# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of**
**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): January 31, 2020**

# FireEye, Inc.
**(Exact name of registrant as specified in its charter)**

| **Delaware** | **001-36067** | **20-1548921** |
|---|---|---|
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

**601 McCarthy Blvd.**
**Milpitas, CA 95035**
**(Address of principal executive offices, including zip code)**

**(408) 321-6300**
**(Registrant's telephone number, including area code)**

**Not Applicable**
**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, par value $0.0001 per share** | **FEYE** | **The NASDAQ Global Select Market** |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02 Results of Operations and Financial Condition.**

On February 5, 2020, FireEye, Inc. (the "Company") issued a press release and will hold a conference call regarding its financial results for the fourth quarter and year ended December 31, 2019. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information set forth under this Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The Company is making reference to non-GAAP financial measures in both the press release and the conference call. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is contained in the press release.

**Item 5.02 Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Retirement of Travis Reese*

On January 31, 2020, Travis Reese notified the Company of his decision to retire and step down as the Company's President, effective March 1, 2020. Mr. Reese's decision was not the result of any disagreement with the Company.

On February 4, 2020, Mr. Reese provided the Company with a general release of claims in exchange for the Company agreeing to pay three months of COBRA premiums following his retirement.

In addition, on February 4, 2020, the Company entered into a consulting agreement with Mr. Reese (the "Consulting Agreement") that provides that Mr. Reese will provide ongoing advice and consulting services to the Company for a period of one year commencing on March 3, 2020, in consideration of (i) a cash payment of $50,000, provided that Mr. Reese remains a service provider of the Company through the end of the one-year period, and (ii) a grant of restricted stock units covering 7,500 shares of the Company's common stock, which will vest at the end of the one-year period provided that Mr. Reese remains a service provider of the Company through such vesting date. A copy of the Consulting Agreement is filed herewith as Exhibit 10.1. The foregoing description of the Consulting Agreement is a summary only and is qualified in its entirety by the full text of the Consulting Agreement, which is incorporated herein by reference.

*Promotion of Peter Bailey*

On February 4, 2020, Peter Bailey, the Company's Executive Vice President of Corporate Strategy and Planning, was promoted and appointed as Executive Vice President and Chief Operating Officer of the Company, effective February 4, 2020, reporting to the Company's Chief Executive Officer.

Mr. Bailey, age 47, has served as the Company's Executive Vice President of Corporate Strategy and Planning since December 2019. Prior to joining the Company, Mr. Bailey served in various positions at Vertical Communications, Inc. ("Vertical Communications"), including as Chief Executive Officer from May 2011 to December 2019, as President from October 2009 to December 2019, as Chief Operating Officer from October 2009 to May 2011, and as Senior Vice President from October 2004 to October 2009. He has served on the board of directors of Vertical Communications since May 2011. Mr. Bailey holds a B.A. in English from Princeton University.

Mr. Bailey's current annual base salary is $400,000, and he is eligible for annual target incentive payments under the Company's Employee Incentive Plan equal to $225,000 for 2020. Mr. Bailey is also eligible for severance payments and benefits under the Company's Change of Control Severance Policy for Officers.

On February 4, 2020, the Board of Directors of the Company granted Mr. Bailey (i) an award of restricted stock units covering 100,000 shares of the Company's common stock pursuant to the Company's 2013 Equity Incentive Plan (the "RSUs") and (ii) an award of restricted stock units with performance-based vesting covering a target of 100,000 shares of the Company's common stock pursuant to the Company's 2013 Equity Incentive Plan (the "PSUs"). The RSUs are scheduled to vest over a four-year period from February 15, 2020, with 25% of the RSUs vesting on the first anniversary and 6.25% of the RSUs vesting each quarter thereafter over the remaining three years, in each case subject to Mr. Bailey's continued service through the applicable vesting date. The PSUs are scheduled to vest in four equal annual installments, with the first installment scheduled to vest on February 15, 2021, in each case subject to Mr. Bailey's continued service through the applicable vesting date.

In addition, it is expected that Mr. Bailey will enter into the Company's standard form of indemnification agreement, a copy of which has been filed as Exhibit 10.1 to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 2, 2013.

There is no arrangement or understanding between Mr. Bailey and any other persons pursuant to which Mr. Bailey was selected as Executive Vice President and Chief Operating Officer of the Company. There are no family relationships between Mr. Bailey and any director or executive officer of the Company and, other than as described above, no transactions involving Mr. Bailey that would require disclosure under Item 404(a) of Regulation S-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 10.1* | Consulting Agreement between the Registrant and Travis Reese, effective as of March 3, 2020 |
| 99.1 | Press release dated February 5, 2020 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* Indicates a management contract or compensatory plan or arrangement.

**EXHIBIT INDEX**

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* Indicates a management contract or compensatory plan or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**FIREEYE, INC.**

| | | |
|---|---|---|
| Date: February 5, 2020 | By: | /s/ Alexa King |
| | | Alexa King<br>*Executive Vice President, General Counsel and Secretary* |

**Exhibit 10.1**

**FIREEYE, INC.'S**
**CONSULTING AGREEMENT**

This Consulting Agreement (this "Agreement") is entered into by and between FireEye, Inc., a Delaware corporation (collectively with its wholly owned subsidiaries, the "Company"), and Travis Reese ("Consultant") effective as of March 3, 2020 (the "Effective Date").

**1. SERVICES; PAYMENT; NO VIOLATION OF RIGHTS OR OBLIGATIONS**

Consultant agrees to undertake and complete the Services (as defined inExhibit A) in accordance with and on the schedule specified inExhibit A. As the only consideration due Consultant regarding the subject matter of this Agreement, Company will pay Consultant in accordance with Exhibit A. Unless otherwise specifically agreed upon by Company in writing (and notwithstanding any other provision of this Agreement), all activity relating to Services will be performed by and only by Consultant. Consultant agrees that he will not (and will not permit others to) violate any agreement with or rights of any third party or, except as expressly authorized by Company in writing hereafter, use or disclose at any time Consultant's own or any third party's confidential information or intellectual property in connection with the Services or otherwise for or on behalf of Company.

