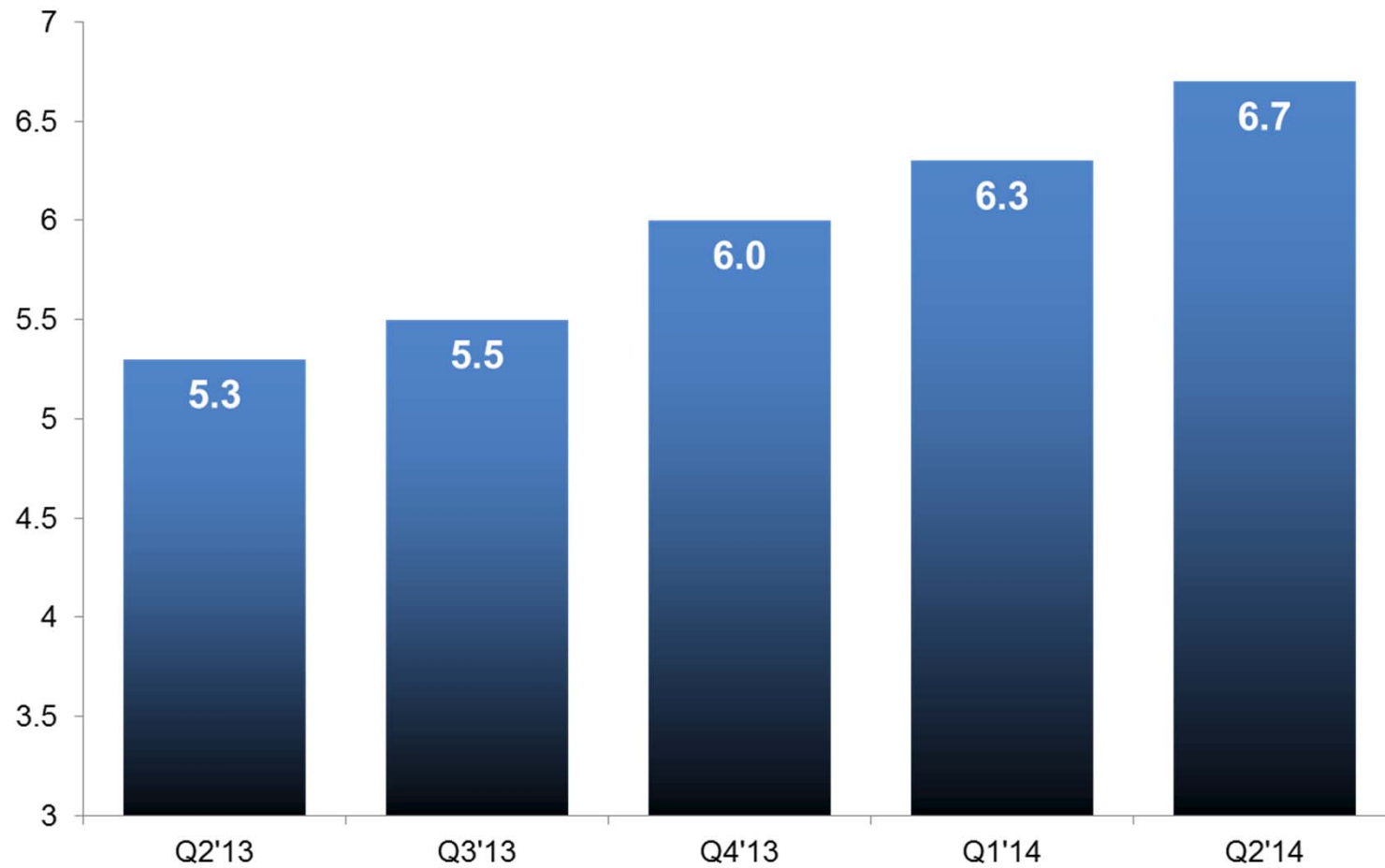
* MUUs exclude NaturalMotion as the necessary data is not yet available

