PARTICIPANTS

Corporate Participants

Shannon (Stubo) Brayton – Vice President, Corporate Communications
Jeff Weiner – Chief Executive Officer
Steve Sordello – Senior Vice President and Chief Financial Officer

Other Participants

Scott W. Devitt – Research Analyst, Morgan Stanley & Co. LLC
Justin Post – Founder & Analyst, Bank of America Merrill Lynch
Doug Anmuth – Analyst, JPMorgan
Brian J. Pitz – Research Analyst, UBS Securities LLC
Sachin Khattar – Research Associate, Jefferies & Co., Inc.
Craig A. Huber – Managing Director & Research Analyst, Access 342
Timothy McHugh – Research Analyst, William Blair & Co. LLC
Ryan T. Hunter – Equity Analyst, Wedge Securities LLC
Michael Alexander – Equity Research Analyst, Montrose Securities
Glen Karcher – Analyst, Lake Street

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to LinkedIn Second Quarter 2011 Earning Conference Call. At this time, all participants are in a listen-only mode. Later we'll conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions]. As a reminder, this conference call may be recorded.

I will now like to turn the conference to Ms. Shannon Stubo, Vice President, Corporate Communications. Ma'am you may begin.

Shannon (Stubo) Brayton, Vice President, Corporate Communications

Good afternoon. Thank you and welcome to LinkedIn's first earnings conference call. Joining me today to talk about our second quarter results are Jeff Weiner, our CEO, and Steve Sordello, our CFO.

Before we begin, I would like to take this opportunity to remind you that during the course of this conference call management may make forward-looking statements, which are subject to various risks and uncertainties. These include statements relating to expected financial results such as revenue, EBITDA and EPS as well as non-financial metrics such as member growth, page views and unique visitors to our site.

Actually results may differ materially from the results predicted and reported results should not be considered as an indication of future performance. A discussion of risks and uncertainties related to our business is contained in our flings with the Securities and Exchange Commission and we refer you to these filings.

Also I would like to remind you that during the course of this conference call, we may discuss the non-GAAP measures when talking about the company's performance. Reconciliation to the most directly comparable GAAP financial measures are provided in the tables in the press release. This conference call is also being broadcast on the Internet and is available through the Investor Relations' section of the LinkedIn website.

And now I'll turn it over to Jeff.

Jeff Weiner, Chief Executive Officer

Thank you, Shannon, and welcome to today's conference call. I will start by summarizing the operating results for the second quarter and since today's earnings call is the first one we've held as a public company, I thought it'd be helpful to include a brief overview of LinkedIn, what we do, why we do it, and how we measure ourselves.

I'll then recap some highlights from the quarter and briefly touch on focus areas for us in the second half of the year. And finally I'll turn it over to Steve Sordello, our CFO, for a more detailed look at the numbers and outlook.

In short, we were very pleased with company's performance in the second quarter. We saw a broad based and accelerating growth across nearly all of our key metrics, including revenue, which grew 120% year-over-year to $121 million. This marks the fourth consecutive quarter in which our top line has at least doubled year-over-year.

We also delivered $26.3 million of adjusted EBITDA in Q2, which exceeded our expectations. That translates to non-GAAP EPS of $0.10. Our strong top and bottom line was due in large part to the growth we experienced across our key member engagement metrics, as well as the strength of our higher margin online direct sales channel.

At our core, LinkedIn is in the business of connecting talent with opportunity at massive scale. This is now possible due to the converging industry trends of scalable infrastructure that connects hundreds of millions of people in milliseconds, and unprecedented shifts in online behavior related to identity, connections and sharing of valuable information and knowledge. Talent is the driving force for success and economic opportunity. That holds true for both individual professionals and the companies they work for. And that's why our mission remains connecting the world's professionals to make them more productive and successful.

This means not only helping people to find their dream jobs but also enabling them to be great at their jobs they are already in, and we're just getting started. As of today, I am pleased to announce that LinkedIn has north of 120 million members and we're now adding more than two members every second. This is the fastest rate of absolute member growth in the company's history. By our measure, there are more than 640 million professionals in the world and roughly 3.3 billion people in the global workforce. Ultimately, our vision is to create economic opportunity for every professional, which we believe is a profoundly worthy objective, especially in light of current macroeconomic trends.

At LinkedIn, the most important core value we have is putting our members first. We are focused on creating simple products that our members can use to transform the trajectory of their careers. We measure our success primarily by three member-focused metrics, membership growth, unique visitors and page views, and we saw significant growth in all three.

During the second quarter, LinkedIn membership grew 61% year-over-year to more than 115 million members, representing an accelerating growth rate than the previous quarter. We saw substantial increases in all major countries, and especially in emerging markets, such as Brazil, India and China.