**2. OWNERSHIP.**

Company shall own all right, title and interest relating to any and all inventions (whether or not patentable), works of authorship, mask works, designations, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by or for or on behalf of Consultant during the term of this Agreement that relate to the subject matter of or arise out of or in connection with the Services or any Proprietary Information (as defined below) (collectively, "Inventions") and Consultant will promptly disclose and provide all Inventions to Company. Consultant hereby makes all assignments necessary to accomplish the foregoing ownership; provided that no assignment is made that extends beyond what would be allowed under California Labor Code Section 2870 (attached as Exhibit B) if Consultant was an employee of Company. Consultant shall assist Company, at Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce and defend any rights assigned. Consultant hereby irrevocably designates and appoints Company as its agents and attorneys-in-fact, coupled with an interest, to act for and on Consultant's behalf to execute and file any document and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if executed by Consultant and all other creators or owners of the applicable Invention.

**3. CONFIDENTIALITY OBLIGATIONS.**

As used in this Agreement, the term "Proprietary Information" means information pertaining to any aspects of the Company's business, including but not limited to its research, technical data, products, services, plans for products or services, customers and potential customers, suppliers, customer lists and customers (including, but not limited to, customers of the Company on whom Consultant called or with whom Consultant became acquainted during the period of the consulting relationship with the Company), prices and costs, markets and marketing, finances, budgets, financial projections, employees (including employee compensation), trade secrets, know-how, patents, patent applications, developments, software, inventions, licenses, processes, designs, drawings, engineering, formulae, scientific information, business plans, and agreements with third parties, or other business information disclosed to Consultant by the Company either directly or indirectly in writing, orally or by drawings or observation of parts or equipment or created by Consultant during the period of the consulting relationship with the Company (whether commenced prior to or upon the date of this Agreement). Consultant agrees to hold in strictest confidence and not directly or indirectly to use or disclose to any third person or entity, either during or after termination of the consulting relationship with the Company, any Proprietary Information that Consultant obtains or creates during the period of the consulting relationship with the Company (whether commenced prior to or upon the date of this Agreement), whether or not during working hours, except to the extent authorized by the Company. Consultant agrees not to make copies of such Proprietary Information except as authorized by the Company. Consultant represents that his performance of all terms of this Agreement as a consultant of the Company has not breached and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by Consultant prior or subsequent to the commencement of Consultant's consultant relationship with the Company, and Consultant will not disclose to the Company, or use, any inventions, confidential or non-public proprietary information or material belonging to any previous client, employer or any other party. Consultant will not induce the Company to use any inventions, confidential or non-public proprietary information or material belonging to any previous client, employer or any other party. Consultant acknowledges and agrees that Consultant has no expectation of privacy with respect to the Company's telecommunications, networking or information processing systems (including, without limitation, stored company files, e-mail messages and voice messages) and that Consultant's activity and any files or messages on or using any of those systems may be monitored at any time without notice. Consultant agrees that, at the time of termination of Consultant's consulting relationship with the Company, Consultant will deliver to the Company (and will not keep in Consultant's possession, recreate or deliver to anyone else) any and all documents developed by Consultant pursuant to such relationship or otherwise belonging to the Company, its successors or assigns.

**4. NON-SOLICITATION.**

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As additional protection for Proprietary Information, Consultant agrees that during the period over which he is to be providing the Services: (i) and for one year thereafter, Consultant will not directly or indirectly encourage or solicit any employee or consultant of Company to leave Company for any reason; and (ii) Consultant will not engage in any activity that is in any way competitive with the business or demonstrably anticipated business of Company, and Consultant will not assist any other person or organization in competing or in preparing to compete with any business or demonstrably anticipated business of Company. Without limiting the foregoing, Consultant may perform services for other persons, provided that such services do not represent a conflict of interest or a breach of Consultant's obligation under this Agreement or otherwise.

**5. PUBLICITY.**

To the extent allowed by law, Section 2 and any license granted Company hereunder includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like. Furthermore, Consultant agrees that notwithstanding any rights of publicity, privacy or otherwise (whether or not statutory) anywhere in the world, and without any further compensation, Company may and is hereby authorized to (and to allow others to) use Consultant's name in connection with promotion of its business, products or services.

**6. WARRANTIES AND OTHER OBLIGATIONS.**

Consultant represents, warrants and covenants that: (i) the Services will be performed in a professional and workmanlike manner and that none of such Services nor any part of this Agreement is or will be inconsistent with any obligation Consultant may have to others; (ii) all work under this Agreement shall be Consultant's original work and none of the Services or Inventions nor any development, use, production, distribution or exploitation thereof will infringe, misappropriate or violate any intellectual property or other right of any person or entity (including, without limitation, Consultant); and (iii) Consultant has the full right to allow it to provide Company with the assignments and rights provided for herein.

**7. TERM; TERMINATION.**

The period of the consulting relationship with the Company will have an initial term of one (1) year and may be renewed for a one-year term annually thereafter upon mutual written agreement of Consultant and the Company.

**8. RELATIONSHIP OF THE PARTIES; INDEPENDENT CONTRACTOR; NO EMPLOYEE BENEFITS.**

Notwithstanding any provision hereof, Consultant is an independent contractor and is not an employee, agent, partner or joint venturer of Company and shall not bind nor attempt to bind Company to any contract. Consultant shall accept any directions issued by Company pertaining to the goals to be attained and the results to be achieved by Consultant, but Consultant shall be solely responsible for the manner and hours in which the Services are performed under this Agreement. Consultant shall not be eligible to participate in any of Company's employee benefit plans, fringe benefit programs, group insurance arrangements or similar programs. Company shall not provide workers' compensation, disability insurance, Social Security or unemployment compensation coverage or any other statutory benefit to Consultant. Consultant agrees to indemnify Company from any and all claims, damages, liability, settlement, attorneys' fees and expenses, as incurred, on account of the foregoing or any breach of this Agreement or any other action or inaction by or for or on behalf of Consultant. Under no circumstances shall Company require that Consultant perform, or shall Consultant perform on behalf of Company, any lobbying activities.

