FireEye®

2017 ANNUAL REPORT

OUR MISSION

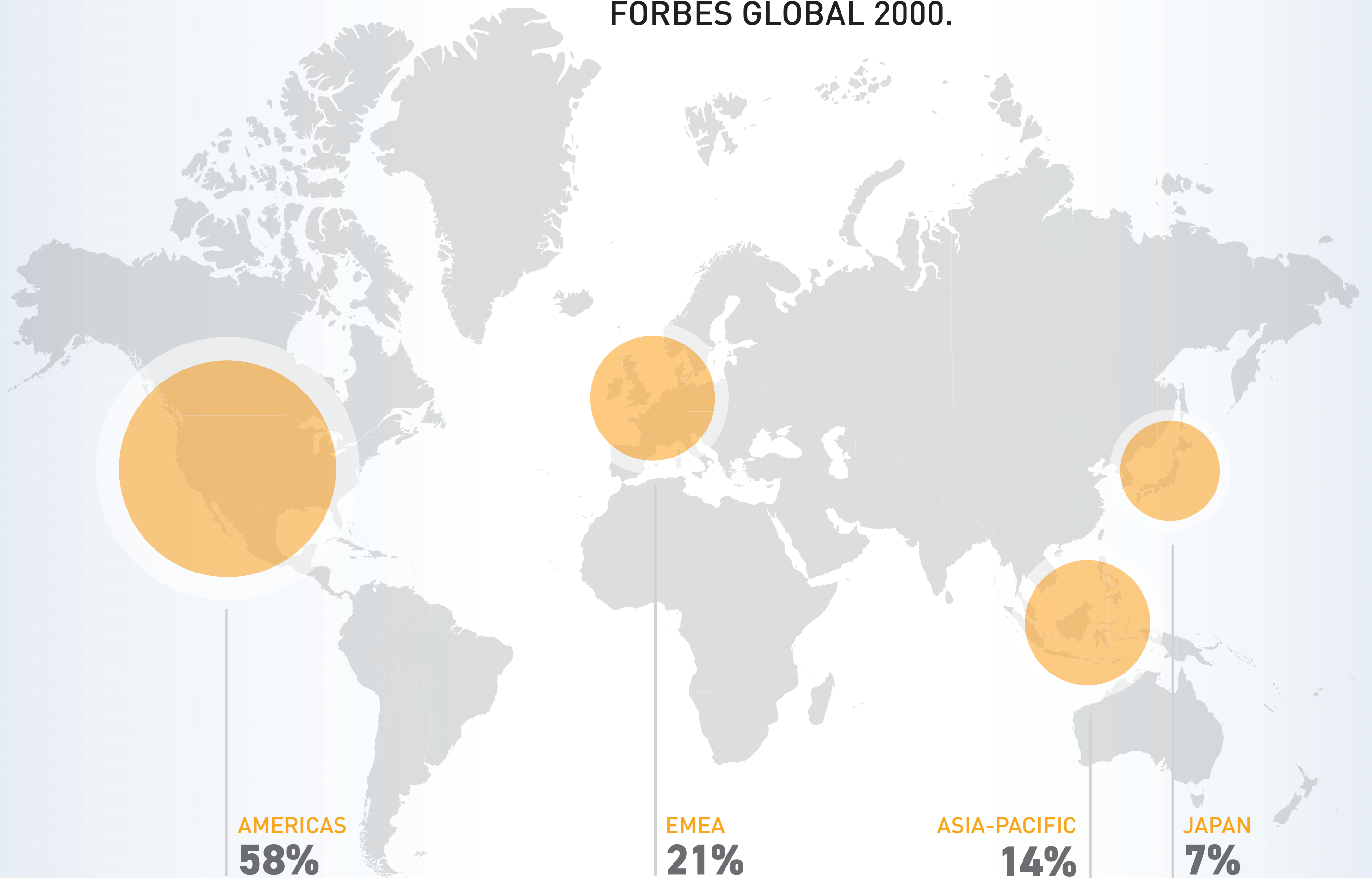
To relentlessly protect our customers with **innovative technology** and **expertise** learned on the front lines of cyber attacks.

FireEye ECOSYSTEM

FireEye AT A GLANCE

CUSTOMERS WORLDWIDE*

WE ARE TRUSTED BY MORE THAN **6,600** CUSTOMERS IN **67** COUNTRIES. THESE INCLUDE MORE THAN **45%** OF THE FORBES GLOBAL 2000.



WE KNOW MORE ABOUT CYBER THREATS AND ATTACKERS THAN ANY COMPANY IN OUR INDUSTRY.

>1M
HOURS RESPONDING TO CYBER BREACHES

>900
THREAT ACTOR GROUPS TRACKED

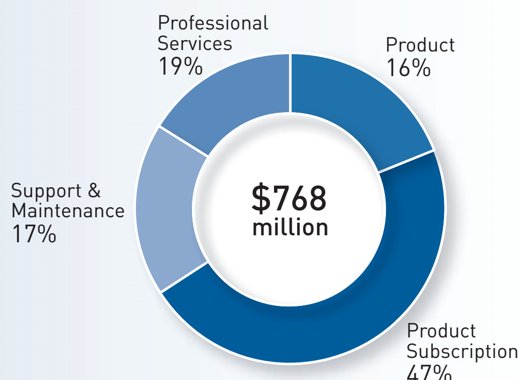
1000s
CYBER INCIDENT INVESTIGATIONS/YEAR

>50M
MALWARE ANALYSES EVERY HOUR

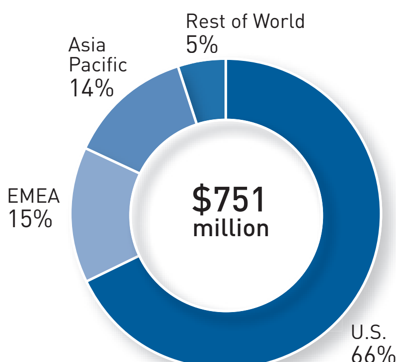
*As of December 2017

2017 HIGHLIGHTS

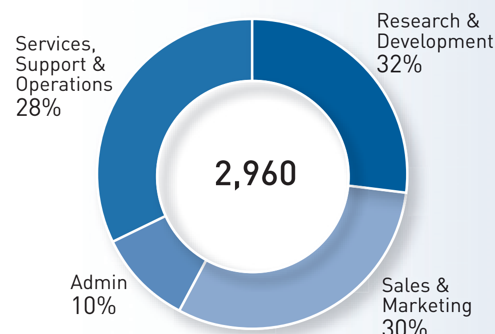
BILLINGS[1] BY CATEGORY



REVENUE BY REGION

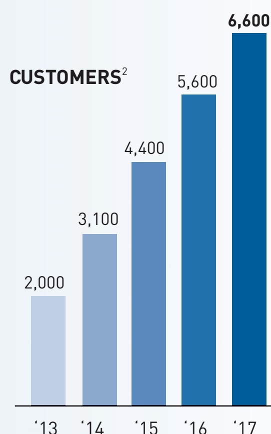


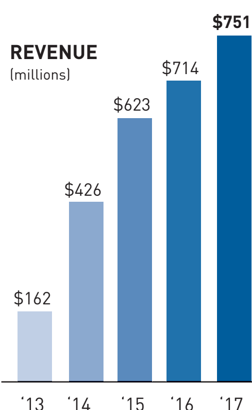
EMPLOYEES BY FUNCTION

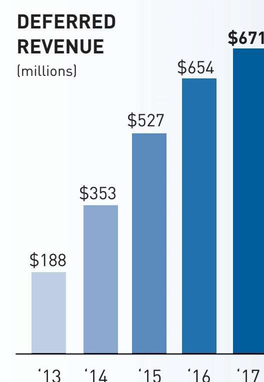


SELECTED FINANCIAL DATA

Dollars in thousands	2013	2014	2015	2016	2017
Revenue	$161,552	$425,662	$622,967	$714,114	**$751,086**
Deferred revenue	$187,514	$352,543	$526,998	$653,516	**$670,744**
Cash and cash equivalents and short term investments	$173,918	$402,208	$1,169,877	$935,725	**$896,802**
Cash flow from operations	($69,762)	($131,270)	$37,015	($14,585)	**$17,640**
Total assets	$1,376,313	$1,758,881	$2,441,473	$2,382,965	**$2,332,081**
Total stockholders' equity	$1,048,102	$1,250,828	$1,044,372	$841,112	**$744,816**







FORWARD-LOOKING STATEMENTS

The letter to stockholders contains forward-looking statements, including statements related to expectations and beliefs regarding expected growth, product releases and the security market. These forward-looking statements involve risks and uncertainties, as well as assumptions which, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that could cause such results to differ materially from those expressed or implied by such forward-looking statements include customer demand and adoption of FireEye's offerings; real or perceived defects, errors or vulnerabilities in FireEye's offerings; FireEye's ability to react to trends and challenges in its business and the markets in which it operates; FireEye's ability to anticipate market needs or develop new or enhanced offerings to meet those needs; FireEye's ability to hire and retain critical executives and key employees; and general economic conditions; as well as those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in FireEye's Annual Report on Form 10-K/A filed with the Securities and Exchange Commission on March 1, 2018, which is available on the Investor Relations section of the company's website at investors.FireEye.com and on the SEC website at www.sec.gov. All forward-looking statements in the letter are based on information available to FireEye as of the date hereof, and FireEye does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

[1]Billings are a non-GAAP metric mathematically equivalent to revenue plus the change in deferred revenue. A reconciliation of billings to revenue can be found on page 57 of the Annual Report in this publication.
[2]As of 12/31.

TO OUR STOCKHOLDERS

In 2017, we made substantial progress in our evolution as a company. We accelerated innovation across our portfolio of security products and services, improved our operational efficiency, and built a foundation for growth in 2018 and beyond.

Highlights of our 2017 financial performance included:

- Revenue of $751 million, an increase of 5 percent compared to 2016.
- A 42 percent decrease in operating losses, compared to 2016.
- A 12 percent increase in current deferred revenue.
- Positive operating cash flow of $18 million, compared to negative operating cash flow in 2016.

Our financial metrics improved as we progressed through 2017, and we exited the year with renewed growth in billings and revenue. We also achieved non-GAAP operating profitability for the first time in our history in the fourth quarter of the year.

Our Mission

FireEye is on the frontlines of cybersecurity, responding to cyber attacks every day. We see firsthand the impact these attacks have on real people and real businesses, and this inspires us to fulfill our mission to relentlessly protect our customers with innovative technology and

expertise. As a global leader in helping organizations prepare for, respond to, and prevent breaches, we know how the threat landscape is changing, and we see how determined attackers eventually evade every defense.