LinkedIn now has members in more than 200 countries and territories. We offer members the ability to create their profiles in 44 languages. And with the most recent additions last quarter of Turkish, Russian and Romanian, the site is now available in nine different languages with more to come by the end of this year.

With regard to international expansion we opened a Northern European hub in Stockholm and an Asian Regional headquarters in Singapore bringing our total number of offices outside the US to 12.

According to comScore, in the second quarter, unique visitors to the LinkedIn network increased 83% year-over-year with an average of 81.8 million per month, material acceleration over the first quarter growth rate of 65%.

Page views jumped 80% to 7.1 billion during the course of the second quarter. Page view growth slightly trailed unique visitor growth due in large part to the fact that new users generally have a lower level of engagement when compared to more mature users and the second quarter saw a record level of new members and unique visitors to the site.

Adding more members, getting them to come back more often and giving them more reasons to engage on the site, right network effects, that form a virtuous cycle on LinkedIn. As membership grows and activity on the platform increases, it improves the quantity and quality of data propagated throughout the network, which we then use to create better and more relevant products and services for our members and customers.

This meaningfully contributes to the growth of our three diverse revenue streams; Hiring Solutions, Marketing Solutions, and Premium Subscriptions. And during the quarter all three performed above our expectations. We're excited about the trends we're seeing, especially in light of the fact that LinkedIn is now growing off a much larger base.

Now, I'd like to spend a few minutes focusing on some product and service highlights from the quarter. As I said, our most important core value is that members come first. We developed products across three dimensions to deliver value to our members, Professional Identity, which helps professionals connect, find and be found; Insights, which help people get the information and knowledge they need to be great at what they do; and Everywhere, which ensures that our platform works wherever our members work regardless of where they are on the web or off.

With regard to Professional Identity, in Q2 more than 14 million members joined LinkedIn to create their professional profiles of record and once they got those profiles, we are helping them build valuable professional networks. Improvement to the products like People You May Know are in part responsible for the tripling of connection request in the past year, which are key driver of connection density. And the more connected a professional is on LinkedIn, the more quality content and thus value is created for the member and for our customers.

Expanding LinkedIn as a primary source for professional insights, Q2 saw a significant increase of the availability and distribution of our flagship social news product LinkedIn Today, which was recently rolled out for the iPhone, Android and is now available on the Flipboard App.

Extending LinkedIn everywhere, we opened up the LinkedIn platform to developers in April with new APIs and plug-ins. Our goal is to help developers build the professional way and they are embracing the challenge. We now have more than 30,000 developers using our API and more than a 100,000 publishers now use LinkedIn share buttons to drive traffic to their sites.

Those buttons are seen hundreds of millions of times every week and subsequently leading business publishers have reported dramatic increases in LinkedIn base referrals to their sites.

And I just want to take a minute to talk about a major new product we introduced last week, Apply with LinkedIn. Apply allows any company or organization to let people apply for jobs and get their foot in the doors using their connections at a click of a button. It advances all three of our product priorities. It allows you to be found using your profile, it actually get important insights about potential employers and the people best positioned to help you get the job; and it represents the next phase of our open platform efforts. Thousands of companies are already using Apply, including Netflix, Zynga and LivingSocial. Quite simply we believe that efforts like Apply with LinkedIn will eventually replace the resume.

As we entered the back half of 2011, we couldn't be more excited about the opportunities ahead of us. We'll continue to make improvements in core products, such as Profile, Search, Groups, Today, and the home page. You'll also see us continue to invest in areas such as mobile. Weekly mobile page views jumped more than 400% year-over-year making it our fastest growing consumer service. And later this year we planned on refreshing our most popular mobile apps and introducing new mobile services.

We'll continue to use Apply with LinkedIn to reinforce LinkedIn as a professional profile record. This bodes well for Hiring Solutions, which is both our largest and fastest growing revenue stream. Additionally, we believe Marketing Solutions had meaningful upside potential. Given the strength of the LinkedIn member base is one of the most influential, affluent and highly educated audiences by composition on the web. You will see developments later in 2011 designed to further strengthen our position in this market. And Premium Subscriptions should continue to benefit from overall traffic growth, improvements to the customer acquisition flow and the introduction of new product lines.

I'd like to end with one final word about talent, specifically our own talent here at LinkedIn. Talent is the single biggest priority for us as a company. Without the extraordinary people we have working here we couldn't accomplish what we have. We are fortunately able to attract the best and brightest to accept the challenge of transforming the way the world works. Going forward, we will continue to invest in attracting, retaining and developing a world-class team. And now, I'll turn it over to Steve.

Steve Sordello, Senior Vice President and Chief Financial Officer

Thanks, Jeff. Before I get into 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 tax impact of these adjustments.

Our second quarter results illustrate LinkedIn's rapid growth and leadership in the professional networking market. On the heels of the IPO and continued product traction, we achieved record results across most of our key operating and financial metrics.

