

— PARTICIPANTS

Corporate Participants

Matt Sonefeldt – Head-Investor Relations
Jeffrey Weiner – Chief Executive Officer & Director
Steven J. Sordello – Chief Financial Officer & Senior Vice President

Other Participants

Scott W. Devitt – Analyst, Morgan Stanley & Co. LLC
Mark J. Zgutowicz – Analyst, Piper Jaffray, Inc.
Michael Graham – Analyst, Canaccord Genuity, Inc.
Douglas Anmuth – Analyst, JPMorgan Securities LLC
Mark Stephen Mahaney – Analyst, Citigroup Global Markets (United States)
James J. Janesky – Analyst, Avondale Partners LLC
Herman Leung – Analyst, Susquehanna Financial Group LLP
Ken Sena – Analyst, Evercore Partners (Securities)
Thomas Forte – Analyst, Telsey Advisory Group LLC
Justin Post – Analyst, Merrill Lynch, Pierce, Fenner & Smith, Inc.
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Dan Salmon – Analyst, BMO Capital Markets (United States)

— MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the LinkedIn Second Quarter 2012 Earnings Conference Call. [Operator Instructions] As a reminder, this conference is being recorded. I'd now like to introduce our first speaker for today, Matt Sonefeldt, Senior Manager of Investor Relations. Sir, please go ahead.

Matt Sonefeldt, Head-Investor Relations

Good afternoon and welcome to LinkedIn's second quarter of 2012 earnings call. Joining me today to discuss our results are CEO, Jeff Weiner and CFO, Steve Sordello.

Before we begin, I would like to remind you that during the course of this conference call management will make forward-looking statements which are subject to various risks and uncertainties. These include statements relating to expected member growth and engagement; our product initiatives including mobile, student, international and enterprise; impact of acquisitions on our business; the results of our R&D efforts including the acceleration of our product deployment process; our security measures; revenue including revenue growth rate; adjusted EBITDA; depreciation and amortization; stock-based compensation; share dilution; taxes; the product mix between online and field sales; term rate and expenses.

Actual results may differ materially from the results predicted, and the reporting results should not be considered as an indication of future performance. The discussion of risks and uncertainties related to our business is contained in our filings with the Securities and Exchange Commission, in particular, the section entitled Risk Factors in our quarterly and annual reports and we refer you to these filings.

Also, I would like to remind you that during the course of this call we may discuss the non-GAAP measures when talking about the company's performance. Reconciliations to the most directly

comparable GAAP financial measure is provided in the tables in the press release. This conference call is also being broadcast on the Internet, is available through the Investor Relations section of the LinkedIn website.

With that, I will turn the call over to our CEO, Jeff Weiner.

Jeffrey Weiner, Chief Executive Officer & Director

Thank you, Matt, and welcome to today's conference call. I will start by summarizing the operating results for the second quarter, and I'll recap some of the highlights and key milestones since our last call. I'll then turn it over to Steve for a more detailed look at the numbers and outlook.

The second quarter of 2012 was a strong one as all of our key operating and financial metrics exhibited solid momentum. Continued investment in product innovation drove healthy engagement as measured by the unique visiting members and member page views, and our three revenue streams all experienced significant growth.

For Q2, overall revenues grew 89% to a record \$228 million. We delivered adjusted EBITDA of \$50 million translating to non-GAAP EPS of \$0.16. Cumulative membership grew 50% year-over-year to 174 million members at the end of the second quarter as we continue to add approximately two member sign-ups per second. Of the more than 13 million new members added during Q2, more than 70% came from outside the U.S., underscoring LinkedIn's global reach. Today 62% of LinkedIn members are from international markets.

With regard to engagement, as measured by comScore, LinkedIn totaled 131 million unique visitors in June when including SlideShare, making us the 26th most visited web property in the world. When excluding SlideShare, we averaged 106 million monthly unique visitors during Q2, growing 30% year-over-year, and generated 9.3 billion page views, growing 31% year-over-year.

Our internal engagement metrics, which include mobile, also sustained momentum with unique visiting members up approximately 38% and member page views increasing more than 60%. Page view growth in excess of our overall membership growth is a strong sign of continued healthy member engagement.

Improvements in our underlying technology are enabling accelerated product innovation at LinkedIn built around the themes of simplify, grow and every day. Simplify is all about making it easier for our members to unlock value from the core products and services we already offer. Last month, we began rolling out a significant redesign to LinkedIn's Homepage. The goal of the redesign is to enable our members to discover, share and discuss the professional information that is most important to them. As a result of the launch, we have already seen a positive impact to a number of our key engagement metrics. For example, shares originating on LinkedIn such as status updates are now at all-time highs. This redesign is just the beginning of a wave of improvements coming to the Homepage, as well as other pillar products later this year.

Additionally in May, we simplified the design of LinkedIn Today, our flagship social news product. Since then, we have added deeper integration into the new Homepage, making it easier for members to take social actions on stories. Subsequently, engagement on LinkedIn Today continues to increase, and is now up more than 150% since we introduced these features.