**9. EXPORT AND ANTICORRUPTION LAWS.**

Consultant acknowledges that he is familiar with and understands the provisions of the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act of 2010 and agrees to comply with its terms as well as any provisions of local law or the Company's corporate policy and procedures related thereto.

**10. ASSIGNMENT.**

This Agreement and the services contemplated hereunder are personal to Consultant and Consultant shall not have the right or ability to assign, transfer any rights or obligations under this Agreement without the written consent of Company. Any attempt to do so shall be void. Company may fully assign and transfer this Agreement in whole or in part.

**11. MISCELLANEOUS.**

Any breach of Section 2 or 3 will cause irreparable harm to Company for which damages would not be an adequate remedy, and therefore, Company will be entitled to injunctive relief with respect thereto in addition to any other remedies. The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. No changes or modifications or waivers to this Agreement will be effective unless in writing and signed by both parties. In the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of laws provisions thereof. Headings herein are for convenience of reference only and shall in no way affect interpretation of the Agreement.

**IN WITNESS WHEREOF**, the undersigned have entered into this Consulting Agreement as of the Effective Date.

| **FIREEYE, INC.** | **CONSULTANT** |
|---|---|
| /s/ Kevin R. Mandia | /s/ Travis Reese |
| Signature | Travis Reese |
| Kevin R. Mandia | |
| Name | |
| CEO | |
| Title | |
| 2/4/2020 | 2/4/2020 |
| Date | Date |

**EXHIBIT A**

**SERVICES AND PAYMENT**

In return for providing ongoing advice and consulting services to the Company (the "Services") from March 3, 2020 to March 3, 2021 (the "Performance Period"), including but not limited to:

- represent FireEye interests in a sales capacity;
- represent FireEye interests in presentations and conferences he may attend or speak at;
- respond to inquiries from employees who would like his assistance on various FireEye-related matters; and
- assist in various projects as directed by FireEye CEO

and subject to the approval of Company's Board of Directors or a Committee thereof, Consultant shall be granted restricted stock units convertible into 7,500 shares of the Company's Common Stock ("RSUs"). The RSUs shall be subject to the applicable Restricted Stock Unit Agreement and the Company's 2013 Equity Incentive Plan (the "Plan"). The RSUs will vest on March 3, 2021, subject to Consultant continuing to be a Service Provider (as defined in the Plan) through March 3, 2021.

In addition, Consultant shall be paid $50,000 for his services, payable within thirty (30) days after the first year anniversary of the service commencement date, subject to Consultant continuing to be a Service Provider through such anniversary date.

Expense reimbursement is (1) limited to required, reasonable telephone expenses and long distance business class (or equivalent) travel (transportation, lodging and meals) authorized in writing by Company in advance, and (2) payable 30 days after itemized invoice and delivery of receipts).

## EXHIBIT B

California Labor Code Section 2870. **Application of provision providing that employee shall assign or offer to assign rights in invention to employer.**

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**Exhibit 99.1**

# FireEye Reports Financial Results for Fourth Quarter and Full Year 2019

- *Record revenue, billings, and operating cash flow for fourth quarter and full year 2019*
- *Q4 revenue of $235 million increased 8 percent from the fourth quarter of 2018*
- *Q4 billings of $274 million increased 3 percent from the fourth quarter of 2018*[1]
- *Q4 ending annual recurring revenue of $587 million increased 6 percent compared to the end of the fourth quarter of 2018*
- *Q4 ending platform, cloud subscription and managed services annual recurring revenue of $280 million increased 31 percent compared to the end of the fourth quarter of 2018*

**MILPITAS, Calif. – February 5, 2020** – FireEye, Inc. (NASDAQ: FEYE), the intelligence-led security company, today announced financial results for the fourth quarter and full year ended December 31, 2019.

"We continue to accelerate our transformation to a comprehensive security solutions company," said Kevin Mandia, FireEye chief executive officer. "Our higher growth solutions, which include Platform, Cloud Subscription, Managed Services and Mandiant services, were 59 percent of our billings in the fourth quarter and increased 23 percent from a year ago. We anticipate that these solutions will continue to eclipse the on-premise portion of our business in 2020."

**Fourth Quarter 2019 Financial Results**

- Revenue of $235 million increased 8 percent from the fourth quarter of 2018 and was above the guidance range of $224 million to $228 million.
- Billings of $274 million increased 3 percent from the fourth quarter of 2018 and were below the guidance range of $285 million to $295 million.[1]
- GAAP gross margin was 66 percent of revenue, compared to 68 percent of revenue in the fourth quarter of 2018.
- Non-GAAP gross margin was 73 percent of revenue, compared to 75 percent of revenue in the fourth quarter of 2018, and was consistent with the guidance of approximately 73 percent of revenue.[1]
- GAAP operating margin was negative 15 percent of revenue, compared to negative 17 percent of revenue in the fourth quarter of 2018.
- Non-GAAP operating margin was 7 percent of revenue, compared to 5 percent of revenue in the fourth quarter of 2018, and was above the guidance range of 3 percent to 5 percent of revenue.[1]
- GAAP net loss per share was $0.23, compared to GAAP net loss per share of $0.25 in the fourth quarter of 2018.
- Non-GAAP net income per diluted share was $0.07, compared to non-GAAP net income per diluted share of $0.06 in the fourth quarter of 2018, and was above the guidance range of $0.03 to $0.05.[1]
- Cash flow provided by operating activities was $40 million, compared to cash flow provided by operating activities of $31 million in the fourth quarter of 2018, and was below the guidance range of $57 million to $67 million.