First, growth in our member base accelerated to 61% and we ended the quarter with 115.8 million members. Most of our key geographies experienced new monthly highs in member additions, with particularly strong growth in May and June following the IPO. We continue to penetrate international markets and at the end of the quarter international members represented 58% of our member base, up from 52% a year ago.

Additionally, a number of our key emerging markets such as Brazil, Spain and China experienced greater than 100% year-on-year growth in the quarter. And it also benefited from continued improvements in the optimization of member invitations.

While we saw accelerating growth in [ph] cumulative (10:54) members, we also witnessed a higher percentage of members coming back to the site. Average comScore monthly unique visitors for the second quarter were a record 81.8 million, up 83% compared to the prior year. This represents our fastest growth in three quarters and in June we ranked at the 36th most visited website worldwide according to comScore, up from 69 just a year ago.

Finally, comScore page views, an important aggregate measure of engagement, increased to 7.1 billion, up 80% compared to last year. On this front, we saw strong growth in many of our key pages, including the homepage, People You May Know, and People Search. Also, since defaulting to opening Groups, Group page views accelerated through more viral adoption of the group's product.

Our mobile page views also continue to grow rapidly, reaching all-time highs on a week-to-week basis, with year-over-year growth rate of approximately 400%. These three key metrics; members, unique visitors and page views reflect the platform of both significant usage and scale and in turn create that foundation underpinning our financial growth. In the second quarter that growth continued to be strong. Overall revenues were record $121 million, advancing 120% compared to the prior year. This was our fourth straight quarter of greater than 100% top line growth. Hiring Solutions revenues were $58.6 million, increasing 170% compared to the year-ago period. This product comprised 48% of total revenues versus 40% last year.

Our market expansion strategy continued to drive increased penetration in enterprise market. During the quarter, we capitalized on declining churn and improving add-on and renewal rates from the existing customers. We know have over 6,000 corporate customers, up 163% from last year.

Our ROI in Hiring Solutions as measured through paybacks on our sales and marketing investments continue to show strength, supporting our ongoing decision to invest heavily in this product.

These positive trends drove increases in recurring revenues, which have risen more than 170% over the past year. Our Hiring Solutions also contains online components, including job postings and job related subscription products. In job postings, we saw the number of active jobs on our site increased 190% year-on-year.

Marketing Solutions revenues were $38.6 million, increasing 111% compared to the prior year, a highest growth rate in five quarters. Strong international growth of our marketing field sales offerings, as revenues nearly doubled in Europe and we saw very nice traction in Asia and non-US Americas.

Our online product LinkedIn Ads nearly tripled compared to the year ago period. LinkedIn Ads benefited from strong traffic growth, new ad formats and higher coverage rates. And finally Premium Subscriptions revenue ended the quarter at $23.9 million, up 60% year-over-year. This product area continues to show solid performance, significantly outpacing the 35% year-over-year growth rate we saw in the full year of 2010.

Strength in subscription products has been driven by overall traffic growth and introduction of Dynamic Chooser pages, which will render relevant subscription options to members based on their profiles and usage characteristics. We also have improved conversion rates to more targeted marketing campaigns.

It is important to note that in our Hiring Solutions category we include job related subscriptions. However, when we combine all of our Premium Subscription products together, total Premium Subscription revenues grew 105% year-over-year and our subscriber base continues to grow at a faster rate than our overall member base.

In terms of geography, international revenues were 32% of the mix during the quarter compared to 27% in the year-ago quarter. The gap between our member mix and our revenue mix represents a large opportunity as we continue to invest in our international monetization platform.

Turning to channel mix, online products represented 45% of revenues in the quarter, flat compared to the year ago period. The online channel materially outperformed our expectations given the high growth rate in the field sales business. Robust traffic levels and conversion improvements in our self-served online products yielded strong results. And the mixed benefit from online sales help drive strong adjusted EBITDA margins that I will discuss further in a moment.

Before turning to the remainder of the quarter's results, I want to remind you of our long-term target financial model. We ultimately aim to reach sustainable adjusted EBITDA margins of 30 plus percent. And in the second quarter, we made meaningful progress in establishing a foundation towards this goal.

Non-GAAP gross margin ended at 85%, up from 82% last year. Gross margins benefited from both greater revenue scale and initial efforts to pass through a portion of the sales tax for purchases of LinkedIn field sales products.

Sales and marketing expenses were 28% of revenues on a non-GAAP basis compared to 23% last year. We have grown head count 185% over this last year, reflecting our continued investment in field sales. One important note, the vast majority of our sales and marketing expense is sales related and marketing costs are relatively small due to the viral nature of our platform.

Non-GAAP research and development expenses were 23% of revenues down from 26% in the second quarter of last year. Despite falling as the percent of revenue, R&D spend increased 95% year-on-year and we expect even greater investment in the second half of 2011.

