

ACCELERATING THE PATH TO PROFITABILITY

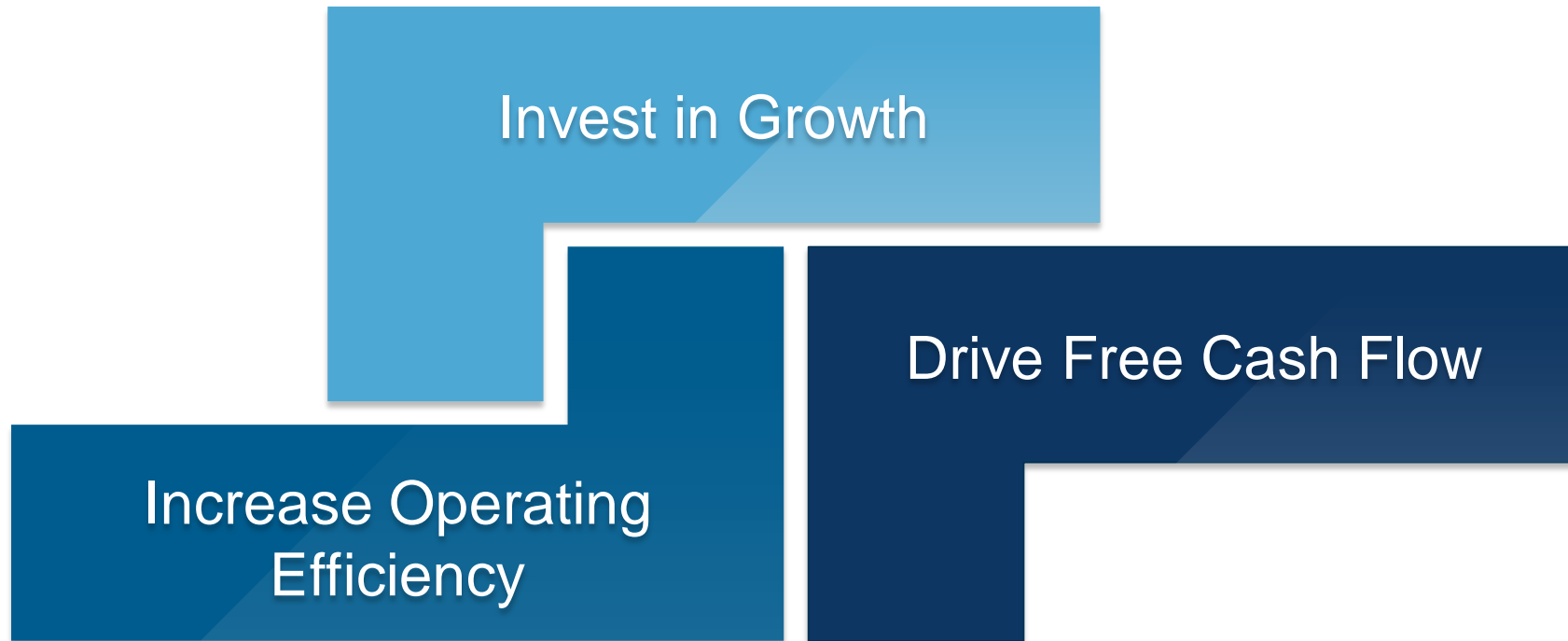
ANALYST DAY 2016
MARCH 8, 2016

Mike Berry
Senior Vice President and Chief Financial Officer

Accelerating the Path to Profitability

- Growth Drivers
- Growth, Profitability and Cash Flow
- Long Term Model
- Q&A

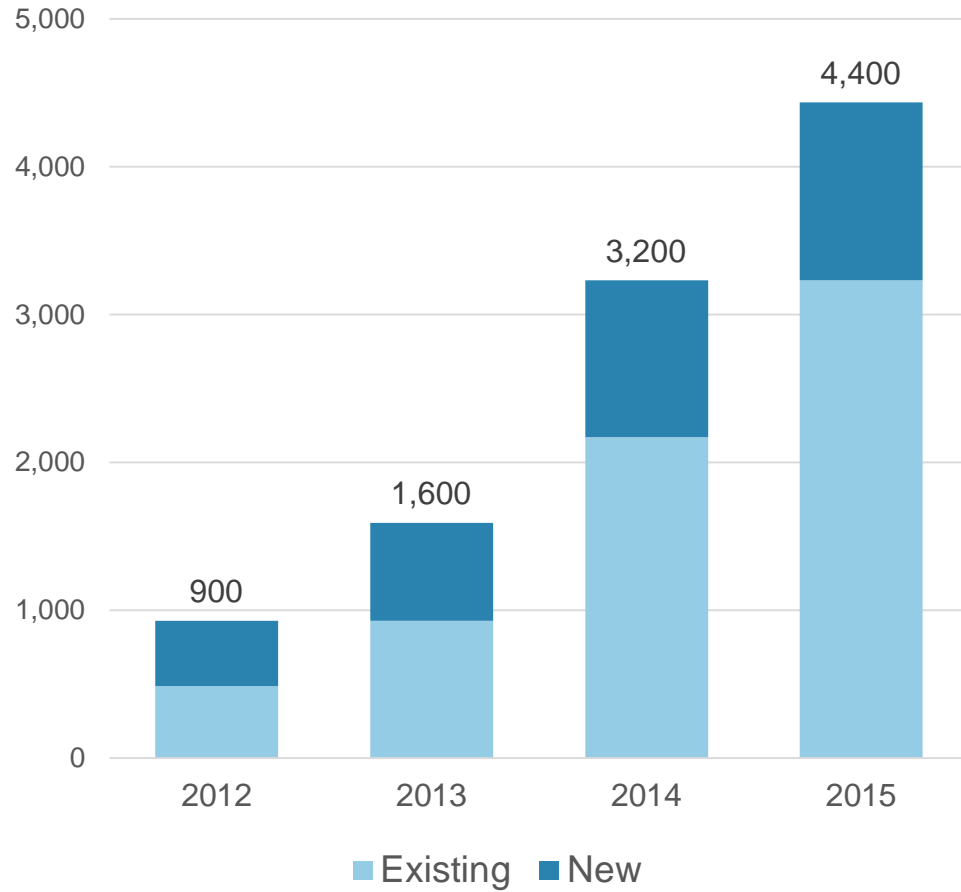
2016 Priorities – Growth and Profitability



GROWTH DRIVERS

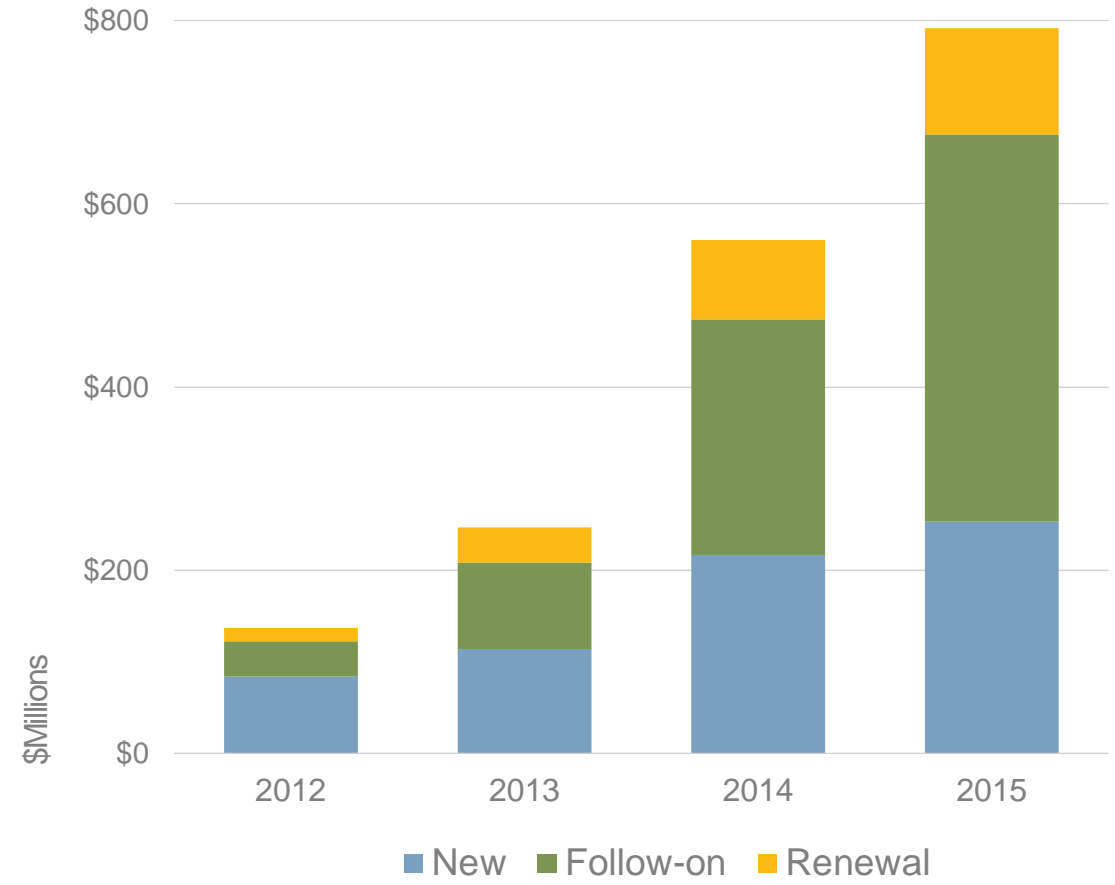
Growth Drivers – More Customers, More Products

CUSTOMER COUNT



NEW, FOLLOW-ON, AND RENEWALS

(Includes Professional Services for 2014 and 2015)

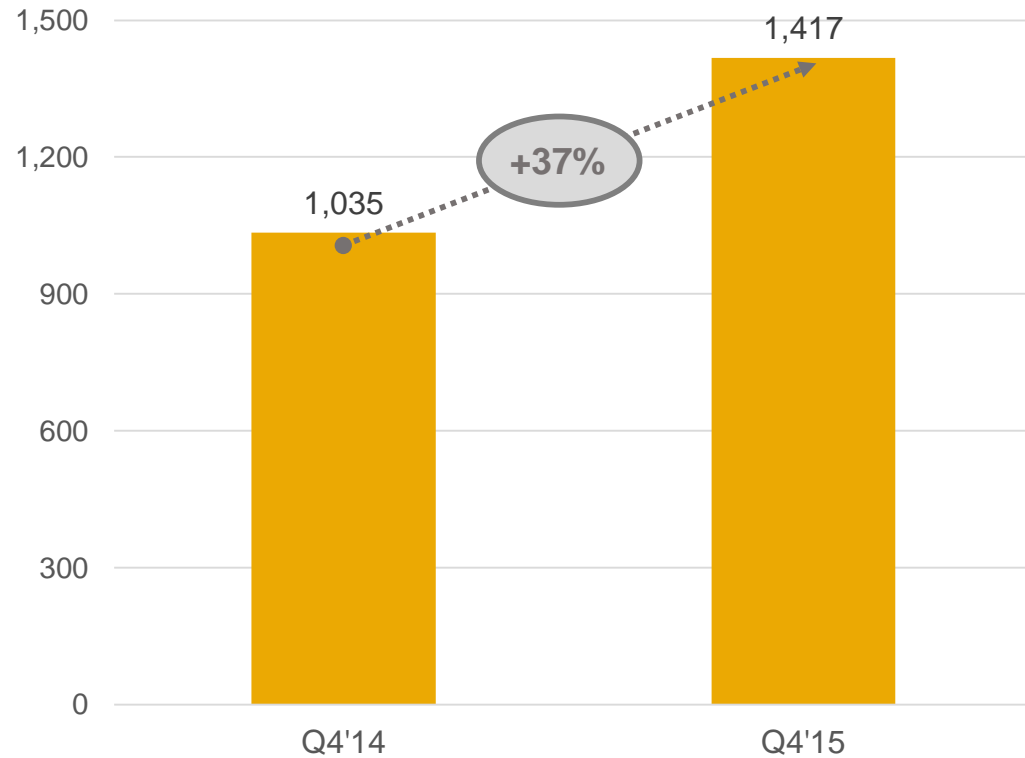


2012 and 2013 do not include Mandiant. ...