These improvements to the Homepage and LinkedIn Today are due in part to the introduction of a new backend content platform that is accelerating our rate of development in these areas.

Our second theme is grow, which has two connotations for us. First, it means continuing to grow our global membership, and second, it means growing our monetization efforts in ways to benefit

both members and customers. In Q2, we optimized our registration flow on mobile devices to make it easier for professionals to join LinkedIn. As a result, today more than 15% of new member registrations are now originating on mobile, up from approximately 10% the prior-quarter.

Product localization also continues to be a strong driver of member growth. The additions of Polish and Norwegian bring total number of LinkedIn languages to 18, with more planned for later this year. Additionally, LinkedIn is now operating in 25 cities around the world.

With regard to monetization, we completed the roll out of Talent Pipeline to our entire universe of LinkedIn Recruiter customers. In less than three months those customers have already uploaded more than a million prospective candidates into the product.

We also made our Targeted Status Updates and Followers Statistics features available to all of the more than 2 million company profiles. Philips, which began using Targeted Status Updates as part of the early release program, saw engagement more than double when using the product in their daily communications with their LinkedIn followers.

Lastly, we've said that we're going to deliver value to our members every day. Mobile products are central to this effort. We exited Q2 with 23% of unique visiting members coming through mobile apps versus just 10% a year-ago, and that number reaches 27% when including mobile visits to the website.

Q2 marked the launch of our first app designed for the iPad, which has been extremely well received. Thus far, we're seeing encouraging signs of engagement, as more than half the pages on the app are being generated by content-focused products such as updates, news and groups.

Also on mobile, we're in the early stages of testing various forms of monetization. Our strategy is to develop opportunities for mobile monetization that add value to members and customers across all three of our product lines – hiring, marketing and subscriptions. We launched our first mobile monetization test at the end of June when blue chip brands including Shell began running display ads within the LinkedIn iPad app. Early indications are positive and we will continue to explore relevant ways to monetization our mobile offerings.

An additional element of delivering value every day is to provide services to members wherever they work. Since our last call we equipped one million unique publishers that enabled readers to share content through the LinkedIn platform. Also, more than 75,000 third-party developers now use our APIs to build innovative services off of LinkedIn, up from 60,000 in February, furthering our ability to power the professional web.

Part of adding value to our members every day means ensuring that their experience on LinkedIn is safe and secure. In June, we reported the theft of 6.5 million LinkedIn member passwords that were published on an unauthorized website. Though no member login information was published, we disabled the passwords of the accounts that we deemed to be at risk. Since then, we have re-doubled our efforts to ensure the safety of accounts on LinkedIn by further improving password strengthening measures, and enhancing the security of our infrastructure and data. The health of our network as measured by member growth and engagement remains as strong as it was prior to the incident.

The value we create for members allows us to deliver useful offerings to customers of our Hiring Solutions, Marketing Solutions and Premium Subscriptions products. And in Q2 these three diverse revenue streams all performed well. Hiring Solutions grew 107% to \$122 million as industry leaders continue to turn to LinkedIn to engage prospective talent for their organizations and reach the right business audiences. Microsoft recently signed one of the largest deals in LinkedIn's history, a multiyear renewal that includes the full spectrum of our Hiring Solutions product portfolio, including listings for all of their open jobs.

Marketing Solutions was up 64% to \$63 million as larger brands turn to LinkedIn to engage with their most relevant audiences. In April, as part of its campaign to reach and engage with professional women, Citi partnered with LinkedIn to launch a branded LinkedIn group featuring special curated content and moderated discussions. In just three months this group has materially outperformed expectations with more than 30,000 members and one of the highest engagement rates of any LinkedIn group.

Premium Subscriptions increased 82% to \$44 million as we continue to focus on delivering the right offerings to the right professionals at the right time. Though it is still early, our Sales Navigator subscription is beginning to gain traction among sales professionals in Fortune 500 companies and small organizations alike.

Lastly, an update on our talent, which is our top operating priority. We added 414 new employees in Q2, and we plan to continue to invest going forward, particularly in R&D and sales, to realize the full potential of our platform. We now have more than 2,800 employees around the world, all of whom are dedicated to fostering the long-term health of the LinkedIn ecosystem by putting our members first.

And now I'll turn it over to Steve for a deeper dive into our operating metrics and financials.

Steven J. Sordello, Chief Financial Officer & Senior Vice President

Thanks, Jeff.

Before I discuss the results, I want to remind you that my comments on growth rates will refer to year-over-year changes unless I indicate otherwise. Also, non-GAAP financial measures exclude stock-based compensation expenses, amortization of intangibles and the taxing impacts of these adjustments. Please refer to our press release for the GAAP to non-GAAP reconciliations.

We saw a continued progress across our key operating and financial metrics in the second quarter. As always, we start with our members. Despite the difficult comparison from the second quarter of last year due to a lift from address book import optimization and the IPO, members grew to 174 million in the second quarter, up 50% year-on-year. Engagement remained solid with steady growth in comScore unique visitors increasing 30%, and page views increasing 31%. When including SlideShare, we had nearly 131 million unique visitors in June.