Non-GAAP G&A expenses were flat compared to the prior year at 13% of revenue. While G&A has remained relatively stable the past several quarters, we are stepping up our investments in office expansions, recruiting and general public company infrastructure initiatives.

Higher top line growth and better than expected contribution from our online products drove strong bottom line performance. Adjusted EBITDA came in at a record $26.3 million, up 130% compared to the prior year. Adjusted EBITDA margins were a record 22%, which was nicely ahead of our expectations relative to current investment levels.

Depreciation and amortization totaled 9.6 million while stock-based compensation expenses were $6.8 million in the quarter. Taxes on a GAAP basis were $5.4 million, an effective rate of 55%. On a non-GAAP basis taxes were $6.8 million, an effective rate of 39%.

I want to take a brief moment to talk about taxes in more detail. Our tax expenses impacted by the historical granting of incentive stock options or ISOs that give employees lower tax treatment, but are not tax deductible. We expect these items to persist over time, but partially reversed in out years due to disqualifying dispositions as employees begin selling stock throughout the lock up period.

On the other hand, cash paid for taxes are actually quite low at $150,000 during the quarter. We expect our cash tax expense to remain low in future quarters given the $32.5 million remaining in federal and California NOLs and over $7 million in R&D federal and state tax credits. Non-GAAP net income ended the quarter at $10.8 million, translating to non-GAAP earnings per share at $0.10 on $103.1 million fully weighted diluted shares.

Turning to the balance sheet. In the end of the quarter, we've $372.1 million of cash, cash equivalents and short-term investments. Net proceeds from the IPO were approximately $250 million, and operating cash flows were record $36 million, up over 230% against the year-ago period.

CapEx in the quarter was $23.4 million, the invested and expanding existing data centers in Los Angeles and Chicago and building out a new site in Atlanta. Free cash flow for the period was a record $12.6 million, compared to $2.8 million in the year-ago period. And ending head count was 1,515, up from 693 employees in the year ago quarter, an increasing 227 employees from the end of the first quarter. Increases from the first quarter were primarily in sales and technology.

Let me close by turning to guidance for the third quarter and an update on our 2011 full year outlook. For the third quarter we expect revenues in the range of $121 million to $125 million, which equates to 96% to 102% year-on-year revenue growth. Please note that the third quarter is typically a seasonally slower quarter given the summer months. And also we believe our second quarter user and financial results benefited from higher than expected seasonal bump due to the IPO and we expect third quarter to normalize towards our original expectations for the year.

For the full year, we now expect revenues to fall within the range of $475 million to $485 million, resulting in approximately 95% to 100% year-on-year revenue growth. We expect third quarter adjusted EBITDA to range between $9 million and $11 million. As we previously mentioned, 2011 remains an investment year. We will continue to spend aggressively across research and development, begin engineering efficiencies and drive product initiatives, sales and marketing via sales force and office expansions and G&A to build up the underlying support and infrastructure. For the full year we now expect adjusted EBITDA to be in the range of $65 million to $70 million.

In closing, our first quarter as a public company witnessed strong growth and reflected positive trends across many of our key operating and financial metrics. We had another quarter of strong members, visitors and page view growth. Revenues continue to accelerate and the diversity in our business remains healthy. We saw particular strength in our leveraged online channels, while continuing to build a backlog of business with key corporate accounts. And finally, we delivered record adjusted EBITDA margin and operating cash flows.

Going forward we plan to take a long-term perspective and invest aggressively in product, engineering and infrastructure to further develop the global LinkedIn platform. We are participating in very large markets and plan to continue to invest heavily in expansion across each of our business lines to solidify our global market position.

It has been a good start to 2011 and we continue to be excited about the long-term opportunity of this business. And with that thank you for your time, and we'll now take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions]. Your first question comes from Scott Devitt from Morgan Stanley.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Hi, thank you. I had two questions. Please Jeff, the Marketing Solutions growth sequentially was impressive, up almost 50%, and all the engagement metrics that we track continue to accelerate even beyond the second quarter, which is creating quite a bit of ad inventories. I was wondering if you just talk through where you think the sales force is in terms of being able to keep up with the inventory growth. And then I had a follow up.

<A – Jeff Weiner – Chief Executive Officer>: Yeah, I think we've made some good progress to date in terms of building up the sales force, building up that footprint on a global basis, creating more share of mind around our Marketing Solutions. But I think there is still a lot of room for improvement on that front and certainly the fact that we're increasing engagement at the rates that we are is going to create the inventory to help take that business to the next level.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Secondly.