We use this real-time knowledge to guide our product innovation. Our product teams build solutions based on the world-class threat expertise provided by our frontline response teams, and our experts refine our technology in the field to help expand FireEye's leadership in the cybersecurity industry. Through this unique innovation cycle, our products and services adapt to meet the challenges of a dynamic threat landscape to protect our customers.

Accelerating Innovation

2017 was a transformative year for our cybersecurity solutions as we accelerated the pace of innovation across our product offerings. A few of the many innovations introduced during the year included:

- Cloud versions of our endpoint and network security solutions, giving customers the flexibility to deploy our solutions on-premise, in the cloud, or as a hybrid of both.

- Support for Linux and MacOS endpoints, in addition to Windows-based machines.

- Signature-based malware detection in our endpoint security to augment our advanced exploit and threat detection and forensic capabilities.

- Integration of anti-spam and antivirus capabilities in our email security solutions.

- Fifth generation appliance hardware with improved price-performance metrics.

- SmartVision™ detection of threats moving laterally within a network.

We also continued to expand our threat detection capabilities by adapting our behavioral models and machine-learning engines. This allowed us to detect new exploits and zero-day attacks, including attacks from new and emerging nation-state threat actors.

The FireEye® **INNOVATION CYCLE**

These innovations expand our addressable market by creating new use cases for our existing products or allowing our products to replace legacy security solutions, such as signature based antivirus software.

Transforming Security Operations

We know from our experience that security teams are overwhelmed with alerts. Research has shown that most organizations respond to less than 10 percent of alerts, leaving them vulnerable to attack. To help address this problem, in the first quarter of 2017 we introduced Helix™, our unified cyber defense platform designed to transform security operations.

Helix unites the threat alerts from our network, email and endpoint security solutions, as well as those from non-FireEye products, to provide "single pane of glass" visibility across an organization's attack surface. Behind the scenes, Helix applies advanced analytics and our accumulated knowledge of attackers' tools and techniques to prioritize the severity of alerts and accelerate the response. With integrations to more than 300 non-FireEye security products, Helix can also orchestrate defensive measures across the organization.

While we are still very early in both the development and adoption cycles for Helix, we have been encouraged by the initial response from our customers and partners. We ended 2017 with nearly 200 Helix customers in 14 countries and 11 industries. The diversity of our early Helix adopters tells us we are heading in the right direction.

The Opportunity Ahead[1]

We achieved significant milestones in 2017 through steady execution against our objectives, and we plan to stay the course in 2018. We plan to continue enhancing our Helix platform and innovating across our network, endpoint, and email security solutions based on our frontline knowledge and expertise. We also plan to make our world-class cybersecurity expertise available to more customers with an expertise-on-demand feature in Helix. Furthermore, we plan to continue pioneering the use of machine learning technologies, analytics and other innovation to augment and enable our cyber experts. To this end, in early 2018 we acquired X15 Software, an innovator in big data management, which will allow us to extend Helix to new cloud environments and increase our capacity to analyze data from multiple sources.

I believe our continued focus on growth, profitability and innovation will allow us to fulfill our mission to our customers, as well as provide increased value to our stockholders. We appreciate your continued support and look forward to reporting our results in the future.

Sincerely,

Kevin R. Mandia
Chief Executive Officer

[1] Cautionary statement regarding forward-looking statements in this letter can be found on the inside front cover of this publication.

FireEye®

2018 PROXY STATEMENT

FIREEYE, INC.
601 McCarthy Blvd.
Milpitas, California 95035

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held at 11:00 a.m. Pacific Time on Thursday, June 7, 2018

Dear FireEye Stockholder:

You are cordially invited to attend the 2018 annual meeting of stockholders (the “Annual Meeting”) of FireEye, Inc., a Delaware corporation (“FireEye”). The Annual Meeting will be held on **Thursday, June 7, 2018 at 11:00 a.m. Pacific Time**, at 601 McCarthy Blvd., Milpitas, California 95035, for the following purposes, as more fully described in the accompanying proxy statement:

1. To elect one Class II director to serve until the 2021 annual meeting of stockholders or until his successor is duly elected and qualified;

2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;

3. To conduct an advisory vote to approve the compensation of our named executive officers for our fiscal year ended December 31, 2017, as described in the proxy statement; and

4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

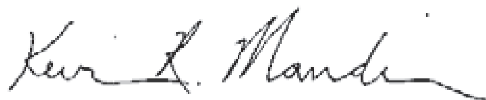
Our board of directors has fixed the close of business on April 9, 2018 as the record date for the Annual Meeting. Only stockholders of record on April 9, 2018 are entitled to notice of and to vote at the Annual Meeting. Further information regarding voting rights and the matters to be voted upon is presented in the accompanying proxy statement.

On or about April 23, 2018, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access our proxy statement and our annual report. The Notice provides instructions on how to vote via the Internet or by telephone and includes instructions on how to receive a paper copy of our proxy materials by mail. The accompanying proxy statement and our annual report can be accessed directly at the Internet address listed on the Notice.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote via the Internet, telephone or mail as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions.

Thank you for your continued support of FireEye.

By order of the Board of Directors,



Kevin R. Mandia
Chief Executive Officer

Milpitas, California
April 23, 2018

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PROXY SUMMARY

YOUR VOTE IS IMPORTANT

This proxy summary highlights information contained within this proxy statement. You should read the entire proxy statement carefully and consider all information before voting. Page references are supplied to help you find further, more detailed information within the proxy statement.

VOTE RECOMMENDATIONS AND RATIONALE

Voting Matter	Board Vote Recommendation
Proposal #1: Election of Class II Director (page 25) The Board of Directors believes that the director nominee's extensive global operations, financial and general management experience and expertise developed as a senior executive at large public companies operating in the technology industry, as well as his considerable directorial and governance experience developed through his service on several public company boards, qualify him to provide effective oversight of the business as well as quality advice to management.	FOR
Proposal #2: Ratification of Appointment of Independent Registered Public Accounting Firm (page 26) The Board of Directors and the Audit Committee believe that the continued retention of Deloitte & Touche LLP for the fiscal year ending December 31, 2018 is in the best interests of the Company and its stockholders. Although not required by our bylaws, stockholders are asked to ratify the appointment of Deloitte & Touche LLP as a matter of good corporate governance.	FOR
Proposal #3: Advisory Vote to Approve Named Executive Officer Compensation (page 28) Our 2017 executive compensation program demonstrates the continued evolution of our "pay for performance" philosophy, and reflects industry standards and the intense competition for executive talent in the San Francisco Bay Area. Changes compared to our 2016 executive compensation program reflect feedback received through our ongoing stockholder outreach and investor communications programs.	FOR

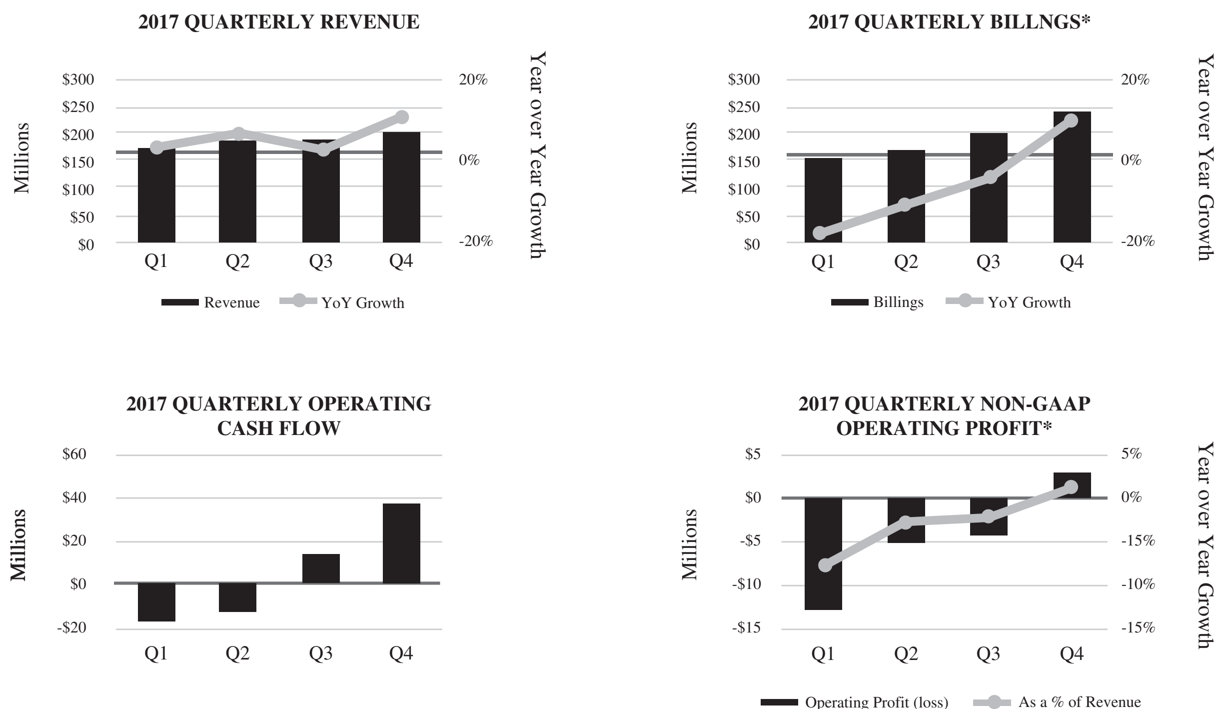
FISCAL 2017 BUSINESS HIGHLIGHTS

In 2017, we made substantial progress in our evolution as a company. By accelerating innovation across our portfolio of security products and services while improving operational efficiency and sales productivity, we built a foundation for growth in 2018 and beyond. Highlights of our 2017 performance included:

- Revenue of $751 million, an increase of 5% compared to 2016.
- A 42% decrease in operating losses, compared to 2016, as we streamlined our cost structure and aligned our research and development efforts with emerging market opportunities.
- A 12% increase in current deferred revenue compared to December 31, 2016. We ended 2017 with $671 million in deferred revenue, of which two-thirds will be recognized in 2018.

- Positive operating cash flow of $18 million, compared to negative operating cash flow in 2016.
- Continued high customer retention rates, particularly among enterprise-class organizations.
- Launch of our Helix network operations platform, a cloud-based management, analytics and security orchestration platform that leverages the threat detection of our products, our accumulated threat intelligence and our security expertise to improve security operations.

Following a management transition and restructuring in the second half of 2016, we demonstrated continuous progress against our financial objectives in 2017. In the fourth quarter of 2017, we returned to top-line growth for revenue and billings and achieved non-GAAP operating profitability for the first time in our history. We also generated positive operating cash flow for the fourth quarter and full fiscal year. The charts below illustrate our quarterly performance in 2017 against these key performance metrics.



* Billings and non-GAAP operating profit are non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is provided in Annex A included at the end of this proxy statement.