Note: DAUs were 28.6M for Q2'14 vs 28.4M for Q1'14

Monetization



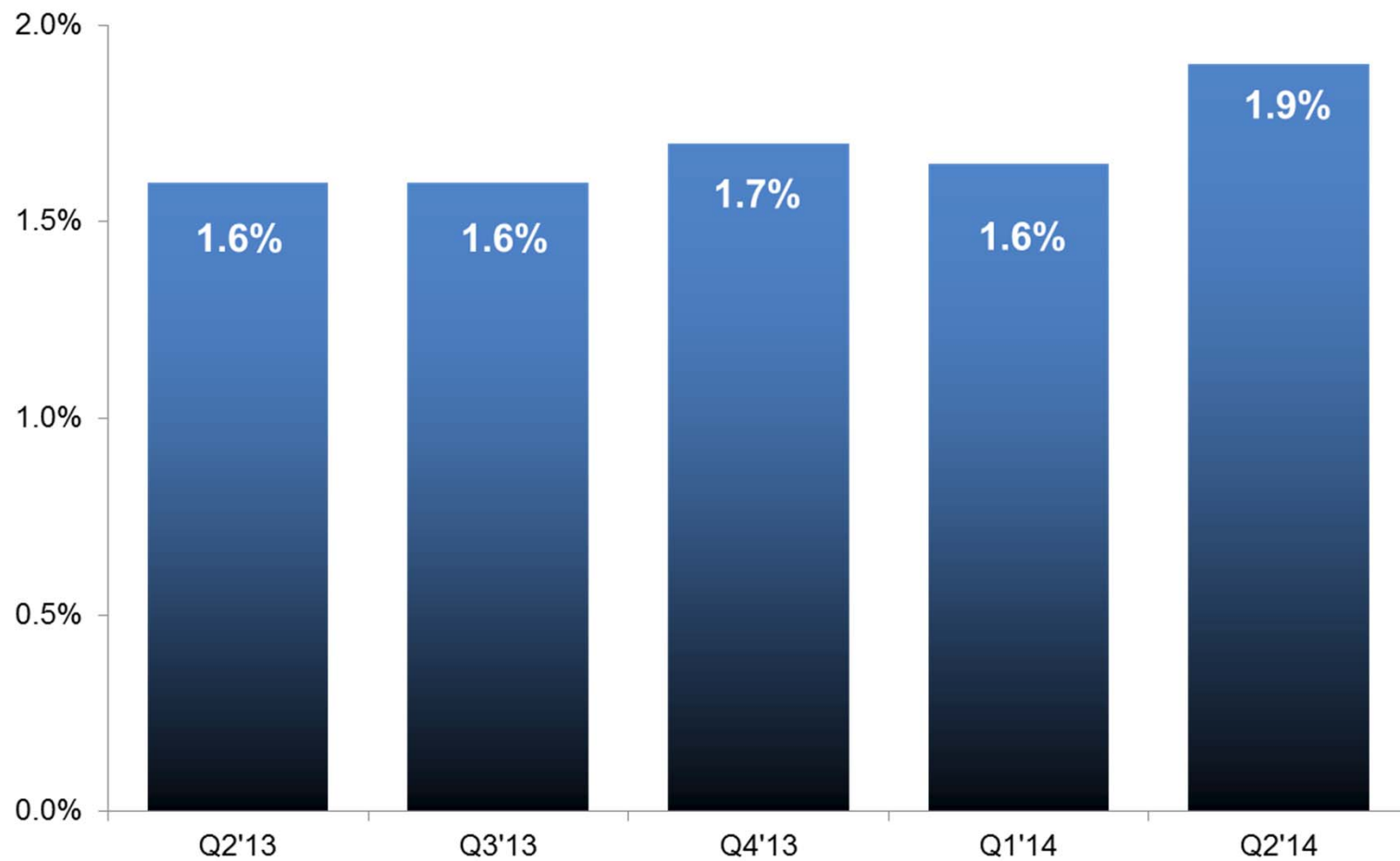
ABPU (US Cents)