**2019 Financial Results**

- Revenue of $889 million increased 7 percent from 2018 and was above the guidance range of $878 million to $882 million.
- Billings of $926 million increased 8 percent from 2018 and were below the guidance range of $937 million to $947 million. [1]
- GAAP gross margin was 65 percent of revenue, compared to 67 percent of revenue in 2018.
- Non-GAAP gross margin was 73 percent of revenue, compared to 75 percent of revenue in 2018, and was consistent with the guidance of approximately 73 percent of revenue.[1]
- GAAP operating margin was negative 24 percent of revenue, compared to negative 22 percent of revenue in 2018.
- Non-GAAP operating margin was 1 percent of revenue, compared to 3 percent of revenue in 2018, and was at the high end of the guidance range of 0 percent to 1 percent of revenue.[1]
- GAAP net loss per share was $1.24, compared to GAAP net loss per share of $1.27 in 2018.

- Non-GAAP net income per diluted share was $0.05, compared to non-GAAP net income per diluted share of $0.08 in 2018, and was above the guidance range of $0.01 to $0.03.[1]
- Cash flow provided by operating activities was $68 million, compared to cash flow provided by operating activities of $17 million in 2018, and was below the guidance range of $85 million to $95 million.

[1] A reconciliation of GAAP to non-GAAP financial measures is provided in the financial statement tables included in this press release. An explanation of these measures is also included under the heading “Non-GAAP Financial Measures.”

“While billings, revenue, and operating cash flow were at record levels, fourth quarter billings were impacted by a two-month decrease in the average contract length for our subscription and support contracts," said Frank Verdecanna, FireEye chief financial officer and chief accounting officer. “The decrease reduced fourth quarter total billings by approximately $15 million compared to what they would have been at the fourth quarter 2018 average contract length. The average contract length does not impact annual recurring revenue, which was up six percent sequentially. Our outlook for the first quarter and full year 2020 assumes the average contract length for our subscription and support billings will decline two to three months compared to 2019."

**First Quarter and 2020 Outlook**

FireEye provides guidance based on current market conditions and expectations.

For the first quarter of 2020, FireEye currently expects:

- Revenue in the range of $222 million to $226 million.
- Billings in the range of $165 million to $175 million.
- Non-GAAP gross margin as a percent of revenue of approximately 71 percent.
- Non-GAAP operating margin as a percent of revenue in the range of negative 3 percent to negative 5 percent.
- Non-GAAP net loss per share between $0.03 and $0.05.
- Cash flow provided by operating activities between negative $5 million and positive $5 million.
- Capital expenditures of approximately $10 million.

Non-GAAP net loss per share for the first quarter assumes interest income on cash and cash equivalents and short-term investments will offset cash interest expense associated with the company’s convertible senior notes, provision for income taxes of between $1.5 million and $2.0 million, and weighted average basic shares outstanding of approximately 217 million.

For 2020, FireEye currently expects:

- Revenue in the range of $935 million to $945 million.
- Billings in the range of $930 million to $950 million.
- Non-GAAP gross margin as a percent of revenue of approximately 71 percent.
- Non-GAAP operating margin as a percent of revenue between 5 percent and 6 percent.
- Non-GAAP net income per diluted share between $0.20 and $0.24.
- Cash flow provided by operating activities between $65 million and $85 million.
- Capital expenditures of approximately $40 million.

Non-GAAP net income per diluted share for 2020 assumes interest income on cash and cash equivalents and short-term investments will offset cash interest expense associated with the company’s convertible senior notes, provision for income taxes of between $6 million and $8 million, and weighted average diluted shares outstanding of approximately 228 million.

Guidance for non-GAAP financial measures excludes stock-based compensation, amortization of stock-based compensation expense capitalized in software development costs, amortization of intangible assets, non-cash interest expense related to the company's convertible senior notes, and other non-recurring items. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis due to the uncertainty regarding, and the potential variability of, the amounts of stock-based compensation expense, amortization of intangible assets, and non-recurring expenses that may be incurred in the future. Stock-based compensation expense is impacted by the company's future hiring and retention needs, as well as the future fair market value of the company's common stock, all of which are difficult to predict and subject to constant change. The actual amount of stock-based compensation in the first quarter of 2020 and full year 2020 will have a significant impact on the company's GAAP operating margin and net loss per share. Further, amortization of intangible assets, as well as other non-recurring expenses, if any, will also impact results. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measures for future periods is not available without unreasonable effort.

**Organizational Changes Announced**

The company also announced that President Travis Reese will retire as an executive of FireEye on March 1, 2020, and will subsequently join the FireEye Advisory Board.

Kevin Mandia commented, "Travis has been a vital member of the leadership team driving the transformation of our business. On behalf of the Board of Directors and management team, I wish to thank Travis for his hard work and leadership as well as his deep insights into the cyber security industry and threat landscape. Although we will miss Travis' day-to-day counsel, I am grateful he will remain a member of the FireEye family as an advisor and look forward to his continued involvement in the company."

Additionally, the company announced that Peter Bailey has been appointed Executive Vice President and Chief Operating Officer and that Bill Robbins has been appointed Chief Revenue Officer of the company and General Manager of Products.

**Conference Call Information**

FireEye will host a conference call today, February 5, 2020, at 5 p.m. Eastern time (2 p.m. Pacific time) to discuss its fourth quarter and full year 2019 financial results and the company's outlook for the first quarter and full year 2020. Interested parties may access the conference call by dialing 877-312-5521 (domestic) or 678-894-3048 (international). A live audio webcast of the call can be accessed from the Investor Relations section of the company's website at https://investors.fireeye.com. An archived version of the webcast will be available at the same website shortly after the conclusion of the live event.

