

MANNATECH INC
Form DEFA14A
April 23, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- | | |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Proxy Statement | |
| <input checked="" type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12 | |

Mannatech, Incorporated
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

*** Exercise Your Right to Vote ***

Important Notice Regarding the Availability of Proxy Materials for the
Shareholder Meeting to Be Held on June 5, 2013.

MANNATECH, INCORPORATED

600 S. ROYAL LANE
SUITE 200
COPPELL, TX 75019

Meeting Information

Meeting Type: Annual Meeting

For holders as of: April 12 , 2013

Date: June 5, 2013 Time: 9:00 AM CDT

Location: Grapevine Convention Center
1209 S. Main St.
Grapevine, TX 76051

Directions: Directions to the 2013 Annual
Shareholders' Meeting can be viewed online at
www.GrapevineConventionCenter.com

You are receiving this communication because you
hold shares in the company named above.
This is not a ballot. You cannot use this notice to vote
these shares. This communication presents only an
overview of the more complete proxy materials that are
available to you on the Internet. You may view the
proxy materials online at www.proxyvote.com or easily
request a paper copy (see reverse side).
We encourage you to access and review all of the
important information contained in the proxy materials
before voting.

See the reverse side of this notice to obtain proxy
materials and voting instructions.

— Before You Vote —

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) and visit: www.proxyvote.com.

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) BY INTERNET: www.proxyvote.com
- 2) BY TELEPHONE: 1 -800-579-1639
- 3) BY E-MAIL*: sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow →XXXX XXXX XXXX located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before May 22, 2013 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to www.proxyvote.com. Have the information that is printed in the box marked by the arrow →XXXX XXXX XXXX (located on the following page) available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

Voting Items

The Board of Directors recommends you vote FOR the following:

1. Election of Director

Nominee:
1a. J. Stanley Fredrick

The Board of Directors recommends you vote FOR the following proposals:

2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, for the year ending December 31, 2013.
3. To approve on an advisory basis executive compensation ("Say-on-Pay").

The Board of Directors recommends you vote for Three YEARS on the following proposal:

4. To choose on an advisory basis the frequency of future advisory votes on executive compensation ("Say-on-Frequency").

NOTE: The shares represented by this proxy, when properly executed, will be voted in the manner directed herein by the undersigned Shareholder(s). If no direction is made, this proxy will be voted FOR proposals 1, 2 and 3 and for THREE YEARS for proposal 4. If any other matters properly come before the meeting, or if cumulative voting is required, the person named in this proxy will vote in his discretion.

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directors out of assets legally available. See the section entitled "Dividend Policy." Upon our liquidation, dissolution, or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then-outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

Preferred Stock

No shares of preferred stock are outstanding. Pursuant to our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue from time to time up to 100,000,000 shares of preferred stock in one or more series. Our board of directors may designate the powers, designations, preferences, and relative participation, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the common stock, diluting the voting power of the common stock, impairing the liquidation rights of the common stock, or delaying, deterring, or preventing a change in control. Such issuance could have the effect of decreasing the market price of the common stock. We currently have no plans to issue any shares of preferred stock.

Registration Rights

Following the completion of this offering, the holders of an aggregate of 22,725,962 shares of our common stock or their permitted transferees are entitled to certain rights with respect to the registration of these shares under the Securities Act. These rights are provided under the terms of an

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investors' rights agreement between us and the holders of these shares, which was entered into in connection with our convertible preferred stock financings, and include demand registration rights, piggyback registration rights and Form S-3 registration rights, subject to certain exceptions. In any registration made pursuant to such investors' rights agreement, all fees, costs and expenses of underwritten registrations will be borne by us, and all selling expenses, including estimated underwriting discounts and selling commissions, will be borne by the holders of the shares being registered.

The registration rights terminate three years following the completion of our initial public offering or, with respect to any particular stockholder, at such time that the stockholder can sell all of its shares during any three month period pursuant to Rule 144 of the Securities Act.

Demand Registration Rights

Following the completion of this offering, the holders of an aggregate of 22,483,662 shares of our common stock, or their permitted transferees, are entitled to certain demand registration rights. Under the terms of the investors' rights agreement, we will be required, upon the written request at any time more than 180 days after the completion of our initial public offering of holders of at least 50% of the shares that are entitled to registration rights under the investors' rights agreement, to register, as soon as practicable, all or a portion of these shares for public resale. We are required to effect only two registrations pursuant to this provision of the investors' rights agreement. Such request for registration must cover a number of shares with an anticipated aggregate offering price of \$10,000,000 (exclusive of underwriters' discounts and commissions). We will not be required to effect a demand registration during the period beginning 90 days prior to the filing and 180 days following the effectiveness of a registration statement relating to a public offering of our securities.

Piggyback Registration Rights

Following the completion of this offering, the holders of an aggregate of 22,725,962 shares of our common stock or their permitted transferees are entitled to certain piggyback registration rights. If we register any of our securities for our own account, after the completion of our initial public offering, the holders of these shares are entitled to include their shares in the registration. Both we and the underwriters of any underwritten offering have the right to limit the number of shares registered by these holders for marketing reasons, subject to limitations set forth in the investors' rights agreement.

Form S-3 Registration Rights

Following the completion of this offering, the holders of an aggregate of 22,620,965 shares of our common stock or their permitted transferees are also entitled to certain Form S-3 registration rights. If we are eligible to file a registration statement on Form S-3, these holders have the right, upon their written request, to have such shares registered by us if the proposed aggregate offering price of such shares is at least \$1,000,000, subject to exceptions set forth in the investors' rights agreement.

Anti-Takeover Effects of Delaware Law and Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Our amended and restated certificate of incorporation and amended and restated bylaws, as currently in effect, contain provisions that could have the effect of delaying, deferring, or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

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Undesignated Preferred Stock

As discussed above under " Preferred Stock," our board of directors will have the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting

Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, the holders of a majority of our capital stock would not be able to amend the amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with the amended and restated bylaws.

In addition, our amended and restated bylaws provide that special meetings of the stockholders may be called only by the chairman of the board, the chief executive officer, the president (in the absence of a chief executive officer), or our board of directors. A stockholder may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of the board of directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempt to obtain control of our company.

Board Classification

Our board of directors is divided into three classes. The directors in each class serve for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Delaware Anti-takeover Statute

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (i) shares owned by persons who are directors and also officers and (ii) shares owned by employee stock plans in which employee participants do not have the right

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to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

The provisions of Delaware law and the provisions of our amended and restated certificate of incorporation and amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is also possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. The transfer agent's address is 250 Royall Street, Canton, Massachusetts 02021, and its telephone number is (877) 373-6374.

Exchange Listing

Our common stock is listed on the NASDAQ Global Select Market under the symbol "FUEL".

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SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of shares of common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the possibility of these sales occurring, could adversely affect the prevailing market price for our common stock or impair our ability to raise equity capital.

Upon the completion of this offering, a total of 35,040,832 shares of common stock will be outstanding, assuming the issuance of 233,048 shares of common stock upon the exercise of vested stock options by certain selling stockholders as of immediately prior to the completion of the offering. All 2,000,000 shares of common stock sold in this offering by us, any shares sold by the selling stockholders, as well as shares sold in our initial public offering will be freely tradable in the public market without restriction or further registration under the Securities Act of 1933, or the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining 25,440,832 shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements described below and certain transfer restrictions under our insider trading policy, these shares will be available for sale in the public market at various times as follows, subject to the provisions of Rules 144 and 701 under the Securities Act:

8,177,346 shares will be eligible for sale on March 19, 2014 in the public market upon the expiration of lock-up agreements entered into in connection with our initial public offering; and

17,263,486 shares will be eligible for sale upon the expiration of the restrictions described below.

In addition, the representatives of the underwriters have agreed to release approximately 110,000 shares held by our employees, excluding our officers and directors, for sale in the public market on the third business day after we announce our financial results for the three months ended December 31, 2013.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described below, within any three-month period, a number of shares that does not exceed the greater of:

1% of the number of shares of common stock then outstanding, which will equal approximately 350,408 shares immediately after this offering; or

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the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits our affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144.

Lock-Up Agreements

In connection with our initial public offering, we, the selling stockholders, all of our directors and officers and the holders of substantially all of our common stock, or securities exercisable for or convertible into our common stock outstanding immediately prior to the initial public offering agreed that, without the prior written consent of Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc., on behalf of the underwriters, we and they will not, during the period ending March 18, 2014:

offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of common stock, capital stock, or any securities convertible into or exchangeable or exercisable for shares of common stock or other capital stock;

make any demand for or exercise any right with respect to the registration of any shares of common stock or other such securities; or

enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition. This agreement is subject to certain exceptions. See "Underwriting" for additional information. The representatives of the underwriters intend to release the lock-up restrictions with respect to 3,000,000 shares to be sold by the selling stockholders in this offering, which include certain of our employees, officers and directors or their affiliated entities. In addition, the representatives of the underwriters have agreed to release approximately 110,000 shares held by our employees, excluding our officers and directors, for sale in the public market on the third business day after we announce our financial results for the three months ended December 31, 2013.

In addition, we, our executive officers and directors and the selling stockholders, will not be able to offer, sell, or agree to sell, directly or indirectly, any shares of common stock without the permission of the representatives of the underwriters for a period of 90 days from the date of this prospectus, as described in further detail in the section entitled "Underwriters."

Rule 10b5-1 Trading Plans

Following the completion of this offering, certain of our executive officers and directors may adopt written plans, known as "Rule 10b5-1 trading plans," under which they will contract with a broker to buy or sell shares of our common stock on a periodic basis to diversify their assets and investments.

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Under these 10b5-1 trading plans, a broker may execute trades pursuant to parameters established by the executive officer or director when entering into the plan, without further direction from such officer or director. Such sales would not commence until the expiration of the applicable lock-up agreements entered into by such executive officer or director.

Registration Rights

Upon the completion of this offering, the holders of 22,725,962 shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares held by affiliates. See "Description of Capital Stock Registration Rights" for additional information.

Registration Statements on Form S-8

We have filed a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock issued or reserved for issuance under our equity incentive plans as of September 19, 2013. Shares covered by this registration statement are eligible for sale in the public market, upon the expiration or release from the terms of the lock-up agreements and subject to vesting of such shares. We plan to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock issued or reserved for issuance under our equity incentive plans pursuant to automatic increases under such plans following this offering.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the ownership and disposition of our common stock, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, or the Code, U.S. Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and will not seek, any ruling from the Internal Revenue Service, or the IRS, with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

This summary also does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction, the potential application of Medicare contribution tax or any tax considerations under U.S. federal gift and estate tax laws, except to the limited extent set forth below. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

banks, insurance companies or other financial institutions;

persons subject to the alternative minimum tax;

tax-exempt organizations;

controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;

dealers in securities or currencies;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);

certain former citizens or long-term residents of the United States;

persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;

persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code; or

persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock and partners in such partnerships, should consult their tax advisors.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal estate or gift tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

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Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are any holder other than:

a partnership or entity classified as a partnership for U.S. federal-tax purposes;

an individual citizen or resident of the United States (for tax purposes);

a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof;

an estate whose income is subject to U.S. federal income tax regardless of its source; or

a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has made an election to be treated as a U.S. person.