CORPORATE GOVERNANCE

We believe that strong corporate governance strengthens board and management accountability, leads to better business performance and aligns the long-term interests of our management team with our stakeholders, including our employees, our customers and our stockholders. We adopted corporate governance "best practices" before our initial public offering, and we have continued to enhance our governance practices consistent with the highest standards since then. The Board of Directors and Corporate Governance section begins on page 14 and describes our policies and practices in detail.

Highlights of our current corporate governance policies include:

• 100% independent committee members in Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee	• Recognition of the importance of diverse viewpoints when nominating and evaluating directors
• Separate Chairperson and CEO roles	• Stock ownership requirements for directors and named executive officers
• Independent Chairperson	• Adoption of formal Corporate Governance Guidelines and Code of Business Conduct and Ethics policies for directors, officers and employees
• Regularly scheduled executive sessions for independent directors without management present.	• Periodic review of committee charters and governance policies
• Board risk oversight by full board and committees, including strategic, financial, business and operational, legal and compliance and reputational risks.	• Active stockholder outreach/engagement activities
• Majority voting for election of directors	• Director and executive succession planning

STOCKHOLDER ENGAGEMENT

We believe that effective corporate governance includes regular, constructive conversations with our stockholders, and we value our stockholders' continued interest and feedback. We are committed to maintaining an active dialogue to understand the priorities and concerns of our stockholders on the topics of executive compensation and corporate governance policies and practices. In the last 12 months, as part of our stockholder engagement program, we have engaged in substantive discussions on executive compensation, corporate governance and corporate performance and strategy with our institutional investors, including the majority of our top 10 stockholders.

We are committed to maintaining an active dialogue on these matters with our existing and potential stockholders, and we intend to increase our outreach efforts in 2018.

EXECUTIVE COMPENSATION

To succeed in the rapidly evolving and competitive cybersecurity industry, we must attract and retain a highly talented executive team. We have designed our executive compensation program to foster a "pay for performance" environment that aligns the long term-interests of our executives with those of our stockholders.

In response to stockholder feedback, as well as concerns expressed by proxy advisory services, we have continued to revise and enhance our executive compensation program while remaining consistent with our stated compensation objectives and corporate values. For example, when establishing our 2017 executive compensation program, we added non-GAAP operating income/loss as a second performance measure for the long-term performance-based equity awards granted in 2017, reflecting our increased emphasis on balancing investments to drive growth with the achievement of operating leverage and positive cash flows.

In response to the 2017 say-on-pay vote, as well as feedback from our stockholders received through our ongoing stockholder engagement efforts and commentary from the proxy advisory services in their annual compensation analysis and voting recommendations, we made several changes to our 2018 executive compensation program compared to 2017:

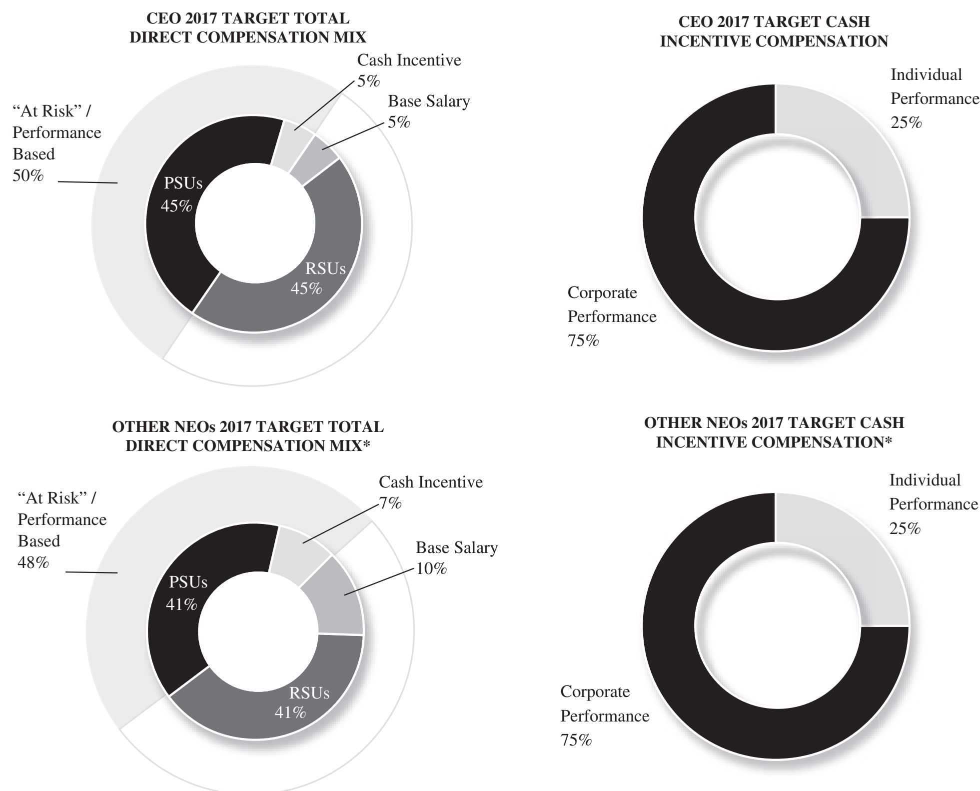
- For 2018 annual cash incentive opportunities, we have selected revenue instead of billings as one of the three corporate performance measures. This change reflected specific feedback we received from our stockholders requesting that we refrain from using billings as a performance measure for both our short-term and long-term incentive compensation programs.

- For most equity awards granted in 2018 (both time-based and performance-based), we increased the vesting period to four years, with 25% scheduled to vest per year subject to continued service through the applicable vesting date.
- For both 2018 annual cash incentive opportunities and performance-based equity awards granted in 2018, we established a 0% payout with respect to any corporate performance measure that does not improve, on an absolute dollar basis, compared to 2017.

We believe we have designed our executive compensation program to (1) allow us to attract and retain highly qualified executive talent, (2) motivate our executives to achieve our short-term and long-term objectives for growth and profitability and (3) reflect a "pay for performance" philosophy that aligns the long-term interests of our executives with those of our stockholders. Highlights of our executive compensation policies and practices include:

What we do:	What we don't do:
• Performance-based cash and equity incentives, with approximately 50% of compensation "at risk," based on achievement of corporate and individual performance measures	• No "single trigger" change of control benefits
• Clawback policy for recovery of incentive compensation in the event of fraud or intentional misconduct	• No tax gross-up for change in control benefits
• Established stock ownership guidelines for named executive officers and non-employee directors	• No perquisites or other personal benefits to executive officers unless they serve a sound business purpose
• Maintain 100% independence of Compensation Committee members	• No short sales, hedging or pledging of stock ownership positions or transactions involving derivatives of our common stock
• Regularly review executive target total direct compensation relative to peer companies of similar size and with similar operating characteristics	• No strict benchmarking of compensation to a specific percentile of our peer group
• Engage an independent compensation consultant to advise the Compensation Committee	• No guaranteed compensation, indefinite contracts, or excessive severance
• Establish performance metrics that reflect our objectives of balanced growth, profitability and cash flow generation	• No repricing or reissuance of stock options without stockholder approval
• Require multi-year vesting periods for most equity awards, consistent with current market practices and long-term value creation goals	• No pension, defined benefit retirement plans or non-qualified deferred compensation plans
• Align long-term interests of executives and stockholders and encourage value creation with a high percentage of target total direct compensation in the form of time-based equity awards	

The charts below show the components of the 2017 target total direct compensation for our CEO and illustrate the mix of "at-risk" and performance-based pay. 2017 target total direct compensation for our other Named Executive Officers, as a group, was similar to that of our CEO with respect to the ratio of "at risk" to total compensation and the weighting of individual and corporate performance objectives.



* Average for all of our Named Executive Officers (other than Mr. Berry, whose employment with us terminated on February 3, 2017, and our CEO) as a group.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are all statements (and their underlying assumptions) included in this proxy statement that refer, directly or indirectly, to future events or outcomes and, as such, are inherently not factual, but rather reflect only our current projections for the future. Consequently, forward-looking statements usually include words such as "estimate," "intend," "plan," "predict," "seek," "may," "will," "should," "would," "could," "anticipate," "expect," "believe," or similar words, in each case, intended to refer to future events or circumstances. Our future results may differ materially from our past results and from those projected in the forward-looking statements due to various uncertainties and risks, including, but not limited to, those included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K/A, as filed with the SEC on March 1, 2018. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are based upon information available to us at this time. These statements are not guarantees of future performance. We disclaim any obligation to update information in any forward-looking statement. Actual results could vary from our forward-looking statements due to the factors described in our Annual Report on Form 10-K/A, as well as other important factors.

FIREEYE, INC.

PROXY STATEMENT
FOR 2018 ANNUAL MEETING OF STOCKHOLDERS
To Be Held at 11:00 a.m. Pacific Time on Thursday, June 7, 2018

This proxy statement and the enclosed form of proxy are furnished in connection with the solicitation of proxies by our board of directors for use at our 2018 annual meeting of stockholders (the "Annual Meeting"), and any postponements, adjournments or continuations thereof. The Annual Meeting will be held on Thursday, June 7, 2018 at 11:00 a.m. Pacific Time, at 601 McCarthy Blvd., Milpitas, California 95035. The Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access this proxy statement and our annual report is first being mailed on or about April 23, 2018 to all stockholders entitled to receive notice of and to vote at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

The information provided in the "question and answer" format below addresses certain frequently asked questions but is not intended to be a summary of all matters contained in this proxy statement. Please read the entire proxy statement carefully before voting your shares.

What matters am I voting on?

You will be voting on:

- the election of one Class II director to hold office until the 2021 annual meeting of stockholders or until his successor is duly elected and qualified;
- a proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018;
- an advisory vote to approve named executive officer compensation; and
- any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof.

How does our board of directors recommend that I vote?

Our board of directors recommends that you vote:

- FOR the nominee for election as a Class II director;
- FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018; and
- FOR the approval, on an advisory basis, of named executive officer compensation.

Will there be any other items of business on the agenda?

If any other items of business or other matters are properly brought before the Annual Meeting, your proxy gives discretionary authority to the persons named on the proxy card with respect to those items of business or other matters. The persons named on the proxy card intend to vote the proxy in accordance with their best judgment. Our board of directors does not intend to bring any other matters to be voted on at the Annual Meeting, and we are not currently aware of any matters that may be properly presented by others for consideration at the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Holders of our common stock at the close of business on April 9, 2018, the record date for the Annual Meeting (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of our common stock held as of the Record Date. As of the Record Date, there were 191,916,425 shares of common stock outstanding and entitled to vote. Stockholders are not permitted to cumulate votes with respect to the election of directors.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholder of Record: Shares Registered in Your Name. If, at the close of business on the Record Date, your shares were registered directly in your name with American Stock Transfer & Trust Company, LLC, our transfer agent, then you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If, at the close of business on the Record Date, your shares were held, not in your name, but rather in a stock brokerage account or by a bank or other nominee on your behalf, then you are considered the beneficial owner of shares held in "street name." As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares by following the voting instructions your broker, bank or other nominee provides. If you do not provide your broker, bank or other nominee with instructions on how to vote your shares, your broker, bank or other nominee may, in its discretion, vote your shares with respect to routine matters but may not vote your shares with respect to any non-routine matters. Please see "*What if I do not specify how my shares are to be voted?*" for additional information.

