

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

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		*As Adjusted		*As Adjusted
Revenues:				
Subscription	\$ 626,567	\$ 449,506	\$ 1,755,174	\$ 1,239,762
Professional services and other	46,530	42,866	138,201	129,639
Total revenues	<u>673,097</u>	<u>492,372</u>	<u>1,893,375</u>	<u>1,369,401</u>
Cost of revenues <sup>(1)</sup> :				
Subscription	106,821	81,878	303,918	228,046
Professional services and other	51,037	45,608	150,578	137,652
Total cost of revenues	<u>157,858</u>	<u>127,486</u>	<u>454,496</u>	<u>365,698</u>
Gross profit	<u>515,239</u>	<u>364,886</u>	<u>1,438,879</u>	<u>1,003,703</u>
Operating expenses <sup>(1)</sup> :				
Sales and marketing	289,323	217,866	883,893	643,998
Research and development	135,655	98,465	380,839	272,959
General and administrative	80,693	52,465	216,851	150,242
Total operating expenses	<u>505,671</u>	<u>368,796</u>	<u>1,481,583</u>	<u>1,067,199</u>
Income (loss) from operations	9,568	(3,910)	(42,704)	(63,496)
Interest expense	(11,233)	(16,566)	(43,795)	(36,581)
Interest income and other income (expense), net	8,895	579	45,520	(177)
Income (loss) before income taxes	7,230	(19,897)	(40,979)	(100,254)
Provision for (benefit from) income taxes	(1,175)	2,285	(7,260)	(754)
Net income (loss)	<u>\$ 8,405</u>	<u>\$ (22,182)</u>	<u>\$ (33,719)</u>	<u>\$ (99,500)</u>
Net income (loss) per share - basic	<u>\$ 0.05</u>	<u>\$ (0.13)</u>	<u>\$ (0.19)</u>	<u>\$ (0.58)</u>
Net income (loss) per share - diluted	<u>\$ 0.04</u>	<u>\$ (0.13)</u>	<u>\$ (0.19)</u>	<u>\$ (0.58)</u>
Weighted-average shares used to compute net income (loss) per share - basic	<u>178,719,694</u>	<u>171,883,190</u>	<u>177,198,179</u>	<u>170,359,717</u>
Weighted-average shares used to compute net income (loss) per share - diluted	<u>192,190,899</u>	<u>171,883,190</u>	<u>177,198,179</u>	<u>170,359,717</u>

(1) Includes stock-based compensation as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		*As Adjusted		*As Adjusted
Cost of revenues:				
Subscription	\$ 12,775	\$ 8,980	\$ 36,604	\$ 25,860
Professional services and other	8,407	7,056	24,310	21,548
Sales and marketing	60,132	43,962	169,283	124,650
Research and development	35,527	23,092	97,905	67,624
General and administrative	27,567	17,352	73,207	48,695

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

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
		<b>*As Adjusted</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 703,629	\$ 726,495
Short-term investments	922,411	1,052,803
Accounts receivable, net	424,698	437,051
Current portion of deferred commissions	126,185	109,643
Prepaid expenses and other current assets	115,262	95,959
Total current assets	2,292,185	2,421,951
Deferred commissions, less current portion	247,681	224,252
Long-term investments	457,561	391,442
Property and equipment, net	297,371	245,124
Intangible assets, net	84,006	86,916
Goodwill	143,133	128,728
Other assets	59,505	51,832
Total assets	\$ 3,581,442	\$ 3,550,245
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 43,223	\$ 32,109
Accrued expenses and other current liabilities	251,545	253,257
Current portion of deferred revenue	1,363,217	1,210,695
Current portion of convertible senior notes, net	160,972	543,418
Total current liabilities	1,818,957	2,039,479
Deferred revenue, less current portion	41,244	36,120
Convertible senior notes, net	653,638	630,018
Other long-term liabilities	47,419	65,884
Stockholders' equity	1,020,184	778,744
Total liabilities and stockholders' equity	\$ 3,581,442	\$ 3,550,245