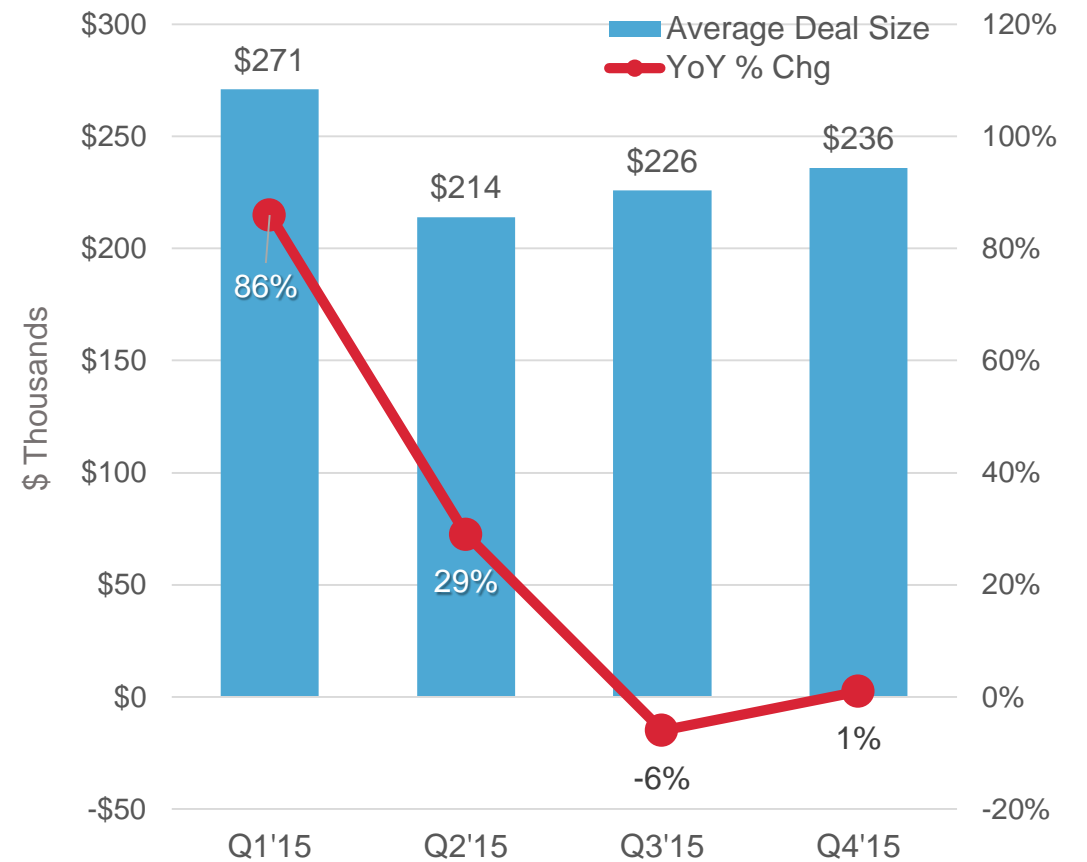


Growth Drivers – Transaction Velocity and Average Deal Size

TOTAL TRANSACTIONS



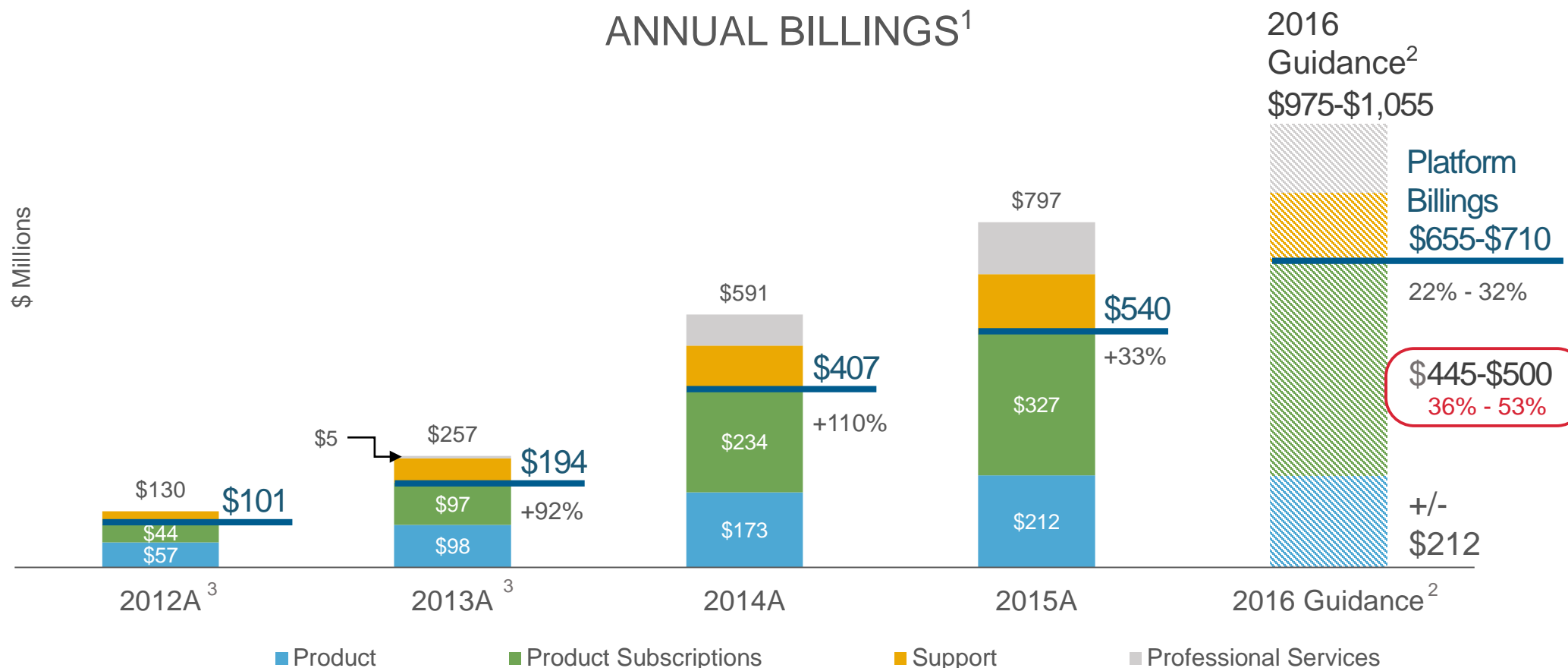
AVERAGE DEAL SIZE AND YoY CHANGE



THE JOURNEY PRODUCT TO PLATFORM - Growth Drivers – Platform Expansion

SEC Reporting		Supplemental Breakout		2013 (at IPO)	2014-2015	2016
Product	Products (appliance-based, in period revenue recognition)	Product Subscriptions (recurring, ratable revenue recognition)	Stand-alone Subscriptions	NX, EX, FX, AX	NX, EX, FX, AX H X, P X	NX, EX, FX, AX HX, PX Essentials/Power Editions
				Attached Subscriptions	DTI, URL/Attach (email only)	ETP MTP TAP FaaS
Subscriptions and Services (as reported)	Support (recurring, ratable revenue recognition)	Technology-enabled Professional Services (time & materials, in-period revenue recognition)		Standard	Standard Premium	Standard Premium
					Mandiant Consulting US and Global	Mandiant Consulting Global (17 countries)

Growth Drivers – Platform Billings Drive Total Billings Growth

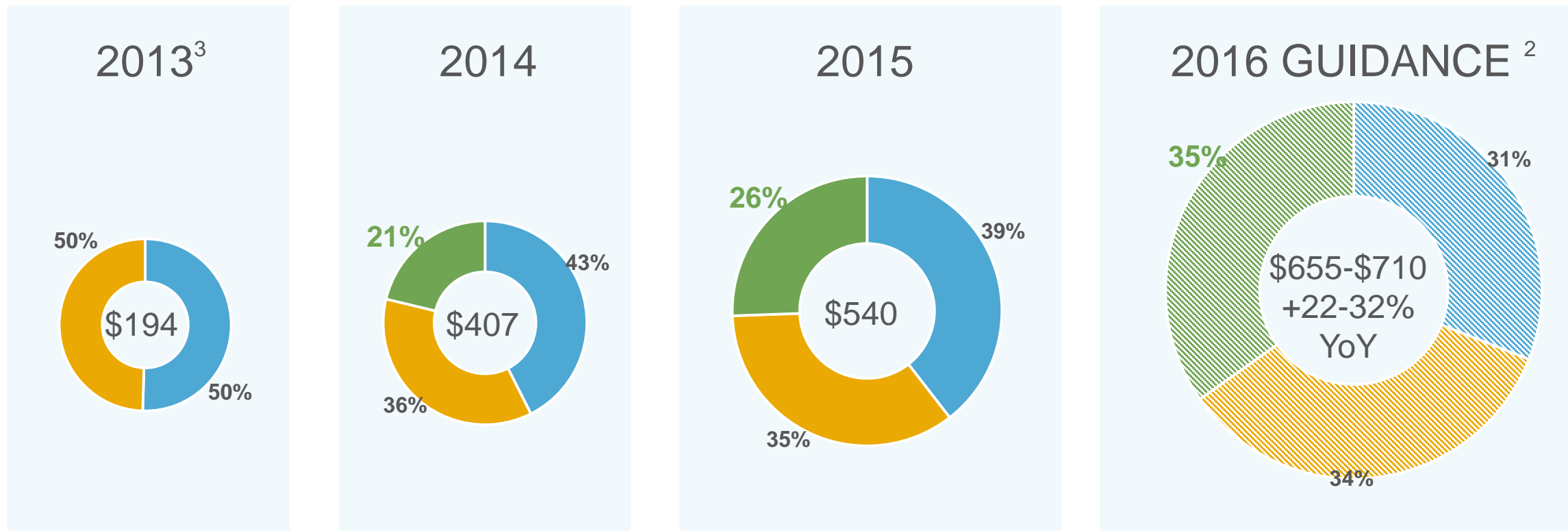


1. Non-GAAP. Reconciliation to nearest GAAP metric in Appendix. Reconciliation not available for forward looking metrics.
 2. Guidance updated 3/8/16; includes iSIGHT Partners and Invotas.
 3. As reported. Does not include Mandiant.



“Standalone” Product Subscriptions Drive Platform Billings Growth

PLATFORM BILLINGS¹ (\$ MILLIONS)



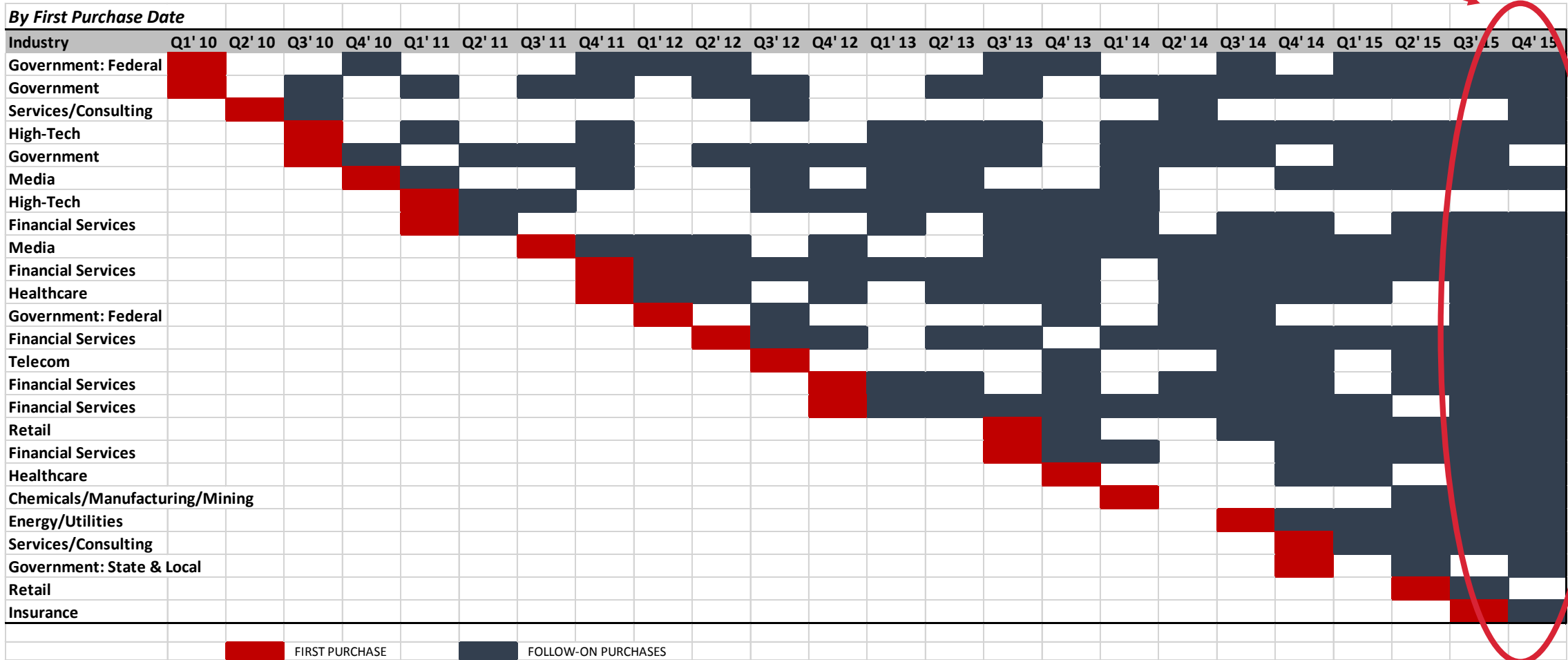
■ Attached Product Subscription
 ■ Product
 ■ Standalone Product Subscription