In addition to comScore, we remain encouraged by our internal metrics where we are achieving positive results. Unique visiting members grew 38% year-over-year, and during the quarter we had an increase in frequency of visits as we hit an all-time high in average days visited by unique members. Internal page view growth echoed this strength, increasing greater than 60%. This reflects strength from the upgrade to PYMK and the launch of the mobile tablet app.

Turning to our financial results, total revenue increased 89% to \$228 million. Hiring Solutions revenues continues to perform well growing 107% over the prior-year. Hiring Solutions represented 53% of revenue versus 48% last year. As we strengthen our Hiring Solutions product portfolio from recruiter to pipeline to jobs to recruitment media, LinkedIn is impacting an increasing percent of total customer hiring. This trend and continued strong sales force execution contributed to an increase in average revenue per enterprise customer, both year-on-year and quarter-on-quarter. This growth was especially noteworthy relative to the economic headwinds in Europe.

Total Corporate Solutions customers now stand at 12,053, advancing nearly 100% versus last year. New deal size increased with both Enterprise and SMB customers, and dollar churn with existing

customers decreased across all regions versus the first quarter, and stands at the lowest level since this time last year.

During the quarter, open jobs listings growth on LinkedIn accelerates the highest point in three quarters, and growth was nicely over 100%. We continue to have success increasing the attach rate of job slots to Corporate Solutions customers, and jobs posted through the self-serve online channel continued to outperform.

Our Job Seeker and Talent Finder subscriptions also showed strong results, hitting an all-time high as a percent of overall Hiring Solutions revenues. Marketing Solutions grew 64% year-on-year to \$63 million, representing 28% of total revenue compared to 32% in the year-ago quarter. Field sales outperformed our expectations, as growth accelerated year-on-year compared to the past two quarters, and outpaced typical seasonality trends. Larger deals with blue chip customers and new types of campaigns are contributing to the renewed momentum. North America and APAC were strong in the quarter, offset somewhat by weaker performance in EMEA.

Our self-serve LinkedIn Apps platform continued to outpace overall site page views, although revenue declined slightly versus the first quarter as field sales absorbed more of the available inventory. Click through rates and CPCs steadily improved versus last year, and in addition to working to drive further engagement on the site, we continued to look for new ways to add inventory for our self-serve channel.

Premium Subscriptions revenues grew 82% year-on-year to \$43.5 million. Subscriber growth continued to outpace overall member growth, and churn is now at record lows. When we include our Hiring Solutions premium products, total premium growth sits at nearly 100% year-on-year, and lastly, while still small, Sales Navigator traction has been strong and continues to build.

In terms of sales channel, field sales growth outpaced online sales for the first time since the second quarter of last year, given our sustained investment in Hiring Solutions, larger deals in Marketing Solutions and general seasonality. Field sales stood at 57% of revenues during the quarter versus 43% for online. In the year ago quarter, online revenues represented 45%.

As for geography, investments in sales offices abroad continued to drive international growth in excess of U.S. International increased 111% year-on-year to 35% of total revenues versus 32% last year. U.S. based business grew 78% year-on-year to 65% of revenues versus 68% last year. I wanted to note that EMEA declined as a percentage of revenue from the first quarter, highlighting some of the macroeconomic challenges in that region.

Turning to the non-GAAP income statement, we once again surpassed our own margin expectations despite heavy investment in both our engagement and monetization platforms. Benefiting from greater revenue scale and passing sales tax through to customers, gross margin, excluding depreciation and amortization was 87% during the quarter, up from 85% last year. Sales and marketing increased to 31% of revenue from 28% last year, reflecting a continued focus on expanding our global field sales force in Marketing Solutions and outside the U.S. in Hiring Solutions.

Investment in engineering and product development remains a top priority. R&D was 22% of revenue, down from 23% last year, and flat versus last quarter. And G&A as a percentage of revenue was 12% compared to 13% last year. Driven by top line outperformance, adjusted EBITDA was a record \$50 million in the second quarter, a 22% margin. This is nearly double the adjusted EBITDA of \$26 million in the second quarter of last year. Depreciation and amortization totaled \$17.5 million, slightly less than expected, while stock-based compensation was \$19.3 million, just above the guided range.

As expected, taxes on a GAAP basis were high relative to pre-tax income with an effective tax rate of 78% and somewhat higher than expected on a non-GAAP basis at a 47% effective rate. I want to spend a moment providing greater transparency on two factors driving our current tax rates. First, over the long-term our international tax structure will result in a lower long-term effective tax rate. However, in the short term, tax expense and the effective tax rate will increase as we ramp up our investments internationally. Second, the non-deductibility of acquisition related costs primarily related to retention decreases our pre-tax income, thereby increasing our effective tax rate.

Moving onto the bottom line, we generated \$2.8 million in GAAP net income and \$0.03 of fully diluted GAAP EPS versus \$4.5 million and \$0.04 in the second quarter of last year. On a non-GAAP basis earnings were \$18.1 million and \$0.16 of fully diluted earnings per share, nice growth versus \$10.8 million and \$0.10 of EPS last year. Our fully diluted weighted share count was \$112.3 million.