**Forward-Looking Statements**

This press release contains forward-looking statements, including statements related to future financial results for the first quarter and full year 2020, including revenue, billings, non-GAAP gross margin, non-GAAP operating margin, non-GAAP net loss per share, non-GAAP net income per diluted share, cash flow provided by operating activities, interest income and expense, provision for income taxes, weighted average basic shares outstanding, weighted average diluted shares outstanding, and capital expenditures in the section entitled "First Quarter and 2020 Outlook" above, as well as expectations regarding FireEye higher growth solutions in 2020.

These forward-looking statements involve risks and uncertainties, as well as assumptions which, if they do not fully materialize or prove incorrect, could cause FireEye's results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that could cause FireEye's results to differ materially from those expressed or implied by such forward-looking statements include customer demand and adoption of FireEye's products and services; real or perceived defects, errors or vulnerabilities in FireEye's products or services; any delay in the release of FireEye's new products or services; FireEye's ability to react to trends and challenges in its business and the markets in which it operates; FireEye's ability to anticipate market needs or develop new or enhanced products and services to meet those needs; FireEye's ability to hire and retain key executives and employees; FireEye's ability to attract new and retain existing customers and train its sales force; the budgeting cycles, seasonal buying patterns and length of FireEye's sales cycle; risks associated with new offerings; sales and marketing execution risks; the failure to achieve expected synergies and efficiencies of operations between FireEye and its acquired companies; the ability of FireEye and its acquired companies to successfully integrate their respective market opportunities, technologies, products, personnel and operations; the ability of FireEye and its partners to execute their strategies, plans, objectives and expected investments with respect to FireEye's partnerships; and general market, political, economic, and business conditions, as well as those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in FireEye's Form 10-Q filed with the Securities and Exchange Commission on November 1, 2019, which should be read in conjunction with these financial results and is available on the Investor Relations section of FireEye's website at investors.fireeye.com and on the SEC website at www.sec.gov.

All forward-looking statements in this press release are based on information available to the company as of the date hereof, and FireEye does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law. Any future product, service, feature, or related specification that may be referenced in this release is for informational purposes only and is not a commitment to deliver any offering, technology or enhancement. FireEye reserves the right to modify future product or service plans at any time.

**Non-GAAP Financial Measures**

In this release FireEye has provided financial information that has not been prepared in accordance with generally accepted accounting principles in the United States (GAAP). These non-GAAP financial measures are not based on any standardized methodology and are not necessarily comparable to similar measures used by other companies. The company uses these non-GAAP financial measures internally in analyzing its financial results and believes that the use of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing operating results and trends, and in comparing the company's financial results with other companies in its industry, many of which present similar non-GAAP financial measures.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable financial information prepared in accordance with GAAP, and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP. A reconciliation of the company's non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included in this press release, and investors are encouraged to review the reconciliation.

*Billings.* FireEye defines billings as revenue recognized plus the change in deferred revenue from the beginning to the end of the period. FireEye excludes deferred revenue assumed in connection with acquisitions from the billings calculation. The company considers billings to be a useful metric for management and investors because billings drive deferred revenue balances, which are an important indicator of the company's future revenues. Revenue recognized from deferred revenue represents a significant percentage of quarterly revenue. There are a number of limitations related to the use of billings versus revenue calculated in accordance with GAAP. First, billings include amounts that have not yet been recognized as revenue. Second, FireEye's calculation of billings may be different from other companies in its industry, some of which may not use billings, may calculate billings differently, may have different billing frequencies, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of billings as a comparative measure. FireEye compensates for these limitations by providing specific information regarding GAAP revenue and evaluating billings together with revenue calculated in accordance with GAAP.

*Non-GAAP gross margin, operating income, operating margin, net income (loss), and net income (loss) per share.* FireEye defines non-GAAP gross margin as total gross profit excluding stock-based compensation expense, amortization of stock-based compensation expense capitalized in software development costs, amortization of intangible assets, and, as applicable, other special or non-recurring items, divided by total revenue.

FireEye defines non-GAAP operating income (loss) as operating income (loss) excluding stock-based compensation expense, amortization of stock-based compensation expense capitalized in software development costs, amortization of intangible assets, acquisition-related expenses, restructuring charges, and other special or non-recurring items. FireEye defines non-GAAP operating margin as non-GAAP operating income divided by total revenue.

FireEye defines non-GAAP net income (loss) as net income (loss) excluding stock-based compensation expense, amortization of stock-based compensation expense capitalized in software development costs, amortization of intangible assets, acquisition-related expenses, restructuring charges, other special or non-recurring items, non-cash interest expense related to the company's convertible senior notes, and discrete tax provision (benefits). FireEye defines non-GAAP net income per diluted share as non-GAAP net income divided by weighted average diluted shares outstanding. Weighted average diluted shares used to calculate non-GAAP net income per diluted share excludes shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive. FireEye defines non-GAAP net loss per share as non-GAAP net loss divided by weighted average basic shares outstanding, which excludes stock options, restricted stock units, performance stock units, and shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive.

Non-GAAP net income and net income per diluted share in the fourth quarter of 2019 excluded stock-based compensation expense, amortization of intangible assets, amortization of stock-based compensation expense capitalized in software development costs, restructuring charges, non-cash interest expense related to convertible senior notes issued in June 2015 and the second quarter of 2018, and discrete provision for income taxes. Weighted average diluted shares outstanding used to calculate non-GAAP net income per diluted share excluded shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive.

Non-GAAP net income and net income per diluted share in the fourth quarter of 2018 excluded stock-based compensation expense, amortization of intangible assets, amortization of stock-based compensation expense capitalized in software development costs, non-cash interest expense related to convertible senior notes issued in June 2015 and the second quarter of 2018, and discrete benefit from income taxes. Weighted average diluted shares outstanding used to calculate non-GAAP net income per diluted share excluded shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive.