\*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		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	*As Adjusted		*As Adjusted	
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 8,405	\$ (22,182)	\$ (33,719)	\$ (99,500)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	37,874	29,401	106,492	81,808
Amortization of deferred commissions	43,063	25,068	107,367	68,154
Amortization of debt discount and issuance costs	11,233	16,566	43,795	36,581
Stock-based compensation	144,408	100,442	401,309	288,377
Deferred income tax	(1,371)	(1,304)	(32,297)	(6,055)
Gain on marketable equity securities	—	—	(19,257)	—
Repayments of convertible senior notes attributable to debt discount	(14,076)	—	(101,633)	—
Other	6,209	460	4,502	(1,554)
Changes in operating assets and liabilities, net of effect of business combinations:				
Accounts receivable	(58,486)	(9,307)	7,454	45,879
Deferred commissions	(59,526)	(44,567)	(152,521)	(114,514)
Prepaid expenses and other assets	(521)	(13,787)	1,519	(17,393)
Accounts payable	7,690	(3,228)	5,058	(11,088)
Deferred revenue	42,969	54,875	174,058	188,291
Accrued expenses and other liabilities	(22,370)	9,387	9,350	(829)
Net cash provided by operating activities	<u>145,501</u>	<u>141,824</u>	<u>521,477</u>	<u>458,157</u>
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment	(47,987)	(46,753)	(136,349)	(115,856)
Business combinations, net of cash and restricted cash acquired	—	(5,000)	(24,940)	(26,537)
Purchases of other intangibles	(2,750)	—	(13,600)	(6,170)
Purchases of investments	(438,246)	(286,976)	(818,159)	(641,666)
Purchase of strategic investments	(8,839)	(100)	(8,839)	(4,000)
Sales of investments	—	—	39,975	77,968
Maturities of investments	408,473	128,648	861,629	350,597
Net cash used in investing activities <sup>(1)</sup>	<u>(89,349)</u>	<u>(210,181)</u>	<u>(100,283)</u>	<u>(365,664)</u>
<b>Cash flows from financing activities:</b>				
Net proceeds from borrowings on convertible senior notes	—	—	—	772,127
Repayments of convertible senior notes attributable to principal	(40,335)	—	(311,520)	—
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	39,018	35,856	100,437	76,748
Taxes paid related to net share settlement of equity awards	(66,737)	(43,781)	(221,268)	(131,130)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		*As Adjusted		*As Adjusted
Payments on financing obligations	(180)	(121)	(756)	(2,681)
Net cash (used in) provided by financing activities	(68,234)	(8,046)	(433,107)	586,118
Foreign currency effect on cash, cash equivalents and restricted cash <sup>(1)</sup>	(2,088)	7,725	(9,593)	25,765
Net (decrease) increase in cash, cash equivalents and restricted cash <sup>(1)</sup>	(14,170)	(68,678)	(21,506)	704,376
Cash, cash equivalents and restricted cash at beginning of period <sup>(1)</sup>	720,493	1,174,986	727,829	401,932
Cash, cash equivalents and restricted cash at end of period <sup>(1)</sup>	<u>\$ 706,323</u>	<u>\$ 1,106,308</u>	<u>\$ 706,323</u>	<u>\$ 1,106,308</u>

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

- (1) During the three months ended December 31, 2017, we adopted Accounting Standards Update 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which requires that amounts generally described as restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Accordingly, we have recast our prior period condensed consolidated statement of cash flows to conform to the current presentation. The impact of the adoption for the three and nine months ended September 30, 2017 are not material.