<A – Jeff Weiner – Chief Executive Officer>: And Scott, an important contributor this quarter in addition to improving field sales results was our online channel for direct ads and that was more directly co-related with increase in traffic that we saw. And for that line of business, we actually have much more demand than we have supply in terms of inventory. So, the more we can grow traffic, the more particularly that business line will grow.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: And then secondly, you launched a few products that were directly targeted at the campus opportunity. And I wonder if you can talk about that opportunity in terms of users and the recruiter seat license opportunity there as well, because it seems like the campus recruiter opportunity is one that's particularly underpenetrated in terms of your existing seat licenses? Thanks.

<A – Jeff Weiner – Chief Executive Officer>: Yeah. So the recent college grads and folks in the process of graduating comprise one of our fastest-growing demographics. So, we are investing in order to take full advantage of that opportunity and create as much value for those folks as we can.

I think with regard to the Recruiter product, for large organizations, large scale enterprises, for whom college recruiting is a big part of their efforts, we are already selling Recruiter products to lot of those folks. And I think the more of these students we can bring online through things like providing the right fields on our profiles, which is one of the most recent additions we made to our product line up, I think that's only going to help and we've got some other things in store for recent college grads while that were excited about.

<Q – Scott Devitt – Morgan Stanley & Co. LLC>: Thank you.

Operator: Thank you. Our next question comes from Justin Post from BoA.

<Q – Justin Post – Bank of America Merrill Lynch>: Thank you. Jeff, you've got already impressive user base, and I think what I would like to understand is how do you think about increasing engagement with the platform and how you see your product portfolio over the next year to two years kind of really getting people engage with the site, and can you see those engagement metrics really kind of catch up with maybe some of the other social media networks out there? Thank you.

<A – Jeff Weiner – Chief Executive Officer>: Yeah. With regard to engagement, it's not so much about catching up with other social platform so much as it is creating as much value as we can for our current membership. I know sometimes we get asked about times spend, and as we like to say, it's not about enabling people to pass the time, it's about enabling people to save the time. So for us it's about insight, that's the core strategic objective, creating as much relevancy as we can through the right business intelligence, through right competitive intelligence, through right information, through right knowledge and you see products like LinkedIn Today, which are starting to generate real momentum for us. That's our social news product designed exclusively for professionals.

The opening of LinkedIn Groups has made a big difference in terms of the amount of information and knowledge been shared on LinkedIn. The number of active discussions taking place among professionals. We've got some other additions that we're going to be making to our home page, to our company profile platform, all of which, I think, are going to be able to add even more value in terms of insights.

And I think another thing to keep an eye on going forward is mobile. Mobile is our fastest-growing consumer services, I mentioned earlier, up 400% year-over-year in terms of page views. And we're seeing higher levels of engagement via mobile application than we do on the consumer web, and we're going to continue to build on that momentum going forward. We've got some exciting things in the works there.

<Q – Justin Post – Bank of America Merrill Lynch>: And then one more, you gave very interesting demographics on the side and obviously access to some very good data. How can you use that to kind of get an ad, either advertising on your own platform or maybe even a third-party kind of platform, do you have some opportunities there that we might not be seeing yet in revenues?

<A – Jeff Weiner – Chief Executive Officer>: Well, putting revenue aside just for a moment, I think the data is an enormous asset for us and competitive advantage because it enables us to create greater relevancy and that comes first and foremost to our members. So, we've invested in a recommendation engine that enables us to recommend more relevant people we added to folks networks, we call that People You May Know or Jobs You May Be Interested In or Groups You May Like or Headlines that we think are going to create value for you as a professional. We can then apply that rich data and those algorithms to our platform efforts, so we're not just creating relevant experience at on LinkedIn, but off of LinkedIn as well.

The kind of information that we can leverage through mechanisms like Apply with LinkedIn creates more relevancy for recruiters. And so ultimately that's when the monetization could potentially come to bear. The more relevant solution we can create, the greater the return on investment we can generate and that will hold for the targeting capabilities of our Marketing Solutions whether that's field sales or our self-served direct product that Steve citied earlier or our Hiring Solutions.

<Q – Justin Post – Bank of America Merrill Lynch>: And Steve maybe one for you. If we did have a bigger and broader economic slowdown, how do you think that would affect either user activity or corporate purchasing activity either in your advertising environment or for per seat licenses? Thank you.

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: So I would say, we are a co-cyclical company, obviously we have jobs and advertising as main revenue streams. I would say we've been through a pretty difficult recession, in that period we've been pretty robust growth and we actually took share. So I think from an overall perspective it would impact our numbers on a relative basis. This is where our performance would be in a very good market. But that being said, again, we would be in a position where we take share due to the unique solutions that we offer.

And also, clearly from a user perspective, when there is a lot of dislocation in the marketplace people turn to solutions like LinkedIn where they are able to leverage their network and get help to find the opportunities that they need. So I think it's somewhat of a mixed bag, but it would impact our results from a top line perspective.