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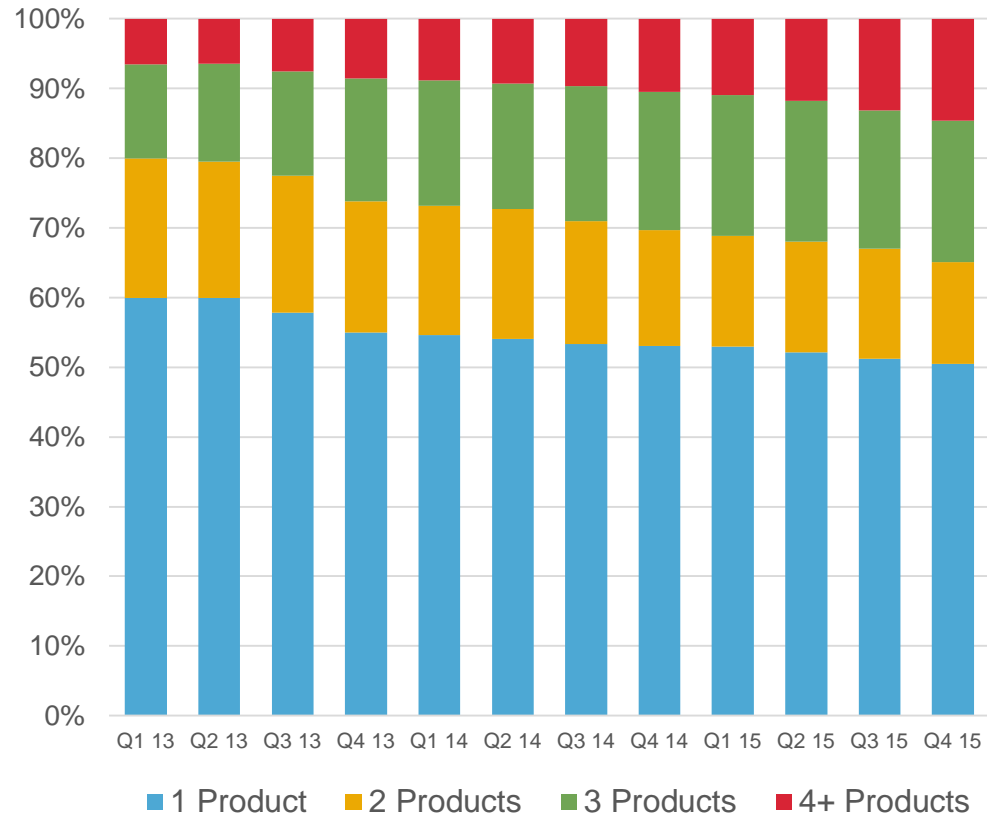
Growth Drivers – Land & Expand

22 out of 25 top customers transacted in Q3 and Q4'15

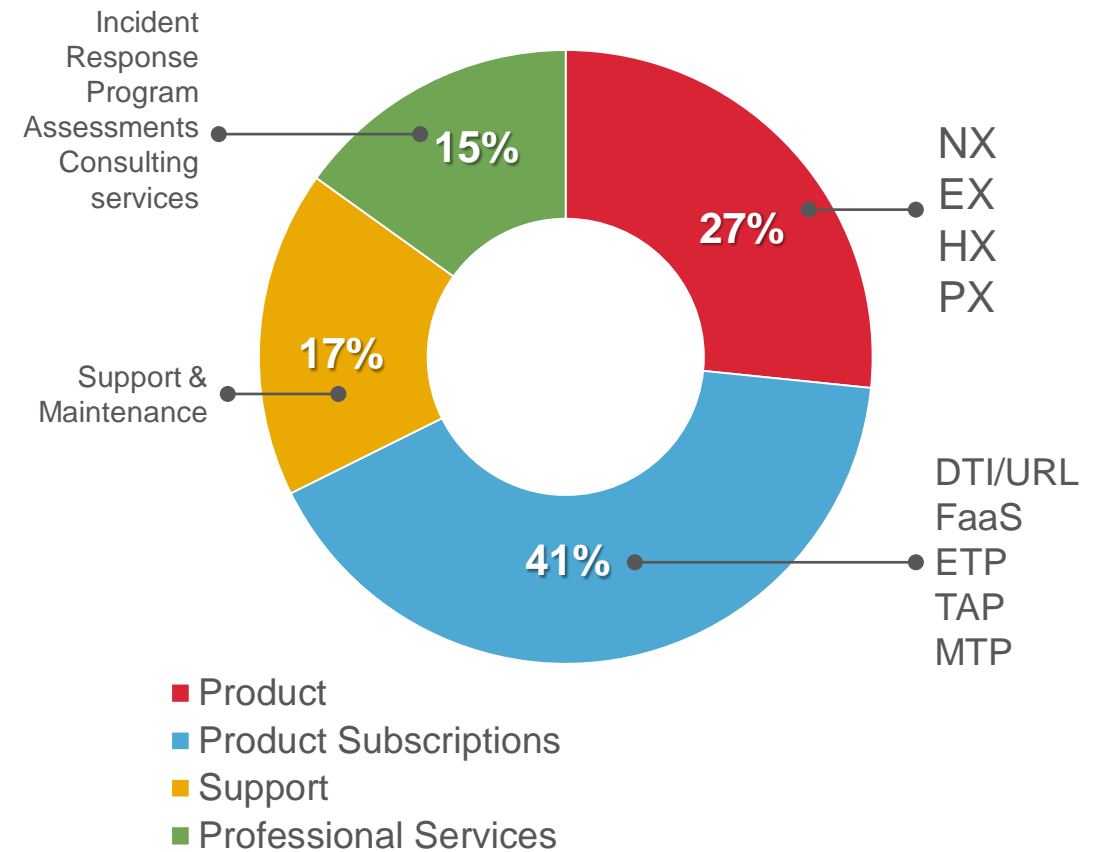


Growth Drivers – Platform Adoption

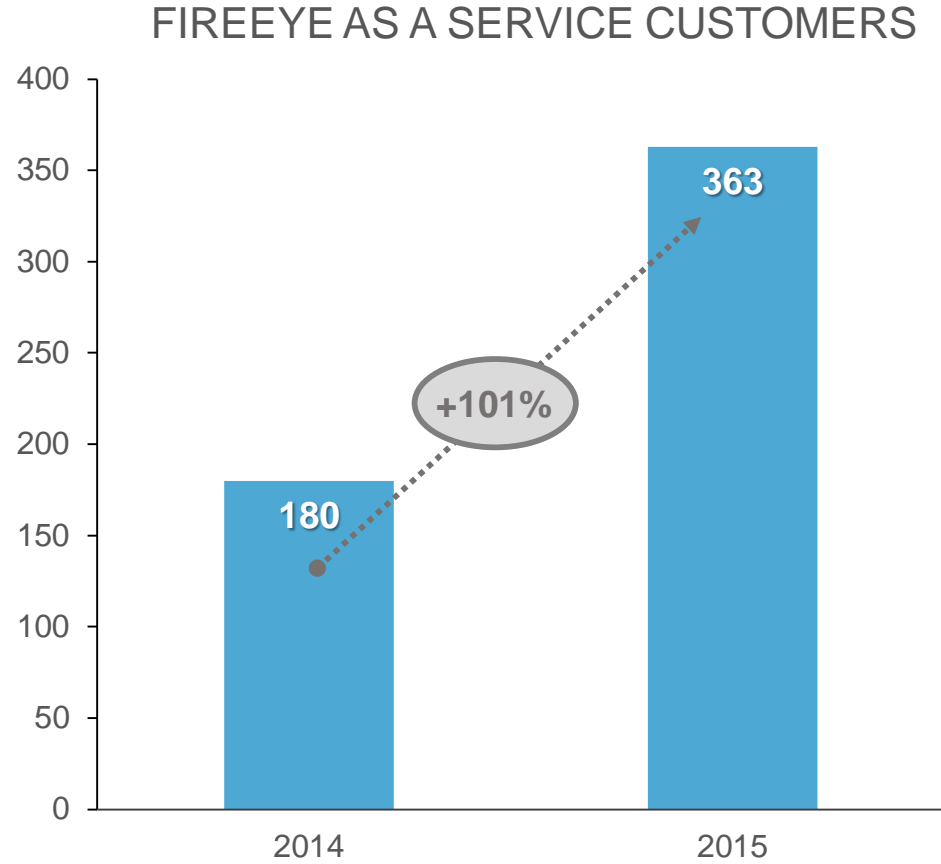
INSTALLED BASE BY # OF PRODUCTS



2015 BILLINGS MIX BY CATEGORY



Growth Drivers – FireEye as a Service



- FaaS (FireEye-as-a-Service) new business grew by more than 100% in 2015
- Q4-15 run rate >\$100 million, included first \$1M+ deals in both EMEA and APJ
- 363 FaaS customers as of 12/31/15
- 7 security operations centers (SOCs) located across the globe for follow-the-clock 24x7 coverage
- 2016 guidance assumes FaaS continues to be a top contributor to billings growth



Growth Drivers – Buyers of FireEye as a Service

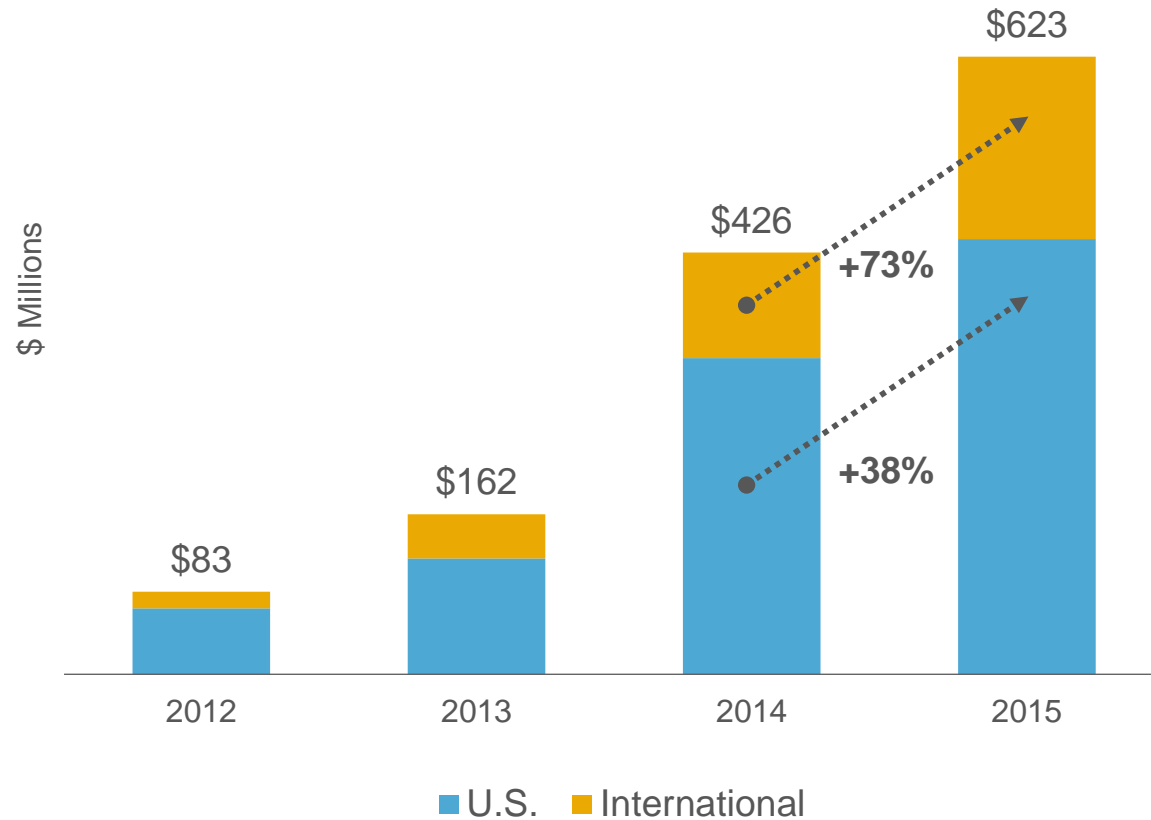
	Incremental Purchases	% of 2015 New FaaS Customers
EXISTING CUSTOMER WITH DETECTION TECHNOLOGY	<ul style="list-style-type: none">• FaaS subscription• Investigative: HX and/or PX*	47%
NEW CUSTOMER	<ul style="list-style-type: none">• FaaS subscription• Detection: NX, EX, ETP, FX (at least 1)• Investigative: HX and/or PX*	34%
PROFESSIONAL SERVICES CUSTOMER	<ul style="list-style-type: none">• FaaS subscription• Detection: NX, EX, ETP, FX (at least 1)• Investigative: HX and/or PX* (PX usually installed)	19%

* PX forensics appliances can be purchased outright, or via term license as a technology enabler