Distributions

We have not made any distributions on our common stock and do not intend to do so in the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock. See "Gain on Disposition of Common Stock."

Any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us with an IRS Form W-8BEN or other applicable version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by you in the United States) are generally exempt from such withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8ECI or other applicable version of IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by you in the U.S.) may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

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Gain on Disposition of Common Stock

Subject to the discussion below regarding foreign accounts, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

the gain is effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment maintained by you in the United States);

you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or

our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as U.S. real property interests only if you actually or constructively hold more than five percent of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above may also be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax on the gain derived from the sale, which tax may be offset by U.S. source capital losses for the year. You should consult any applicable income tax or other treaties that may provide for different rules.

Federal Estate Tax

Our common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of their death will generally be includable in the decedent's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends or of proceeds on the disposition of stock made to you may be subject to information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example, by properly certifying your non-U.S. status on a Form W-8BEN or other applicable version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and

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information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund, or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Accounts

A U.S. federal withholding tax of 30% may apply to dividends on, and the gross proceeds of a disposition of, our common stock, paid to a "foreign financial institution" (as specially defined for this purpose), unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities certain information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). A U.S. federal withholding tax of 30% may also generally apply to dividends and the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity (or certifying that it does not have any "substantial U.S. owners"). The withholding provisions described above generally will apply to dividends paid on our common stock after June 30, 2014, and to the gross proceeds from the sale or other disposition of our common stock after December 31, 2016. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of these foreign account rules on their investment in our common stock.

Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated January 30, 2014, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are acting as representatives, the following respective numbers of shares of our common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	1,500,000
Citigroup Global Markets Inc.	1,500,000
Goldman, Sachs & Co.	1,000,000
Needham & Company, LLC	250,000
Oppenheimer & Co. Inc.	250,000
Piper Jaffray & Co.	250,000
BMO Capital Markets Corp.	250,000

Total	5,000,000
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The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in this offering if any are purchased, other than those shares covered by the option to purchase additional shares described below. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

Certain of the selling stockholders have granted to the underwriters a 30-day option to purchase from certain selling stockholders up to 750,000 additional shares at the public offering price less the underwriting discounts and commissions.

The underwriters propose to offer the shares of our common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of up to \$1.647 per share. After the public offering, the representatives may change the public offering price and concession.

The following table summarizes the compensation and estimated expenses we and the selling stockholders will pay:

	Per Share		Total	
	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares
Underwriting Discounts and Commissions paid by us	\$ 2.745	\$ 2.745	\$ 5,490,000	\$ 5,490,000
Expenses payable by us	\$ 0.275	\$ 0.239	\$ 1,374,814	\$ 1,374,814
Underwriting Discounts and Commissions paid by selling stockholders	\$ 2.745	\$ 2.745	\$ 8,235,000	\$ 10,293,750

We have agreed to reimburse the underwriters for all expenses and fees related to the review by the Financial Industry Regulatory Authority up to \$20,000.

We have agreed that we will not (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in, or (v) directly or indirectly, or file with the SEC a

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registration statement under the Securities Act, other than a registration statement on Form S-8, relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to take any such action, without the prior written consent of the representatives for a period ending 90 days after the effective date of this public offering, subject to certain customary exceptions.

Our executive officers and directors and the selling stockholders will not be able to offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without the prior written consent of the representatives for a period of 90 days after the date of this prospectus, subject to certain customary exceptions.

In connection with our initial public offering, we, all of our directors and executive officers and substantially all of our stockholders agreed, subject to certain customary exceptions, not to offer, sell or agree to sell, directly or indirectly, any shares of common stock without the permission of the representatives of the underwriters for a period of 180 days from the date of our initial public offering. The representatives of the underwriters intend to release the lock-up restrictions with respect to 3,000,000 shares to be sold by the selling stockholders in this offering, which include certain of our employees, officers and directors or their affiliated entities. In addition, the representatives of the underwriters have agreed to release approximately 110,000 shares held by our employees, excluding our officers and directors, for sale in the public market on the third business day after we announce our financial results for the three months ended December 31, 2013.

We and the selling stockholders have agreed to indemnify the several underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

Our common stock is listed on the NASDAQ Global Select Market, under the symbol "FUEL".

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at

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which they may purchase shares through the option to purchase additional shares. If the underwriters sell more shares than could be covered by the option to purchase additional shares, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NASDAQ Global Select Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make Internet distributions on the same basis as other allocations.

All of the underwriters in this offering were underwriters in our initial public offering except Goldman, Sachs & Co.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may in the future provide a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or

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relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of our common stock offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive, each, a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in such Relevant Member State, or the Relevant Implementation Date, shares of our common stock will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the common stock that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of common stock may be made to the public in that Relevant Member State at any time:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the manager for any such offer; or
- (c) in any other circumstances that do not require the publication by us of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of common stock to the public" in relation to any common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common stock to be offered so as to enable an investor to decide to purchase or subscribe the common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

Our common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the Financial Services and Markets Act 2000, or FSMA, with respect to anything done in relation to our common stock in, from or otherwise involving the United Kingdom.

In addition, each underwriter:

- (a) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) to persons who have professional experience in matters relating to

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investments falling with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and

(b) has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares of common stock in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. Our common stock shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to our common stock shares has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

Notice to Prospective Investors in Germany

Each person who is in possession of this prospectus is aware of the fact that no German sales prospectus (*Verkaufsprospekt*) within the meaning of the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*, or the Act) of the Federal Republic of Germany has been or will be published with respect to our common stock. In particular, each underwriter has represented that it has not engaged and has agreed that it will not engage in a public offering (*öffentliches Angebot*) within the meaning of the Act with respect to any of our common stock otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

Notice to Prospective Investors in the Netherlands

Our common stock may not be offered, sold, transferred or delivered in or from the Netherlands as part of their initial distribution or at any time thereafter, directly or indirectly, other than to, individuals or legal entities situated in the Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, collective investment institution, central governments, large international and supranational organizations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities; hereinafter, Professional Investors), provided that in the offer, prospectus and in any other documents or advertisements in which a forthcoming offering of our common stock is

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publicly announced (whether electronically or otherwise) in the Netherlands it is stated that such offer is and will be exclusively made to such Professional Investors. Individual or legal entities who are not Professional Investors may not participate in the offering of our common stock, and this prospectus or any other offering material relating to our common stock may not be considered an offer or the prospect of an offer to sell or exchange our common stock.

Notice to Prospective Investors in Switzerland

Our common stock shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or our common stock shares have been or will be filed with or approved by any Swiss regulatory authority. In particular this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of our common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of our common stock shares.

Notice to Prospective Investors in Japan

The underwriters will not offer or sell any of our common stock directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Hong Kong

The underwriters and each of their affiliates have not (i) offered or sold, and will not offer or sell, in Hong Kong, by means of any document, our common stock other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance or (ii) issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to our common stock which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to our securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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Notice to Prospective Investors in Singapore

This prospectus or any other offering material relating to the offering of our common stock has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and our common stock will be offered in Singapore pursuant to exemptions under Section 274 and Section 275 of the Securities and Futures Act, Chapter 289 of Singapore, or the Securities and Futures Act. Accordingly our common stock may not be offered or sold, or be the subject of an invitation for subscription or purchase, nor may this prospectus or any other offering material relating to our common stock be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, (b) to a sophisticated investor, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

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LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us and the selling stockholders by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Fenwick & West LLP, Mountain View, California, is acting as counsel to the underwriters. Certain members of, and investment partnerships comprised of members of, and persons associated with, Wilson Sonsini Goodrich & Rosati, Professional Corporation, own an equity interest in us representing less than 0.2% of our outstanding common stock as of September 30, 2013.

EXPERTS

The consolidated financial statements of Rocket Fuel Inc. as of December 31, 2011 and 2012 and for each of the two years in the period ended December 31, 2012, appearing in this prospectus and registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon its authority as an expert in accounting and auditing.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933 with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the public reference room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1(800) SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with this law, are required to file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.rocketfuel.com. You may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

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ROCKET FUEL INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Rocket Fuel Inc.
Redwood City, California

We have audited the accompanying consolidated balance sheets of Rocket Fuel Inc. and subsidiary (the "Company") as of December 31, 2011 and 2012, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and subsidiary as of December 31, 2011 and 2012, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
May 23, 2013
(July 2, 2013 as to the effects of the restatement discussed in Note 15)

Table of Contents**Rocket Fuel Inc.****CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)**

	December 31,		September 30,
	2011	2012	2013
			(unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 5,071	\$ 14,896	\$ 125,282
Accounts receivable, net	16,489	47,333	67,984
Deferred tax assets	124	334	334
Prepaid expenses and other current assets	465	1,215	2,159
 Total current assets	 22,149	 63,778	 195,759
 Property, equipment and software, net	 4,941	 10,939	 20,941
Other assets	68	472	1,165
 Total assets	 \$ 27,158	 \$ 75,189	 \$ 217,865
 Liabilities and Stockholders' Equity			
Current Liabilities:			
Accounts payable	\$ 6,988	\$ 17,482	\$ 34,088
Accrued and other current liabilities	1,787	6,186	15,707
Deferred revenue		187	451
Current portion of line of credit			11,853
Current portion of long-term debt	412	1,988	4,375
 Total current liabilities	 9,187	 25,843	 66,474
 Line of credit Less current portion	 3,853	 1,853	
Long-term debt Less current portion	114	3,125	10,625
Deferred rent Less current portion	59	430	482
Deferred tax liabilities	124	334	334
Convertible preferred stock warrant liability	433	2,741	
 Total liabilities	 13,770	 34,326	 77,915
 Commitments and contingencies (Note 11)			

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Stockholders' Equity

Convertible preferred stock, Series A, \$0.001 par value 10,884,902 authorized as of December 31, 2011, and 2012, respectively; 10,618,372 issued and outstanding as of December 31, 2011, and 2012, respectively	9,788	9,788	
Convertible preferred stock, Series B, \$0.001 par value 4,811,855 authorized as of December 31, 2011, and 2012, respectively; 4,811,855 issued and outstanding as of December 31, 2011, and 2012, respectively	9,935	9,935	
Convertible preferred stock, Series C, \$0.001 par value 1,250,000 authorized as of December 31, 2011 and 1,116,030 authorized as of December 31, 2012; 1,116,030 issued and outstanding as of December 31, 2011, and 2012, respectively	6,501	6,501	
Convertible preferred stock, Series C-1, \$0.001 par value 2,975,228 authorized as of December 31, 2011, and 2012, respectively; 2,932,675 issued and outstanding as of December 31, 2011, and 2012, respectively		34,393	
Common stock, \$0.001 par value 28,250,000, 35,850,100 and 1,000,000,000 authorized as of December 31, 2011 and 2012 and September 30, 2013, respectively; 7,927,771, 8,680,041 and 32,807,784 issued and outstanding as of December 31, 2011, and 2012 and September 30, 2013, respectively	7	8	33
Additional paid-in capital	364	3,865	182,332
Accumulated other comprehensive loss	(7)	(84)	(101)
Accumulated deficit	(13,200)	(23,543)	(42,314)
Total stockholders' equity	13,388	40,863	139,950
 Total liabilities and stockholders' equity	 \$ 27,158	 \$ 75,189	 \$ 217,865

See notes to consolidated financial statements.

