Q4 and Full Year Guidance Reconciliation

Business Outlook
Reconciliation of Net Loss to Adjusted EBITDA
(In thousands)
(Unaudited)

	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2013
Net loss range…………………………………..	$(4,300) - $(1,300)	$(25,300) - $(22,300)
Income tax (benefit) provision……………………….….	(600)	1,600
Interest & other expense, net……………………….…..	2,300	3,800
Depreciation & Amortization…………………....…….	3,200	12,200
EBITDA range…………………………………………..	$600 - $3,600	$(7,700)- $(4,700)
Stock-based compensation…………………….……….	6,400	23,700
Adjusted EBITDA range…………………………….….	$7,000 - $10,000	$16,000 - $19,000

Q4 and Full Year Guidance Reconciliation

GAAP to Non-GAAP Reconciliation
(In thousands, except per share data)
(Unaudited)

		Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2013
Net Income (Loss)			
GAAP net loss		$(4,300) - $(1,300)	$(25,300) - $(22,300)
Non-GAAP adjustments:			
Stock-based compensation	(A)	6,400	23,700
Amortization of internally-developed software	(B)	1,300	5,100
Non-cash interest expense	(C)	1,600	2,500
Income tax effect on non-GAAP adjustments and impact of normalizing the effective income tax rate	(D)	$(2,500) - $(3,500)	$(1,500) - $(2,500)
Non-GAAP net income		$2,500 - $4,500	$4,500 - $6,500
Net Income (Loss) Per Share			
GAAP diluted net loss per share		$(0.05) - $(0.01)	$(0.30) - $(0.27)
Non-GAAP adjustments:			
Stock-based compensation	(A)	0.08	0.29
Amortization of internally-developed software	(B)	0.02	0.06
Non-cash interest expense	(C)	0.02	0.03
Income tax effect on non-GAAP adjustments and impact of normalizing the effective income tax rate	(D)	(0.03) - (0.04)	(0.02) - (0.03)
Non-GAAP diluted net income per share	(E)	$0.03 - $0.05	$0.06 - $0.08
Certain totals do not add due to rounding			
Shares used in calculating diluted net income per share on a non-GAAP basis		85,000	83,000

Q4 and Full Year Guidance Reconciliation

ServiceSource International, Inc.
GROSS MARGIN - GAAP TO NON-GAAP RECONCILIATION
(In thousands)
(Unaudited)

		Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2013
Gross Margin			
GAAP gross margin		$31,500 - $35,000	$110,000 - $113,500
Non-GAAP adjustments:			
Stock-based compensation	(A)	800	3,000
Amortization of internally-developed software	(B)	800	3,300
Non-GAAP gross margin		$33,100 - $36,600	$116,300 - $119,800
Gross Profit %			
GAAP gross margin		42% - 44%	41% - 41%
Non-GAAP adjustments:			
Stock-based compensation	(A)	1%	1%
Amortization of internally-developed software	(B)	1%	1%
Non-GAAP gross margin %		44% - 46%	43% - 44%

Certain totals do not add due to rounding

Service Source®

Q4 and Full Year Guidance Reconciliation

Footnotes to GAAP to Non-GAAP Reconciliation

(A) *Stock-based compensation.* Included in our GAAP presentation of cost of revenue and operating expenses, stock-based compensation consists of expenses for stock options and awards and purchase rights under our stock purchase plan. We exclude stock-based compensation expense from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as it is a non-cash expense.

(B) *Amortization of internally-developed software* . Included in our GAAP presentation of cost of revenue and operating expenses, amortization of internally-developed software reflects amortization of expense for certain software purchases and software developed or obtained for internal use and are non-cash in nature. We exclude these expenses from our non-GAAP measures because we believe they are not indicative of our core operating performance.

(C) *Non-cash interest expense* . Under GAAP, we are required to separately account for liability (debt) and equity (conversion option) components of the $150 million convertible senior notes that were issued in August 2013. Accordingly, for GAAP purposes we are required to recognize effective interest expense on our convertible senior notes which includes interest cost related to the amortization of debt issuance costs and the contractual 1.5% interest rate of the note. The difference between the effective interest expense and the contractual interest expense is excluded from our assessment of our operating performance because we believe that this non-cash expense is not indicative of ongoing operating performance. We believe that the exclusion of the non-cash interest expense provides investors a view of our core operating performance.

(D) *Income tax effect on non-GAAP adjustments and impact of normalizing the effective income tax rate.* This adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (C) on non-GAAP net income and adjusts the income tax rate to a normalized effective tax rate of 40%.

(E) For this per share reconciliation, diluted shares were used for the above calaculation.

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Q4 and Full Year Guidance Reconciliation

ServiceSource International, Inc.
Supplemental Cash Flow Information
Free cash flow analysis, a non-GAAP measure
(in thousands)

	Three Months Ended December 31, 2013	Twelve Months Ended December 31, 2013
Operating cash flow		
GAAP net cash provided by operating activities	$(3,000) - $1,000	$12,000 - $16,000
Less:		
Capital expenditures	2,000 - 4,000	5,000 - 7,000
FX adjustment	-	-
Free cash flow	$(5,000) - $(3,000)	$7,000 - $9,000