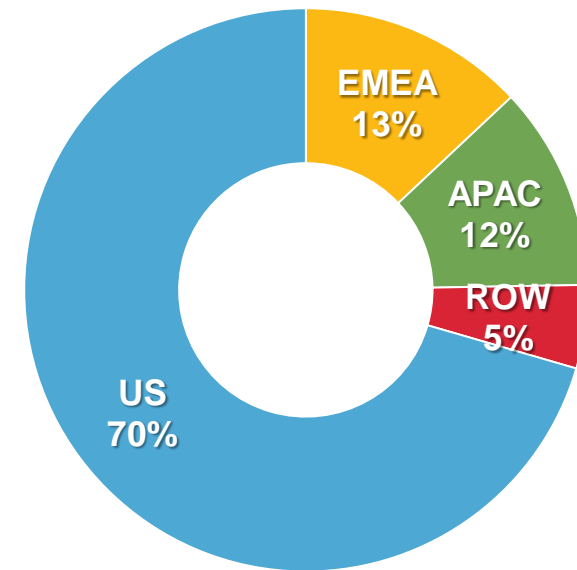


Growth Drivers – International Expansion & Revenue Growth

ANNUAL REVENUE BY GEOGRAPHY



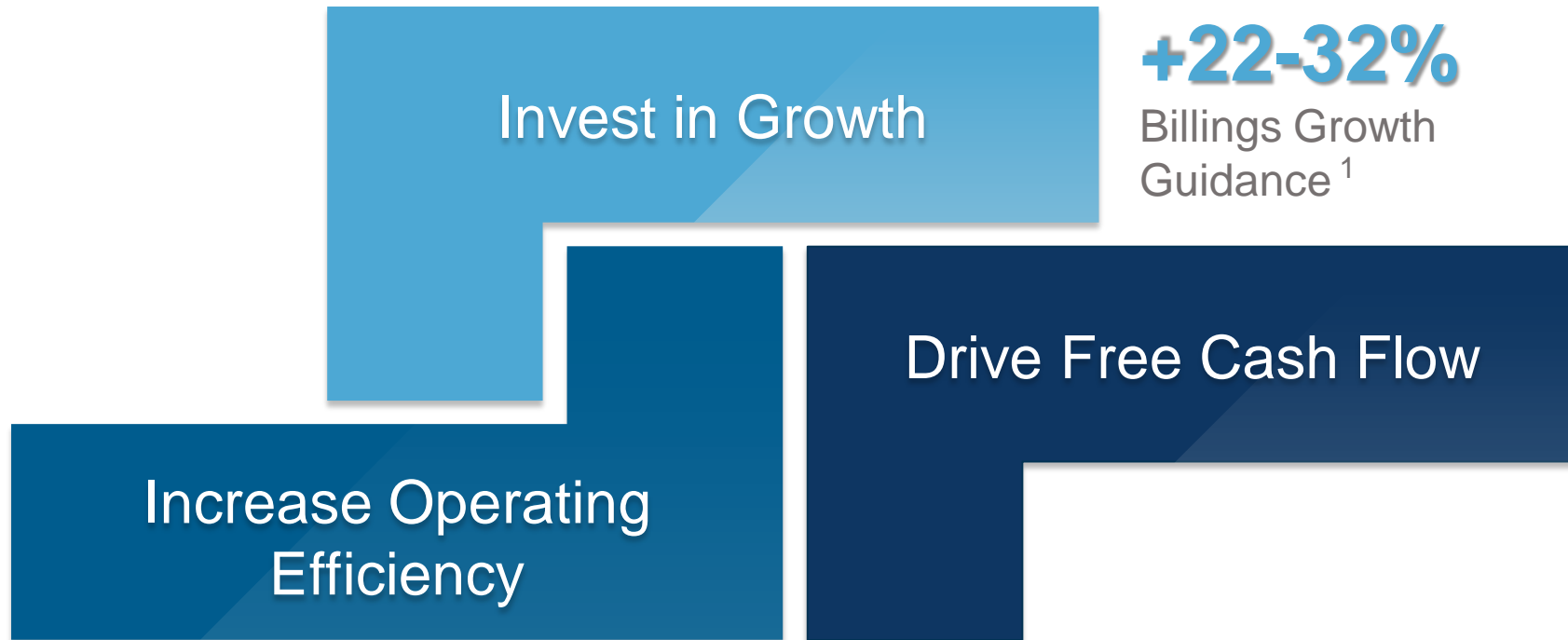
2015 REVENUE MIX BY REGION



2012 and 2013 do not include Mandiant..



Growth and Profitability – 2016 Priorities

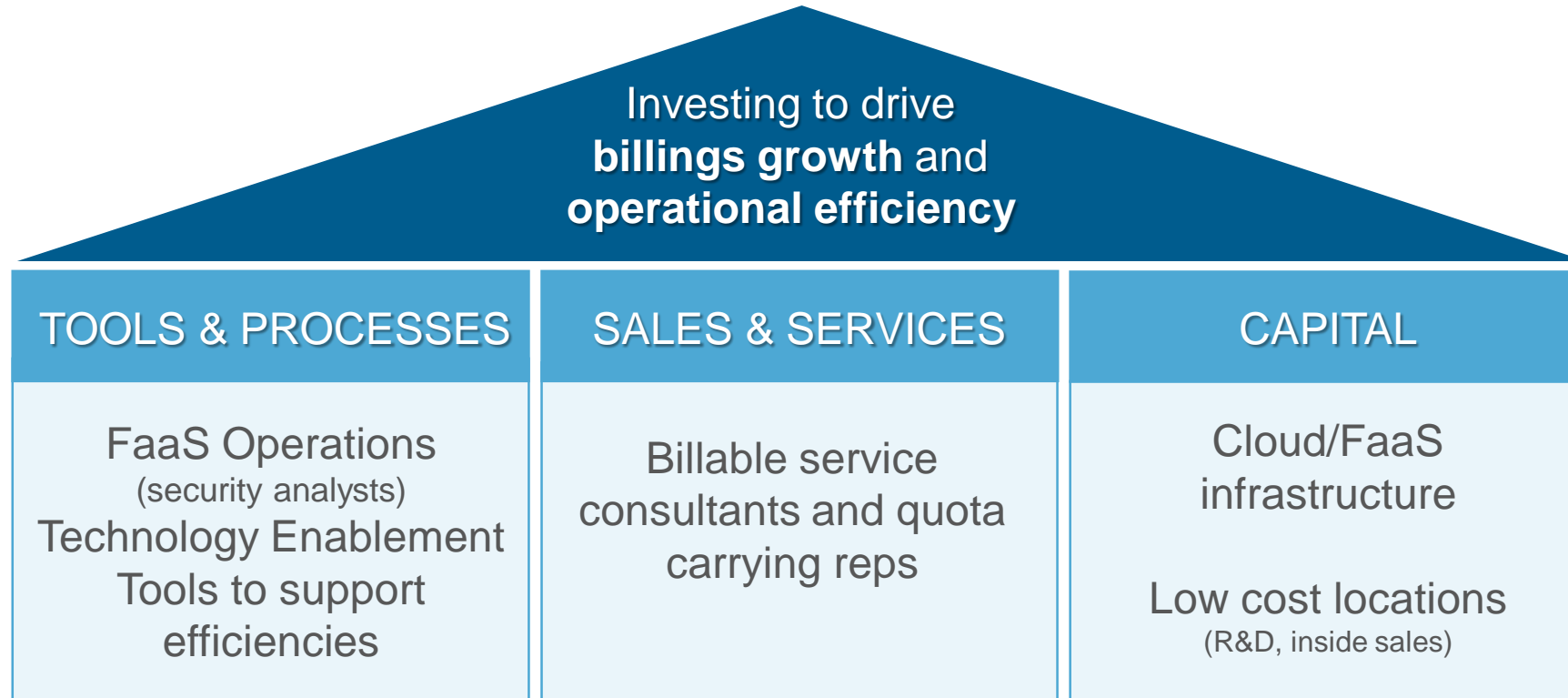


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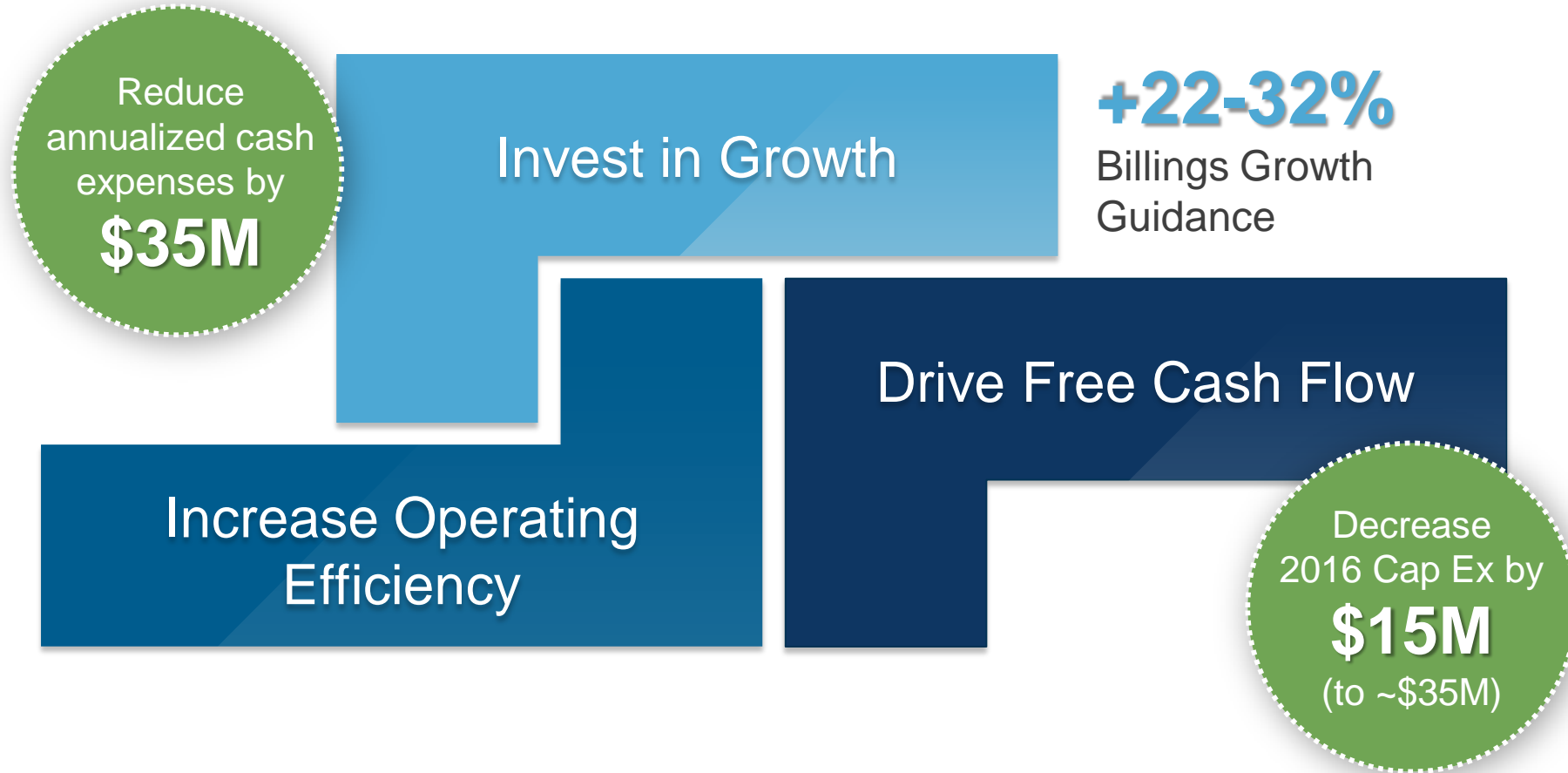
GROWTH, PROFITABILITY AND CASH FLOW

2016 Key Initiatives – Investing for Growth

Incremental expense included in 2016 guidance ranges

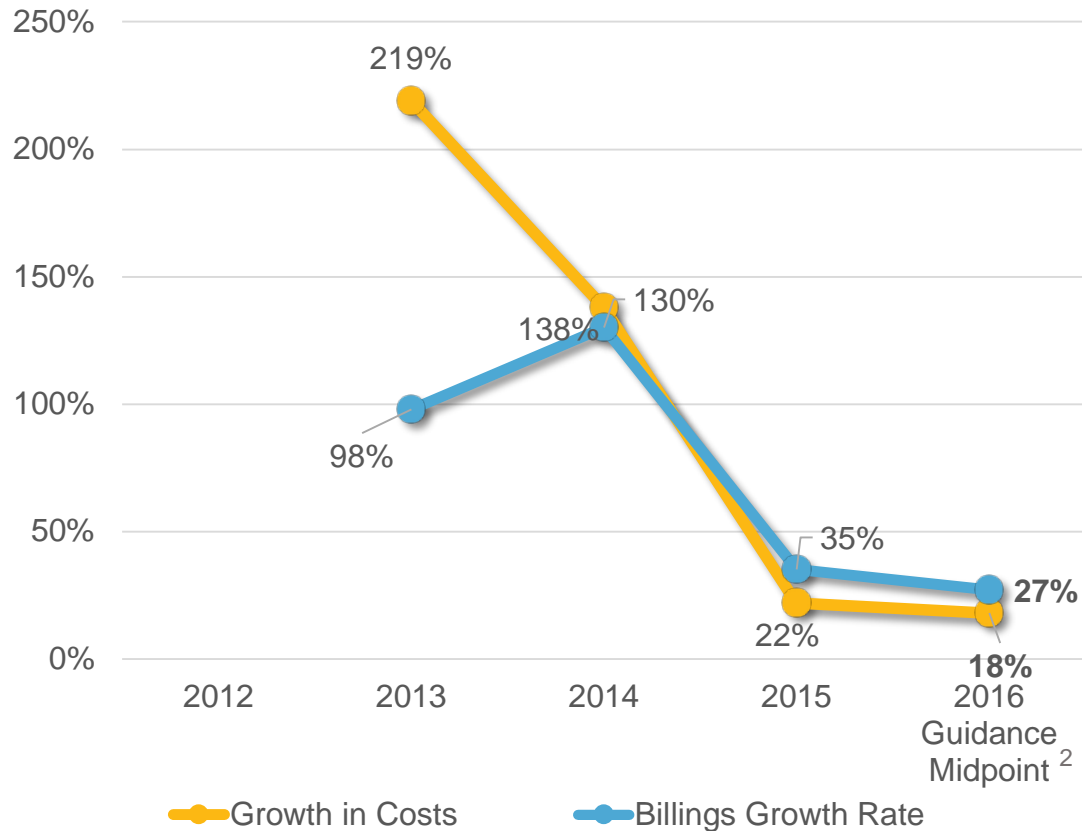


Growth and Profitability – New 2016 Initiatives



2016 Initiatives – Driving Continued Cost Efficiencies

BILLINGS AND NON-GAAP EXPENSE GROWTH¹
(including COGS)