Table of Contents**Rocket Fuel Inc.****CONSOLIDATED STATEMENTS OF OPERATIONS**
(In thousands, except loss per share data)

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(unaudited)			
Revenue	\$ 44,652	\$ 106,589	\$ 66,494	\$ 155,039
Cost of revenue	27,300	60,011	36,988	81,529
Gross profit	17,352	46,578	29,506	73,510
Operating expenses:				
Research and development	1,545	4,876	2,604	10,587
Sales and marketing	17,256	41,069	25,893	56,293
General and administrative	2,336	8,403	4,245	19,671
Total operating expenses	21,137	54,348	32,742	86,551
Loss from operations	(3,785)	(7,770)	(3,236)	(13,041)
Other expense, net:				
Interest expense	(250)	(316)	(233)	(604)
Other income (expense) net	33	135	157	(213)
Change in fair value of convertible preferred stock warrant liability	(295)	(2,308)	(1,093)	(4,740)
Other expense, net	(512)	(2,489)	(1,169)	(5,557)
Loss before income taxes	(4,297)	(10,259)	(4,405)	(18,598)
Provision for income taxes	(28)	(84)	(67)	(173)
Net loss	\$ (4,325)	\$ (10,343)	\$ (4,472)	\$ (18,771)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.57)	\$ (1.29)	\$ (0.56)	\$ (2.01)
Basic and diluted weighted-average shares used to compute net loss per share attributable to common stockholders	7,600	8,024	7,971	9,346

See notes to consolidated financial statements.

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Rocket Fuel Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(unaudited)	
Net loss	\$ (4,325)	\$ (10,343)	\$ (4,472)	\$ (18,771)
Other comprehensive loss:				
Foreign currency translation adjustments	(6)	(77)	(36)	(17)
Comprehensive loss	\$ (4,331)	\$ (10,420)	\$ (4,508)	\$ (18,788)

See notes to consolidated financial statements.

Table of Contents**Rocket Fuel Inc.**

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012 AND THE NINE MONTHS
ENDED SEPTEMBER 30, 2013 (UNAUDITED)
(In thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance January 1, 2011	15,430,227	\$ 19,723	7,525,852	\$ 7	\$ 128	\$ (1)	\$ (8,875)	\$ 10,982
Issuance of Series C convertible preferred stock at \$5.869 per share, net of issuance costs of \$49	1,116,030	6,501						6,501
Issuance of common stock upon exercises of employee stock options, net of repurchases			333,104		72			72
Issuance of restricted common stock			68,815		54			54
Stock-based compensation					110			110
Foreign currency translation adjustment						(6)		(6)
Net loss							(4,325)	(4,325)
Balance December 31, 2011	16,546,257	26,224	7,927,771	7	364	(7)	(13,200)	13,388
Issuance of Series C-1 convertible preferred stock at \$11.764 per share, net of issuance costs of \$107	2,932,675	34,393						34,393
Issuance of common stock upon exercises of employee stock options, net of repurchases			738,699	1	180			181
Issuance of restricted common stock			13,571		33			33
Stock-based compensation					3,288			3,288
Foreign currency translation adjustment						(77)		(77)
Net loss							(10,343)	(10,343)
Balance December 31, 2012	19,478,932	60,617	8,680,041	8	3,865	(84)	(23,543)	40,863
Issuance of common stock upon exercises of employee stock options, net of repurchases(*)			382,281	1	437			438
Conversion of convertible preferred stock to common stock(*)	(19,478,932)	(60,617)	19,478,932	19	60,598			
Conversion of convertible preferred stock warrants to common stock(*)			266,530	1	7,579			7,580
Issuance of common stock from initial public offering, net of issuance costs(*)			4,000,000	4	103,140			103,144
Stock-based compensation(*)					6,713			6,713
Foreign currency translation adjustment(*)						(17)		(17)
Net loss(*)							(18,771)	(18,771)
Balance September 30, 2013(*)			32,807,784	\$ 33	\$ 182,332	\$ (101)	\$ (42,314)	\$ 139,950

(*)

Unaudited

See notes to consolidated financial statements.

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Table of Contents**Rocket Fuel Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS**
(In thousands)

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(unaudited)	
OPERATING ACTIVITIES:				
Net loss	\$ (4,325)	\$ (10,343)	\$ (4,472)	\$ (18,771)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,922	3,600	2,461	4,583
Provision for doubtful accounts	203	285	63	521
Stock-based compensation	110	3,288	507	6,227
Issuance of restricted stock	54	33	20	
Amortization of debt discount	13	8	6	1
Loss (gain) on disposal of property, equipment and software		63		(26)
Change in fair value of preferred stock warrant liability	295	2,308	1,093	4,740
Changes in operating assets and liabilities:				
Accounts receivable	(10,005)	(31,129)	(15,586)	(21,236)
Prepaid expenses and other current assets	(153)	(751)	(679)	(941)
Other assets	37	(389)	(251)	(700)
Accounts payable	3,580	9,612	3,951	12,532
Accrued and other liabilities	1,065	4,066	2,235	5,496
Deferred rent	81	359	315	100
Deferred revenue	(8)	187	18	264
Net cash used in operating activities	(7,131)	(18,803)	(10,319)	(7,160)
INVESTING ACTIVITIES:				
Purchases of property, equipment and software	(1,964)	(4,089)	(2,513)	(5,564)
Capitalized internal use software development costs	(2,629)	(4,674)	(3,294)	(4,486)
Net cash used in investing activities	(4,593)	(8,763)	(5,807)	(10,050)
FINANCING ACTIVITIES:				
Proceeds from the issuance of common stock in initial public offering, net of underwriting discounts and commission				107,880
Issuance costs related to initial public offering				(1,534)
Proceeds from the issuance of convertible preferred stock	6,550	34,500	34,500	
Proceeds from the exercise of convertible preferred stock warrants				97
Issuance costs related to convertible preferred stock	(49)	(107)	(105)	
Proceeds from exercise of vested common stock options	28	54	46	208
Proceeds from early exercise of unvested common stock options	124	460	378	1,058
Repurchases of common stock options early exercised	(1)	(2)	(3)	(11)
Borrowings from line of credit	2,000	4,000	4,000	10,000
Repayment of line of credit		(6,000)	(6,000)	
Proceeds from issuance of long-term debt		5,000	3,000	10,000
Repayment of long-term debt	(370)	(421)	(311)	(114)
Net cash provided by financing activities	8,282	37,484	35,505	127,584

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EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10)	(93)	(51)	12
CHANGE IN CASH AND CASH EQUIVALENTS	(3,452)	9,825	19,328	110,386
CASH AND CASH EQUIVALENTS Beginning of period	8,523	5,071	5,071	14,896
CASH AND CASH EQUIVALENTS End of period	\$ 5,071	\$ 14,896	\$ 24,399	\$ 125,282

SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:

Cash paid for income taxes	\$	\$	\$	\$ 348
Cash paid for interest	\$ 202	\$ 286	\$ 233	\$ 543

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Purchases of property and equipment recorded in accounts payable and accruals	\$ 55	\$ 882	\$ 232	\$ 4,952
Deferred offering costs recorded in accrued liabilities	\$	\$ 15	\$	\$ 3,194
Vesting of early exercised options	\$ 10	\$ 125	\$ 91	\$ 229
Stock-based compensation capitalized in internally developed software costs	\$	\$	\$	\$ 437
Conversion of convertible preferred stock to common stock	\$	\$	\$	\$ 60,617
Conversion of preferred stock warrants to common stock	\$	\$	\$	\$ 7,481

See notes to consolidated financial statements.

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ROCKET FUEL INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE
YEARS ENDED DECEMBER 31, 2011 AND 2012
AND AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2013 (UNAUDITED)**

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rocket Fuel Inc. (the "Company") was incorporated as a Delaware corporation on March 25, 2008. The Company is a provider of an artificial-intelligence digital advertising solution. The Company is headquartered in Redwood City, California, and has offices in seven cities in the United States. The Company established a wholly-owned subsidiary in the United Kingdom, with an office in the Netherlands, in 2011 and a wholly-owned subsidiary in Germany in 2013.

In September 2013, the Company completed the initial public offering of its common stock (the "IPO") whereby 4,000,000 shares of common stock were sold by the Company and 600,000 shares of common stock were sold by selling stockholders. The public offering price of the shares sold in the offering was \$29.00 per share. The Company did not receive any proceeds from the sale of shares by the selling stockholders. The total gross proceeds from the offering to the Company were \$116.0 million. After deducting underwriters' discounts and commissions, the aggregate net proceeds received by the Company totaled approximately \$107.9 million.

Basis of Presentation The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Principles of Consolidation The consolidated financial statements include the Company and its wholly-owned subsidiary, Rocket Fuel, Ltd., an England and Wales corporation, which is engaged in marketing and selling advertising campaigns. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain Significant Risks and Uncertainties The Company is subject to those risks common in technology-driven markets, including, but not limited to, competitive forces, dependence on key personnel, customer demand for its solution, management of growth, the successful protection of its proprietary technologies, compliance with government regulations, and the possibility of not being able to obtain additional financing when needed.