Monetization



Payer Conversion

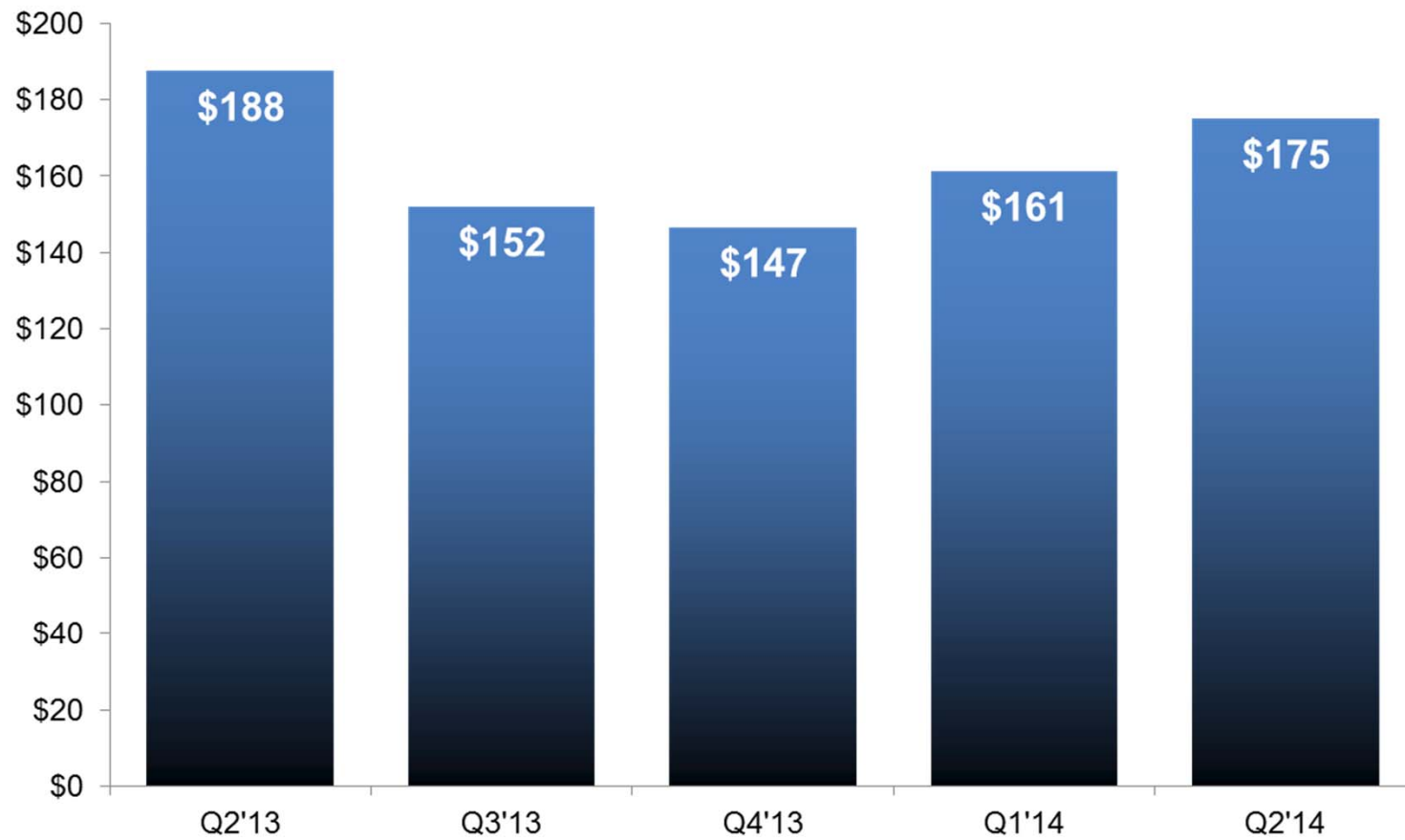


MUUs and MUPs exclude NaturalMotion as the necessary data is not yet available

Bookings



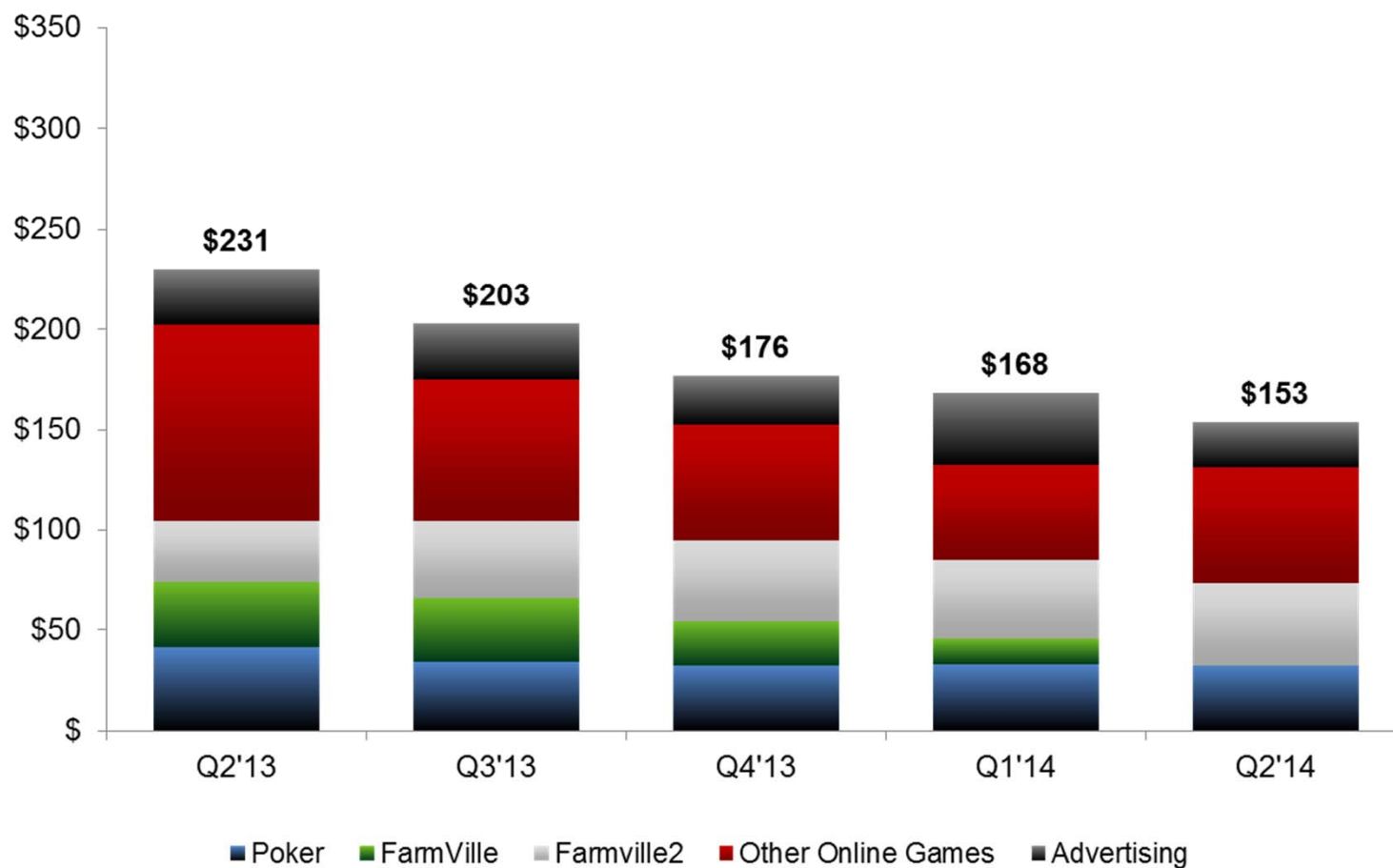
In millions



Revenue

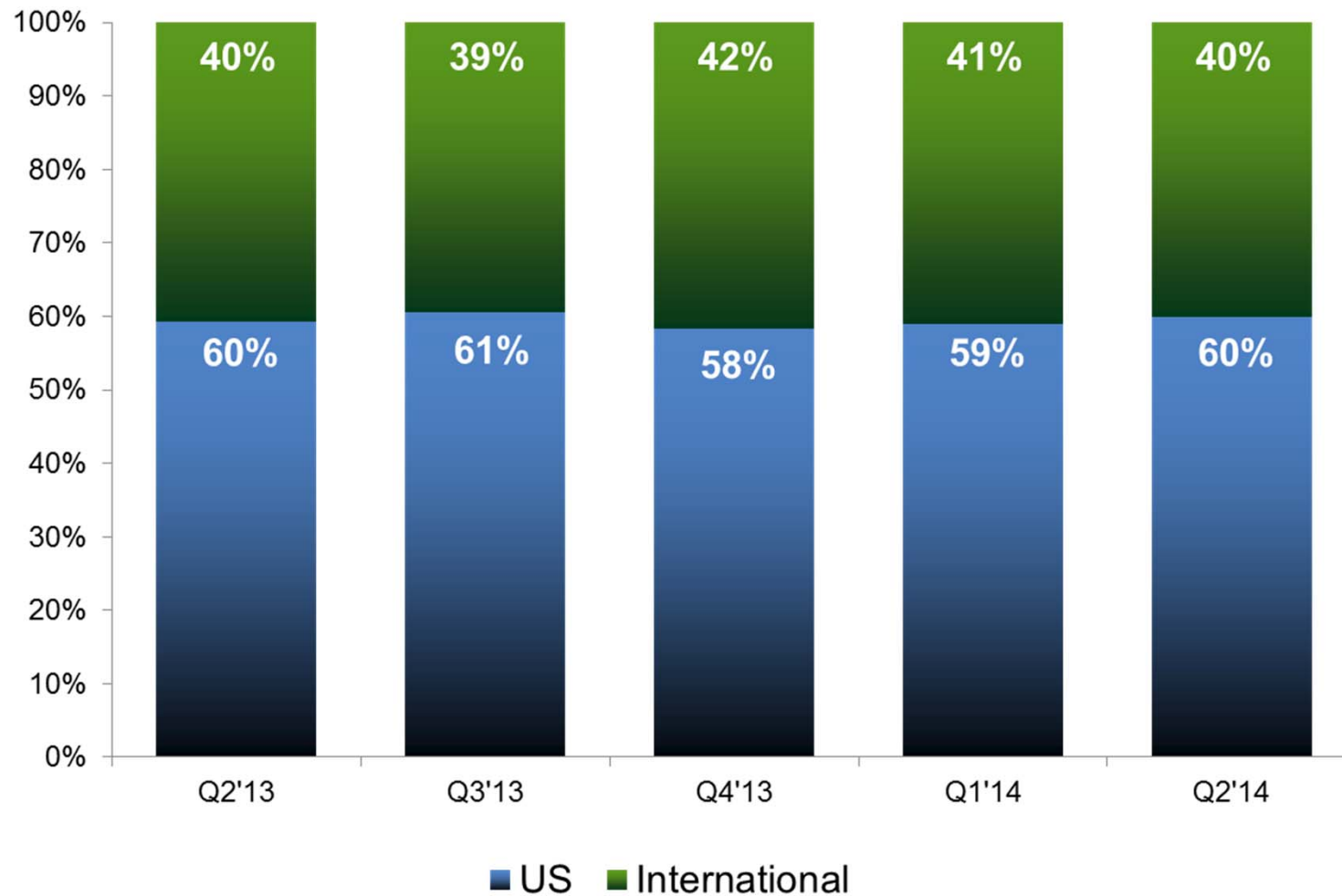


In millions

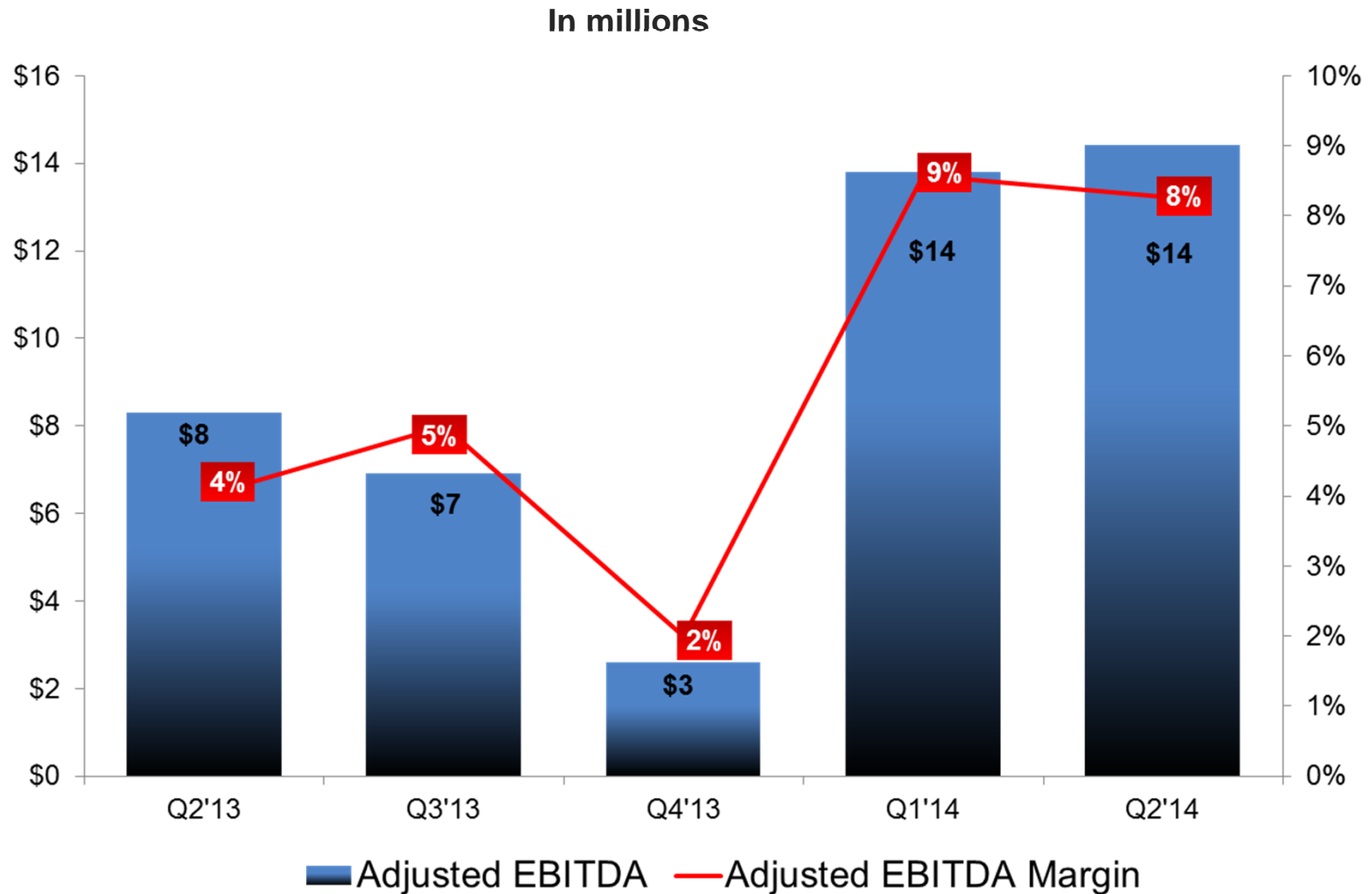


Note: Games representing less than 10% of online game revenue in any period are included in Other Online Games. 13

Revenue by Geography



Adjusted EBITDA and Margin



Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of bookings

Net Income (Loss) and Cash Flow



(in millions, except per share data)	Q2'13	Q1'14	Q2'14
GAAP			
Net income (loss)	\$ (15.8)	\$ (61.2)	\$ (62.5)
Diluted earnings per share	\$ (0.02)	\$ (0.07)	\$ (0.07)
Non-GAAP			
Net income (loss)	\$ (6.1)	\$ (6.3)	\$ 2.8
Diluted earnings per share	\$ (0.01)	\$ (0.01)	\$ 0.00
Operating cash flow	\$ (0.6)	\$ (24.2)	\$ 17.8
Free cash flow	\$ (14.3)	\$ (25.0)	\$ 14.0
Cash, cash equivalents and marketable securities	\$ 1,533	\$ 1,137	\$ 1,149



Q3'14 and FY2014 Financial Outlook

Q3'14 Financial Outlook



(in millions, except per share data)