<Q – Justin Post – Bank of America Merrill Lynch>: Did you put any caution in the 3Q outlook for maybe a slowdown?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: We are factoring our guidance based on the knowledge that we have in front of us right now, so the economy that we're currently in. I think from a guidance perspective a couple of considerations, one, is we had a significant event in second quarter with the IPO and what we saw following that IPO was a bump in engagement metrics, particularly in May and June, obviously, right after the IPO.

And that changed our trajectory within the quarter. It's very difficult to project that sustaining, our biggest month in the third quarter both from a traffic perspective and monetization perspective is September.

So that's something that we're not necessarily expecting to sustain. And we also had some product rollouts that happen in the second quarter around the subscription product that have a little bit of step function that we need to monitor going forward whether that will hold.

<Q – Justin Post – Bank of America Merrill Lynch>: Great. Thank you.

Operator: Thank you. Our next question comes from Doug Anmuth from JPMorgan.

<Q – Doug Anmuth – JPMorgan>: Thanks for taking the questions. Two things, first, can you just talk about the EBITDA guidance a little bit for 3Q, and in particular, obviously a very good number here in the second quarter and I understand the bump from the IPO and engagement levels. But going from the 22% margin that you did potentially down to 8% margin in the third quarter, can you just talk about how we should rationalize that really if there's continued investment?

And then the second question, just can you give us some color in terms of your renewal rates on the Corporate Solutions side, anything that you're seeing there relative to historical levels? Thanks.

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: So, the guidance is a little bit related to what I just covered and part of it is significant investment levels that we are actually accelerating investment in areas like R&D and sales in terms of ramping towards next year. The other is the top line impact, the projected growth rate is projected to slow from the very, very fast acceleration that we saw in the second quarter. And so it's basically the combination of those two factors that's part of our guidance for the margin contraction in the quarter.

<Q – Doug Anmuth – JPMorgan>: And on the renewal rate...

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: The renewal rate. So on the LCS side of the business, an important metric, I'll go a little bit broader, because I think it's more important to think more broadly. We look at a metric called the net ratio, which takes a look at our current customer base after their first year of subscription and measures add-on renewals net of churn. And in the quarter that actually continued to increase for us, which was a very nice thing to see that metric overall. We saw with our record low churn rates and that's really a combination of continued product improvements along with better customer support for our client base.

And we're also seeing usage of our LinkedIn Recruiter product continue to increase. So the actual usage we monitor very carefully. So we're seeing very good metrics there. Over time that net ratio we would expect to go down from its very high level currently to date, as we penetrate more the SMB space. But we're very pleased with the results in terms of both add-on renewals as well as churn.

<Q – Doug Anmuth – JPMorgan>: Okay. Thank you.

Operator: Thank you. Our next question comes from Brian Pitz from UBS.

<Q – Brian Pitz – UBS Securities LLC>: Nice quarter guys. Wanted to ask a little bit around the job listings. Can you give us a sense of what the average salary is for jobs listings posted on LinkedIn? And maybe help us understand how that average is trending? And maybe juxtapose that versus the competitive landscape and as you move into different industries and verticals? Thanks.

<A – Jeff Weiner – Chief Executive Officer>: Yeah, it's not a number that we've disclosed previously. What I would say is the fact that our job listings tend to be higher value job listings. So I think it's safe to assume that the median compensation there is going to be higher than you would see across broadbased job boards, and over time part of our objective is to increase the supply of jobs and certainly increase the amount of liquidity in that marketplace.

So over time, it may turn out to some of those median salary ranges are going to come down as we continue to broaden out our value proposition. And that certainly is the goal. Our mission is to connect the world's professionals and make them more productive and successful. And that for us is a measurable objective and something we're certainly striving for every day and we believe there is 640 million professionals in the world. And as of today we are at 120 million, so still very early days and I would fully expect that value prop to broaden as we increase the membership.

<Q – Brian Pitz – UBS Securities LLC>: Great. And then follow on. Jeff you mentioned the implications and the strategic focus around Apply Now, and I know it's still early, have you seen that, can you give us any indications or color on early traction using that function?

<A – Jeff Weiner – Chief Executive Officer>: It is very early. I mean we just announced that within the last couple of weeks. We've seen very healthy demand for the number of sites and employers that are interested in deploying the plug-in and I think you're going to continue to see us focus on that and other open platform efforts as well on a going forward basis.

<Q – Brian Pitz – UBS Securities LLC>: Great. Thanks.

Operator: Thank you. Our next question comes from Youssef Squali from Jefferies.

<Q – Sachin Khattar – Jefferies & Co., Inc.>: This is actually Sachin sitting in for Youssef. Couple of questions. Number one, on the Corporate Solution customers for Hiring Solutions, can you talk about what the split is between the customers that use the LinkedIn Recruiter product versus the other customers that are using the other talent solutions? And then number two, I don't know if you guys have talked about this, but can you talk about what percentage of those are on annual contract?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Sure. So we reported greater than 6,000 corporate customers. Those are all our LCS Recruiter customers. They do not count the online subscription product that we talked about, when we talk about our job-related subscription products.