The tax impact from the international and acquisition related items impacted non-GAAP earnings by about \$0.02 per share. Non-GAAP earnings at our guided tax rate would have been \$0.19 per share.

The balance sheet remains well positioned with \$617 million in cash, cash equivalents and short-term investments against zero debt. Despite \$40 million in acquisition related outflows, cash on the balance sheet is nearly identical to last quarter. Operating cash flow increased nicely year-on-year to \$47 million from \$36 million last year. CapEx was higher at \$38 million versus last quarter, and some of Q1 investments was delayed into Q2. We continue to focus on spending towards expanding our technology and global facilities footprint. And during the quarter, we generated \$9 million in free cash flow.

I will close the call with guidance for the third quarter and full year 2012. In the third quarter, we expect revenues between \$235 million and \$240 million, a range of 68% to 72% year-on-year. We are also increasing our full year guidance midpoint by \$30 million to between \$915 million and \$925 million, a range of 75% to 77% year-on-year growth. Revenue guidance incorporates the strong performance in Hiring Solutions and the renewed momentum in Marketing Solutions field sales, balanced by the impact of European headwinds as well as the advertising inventory constraint within LinkedIn ads.

For adjusted EBITDA, we expect a range of \$42 million to \$45 million in the third quarter, and 18% margin at the midpoint, consistent with our original plan for the year. For the full year, we are raising our EBITDA guidance by \$15 million to \$185 million to \$190 million, a 20% margin at the midpoint, versus prior guidance of \$170 million to \$175 million and a 19% margin at the midpoint. EBITDA guidance incorporates expectations for sustained investment and expansion of our technology team, global facilities footprint and greater relative contribution from our field sales products versus our online products.

I also wanted to provide additional granularity around EBITDA on three dimensions. First, cash retention related acquisitions will adversely impact EBITDA by roughly \$6 million in the back half of the year, split evenly between Q3 and Q4. Specific to SlideShare, in the shorter term we are placing more emphasis on engagement products rather than monetization.

Second, in taking proactive steps to update security post the June password theft, we are assuming an additional \$2 million to \$3 million in second half expenses, more weighted towards the third quarter.

And finally, we've taken steps to further strengthen R&D recruiting throughput. And subsequently hired and on-boarded record levels of engineering talent in Q2 and continuing into Q3, resulting in higher R&D expenses. This allows us to both accelerate and scale our current roadmap, and invest

in longer term strategic initiatives including mobile, students, international product with focus in Asia-Pacific, and creating additional value for our members within the enterprise.

Below the EBITDA line, we expect depreciation and amortization of \$20 million to \$22 million this quarter, and now estimate \$75 million to \$80 million for the annual guidance range. For stock compensation, we expect \$27 million to \$28 million in the third quarter, and now expect a range of \$85 million to \$95 million for the full-year, an increase primarily due to continued hiring, acquisitions and refresher grants.

We continue to believe our income taxes on a GAAP basis will at least approximate and could potential exceed pre-tax earnings in the second half as a result of acquisitions and investment in international markets.

While visibility on the non-GAAP rate remains limited, we believe it could increase in the second half for the same reasons. For fully dilutive weighed shares, we expect just north of 113 million shares in the third quarter, and approximately 114 million in the fourth quarter. We also continue to expect CapEx to be in the mid-teens as a percentage of revenues for the third quarter and full-year.

To conclude, we performed well in the second quarter across many fronts. Members are engaging with LinkedIn at record levels, and all three product lines generated continued impressive growth. We remain encouraged by the diversity across our business lines, and the size of our market opportunities, and we will continue to invest aggressively for long-term success to realize the full potential of our platform.

Thank you for your time, and we'll now take questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Scott Devitt from Morgan Stanley.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Thanks for taking my question, and congratulations on your continued success. I had a question and then a follow-up related to it. Maybe for Steve, since most of your major consumer products have been refreshed in 2012 and a few that come to mind, mobile apps groups, People You May Know, LinkedIn Today and the Homepage, just wondering is it related to product development expenses? Should we expect big dollar growth in that line to start to decelerate in the back half of 2012? And then a follow-up.

<A – Steve Sordello – LinkedIn Corp.>: Yeah, thanks Scott. This is Steve. So, we actually – I mentioned in the prepared remarks, have seen great success in terms of bringing on engineering talent since last quarter. Our throughput has quite dramatically increased, and we're actually taking that as an opportunity to continue to invest, to both accelerate the current roadmap, as well as investing in some new strategic initiatives that I outlined around student, mobile, international and enterprise. So what we're expecting is actually to continue roughly at the same percentage of revenue in the back half of the year, at least in Q3. But we do expect to start to see more leverage going into next year. We feel like we're reaching the stage now we're at critical mass, and are feeling pretty good about that.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Okay. And if you normalize for the two items that you highlighted affecting margin in the second half, is it fair to think normalized for that, that you should exit the year in the mid-20%? That's kind of what's implied in your guidance, on an EBITDA margin basis.