GAAP	Q3'14 Outlook	
	Low	High
Revenue	\$ 160	\$ 170
Stock-based expense	\$ 35	\$ 35
Net loss	\$ 57	\$ 52
Diluted share count	885	885
EPS	\$ (0.06)	\$ (0.06)
Non-GAAP		
Bookings	\$ 165	\$ 175
Adjusted EBITDA	\$ 0	\$ 5
Non-GAAP net loss	\$ 7	\$ 3
Diluted share count	885	885
Non-GAAP EPS	\$ (0.01)	\$ 0.00

FY2014 Financial Outlook



(in millions, except per share data)	FY2014 Outlook	
	<u>Low</u>	<u>High</u>
Non-GAAP		
Bookings	\$ 695	\$ 725
Adjusted EBITDA	\$ 40	\$ 60
Non-GAAP net income	\$ (12)	\$ 3
Diluted share count	874	912 ¹
Non-GAAP EPS	\$ (0.01)	\$ 0.00

1 – To the extent Non-GAAP net income (loss) is positive, Non-GAAP diluted shares gives effect to all dilutive awards based on the treasury stock method. To the extent Non-GAAP net income (loss) is negative, Non-GAAP diluted shares excludes the effect of such awards since they would be anti-dilutive.



GAAP to Non-GAAP Reconciliations

Revenue to Bookings



(in thousands, unaudited)	3 months ended		6 months ended	
	6/30/14	6/30/13	6/30/14	6/30/13
Reconciliation of Revenue to Bookings				
Revenue	\$ 153,232	\$ 230,735	\$ 321,252	\$ 494,324
Change in deferred revenue	21,870	(43,157)	15,208	(76,931)
Bookings	\$ 175,102	\$ 187,578	\$ 336,460	\$ 417,393

Net Loss to Adjusted EBITDA



(in thousands, unaudited)	3 months ended		6 months ended	
	6/30/14	6/30/13	6/30/14	6/30/13
Reconciliation of Net loss to Adjusted EBITDA				
Net loss	\$ (62,533)	\$ (15,805)	\$ (123,716)	\$ (11,672)
Provision for (benefit from) income taxes	(2,012)	(17,989)	(9,091)	(26,755)
Other income (expense), net	(896)	4,531	(2,021)	5,394
Interest income	(776)	(1,105)	(1,646)	(2,268)
Restructuring expense	(2,270)	25,089	27,385	30,548
Depreciation and amortization	19,926	30,858	45,270	62,919
Contingent consideration fair value adjustment	12,070	-	13,350	-
Acquisition-related transaction expenses	265	-	6,425	-
Stock-based expense	28,847	25,888	57,173	55,810
Change in deferred revenue	21,870	(43,157)	15,208	(76,931)
Adjusted EBITDA	\$ 14,491	\$ 8,310	\$ 28,337	\$ 37,045

Net Loss to Non-GAAP Net Income (Loss)



(in thousands, unaudited)	3 months ended		6 months ended	
	6/30/14	6/30/13	6/30/14	6/30/13
Reconciliation of Net loss to Non-GAAP net income (loss)				
Net loss	\$ (62,533)	\$ (15,805)	\$ (123,716)	\$ (11,672)
Stock-based expense	28,847	25,888	57,173	55,810
Amortization of intangible assets from acquisitions	6,591	2,912	9,198	6,570
Contingent consideration fair value adjustment	12,070	-	13,350	-
Acquisition-related transaction expenses	265	-	6,425	-
Change in deferred revenue	21,870	(43,157)	15,208	(76,931)
Restructuring expense	(2,270)	25,089	27,385	30,548
Tax effect of non-GAAP adjustments to net loss	(2,032)	(1,056)	(8,473)	(1,349)
Non-GAAP net income (loss)	\$ 2,808	\$ (6,129)	\$ (3,450)	\$ 2,976

Net Cash Provided by Operating Activities to Free Cash Flow



(in thousands, unaudited)

	3 months ended		6 months ended	
	6/30/14	6/30/13	6/30/14	6/30/13
Reconciliation of Net cash provided by operating activities to Free cash flow				
Net cash provided by (used in) operating activities	\$ 17,806	\$ (645)	\$ (6,440)	\$ 25,800
Acquisition of property and equipment	(3,415)	(1,366)	(4,649)	(6,290)
Excess tax benefits (costs) from stock-based awards	(436)	(12,274)	-	(10,617)
Free cash flow	\$ 13,955	\$ (14,285)	\$ (11,089)	\$ 8,893