<Q – Sachin Khattar – Jefferies & Co., Inc.>: Okay.

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: I'm sorry what was the follow-up question?

<Q – Sachin Khattar – Jefferies & Co., Inc.>: How many of those are in annual contract basis?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yeah, the vast majority of them are annual.

<Q – Sachin Khattar – Jefferies & Co., Inc.>: Okay, great. Thanks.

Operator: Thank you. Our next question comes from Craig Huber from Access 342.

<Q – Craig Huber – Access 342>: Yes, hi. Thanks for taking my question. My first question has to do with costs, your sales and marketing line and its product development line, should investors expect the rate of growth there, I guess, sequentially as well as year-over-year to outpace your expectations for revenues for back half of the year?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yes. So I think if you look at it on a ratio basis, as a percentage of sales, we're planning on seeing an up-tick in both sales and marketing and R&D.

<Q – Craig Huber – Access 342>: Relative to the expectation you have for revenues, is that what you're saying?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Correct.

<Q – Craig Huber – Access 342>: Okay. I think you also speak a little further about what investors should expect to your general administration cost line, you talked about building out some offices and so forth? How should that trend for the remaining part of the year?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yes. I would at this point think about that as also trending up on a percentage of sales basis, as we are now a public company, there is a lot more focus in terms of the regulatory aspect and continuing investment on those fronts along with office expansions on a global basis. So I – we're thinking now as well that will tick upward, but it will modestly tick upwards.

<Q – Craig Huber – Access 342>: And then my last question, the 115 million or so members that you have, you've been asked this before, how many do you think roughly are high frequent users of your website?

<A – Jeff Weiner – Chief Executive Officer>: You know, the norm for a consumer website is roughly a third of your total members would be coming on a monthly basis and we're not altogether dissimilar from that. We are seeing higher rates of engagement, higher rates of frequency, which I think is a testament to some of the new products we've been launching and optimization of existing products. And I think as we continue to make the site more relevant, we're going to continue to see that kind of progress.

<Q – Craig Huber – Access 342>: What about if you go with little tighter timeframe like once a day or on average or weekly?

<A – Jeff Weiner – Chief Executive Officer>: Well, we haven't necessarily disclosed that publically, what I would tell you is the trends are somewhat similar in terms of moving in the right direction, and again I think that's a testament to the recent product releases.

<Q – Craig Huber – Access 342>: Okay. Thank you.

Operator: Thank you. Our next question comes from Tim McHugh from William Blair.

<Q – Timothy McHugh – William Blair & Co. LLC>: I wanted to ask about the customer growth for the Hiring Solutions business. Can you talk about a little bit of the make up of the growth? Have you started going after the SMB market aggressively or is that growth mostly international or continuing domestic large companies, just curious if you could give a little more color there?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yes. It actually is all of the above with more and more focus on a global scale. We're just now really starting to put feet on the street on a global basis and then more and more focus in the SMB space. I will highlight you know we have a unique approach in terms of trying to identify what our target customers are, we actually have an internally based algorithm, which ranks based on our activity on LinkedIn from top to bottom, which customers are most appropriate to target and we leverage that on a global basis. So we basically have the ranking from the largest customers to the smallest customers in each of the countries that we are participating in.

<Q – Timothy McHugh – William Blair & Co. LLC>: Okay great. And I may follow-up with one quick one. You mentioned that your – I think you called ityour net ratio improving. Can you talk about if you have a sense, how much of that improvement as you guys are selling more products into there in terms of the job postings and other products versus increased hiring needs at the company, and just a natural, I guess, increase in that as they hire more people.

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yeah. We are getting – we are starting to introduce more types of products within customers. So, for example, not only LinkedIn Recruiter, Recruitment Media, Job Slots, things of that nature. I would say for the most part right now what we typically see is the customer will sign-up for a certain number of seats and then they will see the value of the product and in the next year they'll add more seats. And so the majority of it is incremental seats, but we are seeing a nice broadening of some other elements of our product portfolio.

<Q – Timothy McHugh – William Blair & Co. LLC>: Okay. Thank you.

Operator: Thank you. Our next question comes from Ryan Hunter from Wedge Partners.

<Q – Ryan Hunter – Wedge Securities LLC>: Great. Thanks for taking my call. I had a few questions about your Premium Subscribers. Could you share with us what percentage of the total subscribers have Premium Subscriptions today? And then if you could talk a little bit as well about what you're doing to either expand that ratio or some new services that you're planning to offer to Premium Subscribers?