<A – Steve Sordello – LinkedIn Corp.>: Yeah, currently our guidance in the fourth quarter exiting, is roughly 21% and I think if you were to exclude some of those acquisitions related charges and some of the others, it would inch up from there, I think that we are really planning more entering next year, and continuing to show leverage. So it is part of our plan to go into next year.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Okay, thank you.

Operator: Thank you. And our next question comes from the line of Mark Zgutowicz from Piper Jaffrey.

<Q – Mark Zgutowicz – Piper Jaffray, Inc.>: Yeah. Hi, guys. Great results. Just a couple questions; I was hoping you could maybe talk just about the emerging Marketing Solutions growth drivers, and maybe talk about what initiatives are driving the strongest engagement? And also, if you could talk about specifically the iPad and what kind of engagement you're seeing there? Thanks.

<A – Jeff Weiner – LinkedIn Corp.>: Hi, it's Jeff. I'll start with the engagement drivers. We're very pleased with the results thus far of the new Homepage introduction, not only in terms of material increasing page use on the Homepage itself, but the downstream impact on the LinkedIn products and services that benefit from traffic that's sourced from the Homepage. So that's been a nice win for us. We're excited about the roadmap over the remaining second half of this year in terms of simplify, grow and every day. And speaking of everyday, as you mentioned, we're also pleased with the results of our iPad introduction. In particular, we mentioned this on the prepared remarks, we're seeing a nice trend on iPad engagement around our content offerings. So new sharing LinkedIn Today, groups content which has been very nice to see.

<Q – Mark Zgutowicz – Piper Jaffray, Inc.>: Okay. And Jeff, could you also talk a little bit about the growth that you've been seeing in custom groups and sort of if you're starting to see some more

short tail, I guess economics there relative to the long tail? Meaning it looks to me like – and I think you've talked about the Citi, some success you had at Citi with a group that they set up. But it seems to me that there's more and more of these custom groups being set up and I'm just wondering how that might be driving a higher CPM, or if it's too early to sort of talk about that?

<A – Jeff Weiner – LinkedIn Corp.>: It is a bit early, but we couldn't be happier with the results that we've seen with the Citi example in particular. It was something that the Citi team and their head of North American Digital Marketing have been very supportive about. And they've put the right kind of resources behind it. And not surprisingly, we've seen as high levels of engagement as we've seen in any LinkedIn group, and now with north of 30,000 members, you look at the quality of the engagement there, the quality of the discussion.

I just heard yesterday there was actually an offline meet-up of members of this group in New York City and that's going to be expanding elsewhere. And as we've talked about with Citi and other prospective customers in this regard, it's essentially a network within the network. And there's a whole host of direction that goes behind these custom groups and responsible for developing these custom groups can take them. So, we're very excited about the opportunity and the potential there. And hopefully, we'll see much more to come.

<Q – Mark Zgutowicz – Piper Jaffray, Inc.>: That's great. And then, Steve, just a couple real quick ones; was there incremental costs relating to the security breach in Q2? I know you talked about Q3, unless I missed that. And then any currency related to headwinds in Q3?

<A – Steve Sordello – LinkedIn Corp.>: Sure. In the second quarter, I would say there was roughly \$0.5 million to \$1 million related to it, primarily for forensic work and other elements of that. And then – I'm sorry, what was the second question?

<Q – Mark Zgutowicz – Piper Jaffray, Inc.>: Just the euro...

<A – Steve Sordello – LinkedIn Corp.>: [indiscernible] (27:30)

<Q – Mark Zgutowicz – Piper Jaffray, Inc.>: Yeah.

<A – Steve Sordello – LinkedIn Corp.>: Yeah. We've really – from a P&L perspective, FX impact has been relatively immaterial. It has to do with how we book in invoice relative to a subscription based model. We do hedge on the balance sheet. And this last quarter, for example, we had roughly a \$700,000 loss as the swings in currencies have been pretty dramatic. That was hedged down from what would have been a \$2.5 million. We don't fully hedge. So, we feel like we're in pretty good shape relative to FX impact.

Operator: Thank you. And our next question comes from the line of Michael Graham from Canaccord.

<Q – Michael Graham – Canaccord Genuity, Inc.>: All right. Thank you. I wanted to ask you a question related to your largest customers. And the question is, can you give us a feel for your very largest customers, whether it's Fortune 100 or 500? Where you are in penetrating those guys and how much further potential there is? And as a related question, can you give us a feel for – you talked a lot about engagement, which seems to be heading in the right direction. Can you give us some color about how that helps with that sales process and what particular points resonate with your potential customers when you talk about the increased engagement from the members? Thank you.

<A – Steve Sordello – LinkedIn Corp.>: Yeah. Michael, this is Steve. In terms of headroom, we actually feel really, really good. We currently have about 85% of the Fortune 100. We figure about 25% penetrated there. And when you look at in the U.S, we – when we look at the white space that

we have in our current existing accounts, we have about – in excess of 3x white space that we anticipate. And on a global basis, it's actually even larger than that. So, when we look at it from white space perspective, we feel good. We also feel that we're still in the early stages. There's over – there's about 20,000 companies in the U.S. at over 500 employees. That's about a fourth of the global, so there's 70,000 to 80,000 companies to penetrate and we're at 12,000 today. So, we feel like we're in good space from a penetration perspective and still have some good headroom in front of us.