Do I have to do anything in advance if I plan to attend the Annual Meeting in person?

Stockholder of Record: Shares Registered in Your Name. If you were a stockholder of record at the close of business on the Record Date, you do not need to do anything in advance to attend and/or vote your shares in person at the Annual Meeting, but you will need to present government-issued photo identification for entrance to the Annual Meeting.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you were a beneficial owner at the close of business on the Record Date, you may not vote your shares in person at the Annual Meeting unless you obtain a "legal proxy" from your broker, bank or other nominee who is the stockholder of record with respect to your shares. You may still attend the Annual Meeting even if you do not have a legal proxy. For entrance to the Annual Meeting, you will need to provide proof of beneficial ownership as of the Record Date, such as the notice or voting instructions you received from your broker, bank or other nominee or a brokerage statement reflecting your ownership of shares as of the Record Date, and present government-issued photo identification.

Please note that no cameras, recording equipment, large bags, briefcases or packages will be permitted in the Annual Meeting.

How do I vote and what are the voting deadlines?

Stockholder of Record: Shares Registered in Your Name. If you are a stockholder of record, you can vote in one of the following ways:

- **You may vote via the Internet or by telephone**. To vote via the Internet or by telephone, follow the instructions provided in the Notice of Internet Availability of Proxy Materials. If you vote via the Internet or by telephone, you do not need to return a proxy card by mail. Internet and telephone voting

are available 24 hours a day. Votes submitted through the Internet or by telephone must be received by 11:59 p.m. Eastern Time on June 6, 2018. Alternatively, you may request a printed proxy card by telephone at 888-776-9962, over the Internet at https://us.astfinancial.com/OnlineProxyVoting/ProxyVoting/RequestMaterials, or by email at info@astfinancial.com.

- **You may vote by mail**. If you have received printed proxy materials by mail and would like to vote by mail, you need to complete, date and sign the proxy card that accompanies this proxy statement and promptly mail it to the tabulation agent in the enclosed postage-paid envelope so that it is received no later than June 6, 2018. You do not need to put a stamp on the enclosed envelope if you mail it from within the United States. The persons named in the proxy card will vote the shares you own in accordance with your instructions on the proxy card you mail. If you return the proxy card, but do not give any instructions on a particular matter to be voted on at the Annual Meeting, the persons named in the proxy card will vote the shares you own in accordance with the recommendations of our board of directors. Our board of directors recommends that you vote **FOR** the nominee for election as Class II director, **FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018, and **FOR** the approval, on an advisory basis, of named executive officer compensation.
- **You may vote in person**. If you plan to attend the Annual Meeting, you may vote by delivering your completed proxy card in person or by completing and submitting a ballot, which will be provided at the Annual Meeting.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you are the beneficial owner of shares held of record by a broker, bank or other nominee, you will receive voting instructions from your broker, bank or other nominee. You must follow the voting instructions provided by your broker, bank or other nominee in order to instruct your broker, bank or other nominee how to vote your shares. The availability of Internet and telephone voting options will depend on the voting process of your broker, bank or other nominee. **As discussed above, if you are a beneficial owner, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from your broker, bank or other nominee.**

Can I change my vote or revoke my proxy?

Stockholder of Record: Shares Registered in Your Name. If you are a stockholder of record, you may revoke your proxy or change your proxy instructions at any time before your proxy is voted at the Annual Meeting by:

- entering a new vote by Internet or telephone;
- signing and returning a new proxy card with a later date;
- delivering a written revocation to our Secretary at FireEye, Inc., 601 McCarthy Blvd., Milpitas, California 95035, by 11:59 p.m. Eastern Time on June 6, 2018; or
- attending the Annual Meeting and voting in person.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you are the beneficial owner of your shares, you must contact the broker, bank or other nominee holding your shares and follow their instructions to change your vote or revoke your proxy.

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our board of directors. The persons named in the proxy have been designated as proxy holders by our board of directors. When a proxy is properly dated, executed and returned, the shares represented by the proxy will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our board of directors. If any matters not described in this proxy statement are properly

presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is postponed or adjourned, the proxy holders can vote your shares on the new meeting date, unless you have properly revoked your proxy, as described above.

What if I do not specify how my shares are to be voted?

Stockholder of Record: Shares Registered in Your Name. If you are a stockholder of record and you submit a proxy but you do not provide voting instructions, your shares will be voted:

- FOR the nominee for election as a Class II director (Proposal No. 1);
- FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2018 (Proposal No. 2);
- FOR the approval, on an advisory basis, of named executive officer compensation (Proposal No. 3); and
- In the discretion of the named proxy holders regarding any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners: Shares Registered in the Name of a Broker, Bank or Other Nominee. If you are a beneficial owner and you do not provide your broker, bank or other nominee that holds your shares with voting instructions, then your broker, bank or other nominee will determine if it has discretion to vote on each matter. Brokers do not have discretion to vote on non-routine matters. Proposal No. 1 (election of directors) and Proposal No. 3 (advisory vote to approve named executive officer compensation) are non-routine matters, while Proposal No. 2 (ratification of appointment of independent registered public accounting firm) is a routine matter. As a result, if you do not provide voting instructions to your broker, bank or other nominee, then your broker, bank or other nominee may not vote your shares with respect to Proposal No. 1 and Proposal No. 3, which would result in a "broker non-vote," but your broker, bank or other nominee may, in its discretion, vote your shares with respect to Proposal No. 2. For additional information regarding broker non-votes, see "*What are the effects of abstentions and broker non-votes?*" below.

What is a quorum?

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our bylaws and Delaware law. A majority of the shares of common stock outstanding and entitled to vote, in person or by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. As noted above, as of the Record Date, there were a total of 191,916,425 shares of common stock outstanding, which means that 95,958,213 shares of common stock must be represented in person or by proxy at the Annual Meeting to have a quorum. If there is no quorum, a majority of the shares present at the Annual Meeting may adjourn the meeting to a later date.

What are the effects of abstentions and broker non-votes?

An abstention represents a stockholder's affirmative choice to decline to vote on a proposal. If a stockholder indicates on its proxy card that it wishes to abstain from voting its shares, or if a broker, bank or other nominee holding its customers' shares of record causes abstentions to be recorded for shares, these shares will be considered present and entitled to vote at the Annual Meeting. As a result, abstentions will be counted for purposes of determining the presence or absence of a quorum and will also count as votes against a proposal in cases where approval of the proposal requires the affirmative vote of a majority of the shares present and entitled to vote at the Annual Meeting (*e.g.*, Proposal No. 2 and Proposal No. 3). However, because the outcome of Proposal No. 1 (election of directors) will be determined by the affirmative vote of shares representing a majority of the votes cast for the Class II director nominee, abstentions will have no impact on the outcome of such proposal as long as a quorum exists given abstentions are not considered as votes cast.

A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank or other nominee does not have discretionary voting power with respect to such proposal and has not received voting instructions from the beneficial owner of the shares. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting but will not be counted for purposes of determining the number of votes cast. Therefore, a broker non-vote will make a quorum more readily attainable but will not otherwise affect the outcome of the vote on any proposal.

How many votes are needed for approval of each proposal?

- *Proposal No. 1:* To be elected, the Class II director nominee must receive the affirmative vote of shares representing a majority of the votes cast, meaning the number of votes "FOR" the nominee must exceed the number of votes "AGAINST" the nominee. You may vote FOR, AGAINST or ABSTAIN with respect to the nominee. If you ABSTAIN from voting on the election of the nominee, the abstention will have no effect on the election of the nominee.
- *Proposal No. 2:* The ratification of the appointment of Deloitte & Touche LLP requires an affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. You may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on Proposal No. 2, the abstention will have the same effect as a vote AGAINST the proposal.
- *Proposal No. 3:* The approval, on an advisory basis, of named executive officer compensation requires an affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. You may vote FOR, AGAINST or ABSTAIN. If you ABSTAIN from voting on Proposal No. 3, the abstention will have the same effect as a vote AGAINST the proposal.

What happens if a director nominee who is duly nominated does not receive a majority vote?

Our board of directors only nominates for election candidates who have tendered, in advance of such nomination, an irrevocable, conditional resignation that will be effective only upon both (i) the failure to receive the required vote at the next stockholders' meeting at which they face reelection and (ii) our board of directors' acceptance of such resignation. In an uncontested election, our board of directors, after taking into consideration the recommendation of our nominating and corporate governance committee, will determine whether or not to accept the pre-tendered resignation of any nominee for director who receives a greater number of votes "AGAINST" such nominee's election than votes "FOR" such nominee's election. In the event of a contested election, the director nominee who receives the largest number of votes cast "FOR" his or her election will be elected as director.

How are proxies solicited for the Annual Meeting and who is paying for such solicitation?

Our board of directors is soliciting proxies for use at the Annual Meeting by means of the proxy materials. We will bear the entire cost of proxy solicitation, including the preparation, assembly, printing, mailing and distribution of the proxy materials. Copies of solicitation materials will also be made available upon request to brokers, banks and other nominees to forward to the beneficial owners of the shares held of record by such brokers, banks or other nominees. The original solicitation of proxies may be supplemented by solicitation by telephone, electronic communication, or other means by our directors, officers and employees. No additional compensation will be paid to these individuals for any such services, although we may reimburse such individuals for their reasonable out-of-pocket expenses in connection with such solicitation. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We hired D.F. King & Co., Inc. ("D.F. King") to help us solicit proxies. We expect to pay D.F. King a solicitation fee of $7,500 plus reimbursement of reasonable out-of-pocket expenses.

If you choose to access the proxy materials and/or vote over the Internet, you are responsible for Internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur.

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), we have elected to furnish our proxy materials, including this proxy statement and our annual report, primarily via the Internet. Stockholders may request to receive proxy materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of our proxy materials on the Internet to help reduce the environmental impact of our annual meetings of stockholders.

What does it mean if I received more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each Notice to ensure that all of your shares are voted.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within FireEye or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy solicitation.

Will members of the board of directors attend the Annual Meeting?