OPPORTUNITIES FOR ADDITIONAL EFFICIENCIES

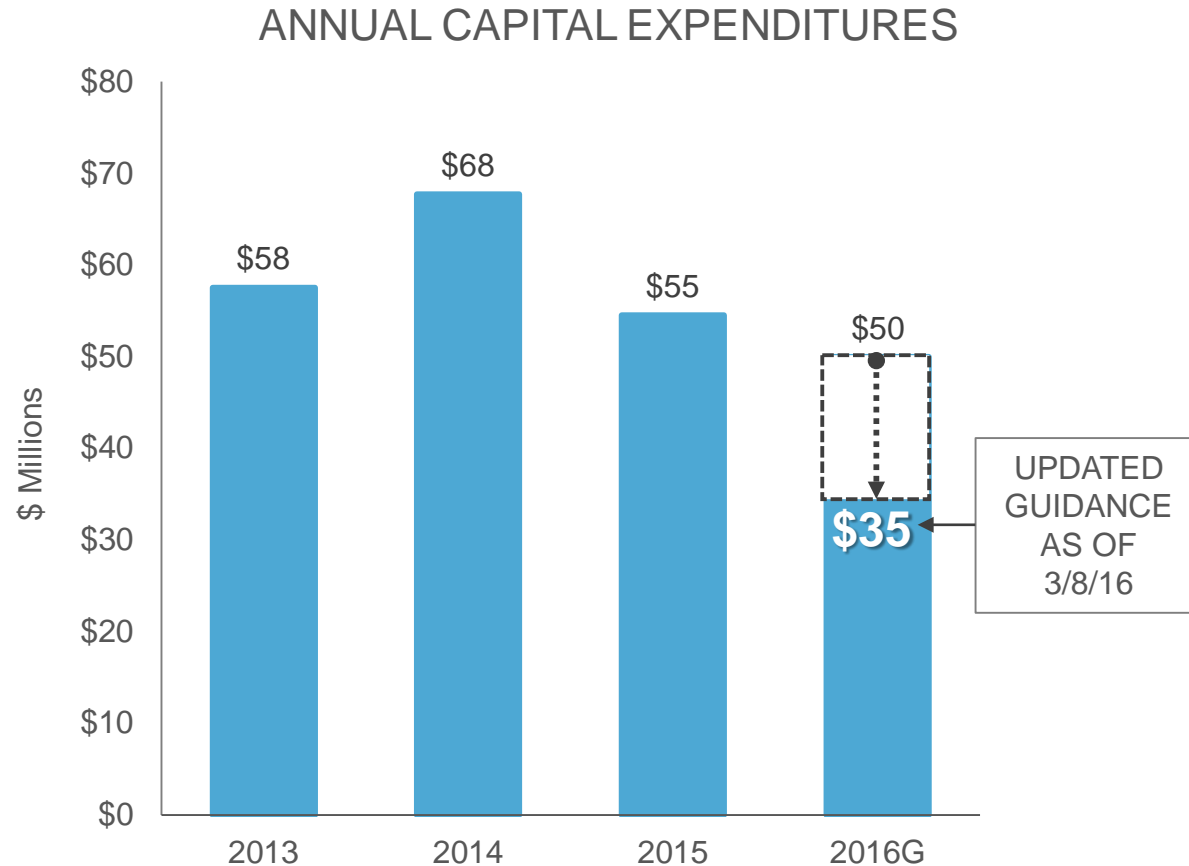
Targeting additional efficiencies of \$35M in annualized expenses as we enter 2017

- Combine overlapping functions
 - Threat intelligence
 - Operations
 - Certain R&D activities
- Accelerate shift to fewer, lower cost locations
- Consolidate support and SOC operations
- Spans and layers
- Purchasing efficiencies
- Reduce discretionary spending

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2016 Initiatives – Reducing Capital Expenditures



Target 2016 capital expenditures includes investments in:

- Facilities in lower cost locations
- Cloud infrastructure (esp. international)
- Productivity tools

Reducing 2016 total capital expenditures estimate by \$15M, reflecting:

- Leveraging existing investments, particularly facilities & IT infrastructure
- Reuse of FireEye appliances (higher efficiency on evals and internal usage and retrieval)

2013 does not include Mandiant...

2016 Guidance Update

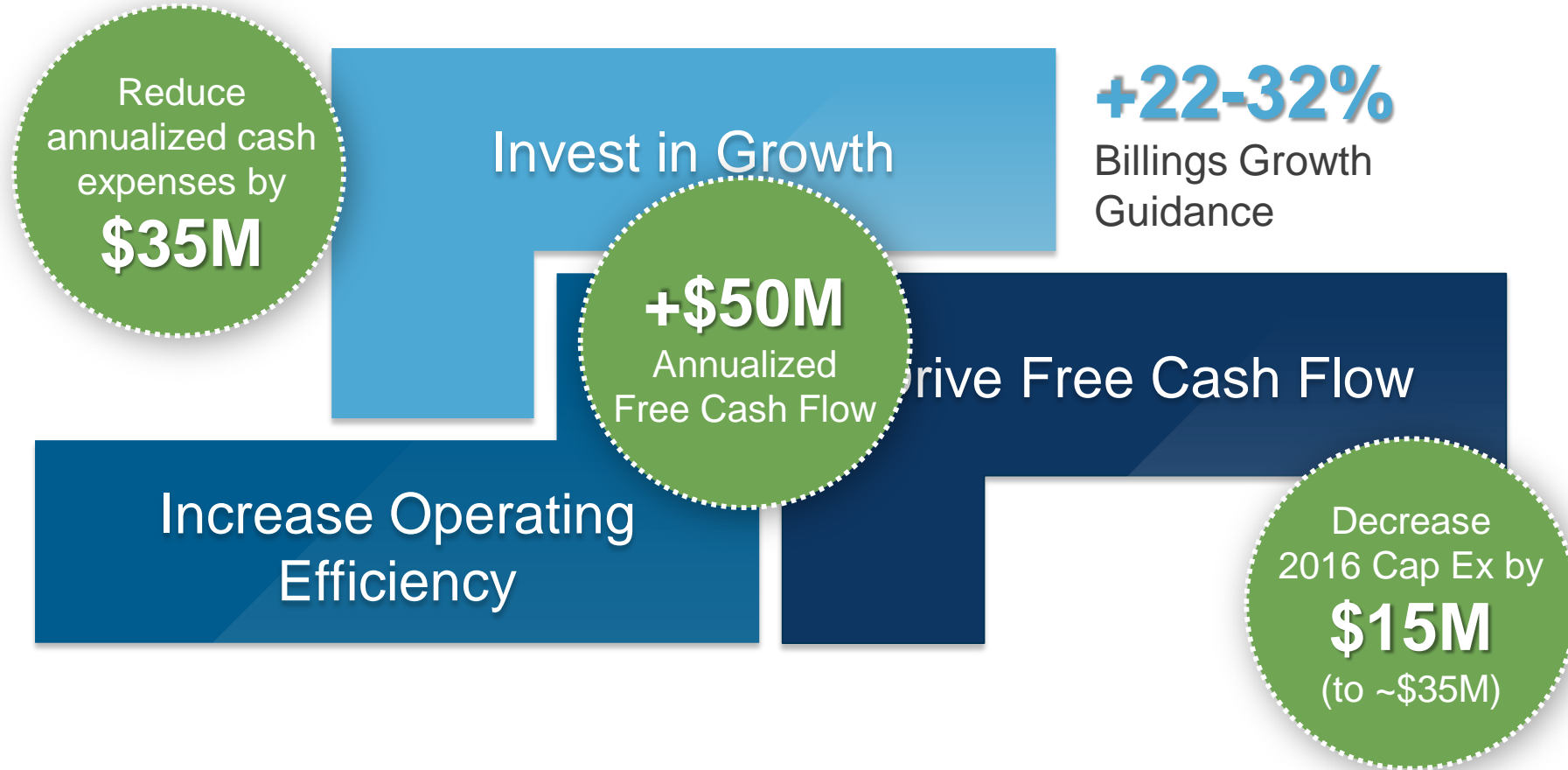
2016 impact of cost optimization expected to be \$8-10 million reduction in 2H'16 operating expenses and \$15 million reduction in capital expenditures

<i>\$ millions</i>	Original Guidance (as of 2/11/16)	Revised Guidance² (as of 3/8/16)
Billings ¹	\$975 - \$1,055	\$975 - \$1,055
Revenue	\$815 - \$845	\$815 - \$845
Gross Margin ¹	73%	73%
Operating Income ¹	-22% to -24%	-21% to -23%
Loss per share ¹	\$1.25 – \$1.32	\$1.20 - \$1.27
Cash Flow from Operations	\$70 - \$80	\$70 - \$80
Capital Expenditures	\$50	\$35

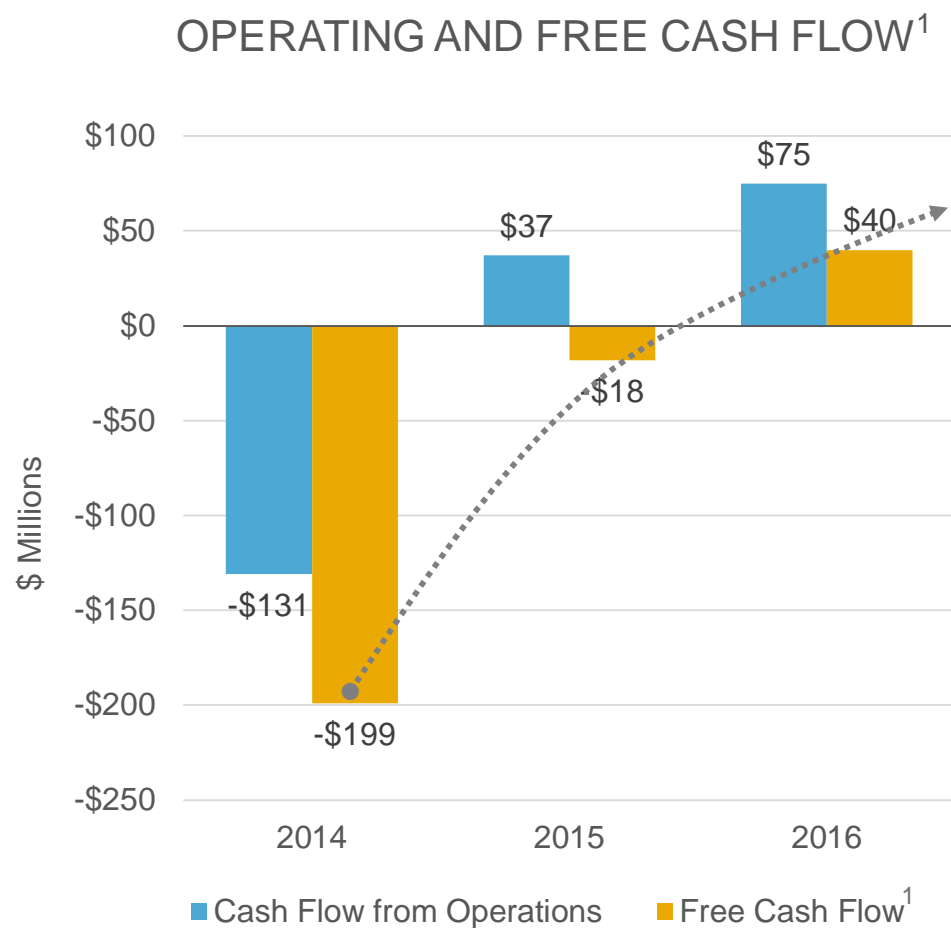
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Growth and Profitability – New 2016 Initiatives



Increasing Cash Flow – 2016 Drivers



\$ millions	2014	2015	2016G Midpoint ²
Cash Flow From Operations (CFFO)	\$ (131)	\$ 37	\$ 75
Change in CFFO		\$ 168	\$ 38
<u>Billings & Collections:</u>			
Billings	591	797	1,015
Collections	493	818	965
Collections as a % of Billings	83%	103%	95%
Billings	\$ 591	\$ 797	\$ 1,105
Less: Cash Expenses	(656)	(805)	(960)
Operational Efficiency	(65)	(8)	55
<u>Components of CFFO Growth:</u>		YoY Δ	YoY Δ
Operational Efficiency		\$57	\$63
Working Capital Efficiency (YoY change)		\$111	\$(25)
Change in CFFO		\$168	\$38

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LONG TERM FINANCIAL MODEL

From Here to There – Long Term Operating Model

<i>Non-GAAP,¹ As a % of revenue, except Subscription & Support Billings %</i>	2015	2016 Guidance²	Long-Term Model (2020)	Key Metrics
Mix of Subscriptions & Support in Billings (% of Total Billings)	58%	60-65%	>75%	Billings growth rate and mix Deferred revenue
Gross Margin	73%	73%	75-80%	Margin by product Mix of recurring subscriptions
Research & Development	34%	30-31%	15-17%	Headcount Mix onshore vs. offshore
Sales & Marketing	63%	51-52%	33-37%	Headcount Incremental productivity (S&M \$)
General & Administrative	15%	13%	8-10%	Headcount
Operating Margin	-38%	-21% to -23%	15-20%	All of the above