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

	Three Months Ended			Nine Months Ended		
	September 30, 2018	September 30, 2017 <sup>(3)</sup>	Growth Rates	September 30, 2018	September 30, 2017 <sup>(3)</sup>	Growth Rates
<b>Subscription revenues:</b>						
GAAP subscription revenues	\$ 626,567	\$ 449,506	39%	\$ 1,755,174	\$ 1,239,762	42%
Effects of foreign currency rate fluctuations	2,643			(34,880)		
Non-GAAP adjusted subscription revenues <sup>(1)</sup>	<u>\$ 629,210</u>		40%	<u>\$ 1,720,294</u>		39%
<b>Subscription billings:</b>						
GAAP subscription revenues	\$ 626,567	\$ 449,506	39%	\$ 1,755,174	\$ 1,239,762	42%
Change in subscription deferred revenue, unbilled receivables and customer deposits	47,592	51,452		174,261	195,776	
Non-GAAP subscription billings	674,159	500,958	35%	1,929,435	1,435,538	34%
Effects of foreign currency rate fluctuations	2,850			(39,698)		
Effects of fluctuations in billings duration	(4,840)			(3,471)		
Non-GAAP adjusted subscription billings <sup>(2)</sup>	<u>\$ 672,169</u>		34%	<u>\$ 1,886,266</u>		31%
<b>Professional services and other revenues:</b>						
GAAP professional services and other revenues	\$ 46,530	\$ 42,866	9%	\$ 138,201	\$ 129,639	7%
Effects of foreign currency rate fluctuations	429			(2,985)		
Non-GAAP adjusted professional service and other revenues <sup>(1)</sup>	<u>\$ 46,959</u>		10%	<u>\$ 135,216</u>		4%
<b>Professional services and other billings:</b>						
GAAP professional services and other revenues	\$ 46,530	\$ 42,866	9%	\$ 138,201	\$ 129,639	7%
Change in professional services and other deferred revenue	(148)	3,034		8,157	(1,241)	
Non-GAAP professional services and other billings	46,382	45,900	1%	146,358	128,398	14%
Effects of foreign currency rate fluctuations	429			(2,985)		
Non-GAAP adjusted professional services and other billings <sup>(2)</sup>	<u>\$ 46,811</u>		2%	<u>\$ 143,373</u>		12%
<b>Total revenues:</b>						
GAAP total revenues	\$ 673,097	\$ 492,372	37%	\$ 1,893,375	\$ 1,369,401	38%
Effects of foreign currency rate fluctuations	3,072			(37,865)		
Non-GAAP adjusted total revenues <sup>(1)</sup>	<u>\$ 676,169</u>		37%	<u>\$ 1,855,510</u>		35%
<b>Total billings:</b>						
GAAP total revenues	\$ 673,097	\$ 492,372	37%	\$ 1,893,375	\$ 1,369,401	38%
Change in total deferred revenue, unbilled receivables and customer deposits	47,444	54,486		182,418	194,535	
Non-GAAP total billings	720,541	546,858	32%	2,075,793	1,563,936	33%
Effects of foreign currency rate fluctuations	3,279			(42,683)		
Effects of fluctuations in billings duration	(4,840)			(3,471)		
Non-GAAP adjusted total billings <sup>(2)</sup>	<u>\$ 718,980</u>		31%	<u>\$ 2,029,639</u>		30%

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017 <sup>(3)</sup>	September 30, 2018	September 30, 2017 <sup>(3)</sup>
<b>Cost of revenues:</b>				
GAAP subscription cost of revenues	\$ 106,821	\$ 81,878	\$ 303,918	\$ 228,046
Stock-based compensation	(12,775)	(8,980)	(36,604)	(25,860)
Amortization of purchased intangibles	(4,879)	(3,581)	(13,930)	(10,849)
Non-GAAP subscription cost of revenues	<u>\$ 89,167</u>	<u>\$ 69,317</u>	<u>\$ 253,384</u>	<u>\$ 191,337</u>
GAAP professional services and other cost of revenues	\$ 51,037	\$ 45,608	\$ 150,578	\$ 137,652
Stock-based compensation	(8,407)	(7,056)	(24,310)	(21,548)
Non-GAAP professional services and other cost of revenues	<u>\$ 42,630</u>	<u>\$ 38,552</u>	<u>\$ 126,268</u>	<u>\$ 116,104</u>
<b>Gross profit (loss):</b>				
GAAP subscription gross profit	\$ 519,746	\$ 367,628	\$ 1,451,256	\$ 1,011,716
Stock-based compensation	12,775	8,980	36,604	25,860
Amortization of purchased intangibles	4,879	3,581	13,930	10,849
Non-GAAP subscription gross profit	<u>\$ 537,400</u>	<u>\$ 380,189</u>	<u>\$ 1,501,790</u>	<u>\$ 1,048,425</u>
GAAP professional services and other gross loss	\$ (4,507)	\$ (2,742)	\$ (12,377)	\$ (8,013)
Stock-based compensation	8,407	7,056	24,310	21,548
Non-GAAP professional services and other gross profit	<u>\$ 3,900</u>	<u>\$ 4,314</u>	<u>\$ 11,933</u>	<u>\$ 13,535</u>
GAAP gross profit	\$ 515,239	\$ 364,886	\$ 1,438,879	\$ 1,003,703
Stock-based compensation	21,182	16,036	60,914	47,408
Amortization of purchased intangibles	4,879	3,581	13,930	10,849
Non-GAAP gross profit	<u>\$ 541,300</u>	<u>\$ 384,503</u>	<u>\$ 1,513,723</u>	<u>\$ 1,061,960</u>
<b>Gross margin:</b>				
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	(10%)	(6%)	(9%)	(6%)
Stock-based compensation as % of professional services and other revenues	18%	16%	18%	16%
Non-GAAP professional services and other gross margin	<u>8%</u>	<u>10%</u>	<u>9%</u>	<u>10%</u>
GAAP gross margin	77%	74%	76%	73%
Stock-based compensation as % of total revenues	3%	3%	3%	3%
Amortization of purchased intangibles as % of total revenues	0%	1%	1%	2%
Non-GAAP gross margin	<u>80%</u>	<u>78%</u>	<u>80%</u>	<u>78%</u>

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017 <sup>(3)</sup>	September 30, 2018	September 30, 2017 <sup>(3)</sup>
<b>Operating expenses:</b>				
GAAP sales and marketing expenses	\$ 289,323	\$ 217,866	\$ 883,893	\$ 643,998
Stock-based compensation	(60,132)	(43,962)	(169,283)	(124,650)
Amortization of purchased intangibles	—	(117)	—	(351)
Non-GAAP sales and marketing expenses	<u>\$ 229,191</u>	<u>\$ 173,787</u>	<u>\$ 714,610</u>	<u>\$ 518,997</u>
GAAP research and development expenses	\$ 135,655	\$ 98,465	\$ 380,839	\$ 272,959
Stock-based compensation	(35,527)	(23,092)	(97,905)	(67,624)
Amortization of purchased intangibles	(455)	(455)	(1,365)	(1,365)
Non-GAAP research and development expenses	<u>\$ 99,673</u>	<u>\$ 74,918</u>	<u>\$ 281,569</u>	<u>\$ 203,970</u>
GAAP general and administrative expenses	\$ 80,693	\$ 52,465	\$ 216,851	\$ 150,242
Stock-based compensation	(27,567)	(17,352)	(73,207)	(48,695)
Amortization of purchased intangibles	(1,047)	(681)	(2,882)	(1,734)
Business combination and other related costs	(300)	(154)	(964)	(1,504)
Non-GAAP general and administrative expenses	<u>\$ 51,779</u>	<u>\$ 34,278</u>	<u>\$ 139,798</u>	<u>\$ 98,309</u>
GAAP total operating expenses	\$ 505,671	\$ 368,796	\$ 1,481,583	\$ 1,067,199
Stock-based compensation	(123,226)	(84,406)	(340,395)	(240,969)
Amortization of purchased intangibles	(1,502)	(1,253)	(4,247)	(3,450)
Business combination and other related costs	(300)	(154)	(964)	(1,504)
Non-GAAP total operating expenses	<u>\$ 380,643</u>	<u>\$ 282,983</u>	<u>\$ 1,135,977</u>	<u>\$ 821,276</u>
<b>Income (loss) from operations:</b>				
GAAP income (loss) from operations	\$ 9,568	\$ (3,910)	\$ (42,704)	\$ (63,496)
Stock-based compensation	144,408	100,442	401,309	288,377
Amortization of purchased intangibles	6,381	4,834	18,177	14,299
Business combination and other related costs	300	154	964	1,504
Non-GAAP income from operations	<u>\$ 160,657</u>	<u>\$ 101,520</u>	<u>\$ 377,746</u>	<u>\$ 240,684</u>
<b>Operating margin:</b>				
GAAP operating margin	1%	(1%)	(2%)	(5%)
Stock-based compensation as % of total revenues	21%	20%	21%	21%
Amortization of purchased intangibles as % of total revenues	2%	2%	1%	2%
Business combination and other related costs as % of total revenues	0%	0%	0%	0%
Non-GAAP operating margin	<u>24%</u>	<u>21%</u>	<u>20%</u>	<u>18%</u>

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017 <sup>(3)</sup>	September 30, 2018	September 30, 2017 <sup>(3)</sup>
<b>Net income (loss):</b>				
GAAP net income (loss)	\$ 8,405	\$ (22,182)	\$ (33,719)	\$ (99,500)
Stock-based compensation	144,408	100,442	401,309	288,377
Amortization of purchased intangibles	6,381	4,834	18,177	14,299
Business combination and other related costs	300	154	964	1,504
Amortization of debt discount and issuance costs for the convertible senior notes	11,233	16,566	43,795	36,581
Loss on early note conversions	190	—	4,063	—
Income tax expense effects related to the above adjustments	(41,913)	(30,387)	(109,819)	(77,716)
Non-GAAP net income	<u>\$ 129,004</u>	<u>\$ 69,427</u>	<u>\$ 324,770</u>	<u>\$ 163,545</u>
<b>Net income (loss) per share - basic and diluted:</b>				
GAAP net income (loss) per share - basic	<u>\$ 0.05</u>	<u>\$ (0.13)</u>	<u>\$ (0.19)</u>	<u>\$ (0.58)</u>
GAAP net income (loss) per share - diluted	<u>\$ 0.04</u>	<u>\$ (0.13)</u>	<u>\$ (0.19)</u>	<u>\$ (0.58)</u>
Non-GAAP net income per share - basic	<u>\$ 0.72</u>	<u>\$ 0.40</u>	<u>\$ 1.83</u>	<u>\$ 0.96</u>
Non-GAAP net income per share - diluted	<u>\$ 0.68</u>	<u>\$ 0.38</u>	<u>\$ 1.73</u>	<u>\$ 0.91</u>
GAAP weighted-average shares used to compute net income (loss) per share - basic	<u>178,719,694</u>	<u>171,883,190</u>	<u>177,198,179</u>	<u>170,359,717</u>
GAAP weighted-average shares used to compute net income (loss) per share - diluted	192,190,899	171,883,190	177,198,179	170,359,717
Effect of dilutive time-based stock awards <sup>(4)</sup>	—	8,104,457	7,670,540	8,562,871
In-the-money portion of convertible senior notes <sup>(4)</sup>	(3,192,806)	—	—	—
Warrants <sup>(4)</sup>	—	261,456	2,932,637	—
Stock awards with performance conditions not yet satisfied <sup>(4)</sup>	348,689	171,401	239,162	90,125
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>189,346,782</u>	<u>180,420,504</u>	<u>188,040,518</u>	<u>179,012,713</u>
<b>Free cash flow:</b>				
GAAP net cash provided by operating activities	\$ 145,501	\$ 141,824	\$ 521,477	\$ 458,157
Purchases of property and equipment	(47,987)	(46,753)	(136,349)	(115,856)
Repayments of convertible senior notes attributable to debt discount	14,076	—	101,633	—
Non-GAAP free cash flow	<u>\$ 111,590</u>	<u>\$ 95,071</u>	<u>\$ 486,761</u>	<u>\$ 342,301</u>
<b>Free cash flow margin:</b>				
GAAP net cash provided by operating activities as % of total revenues	22%	29%	28%	33%
Purchases of property and equipment as % of total revenues	(7%)	(10%)	(7%)	(8%)
Repayments of convertible senior notes attributable to debt discount as % of total revenues	2%	—%	5%	—%
Non-GAAP free cash flow margin	<u>17%</u>	<u>19%</u>	<u>26%</u>	<u>25%</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. We include stock awards with performance conditions not yet satisfied as we believe it is probable that the performance condition will be met.

**ServiceNow, Inc.**  
**Reconciliation of Non-GAAP Financial Guidance**

The financial guidance provided below is an estimate based on information available as of September 30, 2018. The comparison period amounts and the related growth rates have been adjusted from previously reported amounts to reflect the impact of the full retrospective adoption of Topic 606. 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 June 30, 2018 and in other filings we make with the Securities and Exchange Commission from time to time, including our Form 10-Q that will be filed for the quarter ended September 30, 2018. The company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

	<b>Three Months Ended</b>		<b>Growth Rates</b>
	<b>December 31, 2018</b>	<b>December 31, 2017 <sup>(3)</sup></b>	
GAAP subscription revenues	\$660 - \$665 million	\$500 million	32% - 33%
Effects of foreign currency rate fluctuations	4 million		
Non-GAAP adjusted subscription revenues <sup>(1)</sup>	<u>\$664 - \$669 million</u>		33% - 34%
GAAP subscription revenues	\$660 - \$665 million	\$500 million	32% - 33%
Change in subscription deferred revenue, unbilled receivables and customer deposits	240 million	188 million	
Non-GAAP subscription billings	<u>\$900 - \$905 million</u>	<u>\$688 million</u>	31%
Effects of foreign currency rate fluctuations	6 million		
Effects of fluctuations in billings duration	0 million		
Non-GAAP adjusted subscription billings <sup>(2)</sup>	<u>\$906 - \$911 million</u>		32%
GAAP operating margin	1%		
Stock-based compensation expense as % of total revenues	19%		
Amortization of purchased intangibles as % of total revenues	1%		
Non-GAAP operating margin	<u>21%</u>		
GAAP weighted-average shares used to compute net income per share - diluted	192 million		
In-the-money portion of convertible senior notes <sup>(4)</sup>	(2) 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, 2018	December 31, 2017 <sup>(3)</sup>	
GAAP subscription revenues	\$2,415 - \$2,420 million	\$1,740 million	39%
Effects of foreign currency rate fluctuations	(31) million		
Non-GAAP adjusted subscription revenues <sup>(1)</sup>	<u>\$2,384 - \$2,389 million</u>		37%
GAAP subscription revenues	\$2,415 - \$2,420 million	\$1,740 million	39%
Change in subscription deferred revenue, unbilled receivables and customer deposits	415 million	384 million	
Non-GAAP subscription billings	<u>\$2,830 - \$2,835 million</u>	<u>\$2,124 million</u>	33%
Effects of foreign currency rate fluctuations	(34) million		
Effects of fluctuations in billings duration	(3) million		
Non-GAAP adjusted subscription billings <sup>(2)</sup>	<u>\$2,793 - \$2,798 million</u>		31% - 32%
GAAP subscription gross margin	82%		
Stock-based compensation expense as % of subscription revenues	2%		
Amortization of purchased intangibles as % of subscription revenues	1%		
Non-GAAP subscription margin	<u>85%</u>		
GAAP operating margin	(2%)		
Stock-based compensation expense as % of total revenues	21%		
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>20%</u>		
GAAP net cash provided by operating activities as % of total revenues	30%		
Purchases of property and equipment as % of total revenues	(8%)		
Repayments of convertible senior notes attributable to debt discount as % of total revenues	6%		
Non-GAAP free cash flow margin	<u>28%</u>		
GAAP weighted-average shares used to compute net loss per share - diluted	178 million		
Effect of dilutive securities (stock options, restricted stock units and warrants)	10 million		
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>188 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) 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.