Non-GAAP net income and net income per diluted share for 2019 excluded stock-based compensation expense, amortization of intangible assets, amortization of stock-based compensation expense capitalized in software development costs, acquisition related expenses, restructuring charges, non-cash interest expense related to convertible senior notes issued in June 2015 and the second quarter of 2018, and discrete benefit from income taxes. Weighted average diluted shares outstanding used to calculate non-GAAP net income per diluted share excluded shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive.

Non-GAAP net income and net income per diluted share for 2018 excluded stock-based compensation expense, amortization of intangible assets, amortization of stock-based compensation expense capitalized in software development costs, acquisition related expenses, non-cash interest expense related to convertible senior notes issued in June 2015 and the second quarter of 2018, non-cash losses on the repurchase and retirement of $340 million principal amount of the 1.000% Convertible Senior Notes due 2035, and discrete benefit from income taxes. Weighted average diluted shares outstanding used to calculate non-GAAP net income per diluted share excluded shares issuable upon conversion of the company's convertible senior notes that are anti-dilutive.

FireEye considers these non-GAAP financial measures to be useful metrics for management and investors because they exclude the effect of stock-based compensation expense, amortization of stock-based compensation expense capitalized in software development costs, amortization of intangible assets, acquisition related expenses, non-cash interest expense related to the company’s convertible senior notes, amounts deemed repayment of accreted debt discount on repurchased convertible senior notes, change in fair value of contingent earn-out liability, restructuring charges, and other non-recurring and discrete items so that management and investors can compare the company's core business operating results over multiple periods.

There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, these non-GAAP financial measures exclude stock-based compensation expense. Stock-based compensation is an important part of FireEye employees' overall compensation and has been, and will continue to be for the foreseeable future, a significant recurring expense in the company's business. Second, the components of the costs that FireEye excludes in its calculation of these non-GAAP financial measures, including not only stock-based compensation, but also amortization of stock-based compensation expense capitalized in software development costs, non-recurring or non-operating items such as acquisition related expenses, legal settlement costs, amortization of intangible assets, non-cash interest expense related to the company’s convertible senior notes, amounts deemed repayment of accreted debt discount on convertible senior notes, non-cash losses related to the retirement of convertible senior notes prior to maturity, change in fair value of contingent earn-out liability, restructuring charges, and discrete tax benefits, may differ from the components excluded by peer companies when they report their non-GAAP results of operations. FireEye compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP financial measures and evaluating non-GAAP financial measures together with their nearest GAAP equivalents.

**About FireEye, Inc.**

FireEye is the intelligence-led security company. Working as a seamless, scalable extension of customer security operations, FireEye offers a single platform that blends innovative security technologies, nation-state grade threat intelligence, and world-renowned Mandiant® consulting.  With this approach, FireEye eliminates the complexity and burden of cyber security for organizations struggling to prepare for, prevent, and respond to cyber attacks. FireEye has over 8,800 customers across 103 countries, including more than 50 percent of the Forbes Global 2000.



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**FireEye, Inc.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(Unaudited, in thousands)**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | $ 334,603 | $ 409,829 |
| Short-term investments | 704,955 | 706,691 |
| Accounts receivable, net | 171,459 | 157,817 |
| Inventories | 5,892 | 6,548 |
| Prepaid expenses and other current assets | 96,827 | 100,295 |
| Total current assets | 1,313,736 | 1,381,180 |
| Property and equipment, net | 93,812 | 89,163 |
| Operating right-of-use assets, net | 58,758 | — |
| Goodwill | 1,205,292 | 999,804 |
| Intangible assets, net | 134,420 | 143,162 |
| Deposits and other long-term assets | 84,468 | 82,769 |
| Total assets | $ 2,890,486 | $ 2,696,078 |
| | | |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | $ 26,271 | $ 26,944 |
| Operating lease liabilities, current | 18,437 | — |
| Accrued and other current liabilities | 24,496 | 29,797 |
| Accrued compensation | 59,513 | 63,808 |
| Convertible senior notes, current, net | 117,288 | — |
| Deferred revenue, current | 603,944 | 556,815 |
| Total current liabilities | 849,949 | 677,364 |
| Convertible senior notes, non-current, net | 893,273 | 962,577 |
| Deferred revenue, non-current | 370,623 | 378,013 |
| Operating lease liabilities, non-current | 70,481 | — |
| Other long-term liabilities | 4,494 | 27,730 |
| Total liabilities | 2,188,820 | 2,045,684 |
| Stockholders' equity: | | |
| Common stock | 22 | 20 |
| Additional paid-in capital | 3,457,359 | 3,152,159 |
| Treasury stock | (150,000) | (150,000) |
| Accumulated other comprehensive loss | 1,180 | (2,299) |
| Accumulated deficit | (2,606,895) | (2,349,486) |
| Total stockholders’ equity | 701,666 | 650,394 |
| Total liabilities and stockholders' equity | $ 2,890,486 | $ 2,696,078 |

**FireEye, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited, in thousands, except per share amounts)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue: | | | | |
| Product, subscription and support | $ 185,008 | $ 178,827 | $ 708,836 | $ 687,382 |
| Professional services | 50,078 | 38,706 | 180,316 | 143,568 |
| Total revenue | 235,086 | 217,533 | 889,152 | 830,950 |
| Cost of revenue: (1)(2)(3) | | | | |
| Product, subscription and support | 54,494 | 47,984 | 210,432 | 188,301 |
| Professional services | 26,217 | 21,846 | 98,460 | 84,174 |
| Total cost of revenue | 80,711 | 69,830 | 308,892 | 272,475 |
| Total gross profit | 154,375 | 147,703 | 580,260 | 558,475 |
| Operating expenses: (1) | | | | |
| Research and development (2)(3) | 67,537 | 62,251 | 271,326 | 254,142 |
| Sales and marketing (2) | 93,077 | 97,218 | 396,822 | 380,962 |
| General and administrative (4) | 28,862 | 24,935 | 111,881 | 105,773 |
| Restructuring charges (5) | (15) | — | 10,265 | — |
| Total operating expenses | 189,461 | 184,404 | 790,294 | 740,877 |
| Operating loss | (35,086) | (36,701) | (210,034) | (182,402) |
| Other expense, net (6)(7) | (11,702) | (10,316) | (41,685) | (55,197) |
| Loss before income taxes | (46,788) | (47,017) | (251,719) | (237,599) |
| Provision for income taxes (8) | 2,428 | 1,380 | 5,690 | 5,524 |
| Net loss | $ (49,216) | $ (48,397) | $ (257,409) | $ (243,123) |
| Net loss per share, basic and diluted | $ (0.23) | $ (0.25) | $ (1.24) | $ (1.27) |
| Weighted average shares used in per share calculations, basic and diluted | 214,565 | 194,593 | 207,234 | 190,803 |