Unaudited Interim Consolidated Financial Information The accompanying consolidated balance sheet as of September 30, 2013, the consolidated statements of operations, statements of comprehensive loss and cash flows for the nine months ended September 30, 2012 and 2013 and the consolidated statement of stockholders' equity for the nine months ended September 30, 2013 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of September 30, 2013 and results of operations, comprehensive loss and cash flows for the nine months ended September 30, 2012 and 2013. The financial data and the other information disclosed in these notes to the consolidated financial statements related to these nine month periods are unaudited. The results of the nine months ended September 30, 2013 are not necessarily indicative

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of the results to be expected for the fiscal year ending December 31, 2013 or for any other interim period or other future year.

Foreign Currency Translation The Company's foreign subsidiary records its assets, liabilities and results of operations in its local currency, which is their functional currency. The Company translates its subsidiary consolidated financial statements into U.S. dollars each reporting period for purposes of consolidation.

Assets and liabilities of the Company's foreign subsidiary are translated at the period-end currency exchange rates, certain equity accounts are translated at historical exchange rates while revenue, expenses, gains and losses are translated at the average currency exchange rates in effect for the period, the effects of these translation adjustments are reported in a separate component of stockholders' equity titled accumulated other comprehensive loss.

Fair Value of Financial Instruments The Company's financial instruments consist principally of cash equivalents, accounts receivable, accounts payable, accrued liabilities, term debt and line of credit. The fair value of the Company's cash equivalents is determined based on quoted prices in active markets for identical assets for its money market funds. The recorded values of the Company's accounts receivable, accounts payable, accrued liabilities approximate their current fair values due to the relatively short-term nature of these accounts. The Company believes that the fair value of the term debt and line of credit approximates its recorded amount at September 30, 2013 as the interest rate on the term debt and line of credit is variable and is based on market interest rates after consideration of default and credit risk.

Cash and Cash Equivalents Cash consists of cash maintained in checking and savings accounts. All highly liquid investments purchased with an original maturity date of 90 days or less at the date of purchase are considered to be cash equivalents. Cash equivalents consist of money market funds.

Concentration of Credit Risk Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash and accounts receivable. A significant portion of the Company's cash is held at one major financial institution, which management assesses to be of high credit quality. The Company has not experienced any losses in such accounts.

The Company mitigates its credit risk with respect to accounts receivable by performing credit evaluations and monitoring its customers' accounts receivable balances. As of December 31, 2011 no single customer represented more than 10% of accounts receivable. As of December 31, 2012, one customer accounted for 10% of accounts receivable.

During the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, no single customer represented more than 10% of revenue.

Provision for Doubtful Accounts The Company records a provision for doubtful accounts based on historical experience and a detailed assessment of the collectability of its accounts receivable. In estimating the allowance for doubtful accounts, management considers, among other factors, the aging of the accounts receivable, historical write-offs and the credit-worthiness of each customer. If circumstances change, such as higher-than-expected defaults or an unexpected material adverse change in a major customer's ability to meet its financial obligations, the Company's estimate of the recoverability of the amounts due could be reduced by a material amount.

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The following table presents the changes in the allowance for doubtful accounts (in thousands):

	Year Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(unaudited)			
Allowance for doubtful accounts:				
Balance, beginning of period	\$	\$ 203	\$ 203	\$ 468
Add: bad debt expense	203	285	63	521
Less: write-offs, net of recoveries		(20)	224	19
Balance, end of period	\$ 203	\$ 468	\$ 490	\$ 1,008

Property and Equipment Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the balance sheet and any resulting gain or loss is reflected in operations in the period realized.

Leasehold improvements are amortized on a straight-line basis over the term of the lease, or the useful life of the assets, whichever is shorter. Depreciation and amortization periods for the Company's property and equipment are as follows:

Asset Classification	Estimated Useful Life
Computer hardware and purchased software	2 3 years
Capitalized internal use software costs	2 3 years
Office equipment, furniture and fixtures	5 years

Internal Use Software Development Costs The Company incurs costs to develop software for internal use. The Company expenses all costs that relate to the planning and post implementation phases of development as research and development expense. The Company capitalizes costs when preliminary efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be complete and will be used as intended. Costs incurred for enhancements that are expected to result in additional material functionality are capitalized. The Company capitalized \$2.6 million and \$4.7 million in internal-use software costs during the years ended December 31, 2011 and 2012, respectively, and \$3.3 million and \$4.9 million for the nine months ended September 30, 2012 and 2013, respectively, which are included in property, equipment and software net on the consolidated balance sheets.

Amortization commences when the website or software for internal use is ready for its intended use and the amortization period is the estimated useful life of the related asset, which is generally three years. Amortization expense totaled \$1.5 million and \$2.3 million for the years ended December 31, 2011 and 2012, respectively, and \$1.6 million and \$2.5 million for the nine months ended September 30, 2012 and 2013, respectively.

Impairment of Long-lived Asset The Company periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is impaired or the estimated useful lives are no longer appropriate. If indicators of impairment exist and the undiscounted projected cash flows associated with such assets are less than the carrying amount of the asset, an impairment loss is recorded to write the assets down to their estimated fair values. Fair value is estimated based on discounted future cash flows. No impairment charges were recorded during

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the years ended December 31, 2011 and 2012 or during the nine months ended September 30, 2012 and 2013.

Revenue Recognition The Company generates revenue by delivering digital advertisements to Internet users through various channels, including display, mobile, social and video.

The Company recognizes revenue when all four of the following criteria are met:

Persuasive evidence of an arrangement exists

Delivery has occurred or a service has been provided

Customer fees are fixed or determinable

Collection is reasonably assured

Revenue arrangements are evidenced by a fully executed insertion order ("IO"). Generally, IOs state the number and type of advertising impressions (cost-per-thousand) to be delivered, the agreed upon rate for each delivered impression, and a fixed period of time for delivery.

The Company determines collectability by performing ongoing credit evaluations and monitoring its customers' accounts receivable balances. For new customers and their agents, which may be advertising agencies or other third parties, the Company performs a credit check with an independent credit agency and may check credit references to determine creditworthiness. The Company only recognizes revenue when collection is reasonably assured.

In the normal course of business, the Company frequently contracts with advertising agencies on behalf of their advertiser clients. The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Company is acting as the principal or an agent in the transaction. In determining whether the Company acts as the principal or an agent, the Company follows the accounting guidance for principal-agent considerations. While none of the factors identified in this guidance is individually considered presumptive or determinative, because the Company is the primary obligor and is responsible for (i) fulfilling the advertisement delivery, (ii) establishing the selling prices for delivery of the advertisements, and (iii) performing all billing and collection activities including retaining credit risk, the Company acts as the principal in these arrangements and therefore reports revenue earned and costs incurred on a gross basis.

On occasion, the Company has offered customer incentive programs which provide rebates after achieving a specified level of advertising spending. The Company records reductions to revenue for estimated commitments related to these customer incentive programs. For transactions involving incentives, the Company recognizes revenue net of the estimated amount to be paid by rebate, provided that the rebate amount can be reasonably and reliably estimated and the other conditions for revenue recognition have been met. The Company's policy requires that, if rebates cannot be reliably estimated, revenue is not recognized until reliable estimates can be made or the program lapses.

Multiple-Element Arrangements The Company enters into arrangements to sell advertising that includes different media placements or ad services that are delivered at the same time, or within close proximity of one another. Beginning on January 1, 2011, the Company adopted new authoritative guidance on multiple element arrangements, using the prospective method for all arrangements entered into or materially modified from the date of adoption. Under this new guidance, the Company allocates arrangement consideration in multiple-deliverable revenue arrangements at the inception of an arrangement to all deliverables or those packages in which all components of the package are delivered at the same time, based on the relative selling price method in accordance with the selling price hierarchy, which includes: (1) vendor-specific objective evidence ("VSOE"), if available; (2) third-party evidence ("TPE"), if VSOE is not available; and (3) best estimate of selling price ("BESP"), if neither VSOE nor TPE is available.

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VSOE The Company determines VSOE based on its historical pricing and discounting practices for the specific product or service when sold separately. In determining VSOE, the Company requires that a substantial majority of the stand-alone selling prices for these services fall within a reasonably narrow pricing range. The Company has not been able to establish VSOE for any of its advertising offerings.

TPE When VSOE cannot be established for deliverables in multiple element arrangements, the Company applies judgment with respect to whether it can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, the Company's go-to-market strategy differs from that of its peers and its offerings contain a significant level of differentiation such that the comparable pricing of services cannot be obtained. Furthermore, the Company is unable to reliably determine the selling prices of similar competitor services on a stand-alone basis. As a result, the Company has not been able to establish selling price based on TPE.

BESP When it is unable to establish selling price using VSOE or TPE, the Company uses BESP in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Company would transact a sale if the service were sold on a stand-alone basis. BESP is generally used to allocate the selling price to deliverables in the Company's multiple element arrangements. The Company determines BESP for deliverables by considering multiple factors, including, but not limited to, prices it charges for similar offerings, market conditions, competitive landscape and pricing practices. In particular, the Company reviews multiple data points to determine BESP, including price lists used by the Company's sales team in pricing negotiations, historical average and median pricing achieved in prior contractual customer arrangements and input from the Company's sales operation department regarding what it believes the deliverables could be sold for on a stand-alone basis. BESP is determined at an advertising unit level that is consistent with the Company's underlying market strategy and stratified based on specific consideration of geography, industry and size, as deemed necessary.

The Company limits the amount of allocable arrangement consideration to amounts that are fixed or determinable and that are not contingent on future performance or future deliverables. The Company will regularly review BESP. Changes in assumptions or judgments or changes to the elements in the arrangement could cause a material increase or decrease in the amount of revenue that the Company reports in a particular period.

The Company recognizes the relative fair value of advertising services as they are delivered, assuming all other revenue recognition criteria are met. Deferred revenue is comprised of contractual billings in excess of recognized revenue and payments received in advance of revenue recognition.

Cost of Revenue Cost of revenue consists primarily of media cost for advertising impressions purchased from real-time advertising exchanges and other third parties. Cost of revenue also includes third-party data center costs and the salaries and related costs of the Company's operations group. This group sets up, initiates and monitors the Company's advertising campaigns. In addition, depreciation of the data center equipment, rental payments to third-party vendors for data centers and amortization of capitalized internal use software are included in cost of revenue.

Research and Development Research and development expenses include costs associated with the maintenance and ongoing development of the Company's technology, including compensation and employee benefits and allocated costs associated with the Company's engineering and research and development departments, as well as costs for contracted services and supplies. The Company reviews costs incurred in the application development stage and assesses such costs for capitalization.