<A – Jeff Weiner – LinkedIn Corp.>: With regard to the – it's Jeff. With regard to the second half of the question, how does engagement flow into monetization from a customer value proposition? With regard to Hiring Solutions, the more engaged our members, the more likely they are to keep their profiles fresh and updated, which means that our customers for Hiring Solutions products have access to a more relevant pool of candidates. Of course, the more engaged our members, the healthier our growth, and that leads to even more critical mass on a global basis, which provides a more comprehensive index from which people can search. And then, of course with regard to Marketing Solutions, the more engaged our members, the more inventory that we're generating that we can in turn sell and again with regard to relevant data, the better the match and the higher the return on investment.

<Q – Michael Graham – Canaccord Genuity, Inc.>: Thank you.

Operator: Thank you. And our next question comes from the line of Douglas Anmuth from JPMorgan.

<Q – Doug Anmuth – JPMorgan Securities LLC>: Great. Thanks for taking the question. I just wanted to ask about Talent Pipeline, looks like now it's rolled out to all of your recruiter customers and it's at no extra charge. So I was hoping you could talk a little bit about how you're thinking about pricing power, as you look into next year. And also about what kind of demand you're currently seeing for Talent Pipeline only seeks? Thanks.

<A – Steve Sordello – LinkedIn Corp.>: Hi, Doug. This is Steve. In terms of pricing, we've very much taken the approach of focusing on expanding our global footprint and continuing to develop relationships with our customers. You've seen that with Talent Pipeline as we're offering it free of charge. So that's our strategy at this point in time as we continue to take market share. It will leave us pricing flexibility down the road.

Operator: Thank you. And our next question comes from the line of Mark Mahaney from Citi.

<Q – Mark Mahaney – Citigroup Global Markets (United States)>: Thank you, Steve. You kind of called out the bump up in monthly revenue per customer in Hiring Solutions segment. Could you spend a little bit more time on that, because it's something that's little bit noisy, it's jumped around a little bit? Your belief in the sustainability of that increase and other factors that could cause that to rise over the next two years. Thank you.

<A – Steve Sordello – LinkedIn Corp.>: Yeah, Mark. I think partly what's happening right now, we did see a record level of our previous last quarter. As we've had a lot more success selling larger deals, I just mentioned that we have not – we've chosen not to increase pricing. So this is a function of being able sign larger deals upfront, which is also a function of selling a broader portfolio of products. And so, when you think about our Recruiter product, for example, a year ago, that represented 60%, roughly of revenue. That has shifted down to about mid 50% range now. And so, we're selling more jobs slots, we're selling more recruitment media, we're selling more additional products that are expanding that deal size.

At the same time, I think it's important to note that we've also been successful on reducing churn. We've been at the lowest level this last quarter since Q2 of last year. We've put a lot of investment

in the product, in customer relations. And the renewal rates have also maintained at Q1 levels. So from both, kind of a new customer perspective as well as existing customers, things have been relatively strong.

<Q – Mark Mahaney – Citigroup Global Markets (United States)>: Thank you, Steve.

Operator: Thank you. And our next question comes from the line of Jim Janesky from Avondale Partners.

<Q – James Janesky – Avondale Partners LLC>: Hi, guys, good afternoon. To what extent would you attribute the increase in Corporate Solutions customers and revenue per customer to a tougher employment environment where your product is a good alternative versus having increased sales people calling on customers?

<A – Steve Sordello – LinkedIn Corp.>: I think it's a combination of the two. Our brand is stronger in the marketplace, I believe than it was a year ago and we're having more success going in with customers. And we also have, as I mentioned continued to broaden out the portfolio. Another thing I would highlight, relative to kind of the ROI is, of our existing customers we continue to take share of the overall hiring. So, for example, we're about 2x where we were last year in terms of – hiring happening through the LinkedIn products within our customers.

And another interesting note. Given European weakness where job growth has been slower, that rate is even higher. So just like we saw in the U.S. back in 2009, we're seeing in tough times people turn to things that work. And so, there may be shrinking budgets in certain areas. We're taking a larger and larger share within those budgets.

<Q – James Janesky – Avondale Partners LLC>: Okay. And G&A increased quite a bit sequentially. Is that – is part of the reason just some of the investments that you were talking about or is there another reason behind that?

<A – Steve Sordello – LinkedIn Corp.>: So there's been a lot of investment in general infrastructure, including facilities. Facilities is an area that, as we've expanded our head count, for example, we just opened an office this week in Sunnyvale in the Bay Area, as well as we continue to expand globally outside the U.S. So that's a major area in terms of the G&A increase.

<Q – James Janesky – Avondale Partners LLC>: Okay. Thank you.

Operator: Thank you. And our next question comes from the line of Herman Leung from Susquehanna.