**FireEye, Inc.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited, in thousands)**

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2018** |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | $ (257,409) | $ (243,123) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 103,305 | 86,505 |
| Stock-based compensation | 153,517 | 153,675 |
| Non-cash interest expense related to convertible senior notes | 47,983 | 43,273 |
| Loss on repurchase of convertible senior notes | — | 10,764 |
| Deemed repayment of convertible senior notes attributable to accreted debt discount | — | (43,575) |
| Deferred income taxes | (257) | (930) |
| Other | 945 | 4,715 |
| Changes in operating assets and liabilities, net of assets acquired and liabilities assumed in business acquisitions: | | |
| Accounts receivable | (12,109) | (11,605) |
| Inventories | 51 | (5,216) |
| Prepaid expenses and other assets | 7,003 | (13,779) |
| Accounts payable | 4,707 | (8,205) |
| Accrued liabilities | (3,074) | 10,234 |
| Accrued compensation | (4,295) | 4,220 |
| Deferred revenue | 36,987 | 24,728 |
| Other long-term liabilities | (9,817) | 5,700 |
| Net cash provided by operating activities | 67,537 | 17,381 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment and demonstration units | (45,605) | (50,831) |
| Purchases of short-term investments | (617,194) | (479,862) |
| Proceeds from maturities of short-term investments | 620,580 | 487,141 |
| Business acquisitions, net of cash acquired | (127,249) | (5,240) |
| Lease deposits | 432 | 275 |
| Net cash used in investing activities | (169,036) | (48,517) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Net proceeds from issuance of convertible senior notes | — | 584,405 |
| Purchase of capped calls | — | (65,220) |
| Repurchase of convertible senior notes | — | (286,817) |
| Proceeds from employee stock purchase plan | 22,086 | 20,816 |
| Proceeds from exercise of equity awards | 4,187 | 6,890 |
| Net cash provided by financing activities | 26,273 | 260,074 |
| Net change in cash and cash equivalents | (75,226) | 228,938 |
| Cash and cash equivalents, beginning of period | 409,829 | 180,891 |
| Cash and cash equivalents, end of period | $ 334,603 | $ 409,829 |

**FireEye, Inc.**

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

**(Unaudited, in thousands, except per share amounts)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| GAAP operating loss | $ (35,086) | $ (36,701) | $ (210,034) | $ (182,402) |
| Stock-based compensation expense (1) | 36,355 | 35,309 | 153,517 | 153,675 |
| Amortization of stock-based compensation capitalized in software development costs (3) | 968 | 707 | 3,524 | 1,828 |
| Amortization of intangible assets (2) | 14,531 | 12,424 | 53,943 | 50,328 |
| Acquisition related expenses (4) | — | — | 597 | 264 |
| Restructuring charges (5) | (15) | — | 10,265 | — |
| Non-GAAP operating income (loss) | $ 16,753 | $ 11,739 | $ 11,812 | $ 23,693 |
| GAAP gross margin | 66 % | 68 % | 65 % | 67 % |
| Stock-based compensation expense (1) | 3 % | 3 % | 4 % | 4 % |
| Amortization of stock-based compensation capitalized in software development costs (3) | — % | — % | — % | — % |
| Amortization of intangible assets (2) | 4 % | 4 % | 4 % | 4 % |
| Non-GAAP gross margin | 73 % | 75 % | 73 % | 75 % |
| GAAP operating margin | (15)% | (17)% | (24)% | (22)% |
| Stock-based compensation expense (1) | 16 % | 16 % | 17 % | 19 % |
| Amortization of stock-based compensation capitalized in software development costs (3) | — % | — % | — % | — % |
| Amortization of intangible assets (2) | 6 % | 6 % | 6 % | 6 % |
| Acquisition related expenses (4) | — % | — % | — % | — % |
| Restructuring charges (5) | — % | — % | 2 % | — % |
| Non-GAAP operating margin | 7 % | 5 % | 1 % | 3 % |
| GAAP net loss | $ (49,216) | $ (48,397) | $ (257,409) | $ (243,123) |
| Stock-based compensation expense (1) | 36,355 | 35,309 | 153,517 | 153,675 |
| Amortization of stock-based compensation capitalized in software development costs (3) | 968 | 707 | 3,524 | 1,828 |
| Amortization of intangible assets (2) | 14,531 | 12,424 | 53,943 | 50,328 |
| Acquisition related expenses (4) | — | — | 597 | 264 |
| Restructuring charges (5) | (15) | — | 10,265 | — |
| Loss on repurchase of convertible senior notes (7) | — | — | — | 10,764 |
| Non-cash interest expense related to convertible senior notes (6) | 12,215 | 11,635 | 47,983 | 43,273 |
| Adjustment to provision (benefit) from income taxes (8) | 43 | (142) | (861) | (622) |
| Non-GAAP net income (loss) | $ 14,881 | $ 11,536 | $ 11,559 | $ 16,387 |
| GAAP net loss per common share, basic and diluted | $ (0.23) | $ (0.25) | $ (1.24) | $ (1.27) |
| Stock-based compensation expense (1) | 0.17 | 0.19 | 0.74 | 0.8 |
| Amortization of stock-based compensation capitalized in software development costs (3) | — | — | 0.02 | 0.01 |
| Amortization of intangible assets (2) | 0.07 | 0.06 | 0.26 | 0.26 |
| Acquisition related expenses (4) | — | — | — | — |
| Restructuring charges (5) | — | — | 0.05 | — |
| Loss on repurchase of convertible senior notes (7) | — | — | — | 0.06 |

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Non-cash interest expense related to convertible senior notes (6) | 0.06 | 0.06 | 0.23 | 0.23 |
| Adjustment to provision for (benefit from) income taxes (8) | — | — | — | — |
| Non-GAAP net income (loss) per common share, basic | $ 0.07 | $ 0.06 | $ 0.06 | $ 0.09 |
| Non-GAAP net income (loss) per common share, diluted | $ 0.07 | $ 0.06 | $ 0.05 | $ 0.08 |
| Weighted average shares used in per share calculation for GAAP, basic and diluted | 214,565 | 194,593 | 207,234 | 190,803 |
| Weighted average shares used in per share calculation for Non-GAAP, basic | 214,565 | 194,593 | 207,234 | 190,803 |
| Weighted average shares used in per share calculation for Non-GAAP, diluted | 220,421 | 203,440 | 213,043 | 198,851 |
| | | | | |
| (1) Includes stock-based compensation expense as follows: | | | | |
| Cost of product, subscription and support revenue | $ 3,404 | $ 3,446 | $ 14,905 | $ 14,178 |
| Cost of professional services revenue | 3,333 | 3,343 | 13,972 | 14,184 |
| Research and development expense | 10,445 | 11,252 | 45,476 | 49,503 |
| Sales and marketing expense | 11,179 | 10,714 | 49,198 | 47,592 |
| General and administrative expense | 7,994 | 6,554 | 29,966 | 28,218 |
| Total stock-based compensation expense | $ 36,355 | $ 35,309 | $ 153,517 | $ 153,675 |
| | | | | |
| (2) Includes amortization of intangible assets as follows: | | | | |
| Cost of product, subscription and support revenue | $ 10,332 | $ 8,505 | $ 37,643 | $ 34,600 |
| Cost of professional services revenue | — | — | — | — |
| Research and development expense | 109 | 135 | 445 | 560 |
| Sales and marketing expense | 4,090 | 3,784 | 15,855 | 15,168 |
| Total amortization of intangible assets | $ 14,531 | $ 12,424 | $ 53,943 | $ 50,328 |
| | | | | |
| (3) Includes amortization of stock-based compensation capitalized in software development costs as follows: | | | | |
| Cost of product, subscription and support revenue | $ 190 | $ 198 | $ 783 | $ 582 |
| Cost of professional services revenue | 95 | 100 | 391 | 292 |
| Research and development expense | 683 | 409 | 2,350 | 954 |
| Total amortization of stock-based compensation capitalized in software development costs | $ 968 | $ 707 | $ 3,524 | $ 1,828 |

| | Three Months Ended December 31, | | | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| (4) Includes acquisition related expenses as follows: | | | | | | | | |
| General and administrative expense | $ | — | $ | — | $ | 597 | $ | 264 |
| | | | | | | | | |
| (5) Includes restructuring charges as follows: | | | | | | | | |
| Restructuring charges | $ | (15) | $ | — | $ | 10,265 | $ | — |
| | | | | | | | | |
| (6) Includes non-cash interest expense related to convertible senior notes as follows: | | | | | | | | |
| Other expense, net | $ | 12,215 | $ | 11,635 | $ | 47,983 | $ | 43,273 |
| | | | | | | | | |
| (7) Includes non-cash loss on repurchase of convertible senior notes as follows: | | | | | | | | |
| Other expense, net | $ | — | $ | — | $ | — | $ | 10,764 |
| | | | | | | | | |
| (8) Includes income tax effect of non-GAAP adjustments as follows: | | | | | | | | |
| Benefit from income taxes | $ | 43 | $ | (142) | $ | (861) | $ | (622) |

**FireEye, Inc.**

**RECONCILIATION OF NON-GAAP BILLINGS TO REVENUE**

**(Unaudited, in thousands)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| GAAP revenue | $ 235,086 | $ 217,533 | $ 889,152 | $ 830,950 |
| Add change in deferred revenue | 39,160 | 47,673 | 39,739 | 24,728 |
| Subtotal | 274,246 | 265,206 | 928,891 | 855,678 |
| Less Verodin deferred revenue assumed | — | — | (2,750) | — |
| Non-GAAP billings | $ 274,246 | $ 265,206 | $ 926,141 | $ 855,678 |

**FireEye, Inc.**

**BILLINGS BREAKOUT**

**(Unaudited, in thousands)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Product and related subscription and support billings | $ 112,623 | $ 134,081 | $ 434,533 | $ 451,973 |
| Platform, cloud subscription and managed services billings | 91,307 | 77,816 | 282,238 | 243,903 |
| Professional services billings | 70,316 | 53,309 | 209,370 | 159,802 |
| Non-GAAP billings | $ 274,246 | $ 265,206 | $ 926,141 | $ 855,678 |

**FireEye, Inc.**

**REVENUE BREAKOUT**

**(Unaudited, in thousands)**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Product and related subscription and support revenue | $ 114,050 | $ 128,497 | $ 467,823 | $ 498,992 |
| Platform, cloud subscription and managed services revenue | 70,958 | 50,330 | 241,013 | 188,390 |
| Professional services revenue | 50,078 | 38,706 | 180,316 | 143,568 |
| Total revenue | $ 235,086 | $ 217,533 | $ 889,152 | $ 830,950 |