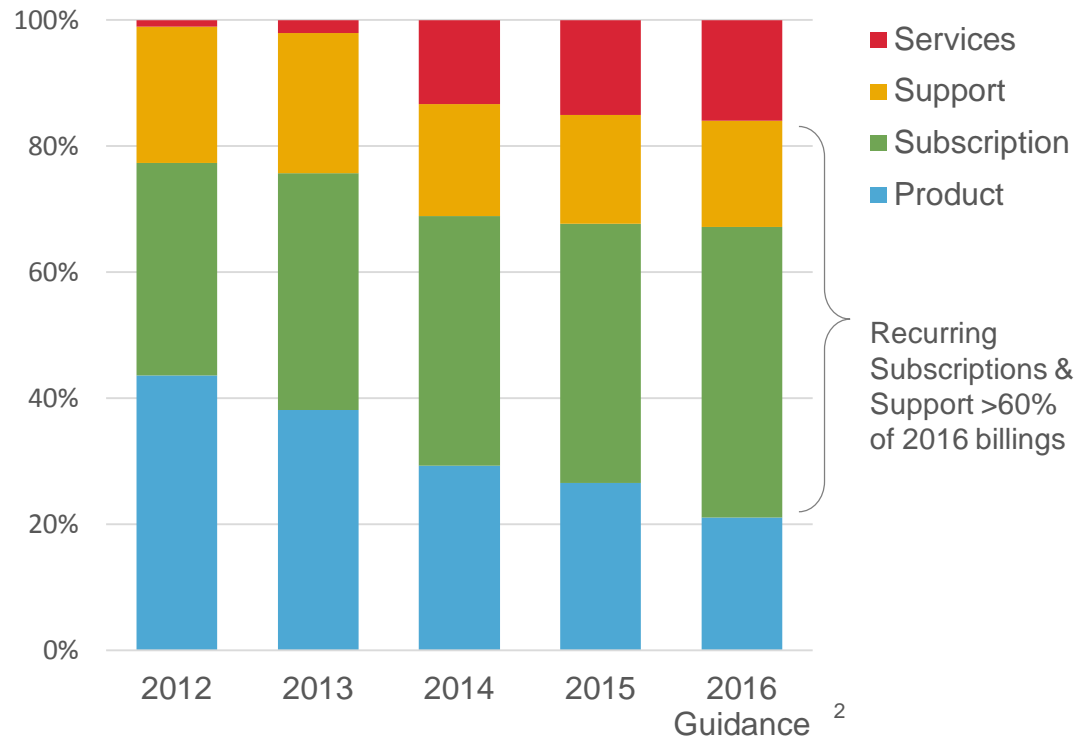
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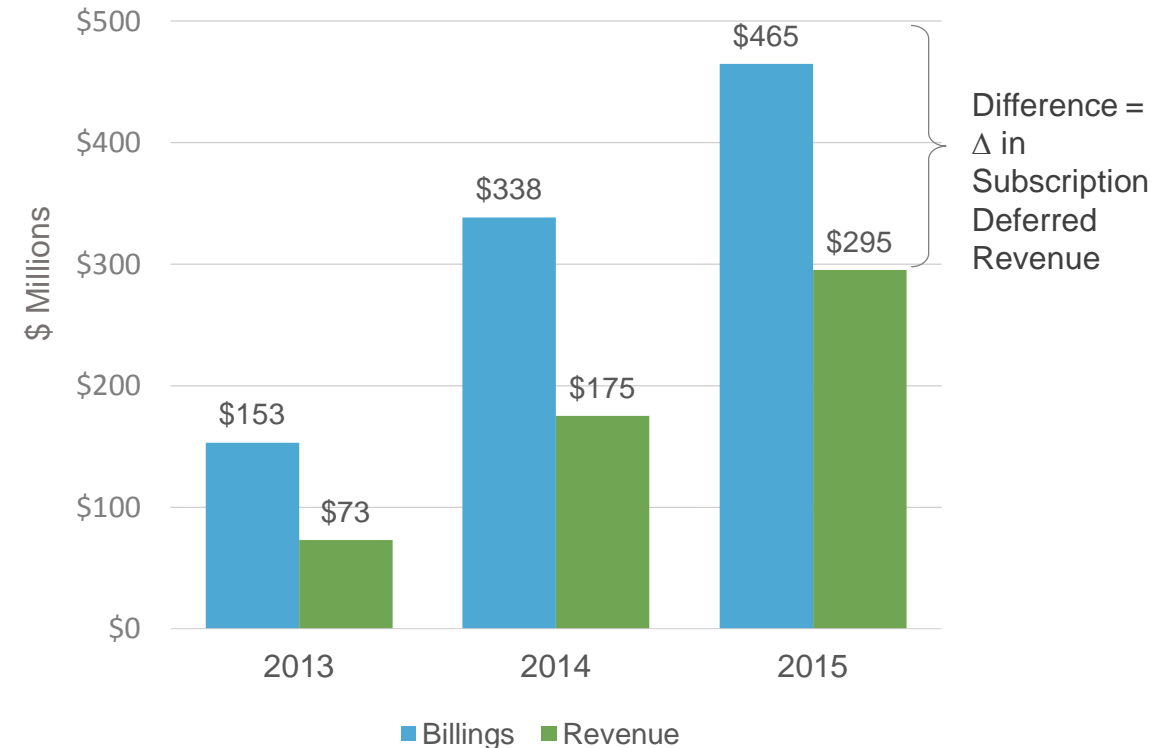
Path to Profitability – Mix Matters

Higher mix of subscriptions, which are recognized ratably over the term of the contract, increases deferred revenue and extends path to profitability

BILLINGS¹ MIX



RECURRING PRODUCT SUBSCRIPTIONS & SUPPORT BILLINGS¹ AND REVENUE



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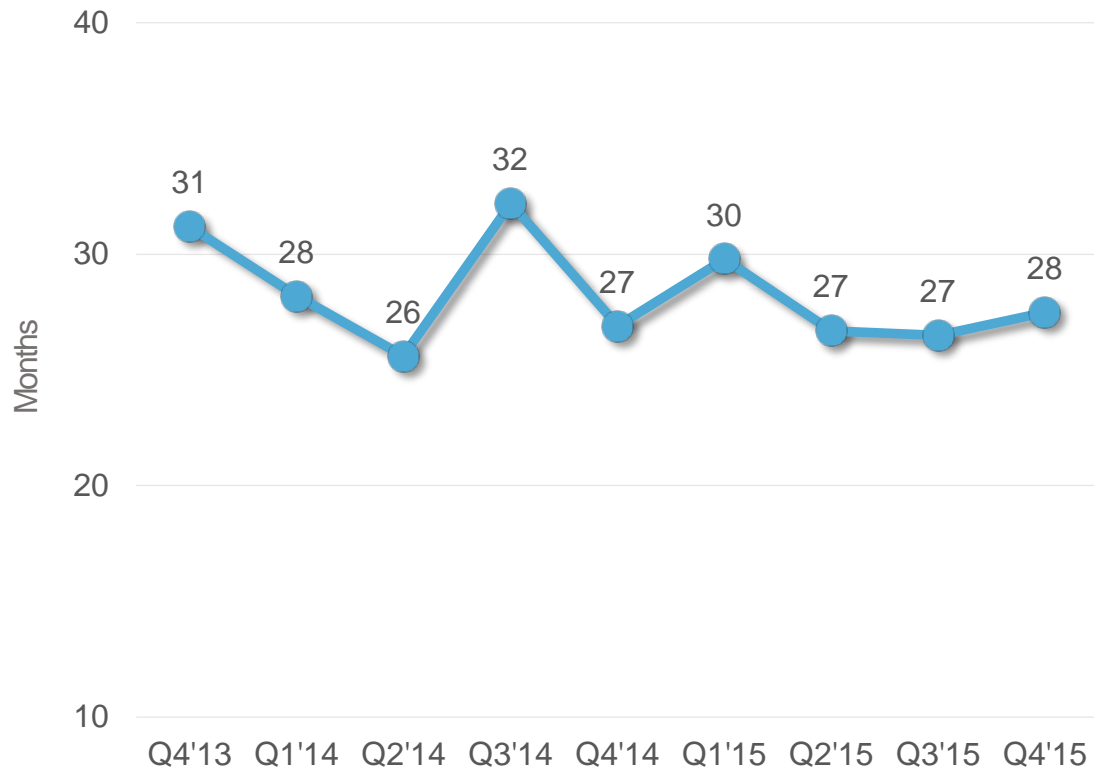
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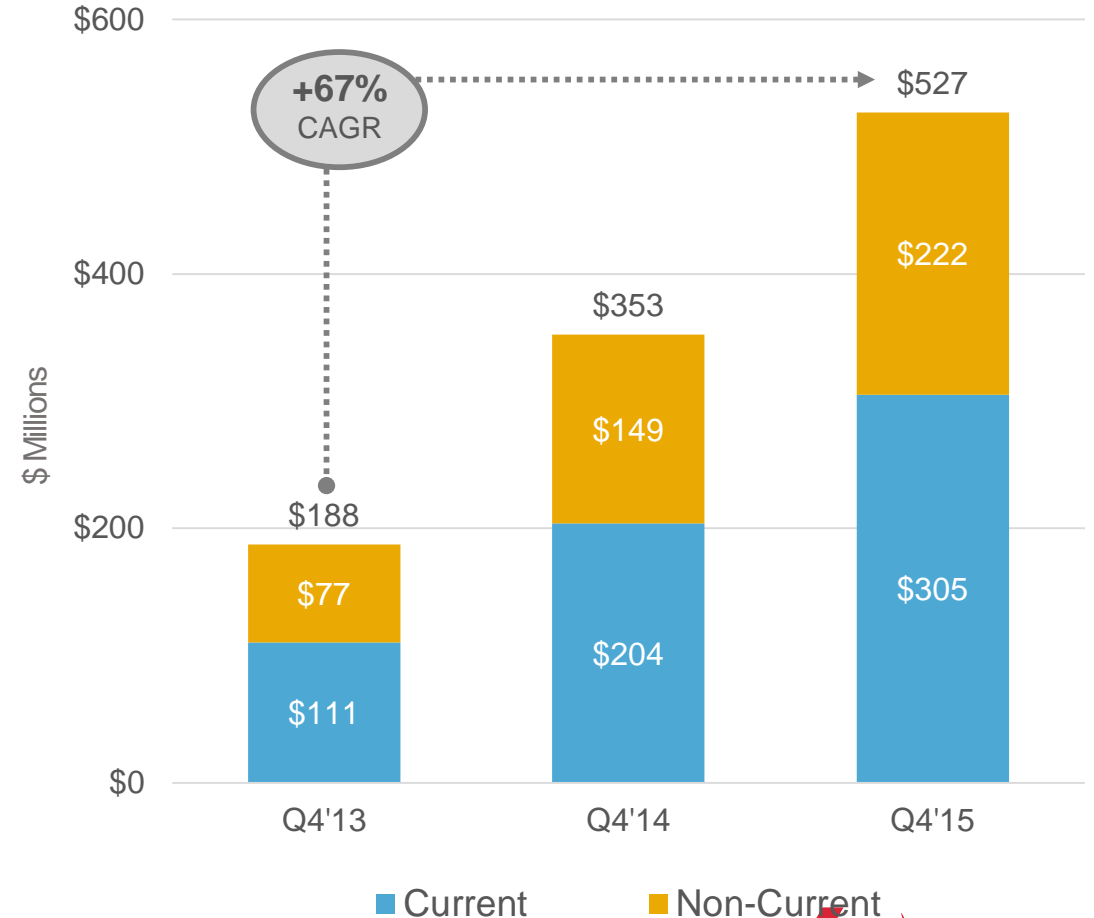


Path to Profitability – Average Contract Length and Deferred Revenue

AVERAGE CONTRACT LENGTH (including renewals)



YEAR-END DEFERRED REVENUE

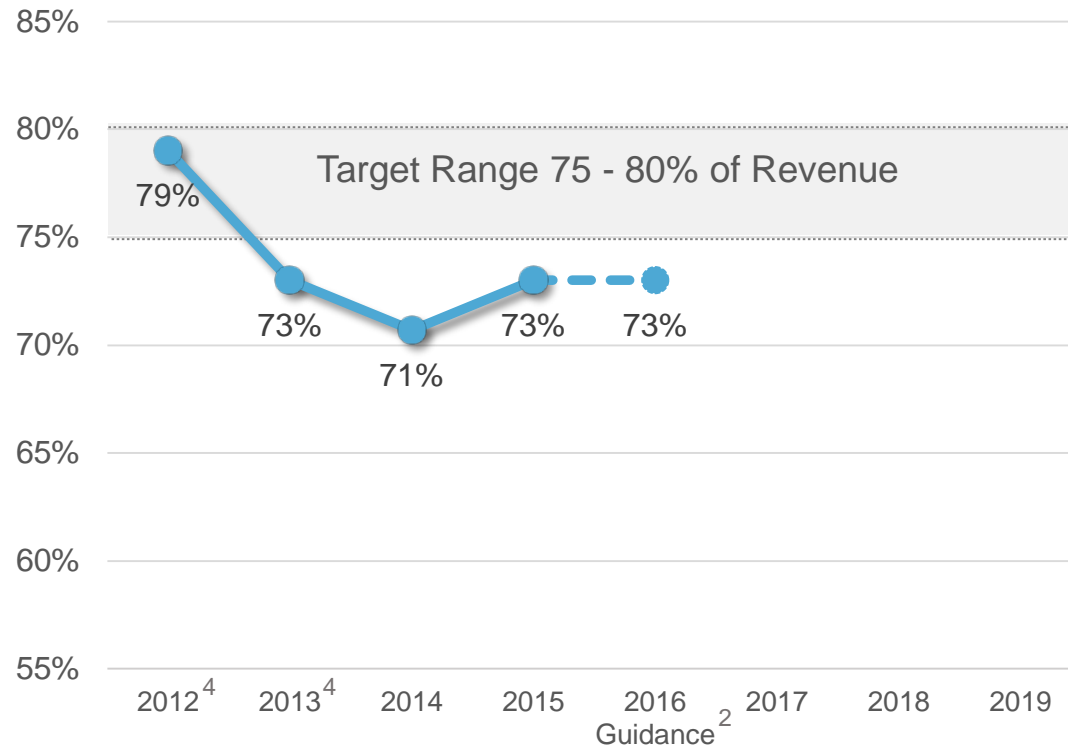


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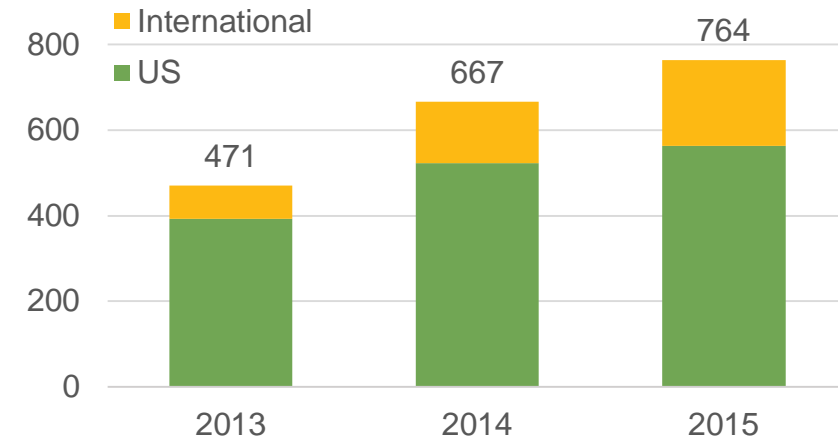