Sales and Marketing Sales and marketing expenses consist primarily of compensation (including commissions) and employee benefits of sales and marketing personnel and related support teams, allocated costs, certain advertising costs, travel, trade shows and marketing materials. The Company

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incurred advertising costs of \$0.1 million for the years ended December 31, 2011 and 2012, respectively, and \$0.1 million and \$3.3 million for the nine months ended September 30, 2012 and 2013, respectively

General and Administrative General and administrative expenses include facilities costs, executive and administrative compensation and employee benefits, depreciation, professional services fees, insurance costs, bad debt and other allocated costs, such as facility-related expenses, supplies and other fixed costs.

Stock-Based Compensation The Company measures compensation expense for all stock-based payment awards, including stock options granted to employees, based on the estimated fair values on the date of the grant. The fair value of each stock option granted is estimated using the Black-Scholes option pricing model. Stock-based compensation is recognized on a straight-line basis over the requisite service period, net of estimated forfeitures. The forfeiture rate is based on an analysis of the Company's actual historical forfeitures.

The Company accounts for stock options issued to nonemployees based on the fair value of the awards determined using the Black-Scholes option pricing model. The fair value of stock options granted to nonemployees is re-measured as the stock options vest, and the resulting change in fair value, if any, is recognized in the Company's consolidated statement of operations during the period the related services are rendered, generally between one and four years.

Preferred Stock Warrant Liability Freestanding warrants related to shares that are redeemable or contingently redeemable are classified as a liability on the Company's consolidated balance sheets. The fully vested convertible preferred stock warrants are subject to re-measurement at each balance sheet date, and any change in fair value is recognized as a component of other expense, net. As completion of the Company's initial public offering constituted a liquidation event, the convertible preferred stock warrants were converted into common stock or warrants to purchase common stock, and the liability was reclassified to additional paid-in capital as of September 30, 2013.

Income Taxes The Company accounts for income taxes using an asset and liability approach. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Operating loss and tax credit carryforwards are measured by applying currently enacted tax laws. Valuation allowances are provided when necessary to reduce net deferred tax assets to an amount that is more likely than not to be realized. As of December 31, 2011 and 2012, and as of September 30, 2013, the Company provided a full valuation allowance against its net deferred tax assets.

The Company recognizes the tax effects of an uncertain tax position only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date, and then, only in an amount more likely than not to be sustained upon review by the tax authorities. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

Comprehensive Income (Loss) In June 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standards update that requires an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of equity. The Company retrospectively adopted these new standards in the first quarter of 2012 and has presented a separate consolidated statement of comprehensive loss for the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2012 and 2013.

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Deferred Offering Costs Deferred offering costs consisted primarily of direct incremental costs related to the Company's initial public offering of its common stock. Approximately \$0.1 million of deferred offering costs are included in other assets on the Company's consolidated balance sheets as of December 31, 2012. There were no deferred offering costs included in other assets on the Company's consolidated balance sheets as of December 31, 2011. Upon completion of the initial public offering contemplated herein, these amounts were offset against the proceeds of the offering.

Recently Issued Accounting Pronouncements In July 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (ASU 2013-11). The guidance requires an entity to present its unrecognized tax benefits net of its deferred tax assets when settlement in this manner is available under the tax law, which would be based on facts and circumstances as of the balance sheet reporting date and would not consider future events. Gross presentation in the notes to the financial statements will still be required. ASU 2013-11 will apply on a prospective basis to all unrecognized tax benefits that exist at the effective date. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-11 is not expected to have a material impact on the Company's consolidated condensed financial statements.

2. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received on sale of an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. The FASB has established a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under the guidance for fair value measurement are described below:

- Level 1** Inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Pricing inputs are based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The valuations are based on quoted prices of the underlying security that are readily and regularly available in an active market, and accordingly, a significant degree of judgment is not required. As of September 30, 2013, the Company used Level 1 assumptions for its money market funds.
- Level 2** Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. As of September 30, 2013, the Company did not have any Level 2 financial assets or liabilities.
- Level 3** Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. As of September 30, 2013, the Company used Level 3 assumptions for its convertible preferred stock warrant liability.

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The carrying amounts of cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these items. Based on the borrowing rates currently available to the Company for debt with similar terms, the carrying value of the line of credit and term-debt approximate fair value (using Level 2 inputs).

Level 3 includes convertible preferred stock warrant liability, the value of which is determined based on an option-pricing model that takes into account the contract terms as well as multiple inputs, such as the Company's stock price, risk-free interest rates and expected volatility. Additional quantitative information related to the convertible preferred stock warrants is included in Note 8.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis as of December 31, 2011 and 2012, and September 30, 2013, by level within the fair value hierarchy. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability. The Company's fair value hierarchy for its financial assets and financial liabilities that are carried at fair value are as follows (in thousands):

December 31, 2011	Fair Value	Level 1	Level 2	Level 3
Money market funds (included in cash and cash equivalents)	\$ 2,900	\$ 2,900	\$	\$
Convertible preferred stock warrant liability	\$ (433)	\$	\$	\$ (433)

December 31, 2012	Fair Value	Level 1	Level 2	Level 3
Money market funds (included in cash and cash equivalents)	\$ 2,900	\$ 2,900	\$	\$
Convertible preferred stock warrant liability	\$ (2,741)	\$	\$	\$ (2,741)

September 30, 2013	Fair Value	Level 1	Level 2	Level 3
		(unaudited)		
Money market funds (included in cash and cash equivalents)	\$ 2,900	\$ 2,900	\$	\$

Convertible Preferred Stock Warrant Liability Warrants to purchase the Company's convertible preferred stock are classified as liabilities in the consolidated balance sheets. The warrants are subject to remeasurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense) in the consolidated statements of operations.

A reconciliation of the convertible preferred stock warrants measured and recorded at fair value on a recurring basis, using significant unobservable inputs (Level 3) is as follows (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(unaudited)	
Balance at beginning of period	\$ 138	\$ 433	\$ 433	\$ 2,741
Changes in fair value of warrants	295	2,308	1,093	4,740
Conversion of warrants to common stock				(7,481)

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Balance at end of period	\$	433	\$	2,741	\$	1,526	\$
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Table of Contents**3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of December 31, 2011 and 2012, and September 30, 2013, consist of the following (in thousands):

	December 31,		September 30,
	2011	2012	2013
			(unaudited)
Cash and cash equivalents			
Cash	\$ 2,171	\$ 11,996	\$ 122,382
Money market funds	2,900	2,900	2,900
Total cash and cash equivalents	\$ 5,071	\$ 14,896	\$ 125,282

4. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software as of December 31, 2011 and 2012, and September 30, 2013, consisted of the following (in thousands):

	December 31,		September 30,
	2011	2012	2013
			(unaudited)
Capitalized internal use software costs	\$ 5,766	\$ 10,441	\$ 15,364
Computer hardware and software	1,960	4,281	12,970
Furniture and fixtures	219	816	1,624
Leasehold improvements	62	656	807
Construction in progress	71	1,126	1,115
Total	8,078	17,320	31,880
Accumulated depreciation and amortization	(3,137)	(6,381)	(10,939)
Net property, equipment and software	\$ 4,941	\$ 10,939	\$ 20,941

Total depreciation and amortization expense, excluding amortization of internal use software costs, was \$0.5 million and \$1.3 million for the years ended December 31, 2011 and 2012, and \$0.9 million and \$2.1 million for the nine months ended September 30, 2012 and September 30, 2013, respectively. Amortization expense of internal use software costs was \$1.5 million and \$2.3 million for the years ended December 31, 2011 and 2012, and \$1.6 million and \$2.5 million for the nine months ended September 30, 2012 and September 30, 2013, respectively. The Company held no capital leases as of December 31, 2011 and 2012, and September 30, 2013.

5. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities as of December 31, 2011 and 2012, and September 30, 2013, consisted of the following (in thousands):

December 31,

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	2011	2012	September 30, 2013 (unaudited)
Payroll and related expenses	\$ 896	\$ 3,357	\$ 7,765
Accrued vacation	521	991	1,791
Professional services	17	268	1,932
Accrued credit cards	172	122	751
Early exercise of unvested stock options	110	451	1,269
Other accrued expenses	71	997	2,199
Total	\$ 1,787	\$ 6,186	\$ 15,707

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Table of Contents**6. OTHER INCOME (EXPENSE), NET**

Other income (expense), net for the years ended December 31, 2011, and 2012, and for the nine months ended September 30, 2012, and 2013, consist of the following (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(unaudited)			
Gain (loss) on foreign translation	\$	\$ 43	\$ 31	\$ (352)
Other non-operating income (loss), net	33	92	126	139
Total	\$ 33	\$ 135	\$ 157	\$ (213)

7. DEBT

Line of Credit In April 2010, the Company entered into a loan and security agreement (the "Comerica Agreement"), with Comerica Bank ("Comerica"), to establish a revolving line of credit for working capital purposes. The maximum amount available for borrowing under the revolving line of credit, as amended in June 2012, is not to exceed the lesser of \$25.0 million or an amount equal to 85% of certain eligible accounts. Eligible accounts exclude accounts that have aged over 90 days, including accounts in which 25% of the total account is aged over 90 days, and certain other accounts such as governmental, intercompany, employee and certain foreign accounts. The revolving line of credit has a maturity date of July 26, 2014 and may be repaid and redrawn at any time prior to the maturity date, at which time all advances are due and payable. Interest is charged at LIBOR, plus a 2.75% applicable margin, which equaled 3.25%, 2.99% and 2.93% as of December 31, 2011, December 31, 2012 and September 30, 2013, respectively. As of December 31, 2011 and 2012, and September 30, 2013, the Company had \$3.9 million, \$1.9 million and \$11.9 million outstanding under the revolving line of credit, respectively.

Term-Debt In March 2012, the Company amended the original revolving line of credit to allow for growth capital advances of up to \$3.0 million. The Comerica Agreement was further amended in February 2013 to provide for growth capital advances of up to \$15.0 million. Growth capital advances are payable in equal installments over a twenty-four month period ending on February 13, 2016. Interest on outstanding balances is charged at LIBOR, plus a 4.75% applicable margin, which equaled 4.99% and 4.93% as of December 31, 2012 and September 30, 2013, respectively. As of December 31, 2012 and September 30, 2013, the principal amount of \$5.0 million and \$15.0 million, respectively, was outstanding under the loan.

Venture Debt In April 2010, the Company entered into a loan and security agreement (the "VLL Agreement") to provide for a growth capital loan of up to \$1.0 million, which the Company drew in full concurrently upon entering into the VLL Agreement. The funds borrowed were used for general corporate purposes of the Company. The loan was payable in monthly installments of interest only for the first six months, and thereafter interest and principal was payable in 30 equal monthly installments. Interest accrued at a fixed rate of 13%. All receivables, equipment, fixtures, deposit accounts, investment property, and all other goods and personal property of the Company, whether tangible or intangible, were collateral on the loan. The Agreement contains certain conditions of default. As of December 31, 2011 and 2012, the principal amount of \$0.5 million and \$0.1 million was outstanding under the agreement.

