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Investor Presentation

First Quarter 2020

Safe Harbor and Other Information

This presentation contains “forward-looking” statements that are based on our management's beliefs and assumptions and on information currently available to management. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, the effects of competition on our business and customer trends.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates” (including, without limitation, financial estimates denoted with an “E,” such as FY20E), “targets,” “guidance,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “prospects,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Additionally, these forward-looking statements, particularly our guidance, involve risk, uncertainties and assumptions, including those related to the impacts of COVID-19 on our business and global economic conditions. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, the timeframes for and severity of social distancing and other mitigation requirements, the impact of COVID-19 on our customers' purchasing decisions and the length of our sales cycles, particularly for customers in certain industries highly affected by COVID-19. Significant variation from the assumptions underlying our forward-looking statements could cause our actual results to vary, and the impact could be significant. Further information on these and other factors that could cause or contribute to such differences include, but are not limited to those discussed in the section titled “Risk Factors,” in our Quarterly Report on Form 10-Q that will be filed for the quarter ended 3/31/2020 and in our other Securities and Exchange Commission (“SEC”) filings, including our most recent Annual Report on Form 10-K. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

While we believe we are in a strong financial position to weather impacts caused to our business by COVID-19, many of our customers are now operating under very challenging circumstances, especially those in industries highly affected by COVID-19, and may re-evaluate their spend. As such, the second quarter 2020 guidance and updated full-year 2020 guidance we are providing today factor in the expected impacts of COVID-19 based on information available to us today. Our guidance is also based on the assumption that generally the most significant headwinds will occur in the second and third quarters of 2020 and there will be increased uncertainty around new business, renewal timing or billings terms, particularly with customers in these highly affected industries. We are further assuming that economic conditions will begin to open up more broadly by the end of the year. Significant variation from these assumptions could cause us to modify our guidance higher or lower.

Forward-looking statements represent our management's beliefs and assumptions only as of the date of this presentation. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current financial quarter.

This presentation includes certain non-GAAP financial measures and the corresponding growth rates as defined by SEC rules. For additional information, see the slide titled “Statement Regarding Use of Non-GAAP Financial Measures.”

Terms such as “Average Contract Term,” “Remaining Performance Obligations (RPO)” and “Renewal Rate” shall have the meanings set forth in our filings with the SEC.

The information in this presentation on new products, features, or functionality is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The information on new products, features, and functionality is for informational purposes only and shall not be incorporated into any contract. The information on new products, features, and functionality is not a commitment, promise, or legal obligation to deliver any material, code or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

Statement Regarding Use of Non-GAAP Financial Measures

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

We present revenues, revenue growth rates, and remaining performance obligations growth rates adjusted for constant currency to provide a framework for assessing how our business performed excluding the effect of foreign currency rate fluctuations. To present this information, current period results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect for the comparison period, rather than the actual exchange rates in effect for the current period. Similarly, in our guidance, we apply the exchange rates in effect for the comparison period rather than the exchange rates for the guidance period. We believe the presentation of revenues and remaining performance obligations adjusted for constant currency facilitates the comparison of revenues year-over-year.

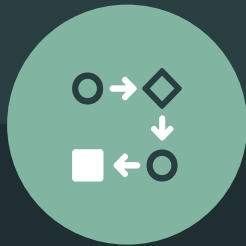
We believe billings is a useful leading indicator regarding the performance of our business. We define subscription billings, professional services and other billings, and total billings as the applicable revenue plus the applicable change in deferred revenue, unbilled receivables and customer deposits as presented or derived from the statement of cash flows. We adjust billings for constant currency, as described above, and for constant duration by replacing the portion of multi-year billings in excess of twelve months during the current or guidance period with the portion of multi-year billings in excess of twelve months during the comparison period. We believe these adjustments facilitate greater comparability in our billings information year-over-year.

Our non-GAAP presentation of gross profit, income from operations, and net income measures exclude certain non-cash or non-recurring items, including stock-based compensation expense, amortization of debt discount and issuance costs related to our convertible senior notes, loss on early note conversions, amortization of purchased intangibles, legal settlements, business combination and other related costs, the related income tax effect of these adjustments, and the one-time income tax benefit from the release of a valuation allowance on the deferred tax assets. The non-GAAP weighted-average shares used to compute our non-GAAP net income per share - diluted excludes the dilutive effect of the in-the-money portion of convertible senior notes as they are covered by our note hedges, and includes the dilutive effect of time-based stock awards, the dilutive effect of warrants and the potentially dilutive effect of our stock awards with performance conditions not yet satisfied at forecasted attainment levels to the extent we believe it is probable that the performance condition will be met. We believe these adjustments provide useful supplemental information to investors and facilitates the analysis of our operating results and comparison of operating results across reporting periods.

Free cash flow, which is a non-GAAP financial measure, is defined as net cash provided by (used in) operating activities plus cash paid for legal settlements and repayments of convertible senior notes attributable to debt discount, reduced by purchases of property and equipment. Free cash flow margin is calculated as free cash flow as a percentage of total revenues. We believe information regarding free cash flow and free cash flow margin provides useful information to investors because it is an indicator of the strength and performance of our business operations.

Our presentation of non-GAAP financial measures may not be comparable to similar measure used by other companies. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business. Please see the tables included at the end of this presentation for the reconciliation of GAAP and non-GAAP results and guidance.

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Our 6,200+ global enterprise customers include approximately 80% of the Fortune 500. They all rely on ServiceNow solutions using the Now Platform—the intelligent and intuitive cloud platform—for successful digital transformation.



Our aspiration is to be the defining enterprise software company of the 21st century.



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Now Platform®: the intelligent and intuitive cloud platform for work



IT Workflows

Transform your business with a single platform for IT.



Employee Workflows

Make work life as great as real life with an employee-focused approach.



Customer Workflows

Break down silos, be more proactive, and create instant customer satisfaction.



Build your own Workflow

Automate, optimize, and empower everyone to build workflow applications.

Q1-20 Financial Highlights

Q1 2020 Results	Quarterly Results	Increase (Decrease) Y/Y	Non-GAAP Adjusted Y/Y ⁽¹⁾
Subscription Revenues	\$995M	34%	36%
Non-GAAP Subscription Billings ⁽²⁾	\$1,055M	30%	32%
Current RPO (cRPO) ⁽³⁾	\$3.3B	31%	33%
Remaining Performance Obligations (RPO)	\$6.6B	30%	32%
Non-GAAP Operating Margin ⁽²⁾	24%	500bps	NA
Non-GAAP Free Cash Flow Margin ⁽²⁾	39%	(100bps)	NA

1) Adjusted subscription revenues, adjusted subscription billings, adjusted cRPO and adjusted RPO and their corresponding growth rates are calculated on a non-GAAP basis. GAAP subscription revenues are adjusted for constant currency; non-GAAP subscription billings are adjusted for constant currency and constant duration. See slide 9 for additional discussion of adjusted subscription revenues and adjusted subscription billings. cRPO and RPO are adjusted for constant currency. See slide 11 for additional discussion of adjusted cRPO and adjusted RPO. See appendix for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

2) This financial metric and its corresponding growth rate are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

3) See slide 11 for definition.

4) Note: Numbers rounded for presentation purposes.