Path to Profitability -- Gross Margin

NON-GAAP GROSS MARGIN ¹



SERVICES & SUPPORT HEADCOUNT ³



KEY DRIVERS

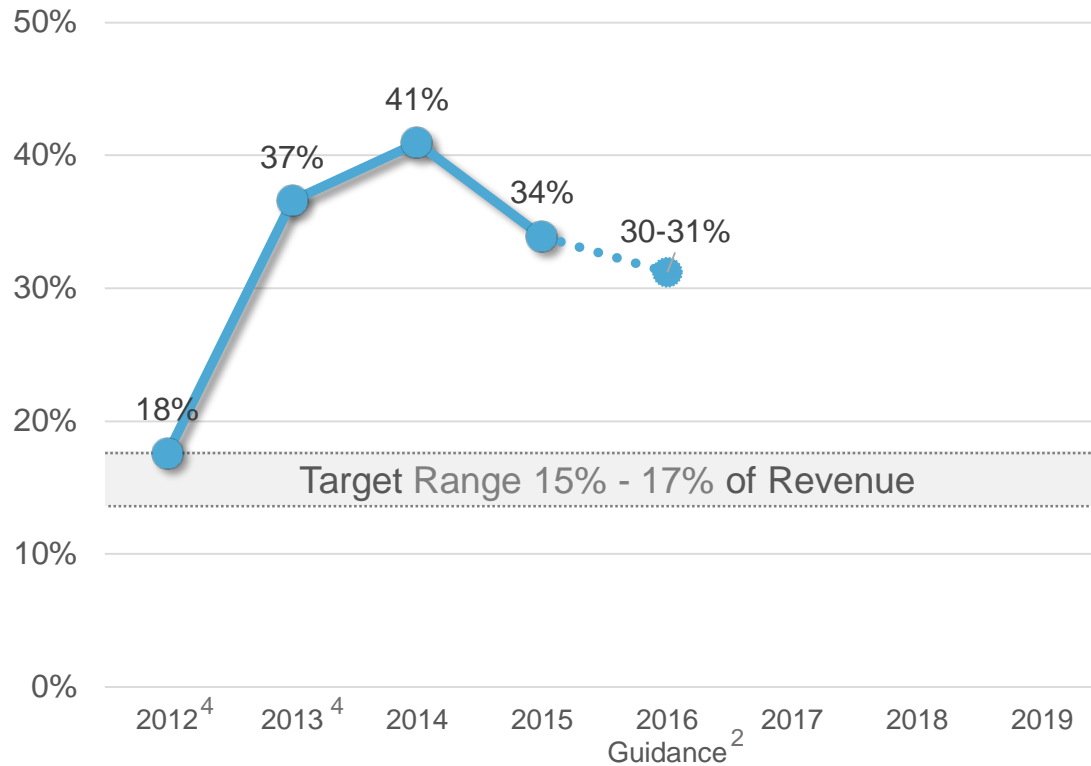
- Continued manufacturing economies of scale
- Higher ratio of subscription & support
- Leverage support & SOC operations
- Scale and efficiency of cloud operations
- Benefit from Mandiant international expansion

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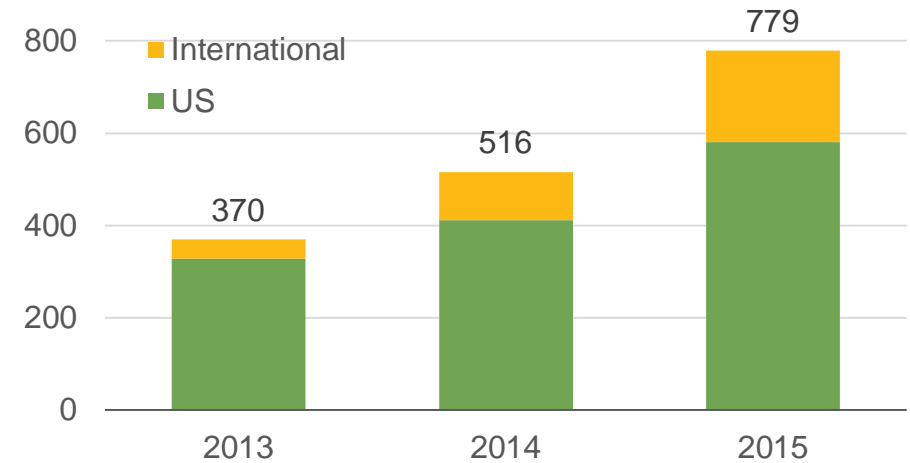


Path to Profitability – Research & Development

NON-GAAP R&D AS A % OF REVENUE¹



R&D HEADCOUNT³



KEY DRIVERS

- Re-allocation of resources to growth products
- Increase resources in low cost areas
- Consolidation of similar groups
- Streamline development process
- Optimization of R&D infrastructure

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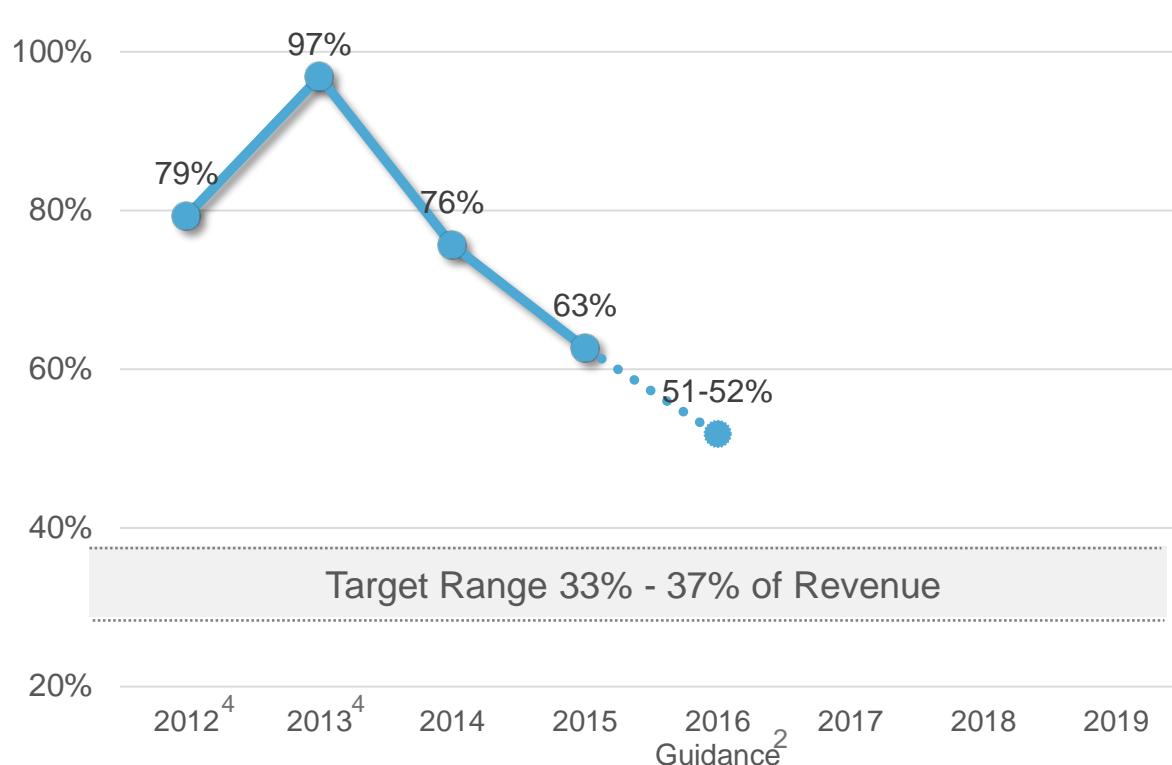
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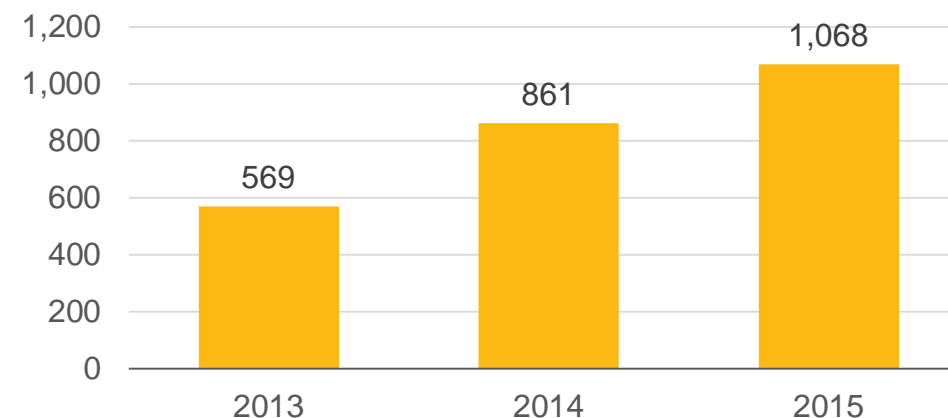
4. Does not include Mandiant.

Path to Profitability – Sales and Marketing

NON-GAAP SALES & MARKETING
AS A % REVENUE¹



SALES & MARKETING HEADCOUNT³



KEY DRIVERS

- Leverage channel; increase channel initiated ratio
- Reduce non-quota carrying ratio
- Focus expansion on quota-carrying reps
- Increase inside sales team to support new products
- Leverage strategic GTM relationships

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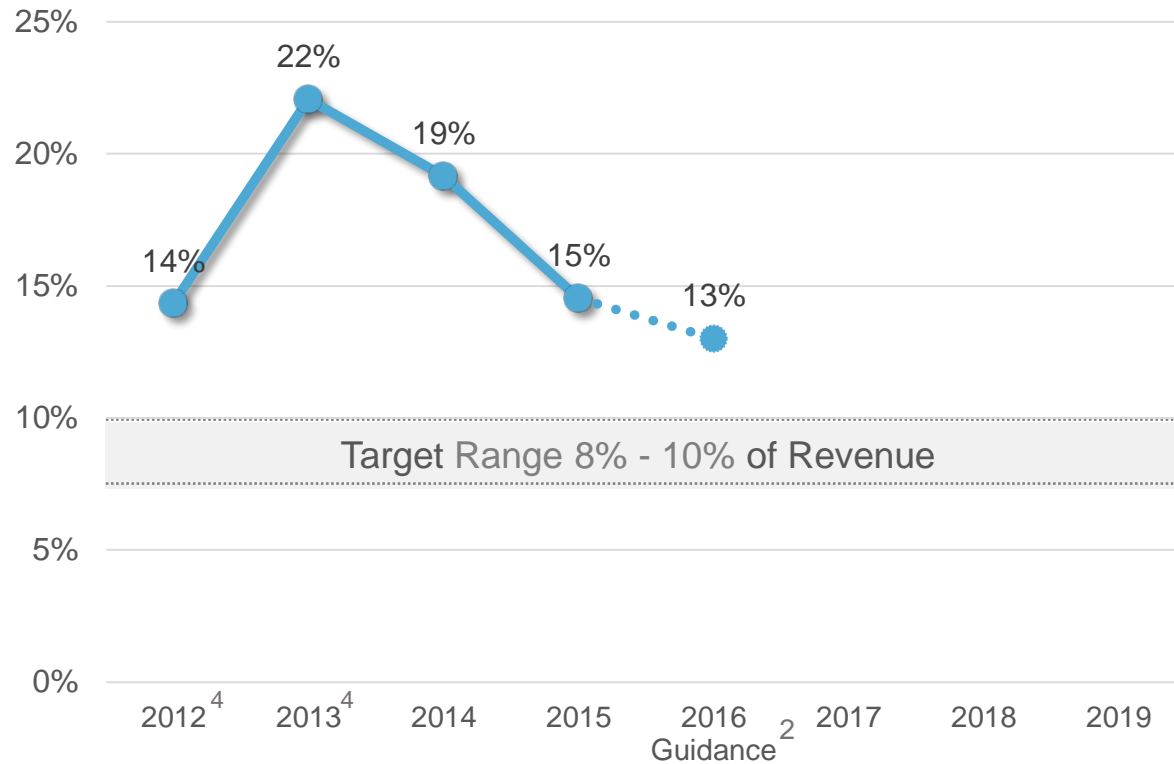
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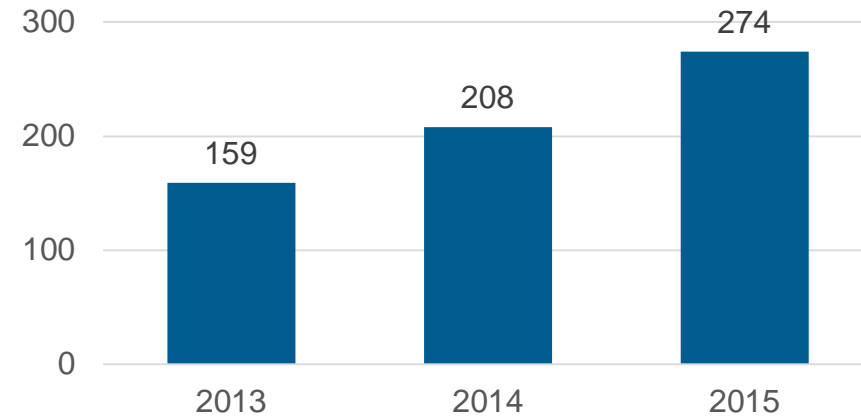
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Path to Profitability -- G&A

NON-GAAP G&A AS A % REVENUE¹



G&A HEADCOUNT³



KEY DRIVERS

- Economies of scale
- Increase resources in low-cost areas
- Reduce outside fees
- Optimize corporate infrastructure

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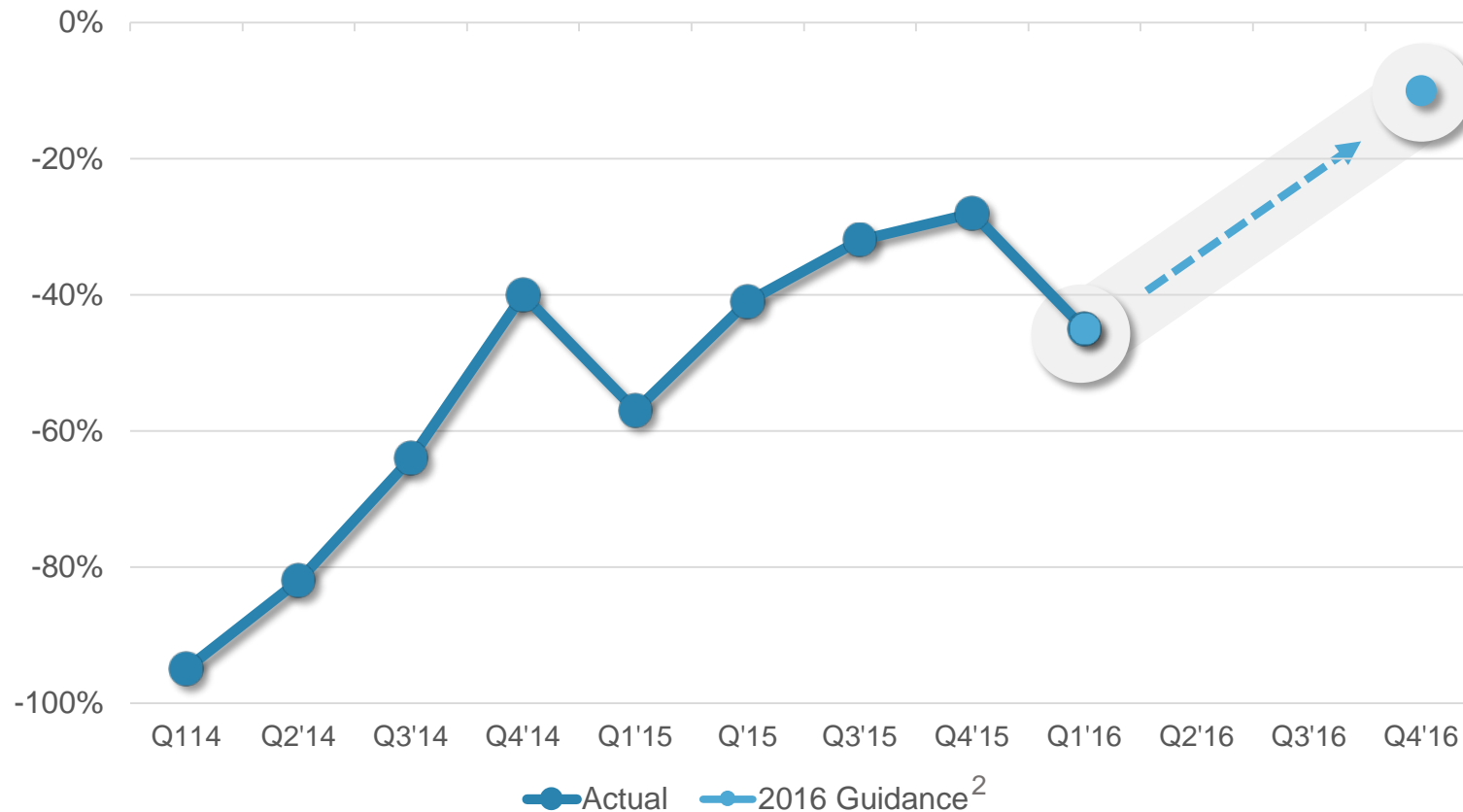
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Path to Profitability -- Operational Efficiency as We Exit 2016

NON-GAAP OPERATING MARGIN AS A % OF REVENUE BY QUARTER ¹



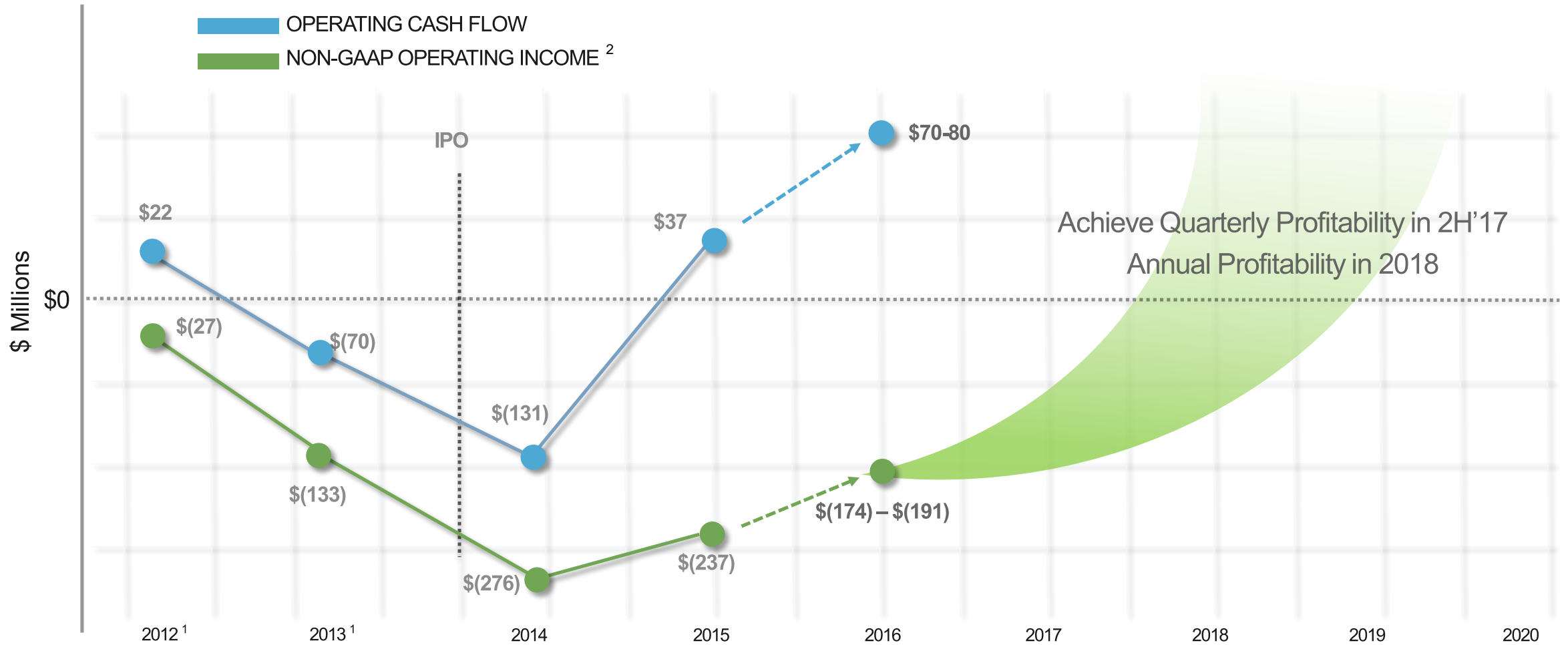
2016 guidance illustrates continued margin improvement throughout the year as we leverage the existing cost structure

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Path to Profitability



1. 2012 and 2013 exclude Mandiant.

2. Non-GAAP. See Appendix for a reconciliation to comparable GAAP measures. A reconciliation of non-GAAP measures to corresponding GAAP measures is not available on a forward looking basis.

Long Term Model – Sensitivity Analysis

Billings CAGR 2015-2020

CAGR	15%	20%	25%
Non-GAAP Billings	\$1,630	\$1,950	\$2,440
Revenue	\$1,580	\$1,760	\$2,030
Non-GAAP Gross Margin	76%	77%	78%
Non-GAAP Operating Margin	18%	19%	20%
Revenue CAGR	20%	23%	27%
Non-GAAP COGS and Expense CAGR	8%	11%	14%

Summary

- Driving growth, profitability and cash flow
- FireEye well positioned from a financial perspective
- Growth drivers in place to drive 20%+ organic growth in 2016
- Management team keenly focused on path to profitability and cash flow generation

Q&A

APPENDIX – NON-GAAP RECONCILIATIONS

Revenue to Billings Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP Revenue	\$83,316	\$161,552	\$425,662	\$622,967
Add change in deferred revenue	<u>\$46,304</u>	<u>\$111,108</u>	<u>\$165,029</u>	<u>\$174,455</u>
Subtotal	\$129,620	\$272,660	\$590,691	\$797,422
Less Mandiant deferred revenue assumed	=	<u>(\$16,099)</u>	=	=
Non-GAAP Billings	\$129,620	\$256,561	\$590,691	\$797,422

Operating Cash Flow to Free Cash Flow Reconciliation

\$'s in thousands	2014	2015
Operating Cash Flow	(\$131,270)	\$37,015
Less Purchase of Property & Equipment and demonstration units	<u>(\$67,715)</u>	<u>(\$54,549)</u>
Free Cash Flow (Non-GAAP)	(\$198,985)	(\$17,534)

GAAP Operating Loss to Non-GAAP Operating Loss Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP Operating Loss	(\$33,619)	(\$172,218)	(\$479,195)	(\$507,660)
Stock-based compensation expense	\$6,843	\$28,858	\$151,852	\$222,431
Amortization of intangible assets	-	\$1,513	\$45,152	\$47,064
Acquisition related expenses	-	\$8,513	\$1,559	\$1,431
Restructuring Charges	=	=	<u>\$4,327</u>	=
Non-GAAP Operating Loss	(\$26,776)	(\$133,334)	(\$276,305)	(\$236,734)

GAAP Gross Margin to Non-GAAP Gross Margin Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP Gross Margin	\$65,686	\$113,787	\$250,569	\$389,763
Stock-based compensation expense	\$169	\$2,810	\$17,925	\$31,023
Amortization of intangible assets	=	<u>\$1,272</u>	<u>\$32,601</u>	<u>\$34,156</u>
Non-GAAP Gross Margin	\$65,855	\$117,869	\$301,095	\$454,942
Non-GAAP Gross Margin as a % of revenue	79%	73%	71%	73%

GAAP COGS to Non-GAAP COGS Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP COGS	\$17,630	\$47,765	\$175,093	\$233,204
Stock-based compensation expense	\$169	\$2,810	\$17,925	\$31,023
Amortization of intangible assets	=	<u>\$1,272</u>	<u>\$32,601</u>	<u>\$34,156</u>
Non-GAAP COGS	\$17,461	\$43,683	\$124,567	\$168,025

GAAP Research & Development Expenses to Non-GAAP Research & Development Expenses Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP Research & Development expenses	\$16,522	\$66,036	\$203,187	\$279,467
Less Stock-based compensation expense	<u>\$1,883</u>	<u>\$6,958</u>	<u>\$28,968</u>	<u>\$68,329</u>
Non-GAAP Research & Development expenses	\$14,639	\$59,078	\$174,219	\$211,138
Non-GAAP Research & Development expenses as a % of revenue	18%	37%	41%	34%

GAAP Sales & Marketing Expenses to Non-GAAP Sales & Marketing Expenses Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP Sales & Marketing expenses	\$67,562	\$167,466	\$401,151	\$476,166
Less Stock-based compensation expense	\$1,511	\$10,748	\$66,773	\$73,286
Less Amortization of intangible assets	=	<u>\$241</u>	<u>\$12,551</u>	<u>\$12,908</u>
Non-GAAP Sales & Marketing expenses	\$66,051	\$156,477	\$321,827	\$389,972
Non-GAAP Sales & Marketing expenses as a % of revenue	79%	97%	76%	63%

GAAP General & Administrative Expenses to Non-GAAP General & Administrative Expenses Reconciliation

\$'s in thousands	2012	2013	2014	2015
GAAP General & Administrative expenses	\$15,221	\$52,503	\$121,099	\$141,790
Less Stock-based compensation expense	\$3,280	\$8,342	\$38,186	\$49,793
Less Acquisition related expenses	=	<u>\$8,513</u>	<u>\$1,559</u>	<u>\$1,431</u>
Non-GAAP General & Administrative expenses	\$11,941	\$35,648	\$81,354	\$90,566
Non-GAAP General & Administrative expenses as a % of revenue	14%	22%	19%	15%