In March 2013, the Company repaid the VLL growth capital loan in full per the terms of the VLL Agreement, upon which VLL's security interest in the Company's collateral was released. As such, no amounts were outstanding under the VLL Agreement as of September 30 2013. The agreement has been terminated upon full repayment.

Table of Contents*Covenants*

As of December 31, 2012, the Company was in non-compliance with respect to various financial and non-financial covenants under the Comerica Agreement. However, the Company subsequently obtained a waiver for each of the covenant violations. As of December 31, 2012, the Company was in breach of the covenant under the VLL Agreement requiring submission of monthly consolidated financial statements within 30 days of month end. As of March 31, 2013, the VLL Agreement had been terminated upon repayment. Hence, a waiver was not required.

Under the terms of the Comerica Agreement, the Company is required to comply with the following financial covenants:

1. EBITDA: The Company must maintain quarterly and annual EBITDA, which is defined with respect to any fiscal period as an amount equal to the sum of (i) consolidated net income (loss) in accordance with GAAP, after eliminating all extraordinary nonrecurring items of income, plus (ii) depreciation and amortization, income tax expense, total interest expense paid or accrued and non-cash stock-based compensation expense, less (iii) all extraordinary and non-recurring revenue and gains (including income tax benefits).

2. Liquidity ratio: The ratio of (i) the sum of all cash on deposit with Comerica and 85% of eligible receivables accounts to (ii) all funded debt under the Comerica Agreement must be 1.15:1.00, measured on a monthly basis.

The terms of the Comerica Agreement also require the Company to comply with other non-financial covenants. As of September 30, 2013, the Company was in compliance with each of the financial and non-financial covenants, except for a covenant related to permitted indebtedness for a corporate credit card account balance, for which it obtained a waiver.

Based on the Company's projections, it believes it will maintain compliance with its loan covenants; however, if future operating results are less favorable than currently anticipated, the Company may need to seek further amendments to modify its loan covenants.

Future Payments

Future principal payments of long-term debt as of September 30, 2013 (unaudited) were as follows (in thousands):

2013 (remaining 3 months)	\$
2014	6,250
2015	7,500
2016	1,250
Total	15,000
Less current portion	(4,375)
Noncurrent portion of debt	\$ 10,625

As of September 30, 2013, the \$11.9 million balance outstanding under the revolving line of credit with Comerica had a maturity date of July 26, 2014, and as a result is shown as a liability in the accompanying consolidated balance sheet.

8. STOCKHOLDERS' EQUITY*Initial Public Offering*

In September 2013, the Company completed its IPO whereby 4,000,000 shares of common stock were sold by the Company and 600,000 shares of common stock were sold by selling stockholders. The

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public offering price of the shares sold in the IPO was \$29.00 per share. The Company did not receive any proceeds from the sales of shares by the selling stockholders. The total gross proceeds from the offering to the Company were \$116.0 million. After deducting underwriters' discounts and commissions and offering expenses, the aggregate net proceeds received by the Company totaled approximately \$107.9 million. Immediately prior to the closing of the IPO, all shares of the Company's outstanding convertible preferred stock automatically converted into 19,478,932 shares of common stock.

Convertible Preferred Stock Convertible preferred stock as of December 31, 2012 consisted of the following (in thousands, except shares and per share data):

	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Value(1)	Liquidation Preference
Series A	10,884,902	10,618,372	\$ 0.9286	\$ 9,788	\$ 9,860
Series B	4,811,855	4,811,855	2.0782	9,935	12,500
Series C	1,116,030	1,116,030	5.8690	6,501	8,187
Series C-1	2,975,228	2,932,675	11.7640	34,393	34,500
	19,788,015	19,478,932		\$ 60,617	\$ 65,047

(1)

Amounts are net of issuance costs.

The rights, preferences and privileges of the convertible preferred stock as of December 31, 2012 were as follows:

Voting The holders of preferred stock are entitled to vote on all matters and are entitled to the number of votes equal to the number of shares of common stock into which each share of preferred stock is then convertible, except as otherwise required by law or as set forth in the Company's amended and restated certificate of incorporation.

Dividends The holders of preferred stock are entitled to receive noncumulative dividends at a rate of 8% of the issue price (\$0.07429, \$0.16626, \$0.46952 and \$0.94112 per share per annum, respectively), whenever funds are legally available and when, as, and if, declared by the Company's board of directors (the "Board of Directors"). No dividend is to be paid on the common stock at a rate greater than the rate at which dividends are paid on the Preferred Stock (based on the number of shares of common stock into which the preferred stock is convertible on the date the dividend is declared). The dividend on the preferred stock is in preference to dividends paid on the common stock. To date, no such dividends have been declared.

Liquidation Preference In the event of any liquidation or winding-up of the Company, the holders of Series C-1 convertible preferred stock shall be entitled to receive, prior and in preference to any distribution to the other preferred or common holders, an amount of \$11.7640 per share for each share of Series C-1 convertible preferred stock, as adjusted for any recapitalization events, plus the amount of any declared but unpaid dividends. If the distribution is insufficient to permit the payment to such holders of the full Series C-1 convertible preferred stock preference amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series C-1 convertible preferred stock, in proportion to the number of shares of Series C-1 convertible preferred stock held by each of them.

After payment in full to the holders of the Series C-1 convertible preferred stock, the holders of Series C convertible preferred stock shall be entitled to receive, prior and in preference to any distribution to the other preferred or common holders, an amount of \$7.33625 per share for each share of Series C convertible preferred stock, as adjusted for any recapitalization events, plus the amount of any declared but unpaid dividends. If the distribution is insufficient to permit the payment to such holders of the full Series C convertible preferred stock preference amount, then the entire assets and

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funds of the Company legally available for distribution shall be distributed ratably among the holders of Series C convertible preferred stock, in proportion to the number of Series C convertible preferred stock held by each of them.

After payment in full to the holders of the Series C convertible preferred stock, the holders of Series B convertible preferred stock shall be entitled to receive, prior and in preference to any distribution to the other preferred or common holders, an amount of \$2.59775 per share for each share of Series B convertible preferred stock, as adjusted for any recapitalization events, plus the amount of any declared but unpaid dividends. If the distribution is insufficient to permit the payment to such holders of the full Series B convertible preferred stock preference amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of Series B convertible preferred stock, in proportion to the number of Series B convertible preferred stock held by each of them.

After payment in full to the holders of the Series B convertible preferred stock, the holders of Series A convertible preferred stock shall be entitled to receive, prior and in preference to any distribution to the common holders, an amount of \$0.9286 per share for each share of Series A convertible preferred stock, as adjusted for any recapitalization events, plus the amount of any declared but unpaid dividends. If the distribution is insufficient to permit the payment to such holders of the full Series A convertible preferred stock preference amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of Series A convertible preferred stock, in proportion to the number of Series A convertible preferred stock held by each of them.

After payment in full to the holders of Series C-1 convertible preferred stock, Series C convertible preferred stock, Series B convertible preferred stock and Series A convertible preferred stock, any remaining assets and funds of the Company legally available for distribution shall be distributed to the holders of common stock, ratably in proportion to the shares of common stock then held by each.

Conversion The preferred stock is convertible, at the option of the holder, at any time into shares of common stock. As of December 31, 2011 and 2012, the preferred stock was convertible into common stock on a one-for-one basis. The conversion price is subject to adjustment as provided below.

The preferred stock automatically converts into common stock at the then-applicable conversion price in the event of an underwritten public offering of shares of common stock at a public offering price per share (net of underwriter's discounts, concessions, commissions and expenses) that would yield a valuation of the Company of at least \$100.0 million and which would result in net proceeds to the company greater than \$20.0 million (as adjusted for stock splits, dividends, recapitalizations and similar events). The preferred stock may also be converted upon the consent of a super majority of the holders of outstanding preferred stock; provided that the Series C-1 preferred stock shall not be converted without the consent of a majority of the holders of outstanding shares of series C-1 preferred stock.

Protective Provisions The conversion price of the preferred stock is subject to adjustment to prevent dilution in the event that the Company issues additional shares (other than shares or options issued to employees or consultants, lenders, suppliers, financial institutions, or in connection with the acquisition of a company or technology (in each case as approved by the Board of Directors)) at a purchase price less than the then-applicable conversion price. The conversion price is subject to adjustment on a broad-based weighted-average basis in the event of issuances below the then-applicable conversion price.

Warrants In April 2010, the Company issued a fully vested warrant to purchase 161,553 shares of Series A preferred stock at an exercise price of \$0.9286 per share. The warrant was issued in connection with the Company entering into a loan and security agreement. The warrant expires

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10 years from the date of issuance. The fair value of the warrant at issuance was \$22,000 based on the Company's option-pricing model, which approximates a binomial lattice model, using the weighted-average assumptions of 0% dividend yield, 70.5% volatility, risk-free interest rate of 3.96% and contractual life of 10 years. The warrant was outstanding as of December 31, 2012.

On September 25, 2013, upon closing of the Company's IPO, the warrant converted from a warrant to purchase Series A preferred stock to shares of common stock, and the liability at its then fair value of \$4.5 million was reclassified to additional paid-in capital. Prior to this date, all changes in the fair value of the warrant were recorded in other income (expense) in the accompanying unaudited condensed consolidated statements of operations.

In April 2010, the Company issued a fully vested warrant to purchase 104,997 shares of Series A convertible preferred stock at an exercise price of \$0.9286 per share. The warrant was issued in connection with the Company obtaining a line of credit. The warrant expires 10 years from the date of issuance. The fair value of the warrant at issuance was \$10,000 based on the Company's option-pricing model, which approximates a binomial lattice model, using the weighted-average assumptions of 0% dividend yield, 70.5% volatility, risk-free interest rate of 3.33% and contractual life of seven years. The warrant was outstanding as of December 31, 2012.

On September 25, 2013, upon closing of the Company's IPO, the warrant converted from a warrant to purchase Series A preferred stock to a warrant to purchase common stock and the liability at its then fair value of \$2.9 million was reclassified to additional paid-in capital. Prior to this date, all changes in the fair value of the warrant were recorded in other income (expense) in the accompanying unaudited condensed consolidated statements of operations.

On September 25, 2013, following the closing of the IPO, the warrant to purchase common stock was exercised, resulting in the issuance of 104,997 shares of the Company's common stock.

A reconciliation of the convertible preferred stock warrants measured and recorded at fair value can be found in Note 2.