Provision for (Benefit from) Income Taxes



(in thousands, unaudited)	3 months ended		6 months ended	
	6/30/14	6/30/13	6/30/14	6/30/13
Reconciliation of GAAP to Non-GAAP provision for (benefit from) income taxes				
GAAP Provision for (benefit from) income taxes	\$ (2,012)	\$ (17,989)	\$ (9,091)	\$ (26,755)
Stock-based expense	790	2,720	3,763	4,389
Amortization of intangible assets from acquisitions	332	313	606	517
Contingent consideration fair value adjustment	744	-	878	-
Acquisition-related transaction expenses	(224)	-	423	-
Change in deferred revenue	1,700	(4,075)	1,001	(5,960)
Restructuring expense	(1,310)	2,098	1,802	2,403
Non-GAAP provision for (benefit from) income taxes	\$ 20	\$ (16,933)	\$ (618)	\$ (25,406)

Q2'14 Statement of Operations



Three months ended June 30, 2014

Adjustments to GAAP to arrive at non-GAAP net income (loss)

(In thousands, except per share data, unaudited)

	GAAP Statement of Operations	Stock-based expense	Amortization of intangible assets from acquisitions	Change in deferred revenue	Restructuring expense	Acquisition- related transaction expenses	Contingent consideration fair value adjustment	Non-GAAP measure
Total revenue	\$ 153,232	\$ -	\$ -	\$ 21,870	\$ -	\$ -	\$ -	\$ 175,102 ⁽¹⁾
Cost of revenue	51,288	(1,002)	(5,734)	-	(90)	-	-	44,462
Research and development	93,722	(17,596)	-	-	(296)	-	(12,070)	63,760
Sales and marketing	41,608	(1,860)	(857)	-	(1)	-	-	38,890
General and administrative	32,831	(8,389)	-	-	2,657	(265)	-	26,834
Total costs and expenses	219,449	(28,847)	(6,591)	-	2,270	(265)	(12,070)	173,946
Income (loss) from operations	(66,217)	28,847	6,591	21,870	(2,270)	265	12,070	1,156
Interest income (expense)	776	-	-	-	-	-	-	776
Other income (expense), net	896	-	-	-	-	-	-	896
Income (loss) before income taxes	(64,545)	28,847	6,591	21,870	(2,270)	265	12,070	2,828
Provision for (benefit from) income taxes	(2,012)	790	332	1,700	(1,310)	(224)	744	20
Net Income (loss)	<u>\$ (62,533)</u>	<u>\$ 28,057</u>	<u>\$ 6,259</u>	<u>\$ 20,170</u>	<u>\$ (960)</u>	<u>\$ 489</u>	<u>\$ 11,326</u>	<u>\$ 2,808</u> ⁽²⁾
WASO								
Diluted	872,784							916,893
EPS								
Diluted	<u>\$ (0.07)</u>							<u>\$ 0.00</u>

(1) Non-GAAP measure represents bookings

(2) Non-GAAP measure represents Non-GAAP Net Income (Loss)

Q2'14 Statement of Operations



Six months ended June 30, 2014

Adjustments to GAAP to arrive at non-GAAP net income (loss)

(In thousands, except per share data, unaudited)

	GAAP Statement of Operations	Stock-based expense	Amortization of intangible assets from acquisitions	Change in deferred revenue	Restructuring expense	Acquisition- related transaction expenses	Contingent consideration fair value adjustment	Non-GAAP measure
Total revenue	\$ 321,252	\$ -	\$ -	\$ 15,208	\$ -	\$ -	\$ -	\$ 336,460 ⁽¹⁾
Cost of revenue	104,792	(2,281)	(8,056)	-	(1,269)	-	-	93,186
Research and development	191,306	(36,012)	-	-	(9,573)	-	(13,350)	132,371
Sales and marketing	71,461	(3,318)	(1,142)	-	(1,498)	-	-	65,503
General and administrative	90,167	(15,562)	-	-	(15,045)	(6,425)	-	53,135
Total costs and expenses	457,726	(57,173)	(9,198)	-	(27,385)	(6,425)	(13,350)	344,195
Income (loss) from operations	(136,474)	57,173	9,198	15,208	27,385	6,425	13,350	(7,735)
Interest income (expense)	1,646	-	-	-	-	-	-	1,646
Other income (expense), net	2,021	-	-	-	-	-	-	2,021
Income (loss) before income taxes	(132,807)	57,173	9,198	15,208	27,385	6,425	13,350	(4,068)
Provision for (benefit from) income taxes	(9,091)	3,763	606	1,001	1,802	423	878	(618)
Net Income (loss)	<u>\$ (123,716)</u>	<u>\$ 53,410</u>	<u>\$ 8,592</u>	<u>\$ 14,207</u>	<u>\$ 25,583</u>	<u>\$ 6,002</u>	<u>\$ 12,472</u>	<u>\$ (3,450) ⁽²⁾</u>
WASO								
Diluted		861,591						861,591
EPS								
Diluted		<u>\$ (0.14)</u>						<u>\$ (0.00)</u>

(1) Non-GAAP measure represents bookings

(2) Non-GAAP measure represents Non-GAAP Net Income (Loss)

Q2'13 Statement of Operations



Three months ended June 30, 2013

Adjustments to GAAP to arrive at non-GAAP net income (loss)