Guidance Summary

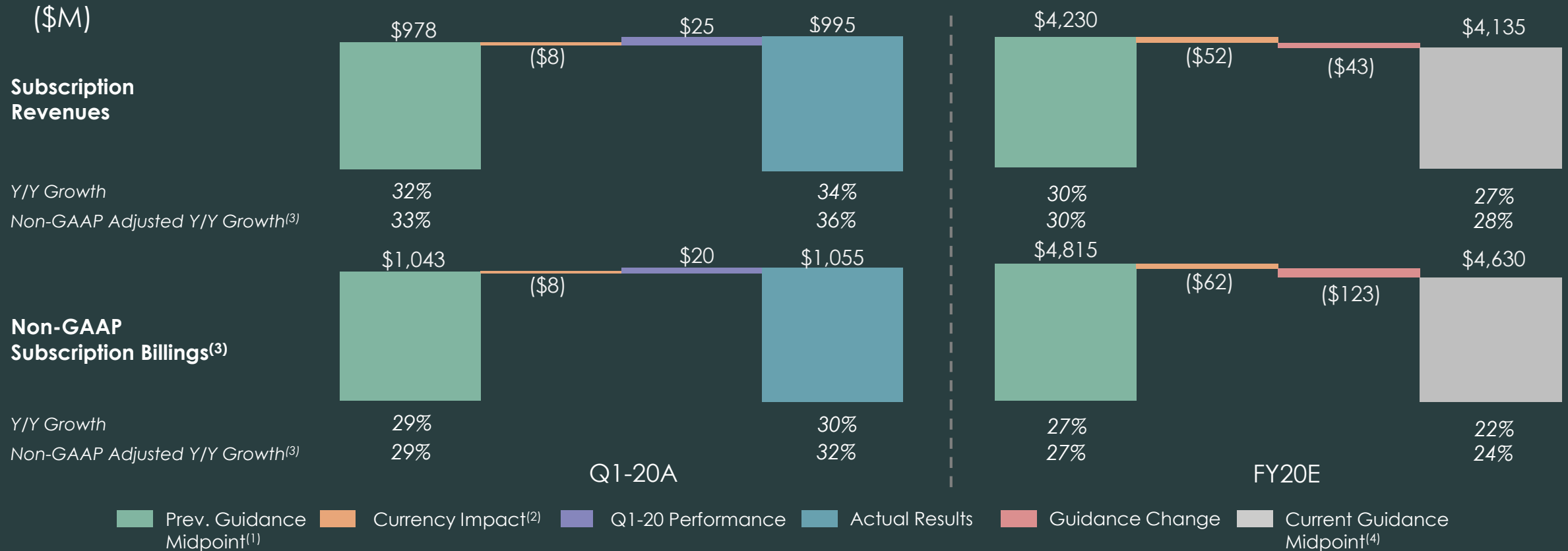
Q2 2020	Quarterly Guidance	Increase Y/Y	Non-GAAP Adjusted Y/Y ⁽¹⁾
Subscription Revenues	\$995M - \$1,000M	27% - 28%	29% - 30%
Non-GAAP Subscription Billings ⁽²⁾	\$960M - \$980M	18% - 20%	20% - 22%
Non-GAAP Operating Margin ⁽²⁾	23%	~500bps	NA

Full-Year 2020	Full-Year Guidance ⁽¹⁾	Increase Y/Y	Non-GAAP Adjusted Y/Y ⁽²⁾
Subscription Revenues	\$4,125M - \$4,145M	27%	28% - 29%
Non-GAAP Subscription Billings ⁽²⁾	\$4,600M - \$4,660M	21% - 23%	23% - 25%
Non-GAAP Subscription Gross Margin ⁽²⁾	86%	~0bps	NA
Non-GAAP Operating Margin ⁽²⁾	23%	~200bps	NA
Non-GAAP Free Cash Flow Margin ⁽²⁾	29%	~100bps	NA

1) Adjusted subscription revenues and adjusted subscription billings and their corresponding growth rates are calculated on a non-GAAP basis. GAAP subscription revenues are adjusted for constant currency; non-GAAP subscription billings are adjusted for constant currency and constant duration. See slide 9 for additional discussion of adjusted subscription revenues and adjusted subscription billings. See appendix for reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

2) This financial metric and its corresponding growth rate are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Comparison to Previously Issued Guidance



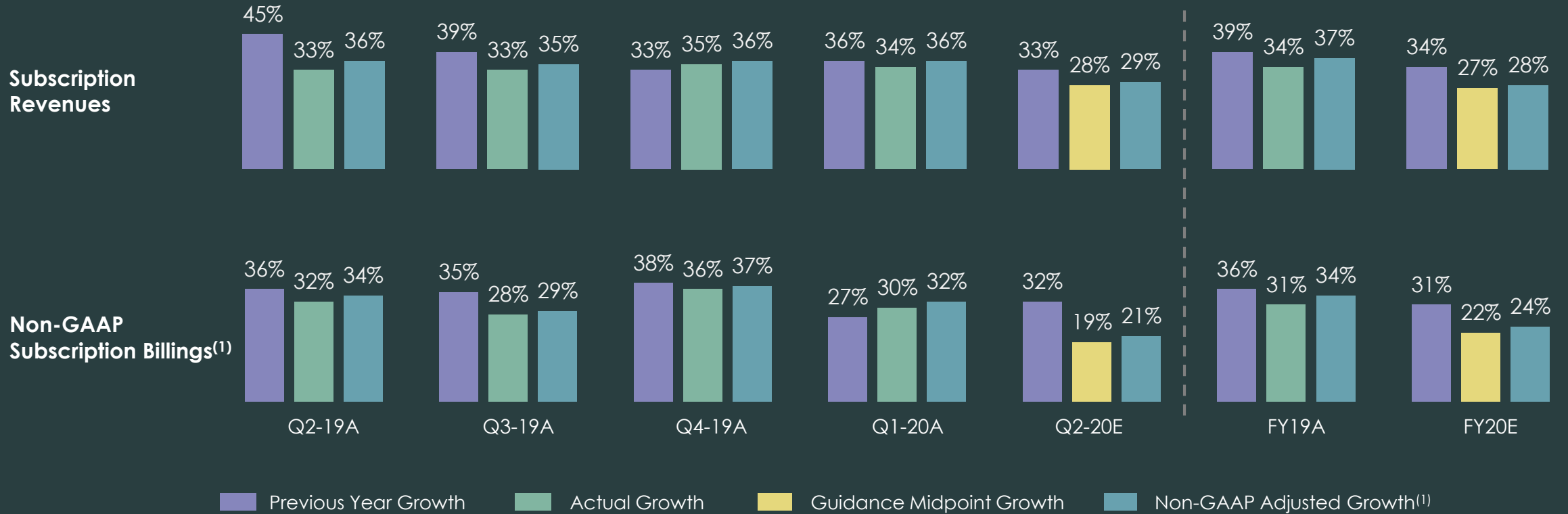
1) Refers to previously issued financial guidance dated 1/29/20.

2) GAAP subscription revenues and non-GAAP subscription billings included in our quarterly guidance is based on foreign exchange rates in effect at the end of the current quarter for entities reporting in currencies other than U.S. Dollars. Currency impact in Q1 2020 represents the impact of the difference between the actual average rates in the period used to calculate our Q1 2020 actual results and the rates as of 12/31/19 assumed in our previously issued guidance dated 1/29/20. For our full-year guidance, currency impact represents the impact described in the preceding sentence, plus the impact of the difference between the exchange rates in effect as of 3/31/20 assumed in our updated full-year 2020 guidance, and the rates as of 12/31/19 assumed in our previously issued guidance dated 1/29/20.

3) Adjusted subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

4) Refers to issued financial guidance dated 4/29/20.

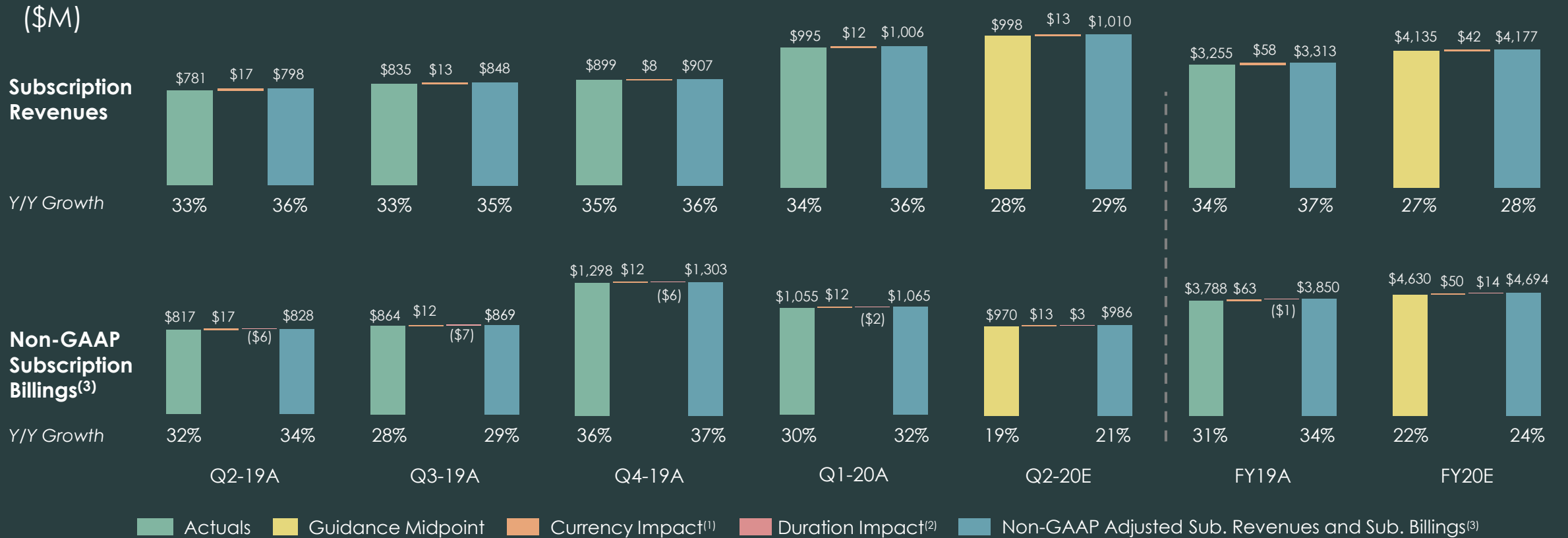
Year-Over-Year Subscription Revenues and Billings Growth



Sub Rev: Constant Currency⁽²⁾
 Sub Billings : Constant Currency + Constant Duration⁽³⁾

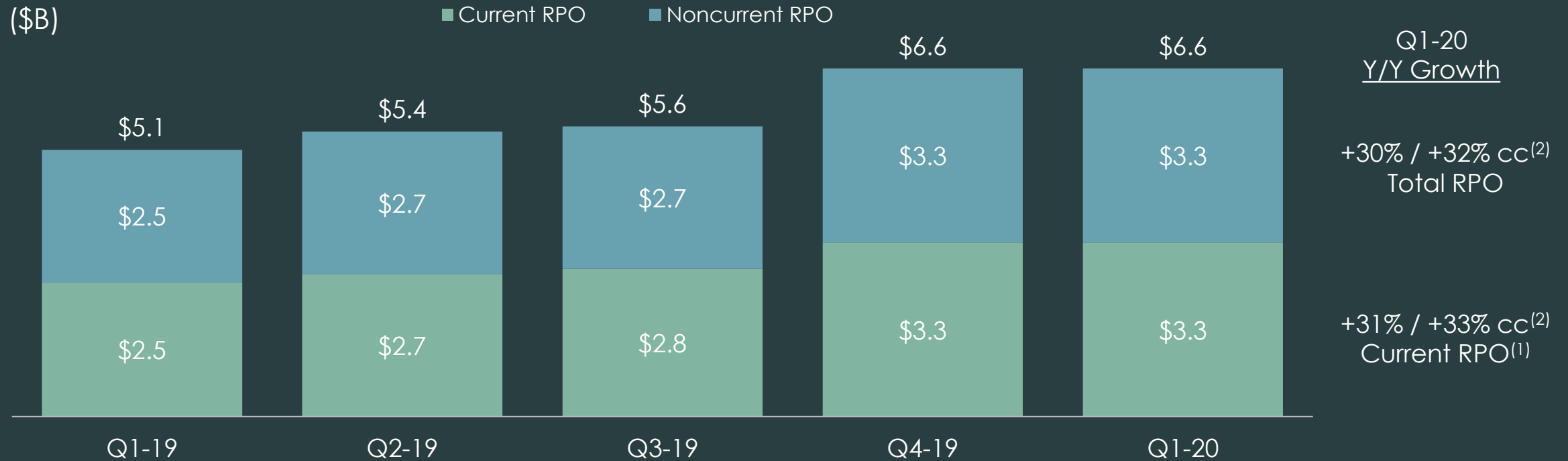
1) Adjusted subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.
 2) Adjusted revenues and the corresponding growth rates are derived by applying the average exchange rates in effect during the comparison period rather than the exchange rate for the current or guidance period.
 3) 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 current or guidance period, and by replacing the portion of multi-year billings in excess of twelve months during the current or guidance period with the portion of multi-year billings in excess of twelve months during the comparison period.

Currency and Duration Impact to Year-Over-Year Sub. Revenues and Billings



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 current or 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 current or guidance period, and by replacing the portion of multi-year billings in excess of twelve months during the current or guidance period with the portion of multi-year billings in excess of twelve months during the comparison period.
 3) Adjusted subscription revenues, subscription billings, adjusted subscription billings and the corresponding growth figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.
 Note: Numbers rounded for presentation purposes.

Remaining Performance Obligations

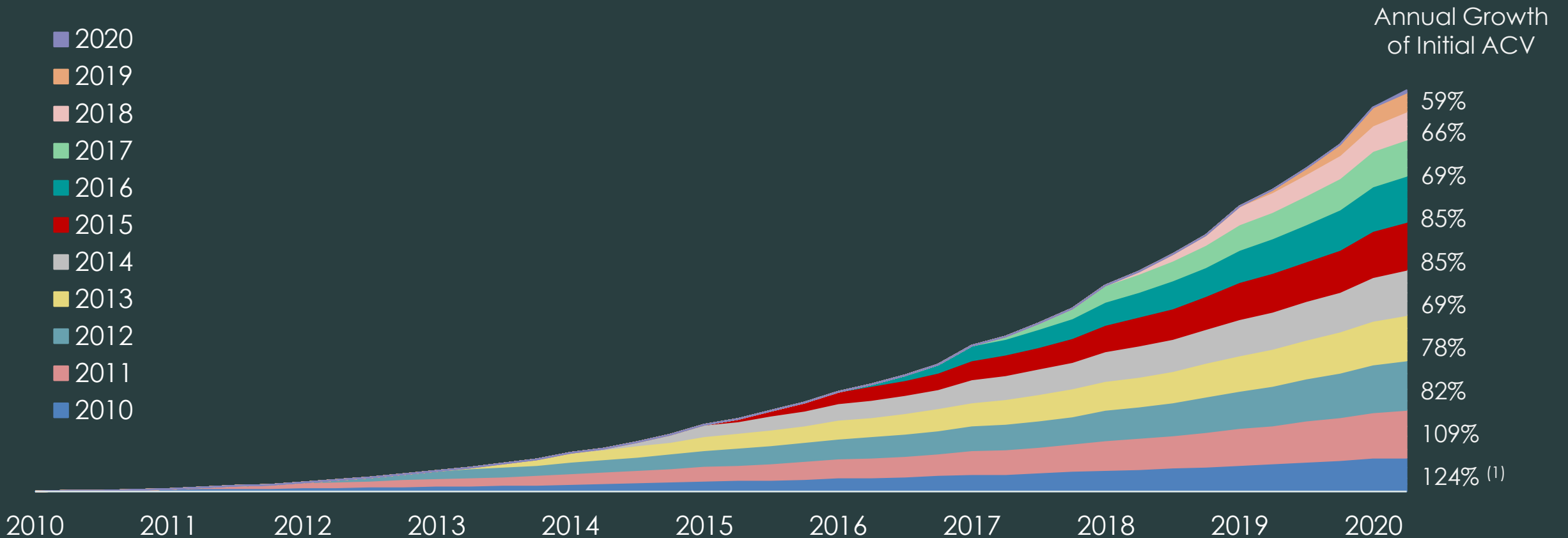


1) Current remaining performance obligations (cRPO) represents RPO that will be recognized as revenue in the next 12 months.

2) Current period end results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect at the end of the comparison period, rather than the actual exchange rates in effect at the end of the current period. The total RPO and current RPO growth rates adjusted for constant currency are calculated on a non-GAAP basis. See appendix for reconciliation to non-GAAP financial measures.

Note: Numbers rounded for presentation purposes

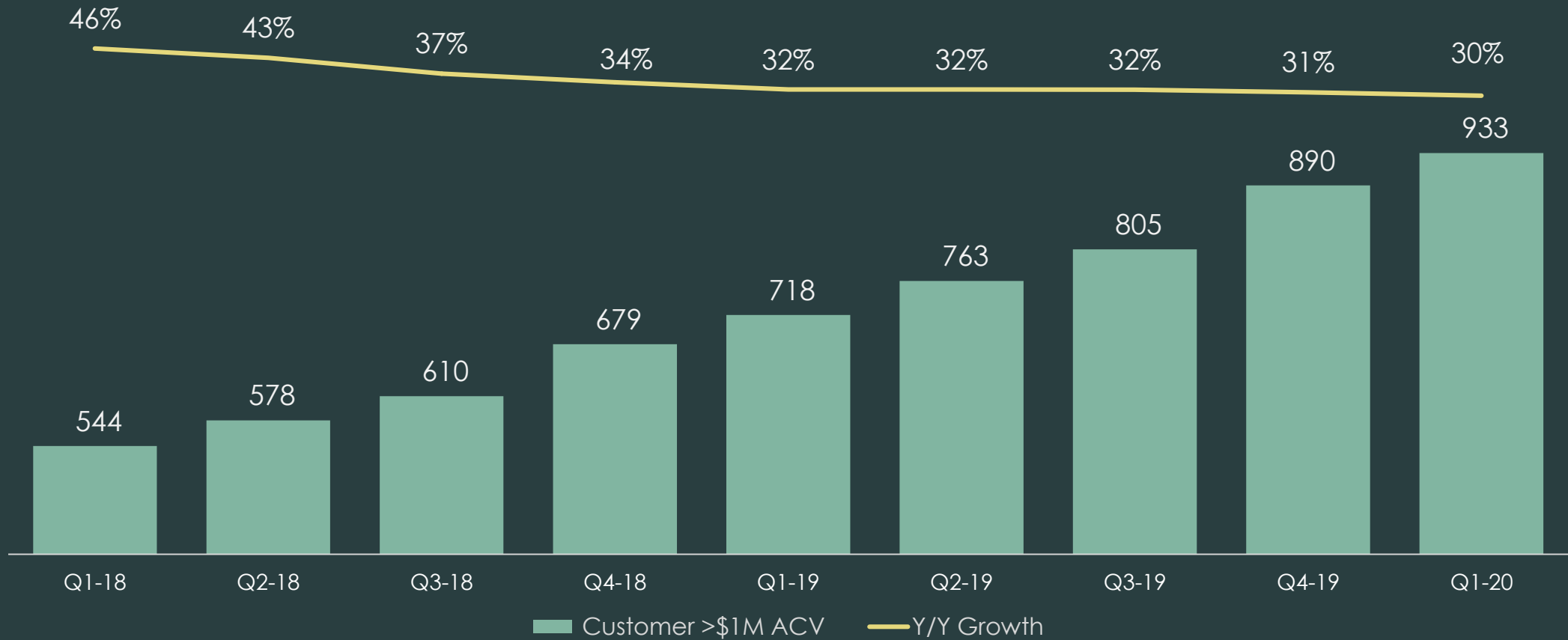
Customer Cohort Growth



1) As an illustrative example, 2010 customer cohort started with a contract of initial ACV of \$100 and grew to ACV of \$1,340 as of Q1-20, representing annual growth of initial ACV of 124%.

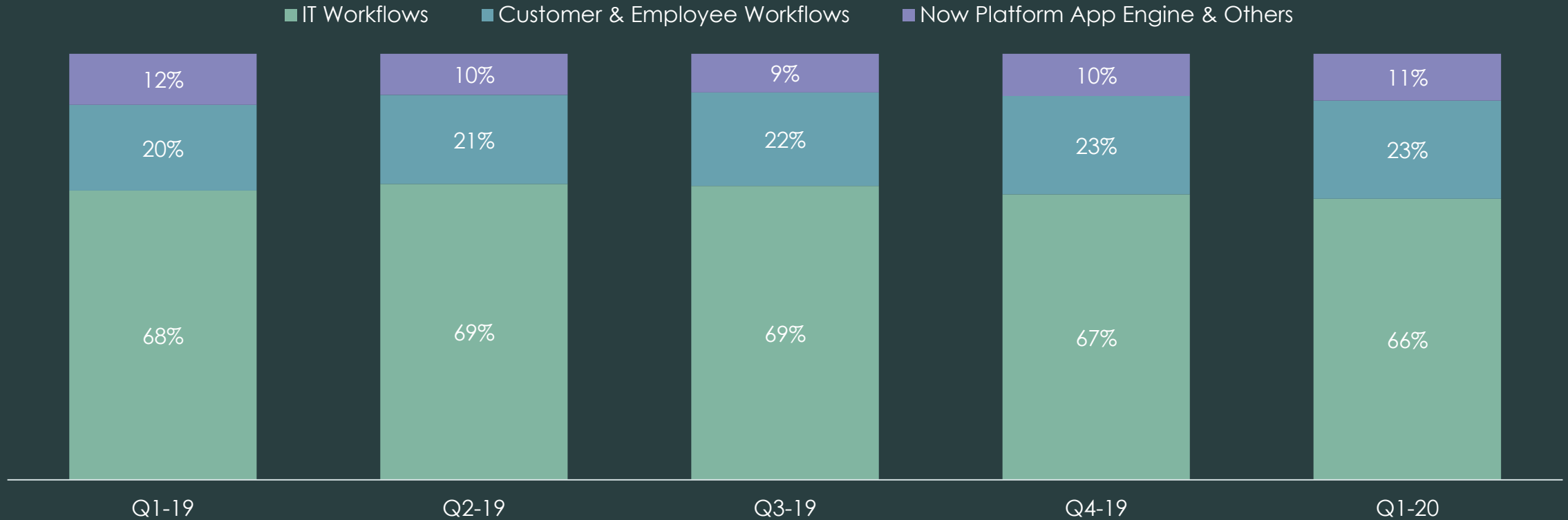
Note: Chart reflects growth in total annual contract value over time, inclusive of losses, for the group of customers that joined ServiceNow in each respective year. Annual Growth represents increases in total annual contract value after the initial contract of each customer.

Expansion of Customer Relationships



Note: Previously disclosed number of customers with ACV greater than \$1 million is restated to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was entered into. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

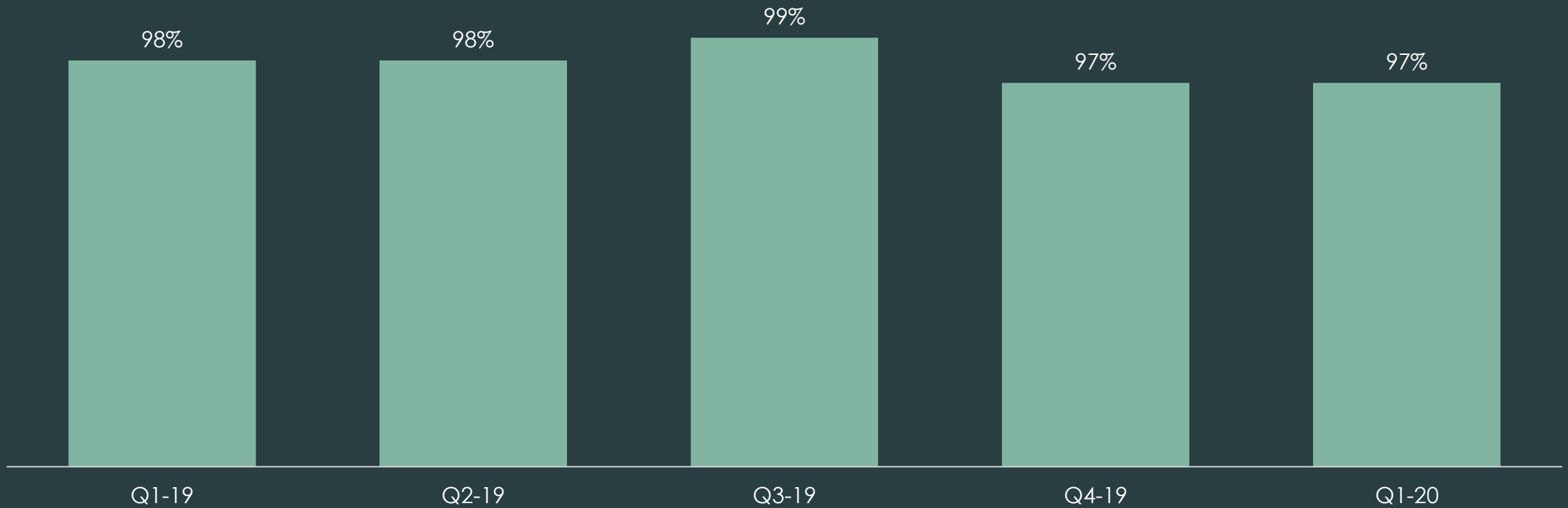
Net New ACV Contribution Across Workflows and Products⁽¹⁾



1) Historical presentations disclosed net new ACV contribution across products and are not comparable to net new ACV contribution across workflows and products disclosed herein.

Note: IT Workflows include IT Service Mgmt, IT Business Mgmt, DevOps, IT Operations Mgmt, IT Asset Mgmt, Security Operations, Integrated Risk Mgmt; Customer and Employee Workflows include HR Service Delivery, Finance Operations Mgmt, Customer Service Mgmt, Field Service Mgmt; Platform App Engine & Other include Platform, Integration PaaS and Others.

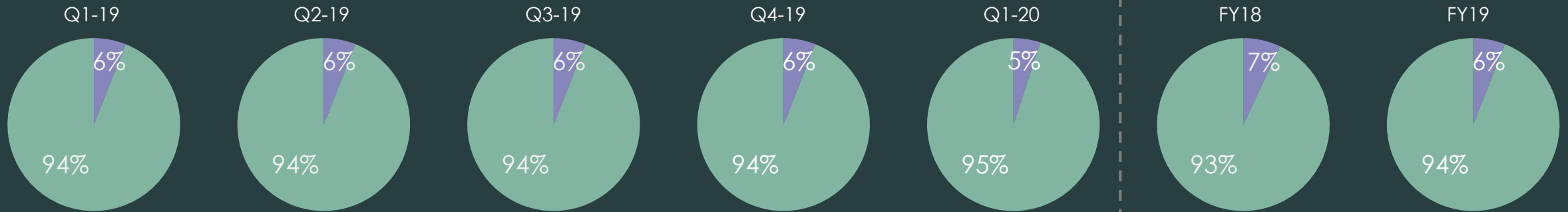
Renewal Rate



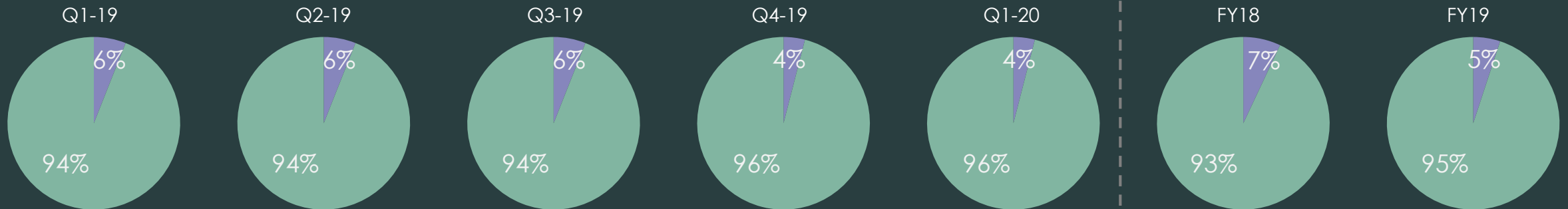
Note: We adjust our Renewal Rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Additionally, starting in 2020, we simplified our methodology related to contracts less than 12 months to derive ACV used to calculate Renewal Rate. Previously disclosed Renewal Rates may be restated to reflect such adjustments or methodology simplification to allow for comparability. While the previously disclosed Renewal Rates presented this quarter were restated due to the methodology simplification to allow for comparability, there were no material changes to our previously disclosed Renewal Rates.

Revenues and Billings Mix

GAAP Revenues



Non-GAAP Billings

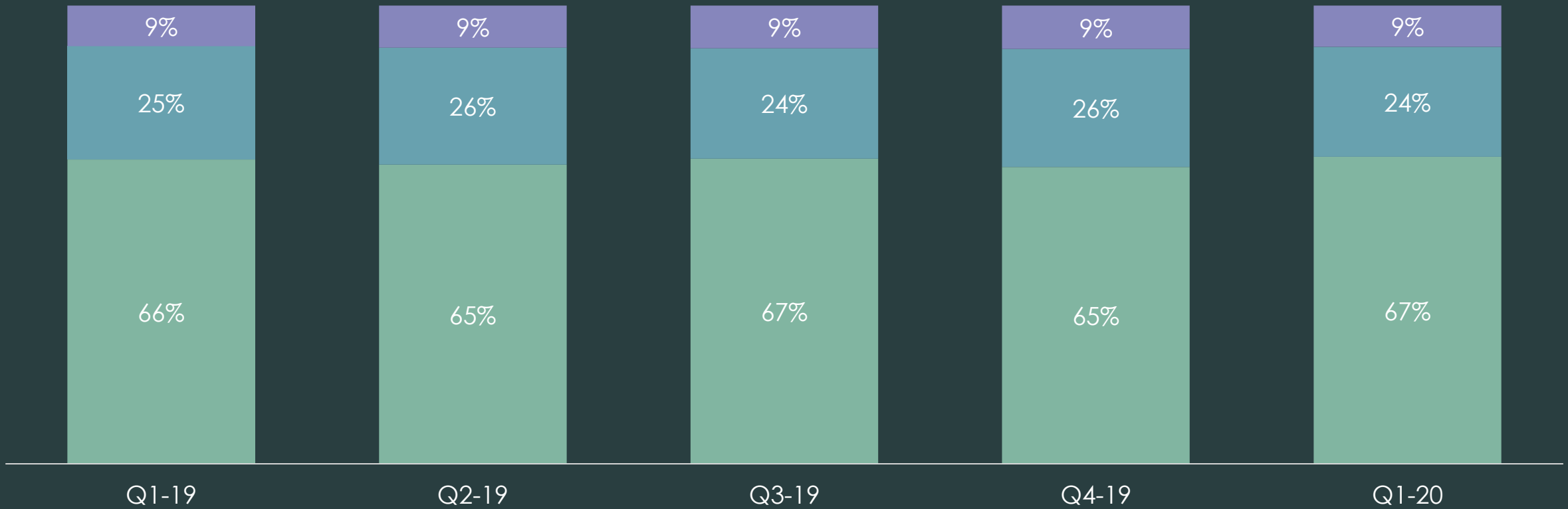


Subscription PS & Other

Note: See appendix for reconciliation of non-GAAP financial measures.

GAAP Revenues by Geography

■ North America ■ EMEA ■ APAC & Other

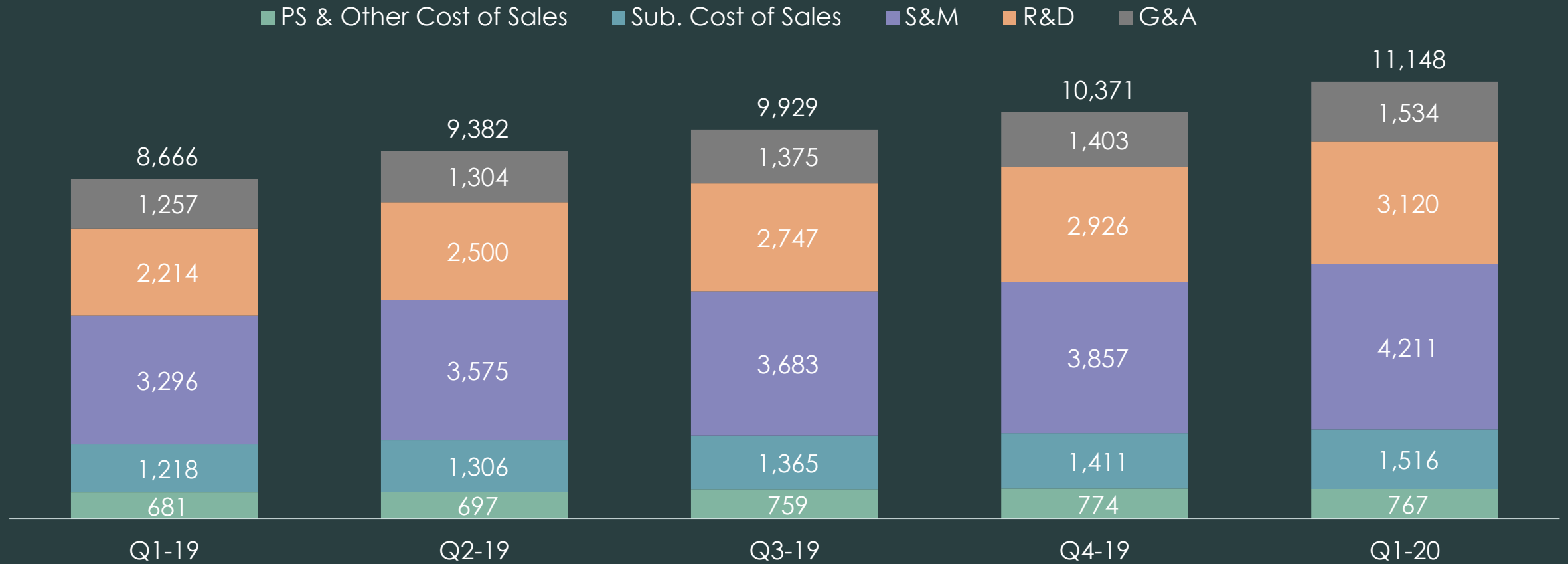


Average Contract Terms



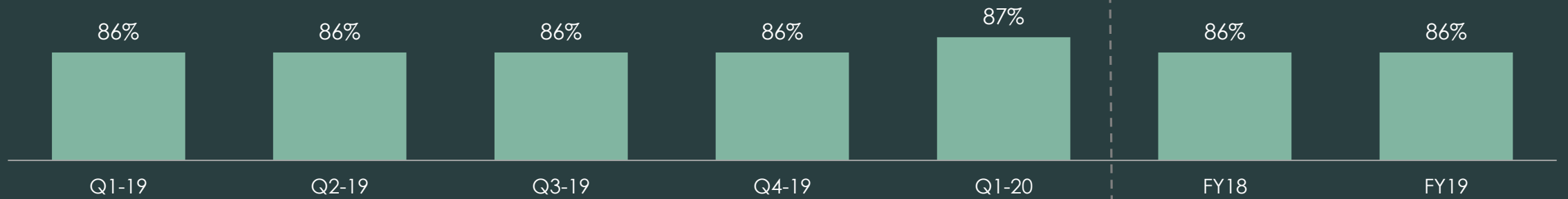
Note: All figures represent number of months. Revised mapping of customers in the current quarter may result in revised New Customer, Expansion & Renewal terms for previous quarters, due to adjustments for acquisitions, spin-offs, improved subsidiary mapping, and updates to customer DUNS numbers. Previously disclosed Average Contract Terms may be restated to reflect such adjustments to allow for comparability. Starting in 2020, we simplified our methodology related to contracts less than 12 months to calculate Average Contract Renewal Terms. Previously disclosed Average Contract Renewal Terms presented this quarter were restated to allow for comparability. There were no material changes to our previously disclosed Average Contract Renewal Terms.

Headcount by Department



Non-GAAP Gross Margins

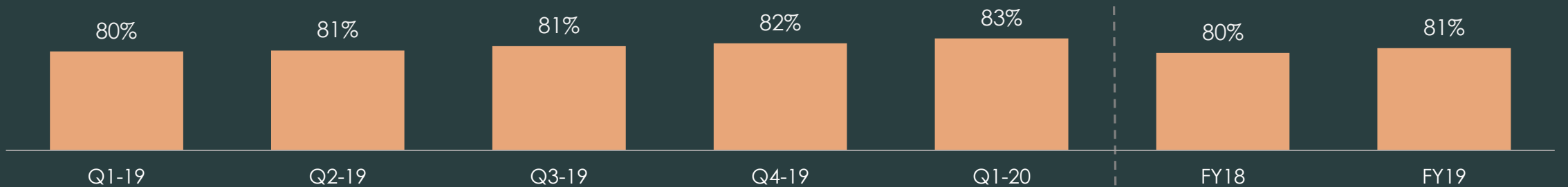
Non-GAAP Subscription Gross Margin



Non-GAAP PS & Other Gross Margin



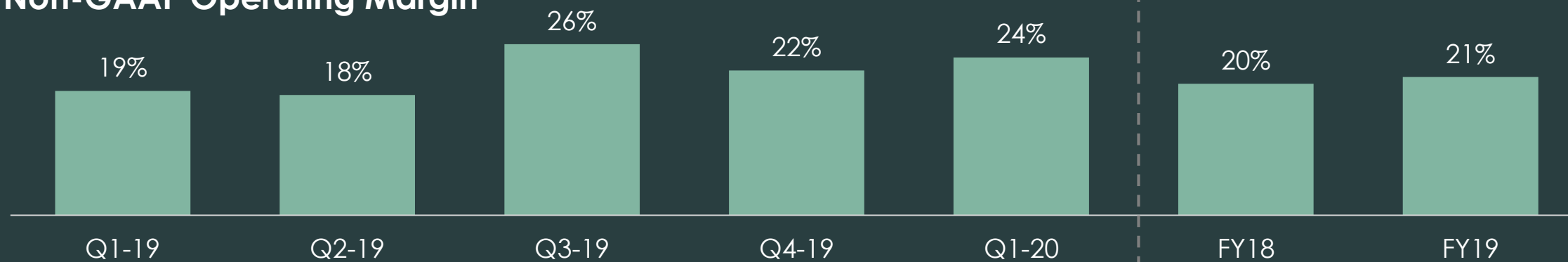
Non-GAAP Total Gross Margin



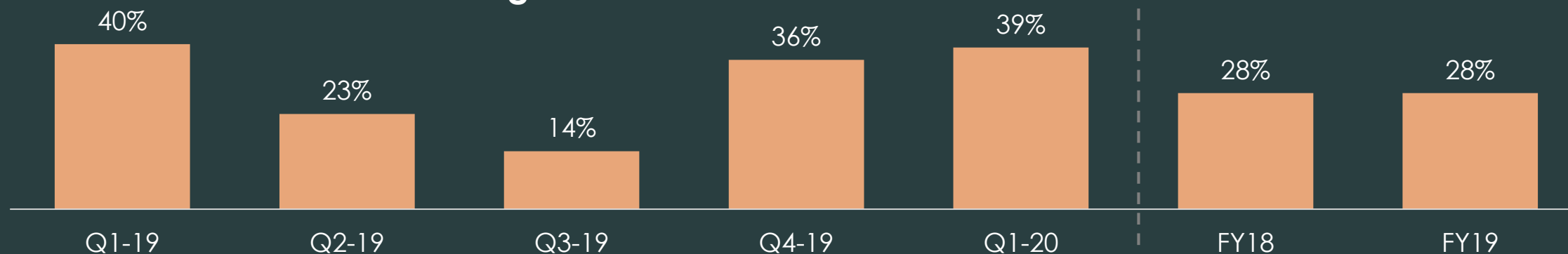
Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Operating and Free Cash Flow Margins

Non-GAAP Operating Margin



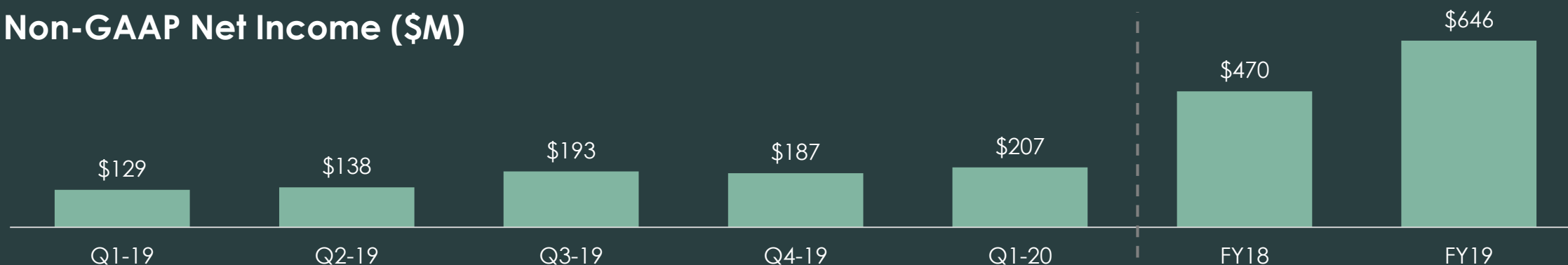
Non-GAAP Free Cash Flow Margin



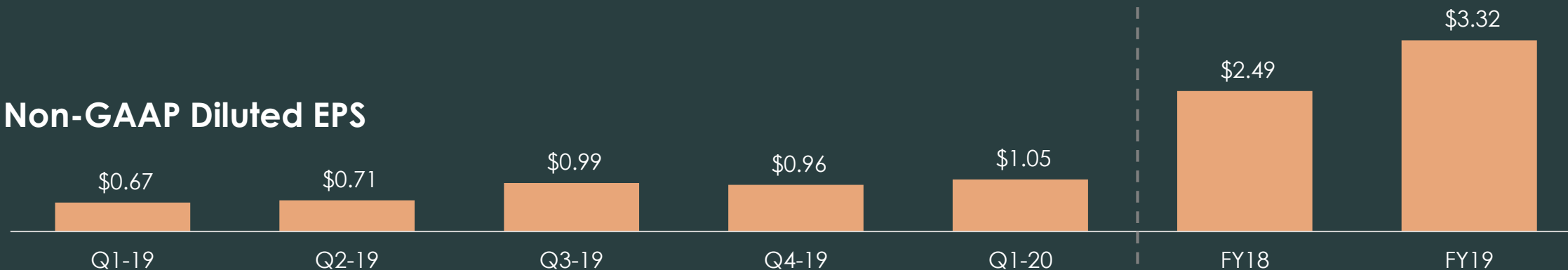
Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Net Income and Diluted EPS

Non-GAAP Net Income (\$M)



Non-GAAP Diluted EPS



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Reconciliation – Revenues and Billings

in millions (except %'s)	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Q1-20	Q2-20E Midpoint	2020E Midpoint
GAAP Subscription Revenues	\$ 2,421	\$ 740	\$ 781	\$ 835	\$ 899	\$ 3,255	\$ 995	\$ 998	\$ 4,135
(+) Effects of Foreign Currency Rate Fluctuations	(27)	20	17	13	8	58	12	13	42
Non-GAAP Adjusted Subscription Revenues ⁽¹⁾	\$ 2,394	\$ 760	\$ 798	\$ 848	\$ 907	\$ 3,313	\$ 1,006	\$ 1,010	\$ 4,177
YoY Non-GAAP Adjusted Subscription Revenues Growth Rates ⁽¹⁾	38%	40%	36%	35%	36%	37%	36%	29%	28%
GAAP Subscription Revenues	\$ 2,421	\$ 740	\$ 781	\$ 835	\$ 899	\$ 3,255	\$ 995	\$ 998	\$ 4,135
(+/-) Change in Subscription Deferred Revenue, Unbilled Receivables, and Customer Deposits	460	70	36	29	399	533	60	(28)	495
Non-GAAP Subscription Billings	\$ 2,881	\$ 810	\$ 817	\$ 864	\$ 1,298	\$ 3,788	\$ 1,055	\$ 970	\$ 4,630
YoY Non-GAAP Subscription Billings Growth Rates	36%	27%	32%	28%	36%	31%	30%	19%	22%
(+) Effects of Foreign Currency Rate Fluctuations	(29)	22	17	12	12	63	12	13	50
(+) Effects of Fluctuations in Billings Duration	(7)	18	(6)	(7)	(6)	(1)	(2)	3	14
Non-GAAP Adjusted Subscription Billings ⁽²⁾	\$ 2,845	\$ 850	\$ 828	\$ 869	\$ 1,303	\$ 3,850	\$ 1,065	\$ 986	\$ 4,694
YoY Non-GAAP Adjusted Subscription Billings Growth Rates ⁽²⁾	34%	33%	34%	29%	37%	34%	32%	21%	24%
GAAP Professional Services and Other Revenues	\$ 188	\$ 49	\$ 53	\$ 51	\$ 53	\$ 205	\$ 52	N/A	N/A
(+/-) Change in Professional Services and Other Deferred Revenues	20	(1)	1	0	8	9	(4)	N/A	N/A
Non-GAAP Professional Services and Other Billings	\$ 207	\$ 48	\$ 54	\$ 51	\$ 61	\$ 214	\$ 48	N/A	N/A
GAAP Total Revenues	\$ 2,609	\$ 789	\$ 834	\$ 886	\$ 952	\$ 3,460	\$ 1,046	N/A	N/A
(+/-) Change in Total Deferred Revenue, Unbilled Receivables, and Customer Deposits	480	69	37	29	407	542	57	N/A	N/A
Non-GAAP Total Billings	\$ 3,089	\$ 858	\$ 871	\$ 915	\$ 1,358	\$ 4,002	\$ 1,103	N/A	N/A

⁽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 or 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 actual average exchange rates in effect during the current period or the exchange rates for the guidance period, and by replacing the portion of multi-year billings in excess of twelve months during the current/guidance period with the portion of multi-year billings in excess of twelve months during the comparison period.

GAAP to Non-GAAP Reconciliation – Remaining Performance Obligations

in billions (except %'s)	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Q1-20	Q2-20E Midpoint	2020E Midpoint
GAAP Current Remaining Performance Obligations at Period End	\$ 2.5	\$ 2.5	\$ 2.7	\$ 2.8	\$ 3.3	\$ 3.3	\$ 3.3	N/A	N/A
(+) Effects of Foreign Currency Rate Fluctuations	N/A	N/A	0.0	0.1	0.0	0.0	0.0	N/A	N/A
Non-GAAP Adjusted Current Remaining Performance Obligations at Period End ⁽³⁾	N/A	N/A	\$ 2.7	\$ 2.9	\$ 3.3	\$ 3.3	\$ 3.4	N/A	N/A
YoY Non-GAAP Adjusted Current Remaining Performance Obligations Growth Rates ⁽³⁾	N/A	N/A	37%	36%	34%	34%	33%	N/A	N/A
GAAP Remaining Performance Obligations at Period End	\$ 4.9	\$ 5.1	\$ 5.4	\$ 5.6	\$ 6.6	\$ 6.6	\$ 6.6	N/A	N/A
(+) Effects of Foreign Currency Rate Fluctuations	N/A	N/A	0.1	0.1	0.0	0.0	0.1	N/A	N/A
Non-GAAP Adjusted Remaining Performance Obligations at Period End ⁽³⁾	N/A	N/A	\$ 5.5	\$ 5.7	\$ 6.7	\$ 6.7	\$ 6.7	N/A	N/A
YoY Non-GAAP Adjusted Remaining Performance Obligations Growth Rates ⁽³⁾	N/A	N/A	36%	36%	35%	35%	32%	N/A	N/A

⁽³⁾ Adjusted current remaining performance obligations, adjusted remaining performance obligations and the corresponding growth rates are derived by applying the exchange rates in effect at the end of the comparison period rather than the actual exchange rates in effect at the end of the current period.

GAAP to Non-GAAP Reconciliation – Other

in millions (except %'s and per share data)	2018	Margin	Q1-19	Margin	Q2-19	Margin	Q3-19	Margin	Q4-19	Margin	2019	Margin	Q1-20	Margin	Q2'20E	2020E
GAAP Subscription Gross Profit	\$ 2,004	83%	\$ 613	83%	\$ 646	83%	\$ 696	83%	\$ 751	84%	\$ 2,705	83%	\$ 835	84%	N/A	83%
(+) Subscription SBC	49	2%	16	2%	19	2%	19	2%	19	2%	73	2%	22	2%	N/A	2%
(+) Subscription Amort of Purchased Intangibles	19	1%	5	1%	6	1%	6	1%	8	0%	24	1%	7	1%	N/A	1%
Non-GAAP Subscription Gross Profit	\$ 2,072	86%	\$ 634	86%	\$ 670	86%	\$ 721	86%	\$ 777	86%	\$ 2,802	86%	\$ 863	87%	N/A	86%
GAAP Professional Services and Other Gross Loss	\$ (18)	(9%)	\$ (11)	(22%)	\$ (10)	(18%)	\$ (11)	(21%)	\$ (11)	(20%)	\$ (42)	(20%)	\$ (12)	(23%)	N/A	N/A
(+) Professional Services and Other SBC	33	17%	10	20%	11	20%	11	22%	11	21%	43	21%	12	23%	N/A	N/A
Non-GAAP Professional Services and Other Gross Profit (Loss)	\$ 15	8%	\$ (1)	(2%)	\$ 1	2%	\$ 0	1%	\$ 1	1%	\$ 1	1%	\$ 0	0%	N/A	N/A
GAAP Gross Profit	\$ 1,986	76%	\$ 603	76%	\$ 636	76%	\$ 685	77%	\$ 740	78%	\$ 2,664	77%	\$ 823	79%	N/A	N/A
(+) SBC	82	3%	26	3%	30	4%	30	3%	30	3%	116	3%	34	3%	N/A	N/A
(+) Amort of Purchased Intangibles	19	1%	5	1%	6	1%	6	1%	8	1%	24	1%	7	1%	N/A	N/A
Non-GAAP Gross Profit	\$ 2,087	80%	\$ 633	80%	\$ 671	81%	\$ 721	81%	\$ 778	82%	\$ 2,804	81%	\$ 863	83%	N/A	N/A
GAAP Sales and Marketing	\$ 1,203	46%	\$ 361	46%	\$ 394	47%	\$ 363	41%	\$ 416	44%	\$ 1,534	44%	\$ 441	42%	N/A	N/A
(-) Sales and Marketing SBC	228	9%	62	8%	69	8%	69	8%	68	7%	268	8%	70	7%	N/A	N/A
(-) Sales and Marketing Amort of Purchased Intangibles	-	0%	-	0%	-	0%	-	0%	0	0%	0	0%	0	0%	N/A	N/A
(-) Sales and Marketing Business Combination and Other Related Costs	-	-	-	0%	-	0%	-	0%	-	0%	-	0%	0	0%	N/A	N/A
Non-GAAP Sales and Marketing	\$ 975	37%	\$ 299	38%	\$ 325	39%	\$ 294	33%	\$ 348	37%	\$ 1,266	37%	\$ 371	35%	N/A	N/A
GAAP Research and Development	\$ 530	20%	\$ 173	22%	\$ 183	22%	\$ 190	21%	\$ 202	21%	\$ 748	22%	\$ 227	22%	N/A	N/A
(-) Research and Development SBC	135	5%	44	6%	50	6%	51	6%	51	5%	195	6%	59	6%	N/A	N/A
(-) Research and Development Amort of Purchased Intangibles	2	0%	0	0%	0	0%	0	0%	0	0%	2	0%	0	0%	N/A	N/A
Non-GAAP Research and Development	\$ 392	15%	\$ 128	16%	\$ 133	16%	\$ 139	16%	\$ 151	16%	\$ 552	16%	\$ 167	16%	N/A	N/A
GAAP General and Administrative	\$ 296	11%	\$ 84	10%	\$ 85	10%	\$ 76	9%	\$ 93	10%	\$ 339	10%	\$ 106	10%	N/A	N/A
(-) General and Administrative SBC	99	4%	26	3%	22	3%	14	2%	21	2%	83	2%	26	2%	N/A	N/A
(-) General and Administrative Amort of Purchased Intangibles	4	0%	2	0%	2	0%	2	0%	2	0%	8	0%	3	0%	N/A	N/A
(-) General and Administrative Business Combination and Other Related Costs	1	0%	0	0%	0	0%	0	0%	1	0%	1	0%	3	0%	N/A	N/A
Non-GAAP General and Administrative	\$ 191	7%	\$ 57	7%	\$ 61	7%	\$ 60	7%	\$ 70	8%	\$ 247	7%	\$ 75	7%	N/A	N/A
GAAP Income (Loss) from Operations	\$ (42)	(2%)	\$ (16)	(2%)	\$ (27)	(3%)	\$ 56	6%	\$ 29	3%	\$ 42	1%	\$ 49	5%	2%	3%
(+) SBC	544	21%	157	20%	172	21%	163	18%	170	18%	662	19%	188	18%	20%	19%
(+) Amort of Purchased Intangibles	25	1%	7	1%	8	0%	9	2%	10	1%	35	1%	10	1%	1%	1%
(+) Business Combination and Other Related Costs	1	0%	0	0%	0	0%	0	0%	1	0%	1	0%	3	0%	0%	0%
Non-GAAP Income from Operations	\$ 528	20%	\$ 149	19%	\$ 153	18%	\$ 228	26%	\$ 210	22%	\$ 740	21%	\$ 251	24%	23%	23%
GAAP Net Income (Loss)	\$ (27)	(1%)	\$ (2)	0%	\$ (11)	(1%)	\$ 41	5%	\$ 599	63%	\$ 627	18%	\$ 48	5%	N/A	N/A
(+) SBC	544	21%	157	20%	172	21%	163	18%	170	18%	662	19%	188	18%	N/A	N/A
(+) Amort of Purchased Intangibles	25	1%	7	1%	8	0%	9	2%	10	1%	35	1%	10	1%	N/A	N/A
(+) Business Combination and Other Related Costs	1	0%	0	0%	0	0%	0	0%	1	0%	1	0%	3	0%	N/A	N/A
(+) Amortization of Debt Discount and Issuance Costs for the Convertible Senior Notes	53	2%	8	1%	8	1%	8	1%	8	1%	33	1%	9	1%	N/A	N/A
(+) Loss on Early Note Conversions	4	0%	-	0%	-	0%	-	0%	-	0%	-	0%	0	0%	N/A	N/A
(-) Income Tax Expense Effects Related to the Above Adjustments	130	5%	42	6%	40	5%	28	3%	27	3%	137	4%	52	5%	N/A	N/A
(-) Income Tax benefit from the release of a valuation allowance on the deferred tax asset	-	0%	-	0%	-	0%	-	0%	574	60%	574	17%	-	0%	N/A	N/A
Non-GAAP Net Income	\$ 470	18%	\$ 129	16%	\$ 138	16%	\$ 193	22%	\$ 187	20%	\$ 646	19%	\$ 207	20%	N/A	N/A

GAAP to Non-GAAP Reconciliation – Other (cont.)

in millions (except %'s and per share data)	2018	Margin	Q1-19	Margin	Q2-19	Margin	Q3-19	Margin	Q4-19	Margin	2019	Margin	Q1-20	Margin	Q2'20E	2020E
GAAP Weighted-Average Shares Used to Compute Net Income (Loss) per Share - Diluted	178	N/A	182	N/A	187	N/A	198	N/A	198	N/A	197	N/A	200	N/A	199	199
(+) Effects of Dilutive Time-based Awards ⁽⁴⁾	8	N/A	6	N/A	6	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	-
(-) Effects of In-the-money Portion of Convertible Senior Notes ⁽⁴⁾	-	N/A	-	N/A	-	N/A	3	N/A	3	N/A	3	N/A	3	N/A	3	3
(+) Effects of Warrants related to the Issuance of Convertible Senior Notes ⁽⁴⁾	3	N/A	4	N/A	2	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	-
(+) Effects of Stock Awards with Performance Conditions Not Yet Satisfied ⁽⁴⁾	-	N/A	-	N/A	0	N/A	0	N/A	-	N/A	-	N/A	0	N/A	-	-
Non-GAAP Weighted-Average Shares Used to Compute Net Income per Share - Diluted	189	N/A	192	N/A	194	N/A	195	N/A	195	N/A	194	N/A	197	N/A	196	196
GAAP Net Income (Loss) per Share - Diluted	\$ (0.15)	N/A	\$ (0.01)	N/A	\$ (0.06)	N/A	\$ 0.21	N/A	\$ 3.03	N/A	\$ 3.18	N/A	\$ 0.24	N/A	N/A	N/A
Non-GAAP Net Income per Share - Diluted	\$ 2.49	N/A	\$ 0.67	N/A	\$ 0.71	N/A	\$ 0.99	N/A	\$ 0.96	N/A	\$ 3.32	N/A	\$ 1.05	N/A	N/A	N/A
GAAP Net Cash Provided by Operating Activities	\$ 811	31%	\$ 361	46%	\$ 244	29%	\$ 210	24%	\$ 421	44%	\$ 1,236	36%	\$ 492	47%	N/A	37%
(-) Purchases of Property and Equipment	224	9%	47	6%	50	6%	89	10%	79	8%	265	8%	83	8%	N/A	8%
(+) Repayments of Convertible Senior Notes attributable to Debt Discount	145	6%	-	0%	-	0%	-	0%	-	0%	-	0%	0	0%	N/A	0%
Non-GAAP Free Cash Flow	\$ 732	28%	\$ 314	40%	\$ 194	23%	\$ 121	14%	\$ 342	36%	\$ 971	28%	\$ 409	39%	N/A	29%

⁽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/forecast 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 for non-GAAP weighted-average diluted shares at forecasted attainment levels to the extent we believe it is probable that the performance condition will be met.