<Q – Herman Leung – Susquehanna Financial Group LLP>: Thanks. Great quarter, guys. Two quick questions, first is, can you maybe talk about – I think one number that really stood out in the quarter was the 1,600 customer adds in the quarter and it's much higher than what we expected. But you talked about some productivity on the field sales front. I was wondering if that number is sustainable as we kind of move, look forward into the third quarter timeframe. And then, the second question I have is, just wanted to touch upon the Marketing Solutions line. I know that line actually beat just as much as the Hiring Solutions beat relative to our numbers. And you talked about some of the Citigroup deals with some of the groups. And you also mentioned new ways to add inventory. I was wondering if you could maybe talk to us a little bit about that and how we should think about that as we progress into the second half. Thanks.

<A – Steve Sordello – LinkedIn Corp.>: In terms of the customer additions, it was a very strong quarter. I would note that we had a very strong Q4 and some of the Q1 deals were pulled into Q4. So Q1 might have been a little less representative. And so, Q2 is showing relative strength there. I would say that we continue to have very solid sales force productivity. We talk about the payback

on sales and marketing investments that remained high relative to other staff companies. When we look at things like attainment rates and quotas, the payback in terms of cash and P&L is roughly the same on the Hiring Solutions side. So we're excited about going forward. We don't give specific guidance on customer count, but we feel like we still have good momentum.

And I think lastly, I want to always highlight in terms of productivity, we put a lot in terms of leveraging the technology that we have across the lines of business. We have data, a lot of data that we use to arm our sales teams with the staff-ranked accounts to go after and that has a very high payback for us and we're now expanding that to other lines of business as well.

Operator: Thank you. And our next question comes from the line of Ken Sena from Evercore Partners.

<Q – Ken Sena – Evercore Partners (Securities)>: Hi, thank you very much. Just going back to the Homepage changes that you made around social news, you mentioned the 150% increase in engagement for LinkedIn today. But is there any metric you can give in terms of the engagement there maybe as a percentage of total time spent on the site? And how that's trending? And anything else you can indicate in terms of people's adoption of the social news services that you're providing? Thanks a lot.

<A – Steve Sordello – LinkedIn Corp.>: Yeah. We don't break down time spent on a per service basis. And actually it's less about time spent for us, because LinkedIn's really a productivity play. So it's more about enabling our members to save time versus pass the time. That said, I think the deeper integration of LinkedIn Today into the new re-designed Homepage is certainly part of the reason for the increase that we're seeing in LinkedIn Today engagement along with continued improvements in LinkedIn today, not only the look and feel, but the relevancy of the site. And as we mentioned in our previous opening remarks, we are seeing record levels of social gestures related to the sharing of content, LinkedIn status updates, for example and so we've been pleased with the results in that regard.

Operator: Thank you. And our next question comes from the line of Thomas Forte from the Telsey Advisory Group.

<Q – Tom Forte – Telsey Advisory Group LLC>: Great. Thanks for taking my questions. So the two ones I had were how should we think about the relationship between member growth and premium member growth and what the initiatives are underway to get premium member growth to grow at a faster rate? And then second, I know you're very early stage on mobile monetization but I guess what are the next steps and what are your initial reads on how that's performing so far?

<A – Steve Sordello – LinkedIn Corp.>: Hi, Thomas. This is Steve. So on Premium Subscriptions, there is a linkage between member growth and unique visitor growth and Premium Subscriptions. One of the reasons why that business started to accelerate last year and we tied it to IPO and address book import and a number of other things that enhanced our metrics. So that is a driver of that business that's closely linked. I would say equally as important one of the drivers behind that business that we have success in is, again using our data to better target prospective purchasers and improve conversion rates and we've had success in that and we're continuing to double down in that area to continue to drive growth in that business line.

<A – Jeff Weiner – LinkedIn Corp.>: Hi. It's Jeff. On the mobile monetization front, I think, first it's important to recognize that when we talk about mobile monetization, it goes well beyond advertising, which I know continues to be a hot topic with regard to digital models and digital media models. Our mobile monetization effort is cut across all three of our business lines; Hiring Solutions, Marketing Solutions and Premium Subscriptions and we continue to believe that there's an opportunity for it to be accretive with regard to Hiring Solutions and Premium Subscriptions. By

virtue of the fact we're going to be able to extend the current value proposition to those paying customers beyond the desktop.

With regard to Marketing Solutions, we're really optimizing for two different environments, the tablet environment and the phone environment. With regard to the tablet environment, we recently announced establishing a pilot program for advertising within our iPad application and we're very pleased with the initial response among our blue chip marketing partners in that regard and we continue to see healthy demand for the pilot program. And with regard to the phone, we're going to continue to ensure that we get that offering right. And that starts with the member experience for us. So we've been testing some various implementations, and we want to make sure that if we're going to be introducing advertising into the feed itself that it's going to be creating value for the entire ecosystem.

<Q – Tom Forte – Telsey Advisory Group LLC>: Great. Thank you very much.

Operator: Thank you. And our next question comes from the line of Justin Post from Merrill Lynch.