(In thousands, except per share data, unaudited)

	GAAP Statement of Operations	Stock-based expense	Amortization of intangible assets from acquisitions	Change in deferred revenue	Restructuring expense	Acquisition- related transaction expenses	Contingent consideration fair value adjustment	Non-GAAP measure
Total revenue	\$ 230,735	\$ -	\$ -	\$ (43,157)	\$ -	\$ -	\$ -	\$ 187,578 ⁽¹⁾
Cost of revenue	61,077	1,639	(2,424)	-	(987)	-	-	59,305
Research and development	124,322	(15,888)	-	-	(19,825)	-	-	88,609
Sales and marketing	31,163	(3,973)	(488)	-	(924)	-	-	25,778
General and administrative	44,541	(7,666)	-	-	(3,353)	-	-	33,522
Total costs and expenses	261,103	(25,888)	(2,912)	-	(25,089)	-	-	207,214
Income (loss) from operations	(30,368)	25,888	2,912	(43,157)	25,089	-	-	(19,636)
Interest income (expense)	1,105	-	-	-	-	-	-	1,105
Other income (expense), net	(4,531)	-	-	-	-	-	-	(4,531)
Income (loss) before income taxes	(33,794)	25,888	2,912	(43,157)	25,089	-	-	(23,062)
Provision for (benefit from) income taxes	(17,989)	2,720	313	(4,075)	2,098	-	-	(16,933)
Net Income (loss)	\$ (15,805)	\$ 23,168	\$ 2,599	\$ (39,082)	\$ 22,991	\$ -	\$ -	\$ (6,129) ⁽²⁾
WASO								
Diluted	793,541							793,541
EPS								
Diluted	\$ (0.02)							\$ (0.01)

(1) Non-GAAP measure represents bookings

(2) Non-GAAP measure represents Non-GAAP Net Income (Loss)

Q2'13 Statement of Operations



Six months ended June 30, 2013

Adjustments to GAAP to arrive at non-GAAP net income (loss)

(In thousands, except per share data, unaudited)

	GAAP Statement of Operations	Stock-based expense	Amortization of intangible assets from acquisitions	Change in deferred revenue	Restructuring expense	Acquisition- related transaction expenses	Contingent consideration fair value adjustment	Non-GAAP measure
Total revenue	\$ 494,324	\$ -	\$ -	\$ (76,931)	\$ -	\$ -	\$ -	\$ 417,393 ⁽¹⁾
Cost of revenue	130,471	(294)	(5,594)	-	(987)	-	-	123,596
Research and development	253,503	(36,788)	-	-	(23,220)	-	-	193,495
Sales and marketing	58,470	(5,386)	(976)	-	(1,043)	-	-	51,065
General and administrative	87,181	(13,342)	-	-	(5,298)	-	-	68,541
Total costs and expenses	529,625	(55,810)	(6,570)	-	(30,548)	-	-	436,697
Income (loss) from operations	(35,301)	55,810	6,570	(76,931)	30,548	-	-	(19,304)
Interest income (expense)	2,268	-	-	-	-	-	-	2,268
Other income (expense), net	(5,394)	-	-	-	-	-	-	(5,394)
Income (loss) before income taxes	(38,427)	55,810	6,570	(76,931)	30,548	-	-	(22,430)
Provision for (benefit from) income taxes	(26,755)	4,389	517	(5,960)	2,403	-	-	(25,406)
Net Income (loss)	\$ (11,672)	\$ 51,421	\$ 6,053	\$ (70,971)	\$ 28,145	\$ -	\$ -	\$ 2,976 ⁽²⁾
WASO								
Diluted	786,784							832,280
EPS								
Diluted	\$ (0.01)							\$ 0.00

(1) Non-GAAP measure represents bookings

(2) Non-GAAP measure represents Non-GAAP Net Income (Loss)

Q3'14 Outlook



(in thousands, except per share data)

	Q3'14
Reconciliation of Revenue to Bookings	
Revenue range	160,000 - 170,000
Change in deferred revenue	5,000
Bookings range	165,000 - 175,000
Reconciliation of Net loss to Adjusted EBITDA	
Net loss range	(57,000) - (52,000)
Provision for (benefit from) income taxes	-
Other income, net	(1,000)
Interest income	(1,000)
Depreciation and amortization	19,000
Stock-based expense	35,000
Change in deferred revenue	5,000
Adjusted EBITDA range	0 - 5,000
Reconciliation of Net loss to Non-GAAP net loss	
Net loss range	(57,000) - (52,000)
Stock-based expense	35,000
Amortization of intangible assets from acquisitions	7,000
Change in deferred revenue	5,000
Tax effect of non-GAAP adjustments to net loss	3,000 - 2,000
Non-GAAP net loss range	(7,000) - (3,000)
GAAP diluted shares	885,000
Non-GAAP diluted shares	885,000
Net loss per share range	(0.06)
Non-GAAP net income per share range	(0.01) - 0.00



Thank you!