Reserved Shares of Common Stock The Company's shares of capital stock reserved for issuance as of December 31, 2012 were as follows:

	December 31, 2012
Series A convertible preferred stock	10,618,372
Series B convertible preferred stock	4,811,855
Series C convertible preferred stock	1,116,030
Series C-1 convertible preferred stock	2,932,675
Conversion of Series A convertible preferred stock warrants	266,530
Stock options outstanding	5,832,705
Stock options available for grant	14,738
 Total shares reserved	 25,592,905

2008 Equity Incentive Plan The 2008 Equity Incentive Plan (the "2008 Plan") provides for the grant of incentive stock options and nonqualified stock options. The compensation committee of the Board of Directors has the authority to approve the employees and nonemployees to whom options are granted and determine the terms of each option, including (i) the number of shares of common stock subject to the option; (ii) when the option becomes exercisable; (iii) the option exercise price, which, in the case of incentive stock options, must be at least 100% of the fair market value of the common stock as of the date of grant; and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed 10 years). Options granted under the 2008 Plan generally vest over four years and expire no later than 10 years from the date of grant. As of December 31, 2011 and 2012, 33,080, 14,738 shares of common stock, respectively, were available for future grant under the 2008 Plan. The Company has terminated the 2008 Plan for future use and provided that no further equity awards are to be granted under the 2008 Plan. All outstanding awards under the 2008 Plan will continue to be governed by their existing terms.

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Under the terms of the 2008 Plan, employees may be granted rights to exercise unvested options. Upon termination of service, an employee's unvested shares may be repurchased by the Company at the original purchase price. As of December 31, 2011 and 2012, and as of September 30, 2013, 170,543, 449,622 and 380,478 unvested shares, respectively, were subject to repurchase. During the years ended December 31, 2011 and 2012, and the nine months ended September 30, 2013, the Company repurchased 6,250, 8,959 and 8,958 shares of unvested stock, respectively.

2013 Equity Incentive Plan The Company's board of directors adopted and the Company's stockholders approved a 2013 Equity Incentive Plan (the "2013 Plan"), and the 2013 Plan became effective September 18, 2013. The 2013 Plan permits the grant of incentive stock options, within the meaning of Section 422 of the Code to the Company's employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to the Company's employees, directors and consultants and the Company's parent and subsidiary corporations' employees and consultants.

Under the 2013 Plan, a total of 5,000,000 shares of common stock have been reserved for issuance. In addition, the shares to be reserved for issuance under the 2013 Plan will also include shares subject to stock options or similar awards granted under the 2008 Plan that expire or terminate without having been exercised in full and shares issued pursuant to awards granted under the 2008 Plan that are forfeited to or repurchased by the Company (provided that the maximum number of shares that may be added to the 2013 Plan pursuant to this sentence is 7,900,000 shares).

The number of shares available for issuance under the 2013 Plan will also include an annual increase on the first day of each fiscal year beginning in 2014, equal to the least of (i) 4,000,000 shares; (ii) 5% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year; or (iii) such other amount as the Company's board of directors may determine.

The compensation committee of the board of directors has the authority to approve the employees and other service providers to whom equity awards are granted and to determine the terms of each award, subject to the terms of the 2013 Plan. The compensation committee may determine the number of shares subject to an award, except that the 2013 Plan provides certain limits on the number of awards that may be granted to non-employee members of the board of directors under the 2013 Plan in any fiscal year. Options and stock appreciation rights granted under the 2013 Plan must have a per share exercise price equal to at least 100% of the fair market value of a shares of the common stock as of the date of grant and may not expire later than 10 years from the date of grant.

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The following table summarizes option award activity:

	Number of Shares Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance at January 1, 2011	1,797,283	\$ 0.20	9.2	\$ 135
Options granted (weighted average fair value of \$0.75 per share)	1,799,350	0.92		
Options exercised	(339,354)	0.59		
Options forfeited	(449,917)	0.68		
Balance at December 31, 2011	2,807,362	\$ 0.55	8.9	\$ 4,212
Options granted (weighted average fair value of \$5.32 per share)	3,962,055	5.20		
Options exercised	(747,658)	1.02		
Options forfeited	(189,054)	1.64		
Balance at December 31, 2012	5,832,705	\$ 3.65	9.1	\$ 44,073
Options granted (weighted average fair value of \$9.99 per share)(*)	2,198,848	13.51		
Options exercised(*)	(388,115)	3.26		
Options forfeited(*)	(238,624)	3.93		
Balance at September 30, 2013(*)	7,404,814	\$ 6.59	8.7	\$ 349,123

*
unaudited

	Number of Shares Outstanding	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Options vested and expected to vest December 31, 2012	5,148,950	\$ 3.58	9.0	\$ 39,307
Options vested and exercisable December 31, 2012	1,510,615	\$ 1.97	8.2	\$ 13,951
Options vested and expected to vest September 30, 2013(*)	6,747,026	\$ 6.41	8.7	\$ 319,308
Options vested and exercisable September 30, 2013(*)	2,372,008	\$ 2.72	7.9	\$ 121,010

*
unaudited

Aggregate intrinsic value represents the difference between the Company's estimated fair value of its common stock and the exercise price of outstanding in-the-money options. The total intrinsic value of options exercised was approximately \$0.1 million and \$1.1 million for the years

ended December 31, 2011 and 2012, respectively, and \$10.9 million for the nine months ended September 30, 2013.

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A summary of options outstanding and vested as of December 31, 2012 is as follows:

Exercise Prices	Options Outstanding		Options Vested and Exercisable	
	Number Outstanding	Weighted-Average Life (in Years)	Number Vested and Exercisable	Weighted-Average Life (in Years)
\$0.13	50,000	6.0	50,000	6.0
\$0.16	613,816	7.0	449,361	7.0
\$0.27	603,634	7.9	327,622	7.9
\$1.07	1,312,855	8.8	305,045	8.6
\$2.97	308,250	9.5	250	9.5
\$3.55	214,000	9.6		
\$6.58	2,730,150	9.9	378,337	9.9
	5,832,705	9.1	1,510,615	8.2

Employee Stock-based Compensation The fair value of options on the date of grant is estimated based on the Black-Scholes option-pricing model using the single-option award approach with the weighted-average assumptions set forth below. Expected term represents the period that the Company's stock-based awards are expected to be outstanding and is determined based on the simplified method. Volatility is estimated using comparable public company volatility for similar option terms. The risk-free interest rate is determined using a U.S. Treasury rate for the period that coincides with the expected term.

As the Company has never paid cash dividends, and at present, has no intention to pay cash dividends in the future, expected dividends are zero. Expected forfeitures are based on the Company's historical experience. The Company uses the straight-line method for expense recognition.

The assumptions used to value stock-based awards granted to employees were as follows:

	Year Ended December 31,				Nine Months Ended September 30,			
	2011		2012		2012		2013	
							(unaudited)	
Expected term (years)	5.4	6.1	5.3	7.3	5.9	6.1	5.3	6.6
Volatility	56.1%	66.7%	61.2%	63.4%	62.3%	62.9%	58.2%	64.9%
Risk-free interest rate	1.1%	3.1%	0.7%	1.2%	0.85%	1.21%	1.04%	1.88%
Dividend yield								

The following table summarizes the allocation of stock-based compensation and restricted stock for employees and non-employees in the accompanying consolidated statements of operations (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(in thousands)	
			(unaudited)	
Cost of revenue	\$ 7	\$ 37	\$ 20	\$ 211
Research and development	8	734	111	1,266
Sales and marketing	66	1,100	196	2,471
General and administrative	83	1,450	200	2,305

Total(*)	\$ 164	\$ 3,321	\$ 527	\$ 6,253
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(*)

The table above includes the impact of the issuance of restricted stock at fair value.

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As of December 31, 2011 and 2012, and as of September 30, 2013, unamortized stock-based compensation expense related to unvested common stock options was \$0.7 million, \$12.5 million and \$23.3 million, respectively. The weighted-average period over which such stock-based compensation expense will be recognized is approximately 3.1 years.

Options to Nonemployees The Company did not grant any stock options to nonemployees for the years ended December 31, 2011 and 2012, or for the nine months ended September 30, 2012. For the nine months ended September 30, 2013, the Company granted options to purchase a total of 8,500 shares of common stock to nonemployees. The definition of an employee includes a nonemployee director of the Company. Stock options granted to non-employees are recorded at their fair value on the measurement date. The measurement of stock-based compensation is subject to periodic adjustment as the underlying equity instruments vest. The fair value of options granted to consultants is expensed when vested.

The Company recorded stock-based compensation expense for options issued to non-employees under the 2008 Plan of approximately \$0 and \$0.1 million for the years ended December 31, 2011 and 2012, respectively, and \$0 and \$0.1 million for the nine months ended September 30, 2012 and 2013, respectively. Options to nonemployees of 12,400 and 8,900 were outstanding as of December 31, 2012 and September 30, 2013, respectively.

Restricted Stock Pursuant to restricted stock purchase agreements, the Company issued a total of 68,815 and 13,571 shares for the year ended December 31, 2011 and 2012, respectively, and 11,571 and no shares for the nine months ended September 30, 2012 and 2013, respectively.

Restricted Stock Units (RSUs) During the nine months ended September 30, 2013, the Company granted 51,382 RSUs. For the nine months ended September 30, 2013, the Company recognized stock-based compensation expense associated with the RSUs of \$0.1 million. At September 30, 2013, unrecognized compensation expense related to the RSUs was \$0.9 million. The unrecognized compensation expense will be amortized on a straight-line basis through 2017.

Employee Stock Purchase Plan

In August 2013, the Company's board of directors adopted and the stockholders approved the Company's 2013 Employee Stock Purchase Plan (the "ESPP"), which became effective upon adoption by the Company's board of directors. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The offering periods generally start on the first trading day on or after June 1 and December 1 of each year and end on the first trading day on or before November 30 and May 31 approximately six months later. The administrator may, in its discretion, modify the terms of future offering periods. The first offering period started October 1, 2013 and will end on May 31, 2014. At the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last day of the offering period. There were no offerings of share purchase rights to employees under the ESPP for the nine months ended September 30, 2013.

9. NET INCOME (LOSS) PER SHARE

The Company calculates its basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for companies with participating securities. Under the two-class method, in periods when the Company has net income, net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period convertible preferred stock non-cumulative dividends, between common stock and convertible preferred stock. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive

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securities. The Company's basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, convertible preferred stock, options to purchase common stock and preferred stock warrants are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

Basic loss per share is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase, and excludes any dilutive effects of employee stock-based awards and warrants. Diluted net income per common share is computed giving effect to all potential dilutive common shares, including common stock issuable upon exercise of stock options, and unvested restricted common stock. As the Company had net losses for the years ended December 31, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013, all potential common shares were determined to be anti-dilutive.