We encourage, but do not require, our board members to attend the Annual Meeting. Those who do attend will be available to answer appropriate questions from stockholders.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted an SEC-approved procedure called "householding," under which we can deliver a single copy of the proxy materials and annual report to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces our printing and mailing costs. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will promptly deliver a separate copy of the proxy materials and annual report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy, or, if you are receiving multiple copies, to request that we only send a single copy of next year's proxy materials and annual report, you may contact us as follows:

FireEye, Inc.
Attention: Secretary
601 McCarthy Blvd.
Milpitas, CA 95035
(408) 321-6300

Stockholders who hold shares in street name may contact their brokerage firm, bank, broker-dealer or other nominee to request information about householding.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us at that time, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amendment to the Form 8-K to publish the final results.

What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

Stockholder Proposals

Stockholders may present proper proposals for inclusion in our proxy statement and for consideration at the next annual meeting of stockholders by submitting their proposals in writing to our Secretary in a timely manner. For a stockholder proposal to be considered for inclusion in our proxy statement for our 2019 annual meeting of stockholders, our Secretary must receive the written proposal at our principal executive offices not later than December 24, 2018. In addition, stockholder proposals must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals should be addressed to:

FireEye, Inc.
Attention: Secretary
601 McCarthy Blvd.
Milpitas, CA 95035

Our bylaws also establish an advance notice procedure for stockholders who wish to present a proposal before an annual meeting of stockholders but do not intend for the proposal to be included in our proxy statement. Our bylaws provide that the only business that may be conducted at an annual meeting is business that is (i) specified in our proxy materials with respect to such meeting, (ii) otherwise properly brought before the annual meeting by or at the direction of our board of directors, or (iii) properly brought before the annual meeting by a stockholder of record entitled to vote at the annual meeting who has delivered timely written notice to our Secretary, which notice must contain the information specified in our bylaws. To be timely for our 2019 annual meeting of stockholders, our Secretary must receive the written notice at our principal executive offices:

- not earlier than February 7, 2019; and
- not later than March 9, 2019.

In the event that we hold our 2019 annual meeting of stockholders more than 30 days before or more than 60 days after the first anniversary of the date of the Annual Meeting, then notice of a stockholder proposal that is not intended to be included in our proxy statement must be received no earlier than the close of business on the 120th day before such annual meeting and no later than the close of business on the later of the following two dates:

- the 90th day prior to such annual meeting; or
- the 10th day following the day on which public announcement of the date of such annual meeting is first made.

If a stockholder who has notified us of his, her or its intention to present a proposal at an annual meeting does not appear to present his, her or its proposal at such annual meeting, we are not required to present the proposal for a vote at such annual meeting.

Nomination of Director Candidates

You may propose director candidates for consideration by our nominating and corporate governance committee. Any such recommendations should include the nominee's name and qualifications for membership

on our board of directors and should be directed to our Secretary at the address set forth above. For additional information regarding stockholder recommendations for director candidates, see "Board of Directors and Corporate Governance—Stockholder Recommendations for Nominations to the Board of Directors."

In addition, our bylaws permit stockholders to nominate directors for election at an annual meeting of stockholders. To nominate a director, the stockholder must provide the information required by our bylaws. In addition, the stockholder must give timely notice to our Secretary in accordance with our bylaws, which, in general, require that the notice be received by our Secretary within the time period described above under "Stockholder Proposals" for stockholder proposals that are not intended to be included in a proxy statement.

Availability of Bylaws

A copy of our bylaws may be obtained by accessing our public filings on the SEC's website at www.sec.gov. You may also contact our Secretary at our principal executive office for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our business affairs are managed under the direction of our board of directors, which is currently composed of six members. Five of our directors are independent within the meaning of the independent director requirements of The NASDAQ Stock Market. Our board of directors is divided into three classes with staggered three-year terms. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the same class whose term is then expiring. In addition, pursuant to our bylaws, at any time before, on or after the day of the Annual Meeting, our board of directors may increase the authorized number of directors and fill the vacancy or vacancies created thereby with one or more new directors.

There is one Class II director whose current term of office expires at the Annual Meeting: Robert E. Switz. Our board of directors has nominated Mr. Switz for re-election at the Annual Meeting to serve as a Class II director until the 2021 annual meeting of stockholders or until his successor is duly elected and qualified.

The following table sets forth the names, ages as of April 9, 2018, and certain other information for the director whose term expires at the Annual Meeting and for each of the directors whose terms do not expire at the Annual Meeting:

Name	Class	Age	Position(s)	Director Since	Current Term Expires	Expiration of Term For Which Nominated
1. Director Whose Term Expires at the Annual Meeting						
Robert E. Switz(1)	II	71	Director	2017	2018	2021
2. Directors Whose Terms Do Not Expire at the Annual Meeting						
Kimberly Alexy(1)(2)	I	47	Director	2015	2020	—
Stephen Pusey(3)	I	56	Director	2015	2020	—
Ronald E. F. Codd(1)(2)(3)	III	62	Director	2012	2019	—
Kevin R. Mandia(4)	III	47	Chief Executive Officer and Director	2016	2019	—
Enrique Salem(3)(4)	III	52	Chairman of the Board	2013	2019	—

(1) Member of our audit committee
(2) Member of our nominating and corporate governance committee
(3) Member of our compensation committee
(4) Member of our government classified information and security committee

Nominee for Director

Robert E. Switz has served as a member of our board of directors since September 2017. Mr. Switz served as the President and Chief Executive Officer of ADC Telecommunications, Inc. (“ADC”), a supplier of network infrastructure products and services, from August 2003 until December 2010, when Tyco Electronics Ltd. (now TE Connectivity Ltd.) acquired ADC. Mr. Switz served as Chairman of the Board of Directors of ADC from June 2008 to December 2010 and served on the board of directors of ADC from August 2003 until December 2010. From 1994 until August 2003, he served in various positions at ADC, including as Chief Financial Officer. Prior to ADC, he served in various positions at Burr-Brown Corporation, a multi-national manufacturer of precision micro-electronics and systems products, including as Chief Financial Officer, Vice President of European Operations, Ventures and Finance, and Director of the Ventures and Systems Business. Mr. Switz has served on the board of directors of Micron Technology, Inc. since February 2006, and the board of directors of Marvell Technology Group Ltd. since May 2016. He previously served on the board of directors of Broadcom Corporation from May 2003 to February 2016, the board of directors of Cyan, Inc. from March 2011 to August

2015, the board of directors of GT Advanced Technologies Inc. from May 2011 to March 2016, the board of directors of Leap Wireless International, Inc. from July 2011 to March 2014, the board of directors of Pulse Electronics Corporation from June 2014 to April 2015, and the board of directors of Gigamon, Inc. from June 2015 to December 2017. Mr. Switz holds a B.S. in Business Administration from Quinnipiac University and an M.B.A. from the University of Bridgeport. Our board of directors believes that Mr. Switz possesses specific attributes that qualify him to serve as a director, including his extensive global operations, financial and general management experience and expertise developed as a senior executive at large public companies operating in the technology industry as well as his considerable directorial and governance experience developed through his service on several public company boards.

Other Directors

Kimberly Alexy has served as a member of our board of directors since January 2015. Ms. Alexy has served as the Principal of Alexy Capital Management, a private investment management firm that she founded, since June 2005. Ms. Alexy has served on the board of directors of CalAmp Corp. since May 2008, the board of directors of Five9, Inc. since October 2013, the board of directors of Microsemi Corporation since September 2016 and the board of directors of Alteryx, Inc. since February 2017. She previously served on the board of directors of SMART Modular Technologies (WWH), Inc. from September 2009 to August 2011, the board of directors of SouthWest Water Company from August 2009 to September 2010, the board of directors of Dot Hill Systems Corp. from December 2005 to May 2010, and the board of directors of Maxtor Corporation from June 2005 to May 2006. From 2012 to 2014, Ms. Alexy served as an Adjunct Lecturer at San Diego State University in the Graduate School of Business. From 1998 to 2003, she served as Senior Vice President and Managing Director of Equity Research for Prudential Securities, where she served as principal technology hardware analyst for the firm. Prior to joining Prudential, Ms. Alexy served as Vice President of Equity Research at Lehman Brothers, where she covered the computer hardware sector, and Assistant Vice President of Corporate Finance at Wachovia Bank. Ms. Alexy is a Chartered Financial Analyst (CFA), and holds a B.A. from Emory University and an M.B.A. with a concentration in Finance and Accounting from the College of William and Mary. Our board of directors believes that Ms. Alexy possesses specific attributes that qualify her to serve as a director, including her accounting expertise, extensive experience on public company boards and her experience in the financial services industry as an investment professional.

Ronald E. F. Codd has served as a member of our board of directors since July 2012. Mr. Codd has been an independent business consultant since April 2002. From January 1999 to April 2002, Mr. Codd served as President, Chief Executive Officer and a director of Momentum Business Applications, Inc., an enterprise software company. From September 1991 to December 1998, Mr. Codd served as Senior Vice President of Finance and Administration and Chief Financial Officer of PeopleSoft, Inc., a provider of human resource management systems. Mr. Codd has served on the board of directors of ServiceNow, Inc. and Veeva Systems Inc. since February 2012. Mr. Codd previously served on the board of directors of Rocket Fuel Inc. from February 2012 to September 2017 and the boards of directors of numerous other technology companies, including most recently DemandTec, Inc., Interwoven, Inc. and Data Domain, Inc. Mr. Codd holds a B.S. in Accounting from the University of California, Berkeley and an M.M. in Finance and M.I.S. from the Kellogg Graduate School of Management at Northwestern University. Our board of directors believes that Mr. Codd possesses specific attributes that qualify him to serve as a director, including his extensive management and software industry experience, and his experience in finance.

Kevin R. Mandia has served as our Chief Executive Officer since June 2016 and as a member of our board of directors since February 2016. He previously served as our President from February 2015 to June 2016 and as our Senior Vice President and Chief Operating Officer from the date of FireEye's acquisition of Mandiant Corporation ("Mandiant"), in December 2013 through February 2015. Prior to joining FireEye, Mr. Mandia was the Chief Executive Officer of Mandiant and had served in that capacity since he founded Mandiant in 2004. Prior to forming Mandiant, Mr. Mandia served as the Director of Computer Forensics at Foundstone (later acquired by McAfee Corporation) from 2000 to 2003 and as the Director of Information Security for Sytex (later

acquired by Lockheed Martin) from 1998 to 2000. From 1993 to 2000, Mr. Mandia was an officer in the United States Air Force, where he served in various capacities, including as a computer security officer in the 7th Communications Group at the Pentagon, and later as a special agent in the Air Force Office of Special Investigations (AFOSI). Mr. Mandia holds a B.S. in Computer Science from Lafayette College and an M.S. in Forensic Science from The George Washington University. In 2011, Mr. Mandia was named Ernst & Young Entrepreneur of the Year for the Greater Washington area. He completed the Harvard Business School's Owner/President Management Program in February 2013. Mr. Mandia has taught graduate level courses at Carnegie Melon University and The George Washington University and has co-authored two books on responding to security breaches: Incident Response: Performing Computer Forensics (McGraw-Hill, 2003) and Incident Response: Investigating Computer Crime (McGraw-Hill, 2001). Our board of directors believes that Mr. Mandia possesses specific attributes that qualify him to serve as a director, including the perspective and experience he brings as our Chief Executive Officer and his extensive senior management expertise in the network security industry.

Stephen Pusey has served as a member of our board of directors since June 2015. Mr. Pusey served as the Group Chief Technology Officer of Vodafone Group Plc from September 2006 to August 2015, and as a member of its board of directors from June 2009 to August 2015. From 1982 to August 2006, Mr. Pusey held various positions at Nortel Networks, most recently as Executive Vice President and President, Nortel EMEA. Mr. Pusey has served on the board of directors of Centrica plc since April 2015, and previously served on the board of directors of ARM Holdings plc from September 2015 to September 2017 and as a Vodafone representative board member of Verizon Wireless from January 2009 to September 2013. Mr. Pusey holds a TEC degree in Communications and Microelectronics from Uxbridge Technical College and a Higher TEC degree in Communications and Microelectronics from Acton Technical College and attended the Advanced Management Program at Harvard University. Our board of directors believes that Mr. Pusey possesses specific attributes that qualify him to serve as a director, including his more than 35 years of international business experience across a number of technology and service provider markets and the perspective and experience he brings as a former group chief technology officer and board member for a large international public company.

Enrique Salem has served as a member of our board of directors since February 2013 and as our Chairman of the Board since March 2017. Mr. Salem previously served as our Lead Independent Director from February 2016 to March 2017. He has been a managing director of Bain Capital Ventures, a venture capital firm, since July 2014. Mr. Salem was president, Chief Executive Officer and a director of Symantec Corporation, a provider of information security, storage and systems management solutions, from April 2009 until July 2012. Mr. Salem was Chief Operating Officer of Symantec Corporation from January 2008 to April 2009, group President, Worldwide Sales and Marketing from April 2007 to January 2008, group President, Consumer Products from May 2006 to April 2007, Senior Vice President, Consumer Products and Solutions from February 2006 to May 2006, Senior Vice President, Security Products and Solutions from January 2006 to February 2006, and Senior Vice President, Network and Gateway Security Solutions from June 2004 to February 2006. Prior to Symantec, from April 2002 to June 2004, Mr. Salem served as President and Chief Executive Officer of Brightmail, Inc., an email filtering company, prior to its acquisition by Symantec in 2004. Mr. Salem also held senior leadership roles at Oblix Inc., Ask Jeeves Inc., Peter Norton Computing, Inc. and Security Pacific Merchant Bank. In March 2011, he was appointed to President Barack Obama's Management Advisory Board. Mr. Salem has served on the board of directors of Atlassian Corporation Plc since July 2013 and previously served on the board of directors of Automatic Data Processing, Inc. from January 2010 to November 2013 and the board of directors of Symantec Corporation from April 2009 to July 2012. Mr. Salem also currently serves on the board of directors of multiple private companies. He received the Estrella Award from the Hispanic IT Executive Council in 2010 and was named Entrepreneur of the Year in 2004 by Ernst & Young. Mr. Salem holds an A.B. in Computer Science from Dartmouth College. Our board of directors believes that Mr. Salem possesses specific attributes that qualify him to serve as a director, including his extensive leadership experience, including oversight of global operations, as well as a strong background in information technology, data security, compliance and systems management.

Director Independence

Our common stock is listed on The NASDAQ Global Select Market. Under the rules of The NASDAQ Stock Market, independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of The NASDAQ Stock Market require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees be independent. Under the rules of The NASDAQ Stock Market, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act and the listing requirements of The NASDAQ Stock Market. In addition, compensation committee members must satisfy the independence criteria set forth in Rule 10C-1 under the Exchange Act and the listing requirements of The NASDAQ Stock Market.

Our board of directors has undertaken a review of the independence of each director and considered whether such director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. As a result of this review, our board of directors has determined that Ms. Alexy and Messrs. Codd, Pusey, Salem and Switz are "independent directors" as defined under the applicable rules and regulations of the SEC and the listing requirements and rules of The NASDAQ Stock Market.

Board Leadership Structure

Our board of directors does not view any particular leadership structure as preferred and routinely considers the appropriate leadership structure. This consideration includes the pros and cons of alternative leadership structures in light of our operating and governance environment at the time, with the goal of achieving the optimal model for board leadership and effective oversight of management by our board of directors.

Our board of directors consists of six directors. Our only management director is Mr. Mandia, our Chief Executive Officer. Enrique Salem, an independent director, holds the role of Chairman of the Board. Our board of directors believes this structure benefits the board of directors and us by enabling our Chief Executive Officer to focus on operational and strategic matters while enabling the Chairman of the Board to focus on board and governance matters.

In addition, each committee of our board of directors has a designated chairperson and, other than our government classified information and security committee, is comprised solely of independent directors.

Board Meetings and Committees

During 2017, our board of directors held 16 meetings (including regularly scheduled and special meetings), and each incumbent director attended at least 75% of the aggregate of (i) the total number of meetings of our board of directors held during the period for which he or she served as a director and (ii) the total number of meetings held by all committees of our board of directors on which he or she served during the periods that he or she served.

It is the policy of our board of directors to regularly have separate meeting times for independent directors without management.

Although we do not have a formal policy regarding attendance by members of our board of directors at annual meetings of stockholders, we encourage, but do not require, our directors to attend. Four of the seven directors who served on the date of our 2017 annual meeting of stockholders attended the meeting.

Our board of directors has four standing committees: an audit committee, a compensation committee, a nominating and corporate governance committee and a government classified information and security committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is comprised of Kimberly Alexy, Ronald E. F. Codd and Robert E. Switz, each of whom is a non-employee member of our board of directors. Ms. Alexy is the chair of our audit committee. Our board of directors has determined that each of the members of our audit committee satisfies the requirements for independence and financial literacy under the rules and regulations of the SEC, including Rule 10A-3 under the Exchange Act, and the listing requirements of The NASDAQ Stock Market. Our board of directors has also determined that each of Ms. Alexy and Messrs. Codd and Switz qualify as an "audit committee financial expert" as defined in the SEC rules and satisfy the financial sophistication requirements of The NASDAQ Stock Market. This designation does not impose on Ms. Alexy and Messrs. Codd and Switz any duties, obligations or liabilities that are greater than those generally imposed on members of our audit committee and our board of directors. Our audit committee is responsible for, among other things:

- selecting and hiring our independent registered public accounting firm;
- evaluating the performance and independence of our independent registered public accounting firm;
- pre-approving any audit and non-audit services to be performed by our independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our internal control policies and procedures and our disclosure controls and procedures;
- overseeing procedures for the treatment of complaints on accounting, internal accounting controls or audit matters;
- reviewing and discussing with management and the independent registered public accounting firm the results of our annual audit, our quarterly financial statements and our publicly filed reports;
- reviewing and approving related person transactions; and
- preparing the audit committee report that the SEC requires in our annual proxy statements.

Our audit committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and the listing requirements of The NASDAQ Stock Market. A copy of the charter of our audit committee is available on our website at www.FireEye.com in the Corporate Governance section of our Investor Relations webpage. During 2017, our audit committee held nine meetings.

Compensation Committee

Our compensation committee is comprised of Ronald E. F. Codd, Stephen Pusey and Enrique Salem, each of whom is a non-employee member of our board of directors. Mr. Salem is the chair of our compensation committee. Our board of directors has determined that each member of our compensation committee meets the requirements for independence under the rules and regulations of the SEC, including Rule 10C-1 under the Exchange Act, and the listing requirements of The NASDAQ Stock Market, and is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act. Our compensation committee is responsible for, among other things:

- reviewing and approving our Chief Executive Officer's and other executive officers' annual base salaries; incentive compensation plans, including the specific goals and amounts; equity compensation, employment agreements, severance arrangements and change in control agreements; and any other

benefits, compensation or arrangements; provided that any approvals relating to our Chief Executive Officer's compensation will be subject to the ratification of our entire board of directors, with any non-independent directors not voting;

- administering our equity compensation plans; and
- overseeing our overall compensation philosophy, compensation plans and benefits programs.

Our compensation committee may form subcommittees and may delegate to such subcommittees such power and authority as our compensation committee deems appropriate. Our compensation committee operates under a written charter that satisfies the applicable rules and regulations of the SEC and the listing requirements of The NASDAQ Stock Market. A copy of the charter of our compensation committee is available on our website at www.FireEye.com in the Corporate Governance section of our Investor Relations webpage. During 2017, our compensation committee held six meetings.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is comprised of Kimberly Alexy and Ronald E. F. Codd, each of whom is a non-employee member of our board of directors. Mr. Codd is the chair of our nominating and corporate governance committee. Our board of directors has determined that each member of our nominating and corporate governance committee meets the requirements for independence under the listing requirements of The NASDAQ Stock Market. Our nominating and corporate governance committee is responsible for, among other things:

- evaluating and making recommendations regarding the composition, organization, and governance of our board of directors and its committees;
- evaluating and making recommendations regarding the creation of additional committees or the change in mandate or dissolution of committees;
- reviewing and making recommendations with regard to our corporate governance guidelines and compliance with laws and regulations; and
- reviewing and approving conflicts of interest of our directors and corporate officers, other than related person transactions reviewed by the audit committee.

Our nominating and corporate governance committee operates under a written charter that satisfies the listing standards of The NASDAQ Stock Market. A copy of the charter of our nominating and corporate governance committee is available on our website at www.FireEye.com in the Corporate Governance section of our Investor Relations webpage. During 2017, our nominating and corporate governance committee held four meetings.

Government Classified Information and Security Committee

Our government classified information and security committee is comprised of Kevin R. Mandia and Enrique Salem. Mr. Mandia is the chair of our government classified information and security committee. Our government classified information and security committee is responsible for, among other things:

- reviewing and making recommendations to our board of directors on matters concerning the Company that involve or relate to (i) information or activities that have been classified for purposes of national security by an agency or instrumentality of the government and (ii) the security of the Company's personnel, data and facilities; and
- assisting our board of directors in fulfilling its oversight responsibilities relating to such matters.

Our government classified information and security committee operates under a written charter. During 2017, our government classified information and security committee did not hold any meetings.

Compensation Committee Interlocks and Insider Participation

During 2017, Ronald E. F. Codd, William M. Coughran Jr., Stephen Pusey and Enrique Salem served as members of our compensation committee. None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee, or other board committee performing equivalent functions, of any entity that has one or more executive officers serving on our compensation committee or our board of directors. We have had a compensation committee since November 2012. Prior to establishing the compensation committee, our full board of directors made decisions relating to the compensation of our executive officers.

Considerations in Evaluating Director Nominees

Our nominating and corporate governance committee uses a variety of methods for identifying and evaluating director nominees. In its evaluation of director candidates, our nominating and corporate governance committee will consider the composition of our board of directors, including, without limitation, issues of character, integrity, judgment, diversity, age, independence, expertise, length of service, understanding of our business and other commitments. Members of our board of directors are expected to prepare for, attend, and participate in all board of director and applicable committee meetings. Our nominating and corporate governance committee requires the following minimum qualifications to be satisfied by any nominee for a position on the board of directors: (i) the highest personal and professional ethics and integrity, (ii) proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, (iii) skills that are complementary to those of the existing board of directors, (iv) the ability to assist and support management and make significant contributions to our success, and (v) an understanding of the fiduciary responsibilities that are required of a member of the board of directors and the commitment of time and energy necessary to diligently carry out those responsibilities. Other than the foregoing, there are no other stated minimum criteria for director nominees, although our nominating and corporate governance committee may also consider such other factors as it may deem, from time to time, are in our and our stockholders' best interests.

Although our board of directors does not maintain a specific policy with respect to board diversity, our board of directors believes that our board of directors should be a diverse body, and our nominating and corporate governance committee considers a broad range of backgrounds and experiences. In making determinations regarding nominations of directors, our nominating and corporate governance committee may take into account the benefits of diverse viewpoints. Our nominating and corporate governance committee also considers these and other factors as it oversees the annual board of director and committee evaluations. After completing its review and evaluation of director candidates, our nominating and corporate governance committee recommends to our full board of directors the director nominees for selection.

Stockholder Recommendations for Nominations to the Board of Directors

Our nominating and corporate governance committee will consider candidates for directors recommended by stockholders holding at least one percent (1%) of the fully diluted capitalization of the company continuously for at least 12 months prior to the date of the submission of the recommendation. Our nominating and corporate governance committee will evaluate such recommendations in accordance with its charter, our bylaws, our policies and procedures for director candidates, as well as the regular director nominee criteria described above. This process is designed to ensure that our board of directors includes members with diversity of experience, skills and experience, including appropriate financial and other expertise relevant to our business. Stockholders wishing to recommend a candidate for nomination should contact our Secretary in writing. Such recommendations must include the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, a signed letter from the candidate confirming willingness to serve on our board of directors, information regarding any relationships between the candidate and FireEye and evidence of the recommending stockholder's ownership of our common stock. Such recommendations must also include a

statement from the recommending stockholder in support of the candidate, particularly within the context of the criteria for board of directors membership. Our nominating and corporate governance committee has discretion to decide which individuals to recommend for nomination as directors.

A stockholder can nominate a candidate directly for election to our board of directors by complying with the procedures in Section 2.4(ii) of our bylaws and the rules and regulations of the SEC. Any eligible stockholder who wishes to submit a nomination should review the requirements in the bylaws on nominations by stockholders. Any nomination should be sent in writing to our Secretary at FireEye, Inc., 601 McCarthy Blvd., Milpitas, California 95035. To be timely for our 2019 annual meeting of stockholders, our Secretary must receive the nomination no earlier than February 7, 2019 and no later than March 9, 2019. The notice must state the information required by Section 2.4(ii) of our bylaws and otherwise must comply with applicable federal and state law.

Communications with the Board of Directors

We have a practice of regularly engaging with our stockholders to seek their feedback. Additionally, stockholders wishing to communicate with our board of directors or with an individual member of our board of directors may do so by writing to our board of directors or to the particular member of our board of directors, and mailing the correspondence to our General Counsel at FireEye, Inc., 601 McCarthy Blvd., Milpitas, CA 95035. Our General Counsel will review all incoming stockholder communications (excluding mass mailings, product complaints or inquiries, job inquiries, business solicitations and patently offensive or otherwise inappropriate material), and if deemed appropriate, the stockholder communications will be forwarded to the appropriate member or members of our board of directors, or if none is specified, to the chairman of our board of directors. This procedure does not apply to stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Our board of directors has adopted Corporate Governance Guidelines. These guidelines address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us in general. In addition, our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The full text of our Corporate Governance Guidelines and our Code of Business Conduct and Ethics is posted on our website at www.FireEye.com in the Corporate Governance section of our Investor Relations webpage. We intend to post any amendments to our Code of Business Conduct and Ethics, and any waivers of our Code of Business Conduct and Ethics for directors and executive officers, on the same website.

Risk Management

Risk is inherent with every business, and we face a number of risks, including strategic, financial, business and operational, legal and compliance, and reputational. We have designed and implemented processes to manage risk in our operations. Management is responsible for the day-to-day management of risks the company faces, while our board of directors, as a whole and assisted by its committees, has responsibility for the oversight of risk management. In its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are appropriate and functioning as designed.

Our board of directors believes that open communication between management and our board of directors is essential for effective risk management and oversight. Our board of directors meets with our Chief Executive Officer and other members of the senior management team at quarterly meetings of our board of directors, where, among other topics, they discuss strategy and risks facing the company, as well as at such other times as they deemed appropriate.

While our board of directors is ultimately responsible for risk oversight, our board committees assist our board of directors in fulfilling its oversight responsibilities in certain areas of risk. Our audit committee assists our board of directors in fulfilling its oversight responsibilities with respect to risk management in the areas of internal control over financial reporting and disclosure controls and procedures, legal and regulatory compliance, and discusses with management and the independent auditor guidelines and policies with respect to risk assessment and risk management. Our audit committee also reviews our major financial risk exposures and the steps management has taken to monitor and control these exposures. In addition, our audit committee monitors certain key risks on a regular basis throughout the fiscal year, such as risk associated with internal control over financial reporting and liquidity risk. Our nominating and corporate governance committee assists our board of directors in fulfilling its oversight responsibilities with respect to the management of risk associated with board organization, membership and structure, and corporate governance. Our compensation committee assesses risks created by the incentives inherent in our compensation plans, policies and practices. Finally, our full board of directors reviews strategic and operational risk, including but not limited to cybersecurity risk, in the context of reports from the management team, receives reports on all significant committee activities at each regular meeting, and evaluates the risks inherent in significant transactions.

Stockholder Engagement

We believe that effective corporate governance includes regular, constructive conversations with our stockholders, and we value our stockholders' continued interest and feedback. We are committed to maintaining an active dialogue to understand the priorities and concerns of our stockholders. In the last 12 months, as part of our ongoing stockholder engagement program, we have engaged in substantive discussions on our executive compensation, corporate governance and corporate performance and strategy with our institutional investors, including the majority of our top 10 stockholders. These discussions covered a variety of topics, including our executive compensation philosophy, our compensation actions following the appointment of Mr. Mandia as our chief executive officer in 2016, our "say-on-pay" votes, the composition of our board of directors, our commitment to board diversity and our strategies to achieve profitable growth in the future.

Maintaining an active dialogue with our stockholders on these topics is consistent with our corporate values of transparency and accountability, and we intend to increase our outreach efforts in 2018.

Outside Director Compensation Policy

Members of our board of directors who are not our employees are eligible for awards under our Outside Director Compensation Policy, which our board of directors approved in August 2014 and subsequently amended in June 2016 and March 2017.

Under our Outside Director Compensation Policy, non-employee directors will receive compensation in the form of equity awards, or a mixture of equity and cash awards, as described below:

Initial Award

Upon joining our board of directors, each new non-employee director elected or appointed will automatically receive an equity award of restricted stock units with a total value of $400,000. This award will vest as to 1/3 of the shares subject to the restricted stock units annually over a three-year period, subject to continued service through the applicable vesting date.

Annual Awards

On the date of each annual meeting of our stockholders, each non-employee director who has been a non-employee director for at least six months will be entitled to receive an annual fee with a total value based on board and other service as set forth in the following table, provided that no award will be granted to any

non-employee director who is not continuing as a director following the applicable annual meeting of stockholders:

	Annual Fee	
Board Member:	$200,000	
Chairperson of the Board (if applicable):	$45,000	
Lead Independent Director (if applicable):	$20,000	
Committee Service:	Chair	Member
Audit:	$20,000	$7,000
Compensation:	$10,000	$5,000
Nominating and Corporate Governance:	$6,250	$2,500
Government Classified Information and Security:	$6,250	$2,500

Unless an eligible non-employee director elects to receive all of his or her annual fee in the form of an equity award of restricted stock units, 50% of an eligible non-employee director's annual fee will be awarded in the form of an equity award of restricted stock units and the other 50% of such non-employee director's annual fee will be awarded in the form of cash. All of a non-employee director's equity award of restricted stock units will be granted to him or her on the date of the annual meeting of our stockholders and will fully vest upon the earlier of the first anniversary of the grant date or the day prior to the next annual meeting of stockholders, in each case, subject to his or her continued service through the vesting date. All of a non-employee director's cash, if any, will be paid to him or her in four equal installments on a quarterly basis, with one installment paid on the 15th day of each of the first four calendar quarters following the date of such annual meeting, in each case subject to his or her continued service through the applicable payment date.

For purposes of our Outside Director Compensation Policy, equity awards are valued at the fair market value of the shares subject to the award on the grant date of the award or such other methodology determined by our board of directors or our compensation committee.

2017 Director Compensation Table

The table below shows all compensation awarded to or paid in 2017 to the directors who served during 2017 (other than our Chief Executive Officer, who is both a director and one of our named executive officers for 2017).

Name	Fees earned or paid in cash ($)(1)	Stock Awards ($)(2)	Total ($)
Kimberly Alexy(3)	—	222,496	222,496
Ronald E. F. Codd(4)	106,938	109,112	216,050
Stephen Pusey(5)	102,500	102,487	204,987
Enrique Salem(6)	—	257,494	257,494
Robert E. Switz(7)	—	399,988	399,988
Deepak Ahuja(8)	77,625	103,486	181,111
William M. Coughran Jr.(9)	—	—	—
David DeWalt(10)	—	—	—

(1) The amounts reported in this column represent the aggregate amount of quarterly cash awards paid in 2017 in accordance with the Outside Director Compensation Policy.

(2) On June 1, 2017, we granted awards of restricted stock units to Messrs. Ahuja, Codd, Pusey and Salem and Ms. Alexy for service on our board of directors, in accordance with the Outside Director Compensation Policy. Each such award (other than Mr. Ahuja's award, which was cancelled on September 12, 2017 upon his resignation from our board of directors) will fully vest upon the earlier of the first anniversary of the grant date or the day prior to our next annual meeting of stockholders that follows the grant date, in each

case, subject to continued service through the vesting date. Ms. Alexy and Mr. Salem elected to receive all of their 2017 annual fees in the form of equity awards of restricted stock units. On September 12, 2017, we granted an award of restricted stock units to Mr. Switz upon his appointment to our board of directors, in accordance with the Outside Director Compensation Policy. Such award to Mr. Switz will vest over three years from the date of grant, with one-third of the shares subject to the award vesting on each anniversary of the date of grant, in each case subject to Mr. Switz's continued service through the vesting date. The amounts reported in this column represent the aggregate grant date fair value of the awards as computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in this column are set forth in the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K/A, as filed with the SEC on March 1, 2018.

(3) As of December 31, 2017, Ms. Alexy held 18,953 shares of common stock issuable upon the vesting of restricted stock units.

(4) As of December 31, 2017, Mr. Codd held (i) an option to purchase 118,000 shares of common stock at an exercise price of $2.48 per share, all of which shares had vested as of December 31, 2017, and (ii) 7,099 shares of common stock issuable upon the vesting of restricted stock units.

(5) As of December 31, 2017, Mr. Pusey held 9,178 shares of common stock issuable upon the vesting of restricted stock units.

(6) As of December 31, 2017, Mr. Salem held 16,753 shares of common stock issuable upon the vesting of restricted stock units.

(7) As of December 31, 2017, Mr. Switz held 24,227 shares of common stock issuable upon the vesting of restricted stock units.

(8) On September 12, 2017, Mr. Ahuja resigned as a member of our board of directors, effective as of such date. As a result, all of Mr. Ahuja's then unvested equity awards were cancelled on September 12, 2017.

(9) Mr. Coughran did not receive any compensation in 2017 for his service on our board of directors because his term on our board of directors expired at our 2017 annual meeting of stockholders on June 1, 2017 and he did not stand for re-election at such meeting.

(10) On January 29, 2017, Mr. DeWalt resigned as a member of our board of directors, effective as of January 31, 2017. Mr. DeWalt did not qualify to receive any compensation pursuant to the Outside Director Compensation Policy in 2017 and he was not awarded any compensation in 2017 for his service on our board of directors.

See "Executive Compensation" for information about the compensation of our Chief Executive Officer, who is both a director and one of our named executive officers for 2017.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our board of directors is currently composed of six members. In accordance with our certificate of incorporation, our board of directors is divided into three classes with staggered three-year terms. At the Annual Meeting, stockholders are being asked to elect one Class II director for a three-year term to succeed the same class whose term is then expiring. Each director's term continues until the election and qualification of such director's successor, or such director's earlier death, resignation, or removal. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Nominee

Our nominating and corporate governance committee has recommended, and our board of directors has approved, Robert E. Switz as nominee for election as a Class II director at the Annual Meeting. If elected, Mr. Switz will serve as a Class II director until the 2021 annual meeting of stockholders or until his successor is duly elected and qualified. The nominee is currently a director of our company. For information concerning the nominee, please see the section titled "Board of Directors and Corporate Governance."

If you are a stockholder of record and you sign your proxy card or vote over the Internet or by telephone but do not give instructions with respect to the voting of directors, your shares will be voted FOR the re-election of Mr. Switz. We expect that Mr. Switz will accept such nomination; however, in the event that a director nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who shall be designated by our board of directors to fill such vacancy. If you are a beneficial owner of shares of our common stock and you do not give voting instructions to your broker, bank or other nominee, then your broker, bank or other nominee will leave your shares unvoted on this matter.

Vote Required

Our bylaws and Corporate Governance Guidelines provide for a majority voting standard in uncontested elections of directors. An uncontested election is one in which the number of nominees for director does not exceed the number of directors to be elected. The director election taking place at this meeting is uncontested, and therefore, the majority voting standard will apply. That means, in order for the nominee to be elected, the votes cast "FOR" the nominee's election must exceed the votes cast "AGAINST" the nominee's election. Abstentions and broker non-votes with respect to the election of the nominee will have no effect on the nominee's election. Under our Corporate Governance Guidelines, each director is required to submit in advance an irrevocable, conditional resignation that will be effective only upon both (1) the failure to receive the required vote at the next stockholders' meeting at which the director faces reelection and (2) our board of directors' acceptance of such resignation. If an incumbent director fails to receive the required vote for reelection, our nominating and corporate governance committee will act to determine whether to accept the director's resignation and will submit its recommendation to our board of directors for consideration.

**THE BOARD OF DIRECTORS RECOMMENDS A
VOTE "FOR" THE NOMINEE NAMED ABOVE.**

PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our audit committee has appointed Deloitte & Touche LLP ("Deloitte"), as our independent registered public accounting firm to audit our consolidated financial statements for our fiscal year ending December 31, 2018. Deloitte also served as our independent registered public accounting firm for our fiscal year ended December 31, 2017.

At the Annual Meeting, stockholders are being asked to ratify the appointment of Deloitte as our independent registered public accounting firm for our fiscal year ending December 31, 2018. Stockholder ratification of the appointment of Deloitte is not required by our bylaws or other applicable legal requirements. However, our board of directors is submitting the appointment of Deloitte to our stockholders for ratification as a matter of good corporate governance. In the event that this appointment is not ratified by the affirmative vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote, such appointment will be reconsidered by our audit committee. Even if the appointment is ratified, our audit committee, in its sole discretion, may appoint another independent registered public accounting firm at any time during our fiscal year ending December 31, 2018 if our audit committee believes that such a change would be in the best interests of FireEye and its stockholders. A representative of Deloitte is expected to be present at the Annual Meeting, will have an opportunity to make a statement if he or she wishes to do so, and is expected to be available to respond to appropriate questions from stockholders.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents fees for professional audit services and other services rendered to us by Deloitte for our fiscal years ended December 31, 2017 and 2016.

	2017	2016
Audit Fees(1)	$3,275,233	$3,214,861
Audit-Related Fees(2)	—	—
Tax Fees(3)	—	—
All Other Fees	—	—
	$3,275,233	$3,214,861

(1) "Audit Fees" consist of fees for professional services rendered in connection with the audit of our annual financial statements, review of our quarterly financial statements, and services that are normally provided by Deloitte in connection with statutory and regulatory filings or engagements for those fiscal years. Fees for 2017 also included fees billed for professional services rendered in connection with the adoption of ASC 606 and Form S-8 consent issuance. Fees for 2016 also included fees billed for professional services rendered in connection with our acquisitions in 2016.

(2) "Audit-Related Fees" consist of fees for professional services for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit Fees."

(3) "Tax Fees" consist of fees for professional services rendered by Deloitte for tax compliance, tax advice and tax planning.

Auditor Independence

In 2017, there were no other professional services provided by Deloitte that would have required our audit committee to consider their compatibility with maintaining the independence of Deloitte.

Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Our audit committee has established a policy governing our use of the services of our independent registered public accounting firm. Under the policy, our audit committee is required to pre-approve all audit and permissible non-audit services performed by our independent registered public accounting firm in order to ensure that the provision of such services does not impair such accounting firm's independence. All fees paid to Deloitte for our fiscal years ended December 31, 2016 and 2017 were pre-approved by our audit committee.

Vote Required

The ratification of the appointment of Deloitte requires the affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon. Abstentions will have the effect of a vote AGAINST the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR OUR FISCAL YEAR ENDING DECEMBER 31, 2018.

PROPOSAL NO. 3
ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with Section 14A of the Exchange Act and SEC rules, we are providing our stockholders with the opportunity to vote to approve, on an advisory (and non-binding) basis, the compensation of our named executive officers as disclosed in accordance with SEC rules in the “Executive Compensation” section of this proxy statement beginning on page 32 below. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all of our named executive officers and the philosophy, policies and practices described in this proxy statement.

The say-on-pay vote is advisory, and therefore not binding on FireEye, our compensation committee or our board of directors. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, program, policies and practices, which our compensation committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. Our board of directors and our compensation committee value the opinions of our stockholders and to the extent there is any significant vote against our named executive officers’ compensation as disclosed in this proxy statement, we will consider our stockholders’ concerns and our compensation committee will evaluate whether any actions are necessary to address those concerns.

We believe that the information we’ve provided in the “Executive Compensation” section of this proxy statement, and in particular the information discussed in “Executive Compensation—Compensation Discussion and Analysis—Compensation Philosophy and Objectives” beginning on page 36 below, demonstrates that our executive compensation program was designed appropriately and is working to ensure management’s interests are aligned with our stockholders’ interests to support long-term value creation. Accordingly, we ask our stockholders to vote “FOR” the following resolution at the Annual Meeting:

“RESOLVED, that FireEye’s stockholders approve, on an advisory basis, the compensation paid to the named executive officers, as disclosed in FireEye’s proxy statement for the 2018 Annual Meeting pursuant to the compensation disclosure rules of the SEC, including the compensation discussion and analysis, compensation tables and narrative discussion, and other related disclosure.”

Vote Required

The approval, on an advisory basis, of named executive officer compensation requires an affirmative vote of a majority of the shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Accordingly, abstentions will have the effect of a vote AGAINST the proposal. Broker non-votes will have no effect on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

AUDIT COMMITTEE REPORT

The information contained in the following Audit Committee Report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that FireEye, Inc., or the Company, specifically incorporates it by reference in such filing.

The audit committee has reviewed and discussed the Company's audited consolidated financial statements with management and Deloitte & Touche LLP ("Deloitte"), the Company's independent registered public accounting firm. The audit committee has discussed with Deloitte the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board.

The audit committee has received and reviewed the written disclosures and the letter from Deloitte required by the applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte's communications with the audit committee concerning independence, and has discussed with Deloitte its independence.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the audit committee of the board of directors:

Kimberly Alexy (Chair)
Ronald E. F. Codd
Robert E. Switz

EXECUTIVE OFFICERS

The following table identifies certain information about our executive officers as of April 9, 2018. Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Name	Age	Position(s)
Alexa King	50	Executive Vice President, General Counsel and Secretary
Kevin R. Mandia	47	Chief Executive Officer and Director
Travis M. Reese	46	President
William T. Robbins	50	Executive Vice President of Worldwide Sales
Frank E. Verdecanna	47	Executive Vice President, Chief Financial Officer and Chief Accounting Officer

Alexa King has served as our General Counsel and Secretary since April 2012 and as our Executive Vice President since May 2016. She previously served as our Senior Vice President from April 2012 to May 2016. Prior to joining FireEye, Ms. King was Vice President, General Counsel and Secretary of Aruba Networks, Inc. from December 2005 to April 2012. From 2000 to 2005, Ms. King served as Senior Director of Legal at Siebel Systems, Inc. and her early career included working at Pillsbury Madison & Sutro (now Pillsbury Winthrop) and Fenwick & West. Ms. King has served on the board of directors of Vocera Communications, