

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Revenues:				
Subscription	\$ 899,194	\$ 666,139	\$ 3,255,079	\$ 2,421,313
Professional services and other	52,580	49,302	205,358	187,503
Total revenues	951,774	715,441	3,460,437	2,608,816
Cost of revenues ⁽¹⁾ :				
Subscription	148,244	113,503	549,642	417,421
Professional services and other	63,209	54,659	247,003	205,237
Total cost of revenues	211,453	168,162	796,645	622,658
Gross profit	740,321	547,279	2,663,792	1,986,158
Operating expenses ⁽¹⁾ :				
Sales and marketing	416,005	319,163	1,534,284	1,203,056
Research and development	202,328	148,662	748,369	529,501
General and administrative	93,476	79,176	339,016	296,027
Total operating expenses	711,809	547,001	2,621,669	2,028,584
Income (loss) from operations	28,512	278	42,123	(42,426)
Interest expense	(8,475)	(8,938)	(33,283)	(52,733)
Interest income and other income (expense), net	14,149	10,615	58,345	56,135
Income (loss) before income taxes	34,186	1,955	67,185	(39,024)
Benefit from income taxes	(564,538)	(5,060)	(559,513)	(12,320)
Net income (loss)	\$ 598,724	\$ 7,015	\$ 626,698	\$ (26,704)
Net income (loss) per share - basic	\$ 3.17	\$ 0.04	\$ 3.36	\$ (0.15)
Net income (loss) per share - diluted	\$ 3.03	\$ 0.04	\$ 3.18	\$ (0.15)
Weighted-average shares used to compute net income (loss) per share - basic	189,042	179,764	186,466	177,846
Weighted-average shares used to compute net income (loss) per share - diluted	197,843	190,662	197,223	177,846

(1) Includes stock-based compensation as follows:

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cost of revenues:				
Subscription	\$ 18,709	\$ 12,134	\$ 72,728	\$ 48,738
Professional services and other	11,374	8,506	43,123	32,816
Sales and marketing	68,337	58,762	268,408	228,045
Research and development	50,562	37,298	194,821	135,203
General and administrative	21,069	25,944	83,115	99,151

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

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 775,778	\$ 566,204
Short-term investments	915,317	931,718
Accounts receivable, net	835,279	574,810
Current portion of deferred commissions	175,039	139,890
Prepaid expenses and other current assets	125,488	132,071
Total current assets	2,826,901	2,344,693
Deferred commissions, less current portion	333,448	282,490
Long-term investments	1,013,332	581,856
Property and equipment, net ⁽¹⁾	468,085	347,216
Operating lease right-of-use assets ⁽¹⁾	402,428	—
Intangible assets, net	143,850	100,582
Goodwill	156,756	148,845
Deferred tax assets	599,633	20,642
Other assets	77,997	52,816
Total assets	<u>\$ 6,022,430</u>	<u>\$ 3,879,140</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 52,960	\$ 30,733
Accrued expenses and other current liabilities ⁽¹⁾	461,403	330,246
Current portion of deferred revenue	2,185,754	1,651,594
Current portion of operating lease liabilities ⁽¹⁾	52,668	—
Total current liabilities	2,752,785	2,012,573
Deferred revenue, less current portion	40,038	38,597
Operating lease liabilities, less current portion ⁽¹⁾	383,221	—
Convertible senior notes, net	694,981	661,707
Other long-term liabilities ⁽¹⁾	23,464	55,064
Stockholders' equity ⁽¹⁾	2,127,941	1,111,199
Total liabilities and stockholders' equity	<u>\$ 6,022,430</u>	<u>\$ 3,879,140</u>

- (1) We adopted Topic 842 using the modified retrospective method as of January 1, 2019 and elected the transition option that allows us not to restate the comparative periods in our financial statements in the year of adoption.

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash flows from operating activities:				
Net income (loss)	\$ 598,724	\$ 7,015	\$ 626,698	\$ (26,704)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	72,331	43,112	252,114	149,604
Amortization of deferred commissions	45,788	35,991	168,014	143,358
Amortization of debt discount and issuance costs	8,475	8,938	33,283	52,733
Stock-based compensation	170,051	142,644	662,195	543,953
Deferred income taxes	(572,923)	(1,883)	(575,765)	(34,180)
Realized gain on marketable equity securities	—	—	—	(19,257)
Repayments of convertible senior notes attributable to debt discount	—	(43,716)	—	(145,349)
Other	(4,300)	1,675	(8,921)	6,177
Changes in operating assets and liabilities, net of effect of business combinations:				
Accounts receivable	(288,166)	(153,602)	(259,835)	(146,148)
Deferred commissions	(97,296)	(86,861)	(255,605)	(239,382)
Prepaid expenses and other assets	(4,338)	(21,405)	(29,907)	(19,886)
Accounts payable	(8,733)	(9,815)	21,355	(4,757)
Deferred revenue	401,794	294,798	537,249	468,856
Accrued expenses and other liabilities	99,804	72,721	65,097	82,071
Net cash provided by operating activities	421,211	289,612	1,235,972	811,089
Cash flows from investing activities:				
Purchases of property and equipment	(79,003)	(88,113)	(264,892)	(224,462)
Business combinations, net of cash and restricted cash acquired	(7,414)	(12,500)	(7,414)	(37,440)
Purchases of other intangibles	(35,329)	(10,800)	(72,689)	(24,400)
Purchases of investments	(339,976)	(468,784)	(1,595,667)	(1,295,782)
Sales of investments	2,457	—	33,503	39,975
Maturities of investments	258,840	333,058	1,159,247	1,194,687
Realized gains on derivatives not designated as hedging instruments, net	1,693	—	23,435	—
Net cash used in investing activities	(198,732)	(247,139)	(724,477)	(347,422)
Cash flows from financing activities:				
Repayments of convertible senior notes attributable to principal	(9)	(118,125)	(9)	(429,645)
Proceeds from employee stock plans	2,641	3,723	107,868	104,160
Taxes paid related to net share settlement of equity awards	(78,913)	(59,742)	(409,715)	(281,010)
Payments on financing obligations	—	(177)	—	(933)
Net cash used in financing activities	(76,281)	(174,321)	(301,856)	(607,428)
Foreign currency effect on cash, cash equivalents and restricted cash	6,253	(5,937)	(186)	(15,530)
Net increase (decrease) in cash, cash equivalents and restricted cash	152,451	(137,785)	209,453	(159,291)
Cash, cash equivalents and restricted cash at beginning of period	625,540	706,323	568,538	727,829
Cash, cash equivalents and restricted cash at end of period	\$ 777,991	\$ 568,538	\$ 777,991	\$ 568,538

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

	Three Months Ended			Twelve Months Ended		
	December 31, 2019	December 31, 2018	Growth Rates	December 31, 2019	December 31, 2018	Growth Rates
Subscription revenues:						
GAAP subscription revenues	\$ 899,194	\$ 666,139	35%	\$ 3,255,079	\$ 2,421,313	34%
Effects of foreign currency rate fluctuations	7,851			57,557		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$ 907,045</u>		36%	<u>\$ 3,312,636</u>		37%
Subscription billings:						
GAAP subscription revenues	\$ 899,194	\$ 666,139	35%	\$ 3,255,079	\$ 2,421,313	34%
Change in subscription deferred revenue, unbilled receivables and customer deposits	398,564	285,856		533,227	460,117	
Non-GAAP subscription billings	1,297,758	951,995	36%	3,788,306	2,881,430	31%
Effects of foreign currency rate fluctuations	11,858			62,854		
Effects of fluctuations in billings duration	(6,220)			(1,181)		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$ 1,303,396</u>		37%	<u>\$ 3,849,979</u>		34%
Professional services and other revenues:						
GAAP professional services and other revenues	\$ 52,580	\$ 49,302	7%	\$ 205,358	\$ 187,503	10%
Effects of foreign currency rate fluctuations	725			4,807		
Non-GAAP adjusted professional service and other revenues ⁽¹⁾	<u>\$ 53,305</u>		8%	<u>\$ 210,165</u>		12%
Professional services and other billings:						
GAAP professional services and other revenues	\$ 52,580	\$ 49,302	7%	\$ 205,358	\$ 187,503	10%
Change in professional services and other deferred revenue	8,114	11,745		8,549	19,902	
Non-GAAP professional services and other billings	60,694	61,047	(1%)	213,907	207,405	3%
Effects of foreign currency rate fluctuations	725			4,807		
Non-GAAP adjusted professional services and other billings ⁽²⁾	<u>\$ 61,419</u>		1%	<u>\$ 218,714</u>		5%
Total revenues:						
GAAP total revenues	\$ 951,774	\$ 715,441	33%	\$ 3,460,437	\$ 2,608,816	33%
Effects of foreign currency rate fluctuations	8,576			62,364		
Non-GAAP adjusted total revenues ⁽¹⁾	<u>\$ 960,350</u>		34%	<u>\$ 3,522,801</u>		35%
Total billings:						
GAAP total revenues	\$ 951,774	\$ 715,441	33%	\$ 3,460,437	\$ 2,608,816	33%
Change in total deferred revenue, unbilled receivables and customer deposits	406,678	297,601		541,776	480,019	
Non-GAAP total billings	1,358,452	1,013,042	34%	4,002,213	3,088,835	30%
Effects of foreign currency rate fluctuations	12,583			67,661		
Effects of fluctuations in billings duration	(6,220)			(1,181)		
Non-GAAP adjusted total billings ⁽²⁾	<u>\$ 1,364,815</u>		35%	<u>\$ 4,068,693</u>		32%

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	December 31, 2018	Growth Rates	December 31, 2019	December 31, 2018
Cost of revenues:					
GAAP subscription cost of revenues	\$ 148,244	\$ 113,503		\$ 549,642	\$ 417,421
Stock-based compensation	(18,709)	(12,134)		(72,728)	(48,738)
Amortization of purchased intangibles	(7,538)	(5,063)		(24,133)	(18,993)
Non-GAAP subscription cost of revenues	<u>\$ 121,997</u>	<u>\$ 96,306</u>		<u>\$ 452,781</u>	<u>\$ 349,690</u>
GAAP professional services and other cost of revenues	\$ 63,209	\$ 54,659		\$ 247,003	\$ 205,237
Stock-based compensation	(11,374)	(8,506)		(43,123)	(32,816)
Non-GAAP professional services and other cost of revenues	<u>\$ 51,835</u>	<u>\$ 46,153</u>		<u>\$ 203,880</u>	<u>\$ 172,421</u>
Gross profit (loss):					
GAAP subscription gross profit	\$ 750,950	\$ 552,636		\$ 2,705,437	\$ 2,003,892
Stock-based compensation	18,709	12,134		72,728	48,738
Amortization of purchased intangibles	7,538	5,063		24,133	18,993
Non-GAAP subscription gross profit	<u>\$ 777,197</u>	<u>\$ 569,833</u>		<u>\$ 2,802,298</u>	<u>\$ 2,071,623</u>
GAAP professional services and other gross loss	\$ (10,629)	\$ (5,357)		\$ (41,645)	\$ (17,734)
Stock-based compensation	11,374	8,506		43,123	32,816
Non-GAAP professional services and other gross profit	<u>\$ 745</u>	<u>\$ 3,149</u>		<u>\$ 1,478</u>	<u>\$ 15,082</u>
GAAP gross profit	\$ 740,321	\$ 547,279		\$ 2,663,792	\$ 1,986,158
Stock-based compensation	30,083	20,640		115,851	81,554
Amortization of purchased intangibles	7,538	5,063		24,133	18,993
Non-GAAP gross profit	<u>\$ 777,942</u>	<u>\$ 572,982</u>		<u>\$ 2,803,776</u>	<u>\$ 2,086,705</u>
Gross margin:					
GAAP subscription gross margin	84%	83%		83%	83%
Stock-based compensation as % of subscription revenues	2%	2%		2%	2%
Amortization of purchased intangibles as % of subscription revenues	0%	1%		1%	1%
Non-GAAP subscription gross margin	<u>86%</u>	<u>86%</u>		<u>86%</u>	<u>86%</u>
GAAP professional services and other gross margin	(20%)	(11%)		(20%)	(9%)
Stock-based compensation as % of professional services and other revenues	21%	17%		21%	17%
Non-GAAP professional services and other gross margin	<u>1%</u>	<u>6%</u>		<u>1%</u>	<u>8%</u>
GAAP gross margin	78%	76%		77%	76%
Stock-based compensation as % of total revenues	3%	3%		3%	3%
Amortization of purchased intangibles as % of total revenues	1%	1%		1%	1%
Non-GAAP gross margin	<u>82%</u>	<u>80%</u>		<u>81%</u>	<u>80%</u>

	Three Months Ended		Growth Rates	Twelve Months Ended	
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018
Operating expenses:					
GAAP sales and marketing expenses	\$ 416,005	\$ 319,163		\$ 1,534,284	\$ 1,203,056
Stock-based compensation	(68,337)	(58,762)		(268,408)	(228,045)
Amortization of purchased intangibles	(161)	—		(161)	—
Non-GAAP sales and marketing expenses	<u>\$ 347,507</u>	<u>\$ 260,401</u>		<u>\$ 1,265,715</u>	<u>\$ 975,011</u>
GAAP research and development expenses	\$ 202,328	\$ 148,662		\$ 748,369	\$ 529,501
Stock-based compensation	(50,562)	(37,298)		(194,821)	(135,203)
Amortization of purchased intangibles	(455)	(455)		(1,820)	(1,820)
Non-GAAP research and development expenses	<u>\$ 151,311</u>	<u>\$ 110,909</u>		<u>\$ 551,728</u>	<u>\$ 392,478</u>
GAAP general and administrative expenses	\$ 93,476	\$ 79,176		\$ 339,016	\$ 296,027
Stock-based compensation	(21,069)	(25,944)		(83,115)	(99,151)
Amortization of purchased intangibles	(2,341)	(1,534)		(8,459)	(4,416)
Business combination and other related costs	(505)	(43)		(625)	(1,007)
Non-GAAP general and administrative expenses	<u>\$ 69,561</u>	<u>\$ 51,655</u>		<u>\$ 246,817</u>	<u>\$ 191,453</u>
GAAP total operating expenses	\$ 711,809	\$ 547,001		\$ 2,621,669	\$ 2,028,584
Stock-based compensation	(139,968)	(122,004)		(546,344)	(462,399)
Amortization of purchased intangibles	(2,957)	(1,989)		(10,440)	(6,236)
Business combination and other related costs	(505)	(43)		(625)	(1,007)
Non-GAAP total operating expenses	<u>\$ 568,379</u>	<u>\$ 422,965</u>		<u>\$ 2,064,260</u>	<u>\$ 1,558,942</u>
Income (loss) from operations:					
GAAP income (loss) from operations	\$ 28,512	\$ 278		\$ 42,123	\$ (42,426)
Stock-based compensation	170,051	142,644		662,195	543,953
Amortization of purchased intangibles	10,495	7,052		34,573	25,229
Business combination and other related costs	505	43		625	1,007
Non-GAAP income from operations	<u>\$ 209,563</u>	<u>\$ 150,017</u>		<u>\$ 739,516</u>	<u>\$ 527,763</u>
Operating margin:					
GAAP operating margin	3%	0%		1%	(2%)
Stock-based compensation as % of total revenues	18%	20%		19%	21%
Amortization of purchased intangibles as % of total revenues	1%	1%		1%	1%
Business combination and other related costs as % of total revenues	0%	0%		0%	0%
Non-GAAP operating margin	<u>22%</u>	<u>21%</u>		<u>21%</u>	<u>20%</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2019	December 31, 2018	Growth Rates	December 31, 2019	December 31, 2018
Net income (loss):					
GAAP net income (loss)	\$ 598,724	\$ 7,015		\$ 626,698	\$ (26,704)
Stock-based compensation	170,051	142,644		662,195	543,953
Amortization of purchased intangibles	10,495	7,052		34,573	25,229
Business combination and other related costs	505	43		625	1,007
Amortization of debt discount and issuance costs for the convertible senior notes	8,475	8,938		33,283	52,733
Loss on early note conversions	—	—		—	4,063
Income tax expense effects related to the above adjustments	(27,153)	(20,093)		(136,957)	(129,912)
Income tax benefit from the release of a valuation allowance on the deferred tax assets ⁽³⁾	(574,150)	—		(574,150)	—
Non-GAAP net income	<u>\$ 186,947</u>	<u>\$ 145,599</u>		<u>\$ 646,267</u>	<u>\$ 470,369</u>
Net income (loss) per share - basic and diluted:					
GAAP net income (loss) per share - basic	<u>\$ 3.17</u>	<u>\$ 0.04</u>		<u>\$ 3.36</u>	<u>\$ (0.15)</u>
GAAP net income (loss) per share - diluted	<u>\$ 3.03</u>	<u>\$ 0.04</u>		<u>\$ 3.18</u>	<u>\$ (0.15)</u>
Non-GAAP net income per share - basic	<u>\$ 0.99</u>	<u>\$ 0.81</u>		<u>\$ 3.47</u>	<u>\$ 2.64</u>
Non-GAAP net income per share - diluted	<u>\$ 0.96</u>	<u>\$ 0.77</u>		<u>\$ 3.32</u>	<u>\$ 2.49</u>
GAAP weighted-average shares used to compute net income (loss) per share - basic	<u>189,042</u>	<u>179,764</u>		<u>186,466</u>	<u>177,846</u>
GAAP weighted-average shares used to compute net income (loss) per share - diluted	197,843	190,662		197,223	177,846
Effects of dilutive time-based stock awards ⁽⁴⁾	—	—		—	7,873
Effects of in-the-money portion of convertible senior notes ⁽⁴⁾	(2,837)	(1,397)		(2,736)	—
Effects of warrants ⁽⁴⁾	—	—		—	2,968
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>195,006</u>	<u>189,265</u>		<u>194,487</u>	<u>188,687</u>
Free cash flow:					
GAAP net cash provided by operating activities	\$ 421,211	\$ 289,612		\$ 1,235,972	\$ 811,089
Purchases of property and equipment	(79,003)	(88,113)		(264,892)	(224,462)
Repayments of convertible senior notes attributable to debt discount	—	43,716		—	145,349
Non-GAAP free cash flow	<u>\$ 342,208</u>	<u>\$ 245,215</u>		<u>\$ 971,080</u>	<u>\$ 731,976</u>
Free cash flow margin:					
GAAP net cash provided by operating activities as % of total revenues	44%	40%		36%	31%
Purchases of property and equipment as % of total revenues	(8%)	(12%)		(8%)	(9%)
Repayments of convertible senior notes attributable to debt discount as % of total revenues	—%	6%		—%	6%
Non-GAAP free cash flow margin	<u>36%</u>	<u>34%</u>		<u>28%</u>	<u>28%</u>

- (1) Adjusted revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the actual average exchange rates in effect during the current period.
- (2) Adjusted billings and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the actual average 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) Fourth quarter and full-year 2019 GAAP net income was impacted by a \$574 million one-time income tax benefit from the release of a valuation allowance on our deferred tax assets.

- (4) Effects 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, 2019. 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 three months ended September 30, 2019 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, 2019. 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, 2020	March 31, 2019 ⁽³⁾	
GAAP subscription revenues	\$975 - \$980 million	\$740 million	32%
Effects of foreign currency rate fluctuations	3 million		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$978 - \$983 million</u>		32% - 33%
GAAP subscription revenues	\$975 - \$980 million	\$740 million	32%
Change in subscription deferred revenue, unbilled receivables and customer deposits	65 million	70 million	
Non-GAAP subscription billings	<u>\$1,040 - \$1,045 million</u>	\$810 million	28% - 29%
Effects of foreign currency rate fluctuations	4 million		
Effects of fluctuations in billings duration	(2) million		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$1,042 - \$1,047 million</u>		29%
GAAP operating margin	2%		
Stock-based compensation expense as % of total revenues	19%		
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>22%</u>		
GAAP weighted-average shares used to compute net income per share - diluted	198 million		
Effects of in-the-money portion of convertible senior notes ⁽⁴⁾	(3) million		
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>195 million</u>		

	Twelve Months Ended		Growth Rates
	December 31, 2020	December 31, 2019 ⁽³⁾	
GAAP subscription revenues	\$4,220 - \$4,240 million	\$3,255 million	30%
Effects of foreign currency rate fluctuations	(10) million		
Non-GAAP adjusted subscription revenues ⁽¹⁾	<u>\$4,210 - \$4,230 million</u>		29% - 30%
GAAP subscription revenues	\$4,220 - \$4,240 million	\$3,255 million	30%
Change in subscription deferred revenue, unbilled receivables and customer deposits	585 million	533 million	
Non-GAAP subscription billings	<u>\$4,805 - \$4,825 million</u>	<u>\$3,788 million</u>	27%
Effects of foreign currency rate fluctuations	(12) million		
Effects of fluctuations in billings duration	14 million		
Non-GAAP adjusted subscription billings ⁽²⁾	<u>\$4,807 - \$4,827 million</u>		27%
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	2%		
Stock-based compensation expense as % of total revenues	19%		
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>22%</u>		
GAAP net cash provided by operating activities as % of total revenues	37%		
Purchases of property and equipment as % of total revenues	(8%)		
Non-GAAP free cash flow margin	<u>29%</u>		
GAAP weighted-average shares used to compute net income per share - diluted	199 million		
Effects of in-the-money portion of convertible senior notes ⁽⁴⁾	(3) million		
Non-GAAP weighted-average shares used to compute net income per share - diluted	<u>196 million</u>		

- (1) Adjusted revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the guidance period.
- (2) Adjusted billings and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rates for the guidance period, and by replacing the 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.