The following table sets forth the computation of net loss per common share (in thousands, except per share amounts):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(unaudited)	
Net loss	\$ (4,325)	\$ (10,343)	\$ (4,472)	\$ (18,771)
Weighted-average shares used to compute basic and diluted net loss per share	7,600	8,024	7,971	9,346
Basic and diluted net loss per share	\$ (0.57)	\$ (1.29)	\$ (0.56)	\$ (2.01)

The following securities were excluded from the calculation of diluted net loss per share attributable to common stockholders because their effect would have been anti-dilutive for the periods presented (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
			(unaudited)	
Convertible preferred stock	16,546	19,479	19,479	
Employee stock options	2,797	5,830	3,261	7,405
Shares subject to repurchase			436	380
Restricted stock units (RSUs)				51
Convertible preferred stock warrants	267	267	267	
	19,610	25,576	23,443	7,836

10. INCOME TAXES

The Company accounts for income taxes in accordance with authoritative guidance, which requires the use of the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based upon the difference between the consolidated financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income in the years in which the differences are expected to be reversed.

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The following table presents domestic and foreign components of income (loss) before income taxes for the periods presented (in thousands):

	Years Ended December 31,	
	2011	2012
Domestic	\$ (4,401)	\$ (10,637)
International	104	378
Total	\$ (4,297)	\$ (10,259)

The components of income tax (expense) benefit were as follows (in thousands):

	Years Ended December 31,	
	2011	2012
Current:		
Federal	\$	\$
State	2	11
Foreign	26	73
Total provision	\$ 28	\$ 84

The following table presents a reconciliation of the statutory federal rate and the Company's effective tax rate for the periods presented:

	Years Ended December 31,	
	2011	2012
Tax benefit at federal statutory rate	34.00%	34.00%
State income taxes, net of federal effect	(0.04)	(0.07)
Foreign rate differential	0.04	0.54
Change in valuation allowance	(35.29)	(25.16)
Other non-deductible expenses	(4.16)	(9.90)
Other	4.72	(0.23)
Total provision	(0.73)%	(0.82)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax

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purposes. The following table presents the significant components of the Company's deferred tax assets and liabilities for the periods presented (in thousands):

	December 31,	
	2011	2012
Deferred tax assets:		
Tax credit carryforwards	\$ 609	\$ 843
Net operating loss carryforwards	6,142	8,377
Start-up costs	54	
Accrued liabilities and allowances	566	2,292
 Gross deferred tax asset	 7,371	 11,512
Valuation allowance	(5,647)	(8,831)
 Net deferred tax assets	 \$ 1,724	 2,681
 Deferred tax liability:		
Depreciation and amortization	(1,724)	(2,681)
 Gross deferred tax liability	 (1,724)	 (2,681)
 Net deferred tax assets (liabilities)	 \$	 \$

A valuation allowance is provided for deferred tax assets where the recoverability of the assets is uncertain. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient future taxable income will be generated to utilize the deferred tax assets. Based on the weight of the available evidence, which includes the Company's historical operating losses, lack of taxable income and the accumulated deficit, the Company provided a full valuation allowance against the deferred tax assets resulting from the tax loss and credits carried forward. As of December 31, 2012, the Company had net operating loss carryforwards of approximately \$22.4 million for federal income taxes and \$17.2 million for state income taxes. If not utilized, these carryforwards will begin to expire in 2029 for both federal purposes and state purposes.

As of December 31, 2012, the Company had research and development credit carryforwards of approximately \$0.5 million and \$0.9 million for federal and state income taxes, respectively. If not utilized, the federal carryforwards will begin to expire in various amounts beginning in 2029. The state tax credit can be carried forward indefinitely.

Internal Revenue Code Section 382 limits the use of net operating loss and tax credit carryforwards in certain situations where changes occur in the stock ownership of a company. In the event that the Company had a change of ownership, utilization of the net operating loss and tax credit carryforwards may be restricted.

The table below provides a reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) for the years ended December 31, 2011 and 2012 (in thousands):

	December 31,	
	2011	2012
Unrecognized benefit beginning of period	\$ 83	\$ 184
Gross increases prior year tax positions		10
Gross increases current year tax positions	101	78

Unrecognized benefit end of period	\$	184	\$	272
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The unrecognized tax benefits of \$0.2 million as of December 31, 2012 would have no impact on the Company's effective tax rate if recognized.

At December 31, 2012, the Company had no cumulative interest and penalties related to the uncertain tax position.

The Company is currently unaware of any uncertain tax positions that could result in significant additional payments, accruals, or other material deviation in this estimate over the next 12 months.

The Company's tax returns remain open to examination as follows: U.S. federal, 2009 through 2012; U.S. states, generally 2008 through 2012; and United Kingdom, 2011 through 2012.

11. COMMITMENTS AND CONTINGENCIES

Operating Leases The Company has operating lease agreements for office, research and development and sales and marketing space in the United States that expire at various dates, with the latest expiration date being April 20, 2018.

The Company recognizes rent expense on a straight-line basis over the lease term and records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. Rent expense was \$0.7 million and \$1.6 million for the years ended December 31, 2011 and 2012, respectively, and \$1.1 million and \$2.5 million for the nine months ended September 30, 2012 and 2013, respectively.

Approximate remaining future minimum lease payments under these non-cancelable operating leases as of December 31, 2012 were as follows (in thousands):

Year ending December 31,	Future Payments
2013	\$ 2,419
2014	2,392
2015	2,234
2016	2,286
2017	1,649
Thereafter	117
	\$ 11,097

Approximate remaining future minimum lease payments under these non-cancelable operating leases as of September 30, 2013 were as follows (in thousands)(unaudited):

Year ending December 31,	Future Payments
2013 (remaining 3 months)	\$ 862
2014	4,164
2015	8,869
2016	9,028
2017	8,555
Thereafter	29,661
	\$ 61,139

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The total approximate future minimum lease payments of \$61.1 million is primarily comprised of lease payments due under two operating lease agreements. The first lease is for the Company's new sales office in New York, New York, which expires in 2024 and has future operating lease obligations of \$25.0 million. The second lease is for the Company's new headquarters facility in Redwood City, California, which expires in 2019 and has future operating lease obligations of \$25.6 million.

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Letter of Credit As of December 31, 2011 and 2012, and as of September 30, 2013, the Company had irrevocable letters of credit outstanding in the amount of \$0.1 million, \$0.2 million and \$3.0 million for the benefit of a landlord related to noncancelable facilities leases. The letters of credit have an expiration date of February 2023.

Indemnification Agreements In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon the Company to provide indemnification under such agreements, and thus there are no claims that the Company is aware of that could have a material effect on the Company's consolidated balance sheet, consolidated statement of operations, consolidated statements of comprehensive loss, or consolidated statements of cash flows.

Legal Proceedings From time to time, the Company is subject to various legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. Although the outcome of the various legal proceedings and claims cannot be predicted with certainty, the Company has not had a history of outcomes to date that have been material to the statement of operations and does not currently believe that any of these proceedings or other claims will have a material adverse effect on the Company's business, consolidated financial condition, results of operations or cash flows.

12. RETIREMENT PLANS

The Company has established a 401(k) plan to provide tax deferred salary deductions for all eligible employees. Participants may make voluntary contributions to the 401(k) plan, limited by certain Internal Revenue Service restrictions. The Company is responsible for the administrative costs of the 401(k) plan. The Company does not match employee contributions.

13. SEGMENTS

The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. The Company has one business activity, and there are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level. Accordingly, the Company has determined that it has a single operating and reportable segment. The following table summarizes total revenue generated through sales personnel located in the respective locations (in thousands):

	Years Ended December 31,		Nine Months Ended September 30,	
	2011	2012	2012	2013
	(unaudited)			
North America	\$ 43,415	\$ 96,289	\$ 60,580	\$ 137,824
All Other Countries	1,237	10,300	5,914	17,215
Total revenue	\$ 44,652	\$ 106,589	\$ 66,494	\$ 155,039

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The following table summarizes total long-lived assets in the respective locations (in thousands):

	December 31, 2011 2012		September 30, 2013 (unaudited)
North America	\$ 4,736	\$ 9,959	\$ 19,888
All Other Countries	205	980	1,053
Total long-lived assets	\$ 4,941	\$ 10,939	\$ 20,941

As of December 31, 2011 and September 30, 2013 no single customer represented more than 10% of accounts receivable. As of December 31, 2012, one customer accounted for 10% of accounts receivable.

14. SUBSEQUENT EVENTS

In April 2013, the Company drew an additional \$5.0 million from its existing line of credit. As of May 23, 2013, a total of \$6.9 million of the maximum advance amount of \$25.0 million was outstanding under the line of credit.

In May 2013, the Company amended and restated the certificate of incorporation to increase the total authorized common shares from 35,850,100 to 39,435,110.

In May 2013, the Company increased the number of shares reserved for future grants under the 2008 Equity Incentive Plan by 1,743,000 shares of common stock.

Unaudited

In August 2013, the Company entered into an operating lease for a new sales office in New York, New York which expires in September 2024 and increased the Company's total future operating lease obligations by \$25.0 million. In conjunction with this noncancelable lease, the Company obtained an irrevocable letter of credit in the amount of \$1.2 million, to the benefit of the landlord.

In August 2013, the Company entered into an operating lease for a new headquarters facility in Redwood City, California which expires in December 2019 and increased the Company's total future operating lease obligations by \$25.6 million. In conjunction with this noncancelable lease, the Company obtained an irrevocable letter of credit in the amount of \$1.6 million, to the benefit of the landlord.

In August 2013, subject to stockholder approval, the Company's board of directors adopted a 2013 Equity Incentive Plan and a 2013 Employee Stock Purchase Plan.

15. CONSOLIDATED FINANCIAL STATEMENTS CORRECTION

Subsequent to the issuance of the Company's fiscal 2012 consolidated financial statements, the Company determined that the presentation of its borrowings and repayments associated with its line of credit for the year ended December 31, 2012 were incorrectly presented on a net basis, rather than on a gross basis in accordance with the FASB Accounting Standards Codification 230, "Statement of Cash Flows." Accordingly, the Company has corrected the consolidated statement of cash flows relating to borrowings from the line of credit and repayment of the line of credit for the year ended December 31, 2012.

Additionally, the Company determined that \$4,052 of previously disclosed future minimum lease payments due from 2016 through 2018 was presented as due in 2016. The disclosure of future minimum lease payments of \$2,286, \$1,649 and \$117 due in 2016, 2017 and thereafter, respectively, has been correctly presented in Note 11. Management has concluded that the correction of these errors is immaterial.

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