<Q – Justin Post – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Thank you. Most of my questions have been asked, but just two quick ones. Jeff, when you look at your product pipeline, I think there's anticipation of the company really taking advantage of your huge member base and monetizing it well. How is the product pipeline? And do you have some things that are really starting to get traction on the revenue side recently? Or as you look forward, do you have some ideas on how to really take advantage of that membership base for the company? And then secondly, maybe Steve on engagement, how do you measure it internally? Are you simply taking the page views, the 60% page views over the 50% membership growth? Is that probably the best way to measure it? Or are there other ways you're really measuring engagement? Thank you,

<A – Jeff Weiner – LinkedIn Corp.>: So it's Jeff. On the first part of your question with regard to the product roadmap as it relates to monetization efforts, we continue to invest in our Hiring Solutions offering. And that now extends well beyond that initial flagship product of Recruiter, which is our search capability within the enterprise. And, of course, we recently introduced Talent Pipeline. We've got some really nice improvements that have been made to our jobs offering and the ability for companies to be able to offer all of their jobs on LinkedIn to be able to match those jobs with the ideal candidates and some relevancy algorithms. And then, lastly within Hiring Solutions, our efforts with regard to talent branding and recruitment media and some really interesting stuff on the roadmap there.

With regard to Marketing Solutions, we covered earlier on the call the progress that we've been making on custom groups. Our company follow our ecosystem has really started to gain traction by virtue of the ability for companies to target their status updates to the right audience, and for them to be able to leverage our analytics packages so they can constantly be iterating and improving their return on investment.

And then lastly with regard to Premium Subscriptions, one of the things that we're excited about that I think has some significant opportunity and potential is our sales solution offering, our Sales Navigator product, which enables companies and salespeople, business development folks to convert cold calls into one prospect. So we're excited about the roadmap and we continue to make solid progress.

<A – Steve Sordello – LinkedIn Corp.>: And Justin, in terms of engagement, the external growth, uniques and page views are kind of aggregated measures of how we measure internally, which is obviously at a much more granular level. And so, we look at things like page views by product, how those are performing over time. We look at different actions that are taken on the site, such as social gestures, how much sharing is going on. We look at frequency. All the metrics we look at

internally roll up into those three over-encompassing metrics, but there's a lot more granularity obviously.

<Q – Justin Post – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: And Steve, would you say that engagement is growing and do you quantify that like 10%, 20%, any way to help us with that?

<A – Steve Sordello – LinkedIn Corp.>: Well, I think one take-away from engagement growing is if you just look at those top metrics, members are growing 50%, uniques are growing over 30% and page views are growing 65% year-on-year. The latter one is I think really telling. Obviously, mobile's a big piece of that so we continue to show strong growth in engagement.

<Q – Justin Post – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Thank you.

Operator: Thank you. And our next question comes from the line of So-Young Lee from SunTrust.

<Q – So-Young Lee – SunTrust Robinson Humphrey>: Hi. Thanks for taking my question. Can you discuss your efforts in reaching SMBs and how you're able to cater to their specific needs? And given, the higher churn these SMBs generally have, can you talk about the ways you're managing churn and working on retaining these customers?

<A – Jeff Weiner – LinkedIn Corp.>: So, I think I heard the question correctly, so, yeah. SMB is becoming a larger percent of overall corporate solution customers. About a year ago, it was 20%, it's up to 30% now of total bookings. We've actually seen some positive results in terms of reducing churn within that customer set over the last couple of quarters here. There is a customer that has more limited up-sell potential and a higher propensity to churn, and one of the reasons why our churn came down was we started to be able to draft the SMB space. We're also looking for ways to, from a leverage perspective, to be able to sell more directly online and so we're testing in that space.

<Q – So-Young Lee – SunTrust Robinson Humphrey>: Thank you.

Operator: Thank you. And our final question comes from the line of Dan Salmon from BMO Capital Markets.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Good afternoon, guys. Could you give us a little bit of color around the methodology for measuring your users?

<A – Jeff Weiner – LinkedIn Corp.>: Could you be a little more specific? Are you referring to engagements or demographics, value-added, lifetime value?

<Q – Dan Salmon – BMO Capital Markets (United States)>: Just the actual number. I know some other competitors have been talking a little bit about looking for things like fraudulent accounts and what not and trying to weed those out and I'm just interested to hear how you guys handle those sort of issues?

<A – Steve Sordello – LinkedIn Corp.>: Yeah. So we report our member base, for example, on a net basis. So when we believe there is a certain percentage that could be duplicative accounts, we try to strip those out. Naturally, it's not always a 100% accurate, but we feel we're fairly close.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Okay. Thank you.

<A – Steve Sordello – LinkedIn Corp.>: And just to highlight on some of the other metrics such as unique visitors and paid views, we've been doing a lot of work working directly with external sources like comScore to reconcile differences, and over the last couple of quarters they've been fairly close. That's another objective view of kind of measurement of data.

<Q – Dan Salmon – BMO Capital Markets (United States)>: Got you. That's really helpful. Okay. Thank you.

Matt Sonefeldt, Head-Investor Relations

Great. So that's going to wrap it up for today. Thank you so much for your time and for joining us. And we'll talk to you soon.

Operator: Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may now disconnect. Everyone, have a good day.

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