<A – Steve Sordello – Senior Vice President and Chief Financial Officer>: Yeah. So we have not disclosed the ratio of our member base that's premium. It's important to note that we're a freemium model, so the vast majority of our members are free and will continue to be so. One important note is we have been growing our subscriber rate at a faster rate than our member base and that's pretty significant given the fact that our member base is growing pretty quickly.

I would say some of the things that we benefited from this last quarter, we're starting to better segment our user base, which really helps from identifying the value proposition for the user. We have, I mentioned on the prepared remarks that we have introduced something called Dynamic Chooser, which optimizes the kind of solution, put in front of them before the conversion happens that's more relevant to the particular user, whether they are sales person or the BD person, or recruiter et cetera. So there is a lot of kind of tweaks happening from a data perspective that have had significant impacts in our business this last quarter. So we're actually very, very happy with the results of that business.

<A – Jeff Weiner – Chief Executive Officer>: There are some other things too that have taken place and will continue to take place going forward. I think historically our approach to subscription is tended to be one-size-fits-all and in addition to the improvements the team has made on targeting the right users and getting them into the right flows through the Dynamics Chooser landing page, we've also expanded the global platform. So ultimately over time the goal is to be able price on the local basis to offer the right product packages, to the right segments of our membership wherever they are. And so we're going to continue to invest in that platform going forward.

<Q – Ryan Hunter – Wedge Securities LLC>: All right. Thank you.

Operator: Thank you. Our next question comes from Michael Alexander from Montrose Securities.

<Q – Michael Alexander – Montrose Securities>: Thanks for taking my call. I want to ask about some of your competitors and what really appear to be clone products that get launched using Facebook. I know you recently changed your API policy to maybe shut them down. I wondered if you would comment on that.

<A – Jeff Weiner – Chief Executive Officer>: Yes. With regard to other social platforms and developers dropping for those platforms, we believe context matters. And when we talk to our membership, we do member meet outs throughout the world, we hear the same thing. Time and time again, which is they want to, for the most part, to keep their professional lives and their personal lives separate. And I think that's largely for two reasons. One is people want to be able to seamlessly figure out who they are going to share what information with and when. And I think perhaps more importantly the relevancy that comes with the fact that we're solely focused, exclusively focused on professional context and that enables us to create more value for our membership. And so that's going to continue to be the case over time.

With regard to the terms of service in the APIs, that wasn't related to a competitive landscape, that was related to terms of service violations as it pertains to commercial usage and some of those folks were also reaching out for our membership and violating our communication terms

<Q – Michael Alexander – Montrose Securities>: Okay. Thanks for clarifying that. And then as a follow-up I wondered here in the Bay Area we hear a lot about the talent war that's going on right now between some of the more established Internet companies and start-ups. And I wonder if you could talk about whether you've seen some acceleration in salaries related to that?

<A – Jeff Weiner – Chief Executive Officer>: Yeah. I haven't necessarily seen an acceleration in salaries. For us talent is our top priority, it's something that we invest in very seriously not only with regard to recruiting, but also on boarding, development, retention, career pathing. You know we like to say that part of our value prop for members is transforming the trajectory of their careers and the same promise holds true for every employee of LinkedIn.

And I think that along with our sense of purpose along with the results that we've been getting as we continue to scale has served us well in terms of our recruiting activity. And to date, our yield and our win rates are very strong and we haven't seen any declines in that area, as a matter of fact if anything we have seen further strength over the last several months.

<Q – Michael Alexander – Montrose Securities>: Great. Thank you very much.

Operator: Thank you. Our next question comes from Glen Karcher from Lake Street. Sir, your line is open, if you have your phone on mute, can you unmute your phone please.

<Q – Glen Karcher – Lake Street>: Yes, sorry. One question on business social networking [indiscernible] (45:27) and Chatter from Salesforce [ph] with their (45:29) products that enable employees to network within their company. Is that a market that you guys plan on entering, and if not, do you see the possibility that they could move from social networking within the company to then going external and competing with you?

<A – Jeff Weiner – Chief Executive Officer>: Well, certainly as enterprises become increasingly social, that's an area we want to be able to add value to our membership, and that's where it starts for us, members come first. And so we're focused today on first and foremost, creating value for the individual member, the individual professional. Those professionals work for companies, and so the more we can enable our membership to be successful wherever they're working, the more value we can create at the platform. And so over time, we – I fully expect us to be creating more relevant products and services that our membership can use where they work.

<Q – Glen Karcher – Lake Street>: Thank you.

Operator: I am showing no further questions at this time. I'd like to turn the conference back over for any closing remarks.

Jeff Weiner, Chief Executive Officer

I would like to thank everyone for joining us for our first quarterly call as a publicly traded company. We were pleased with the results and look forward to talking to everyone next quarter.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes our program for today. You may all disconnect and have a wonderful day.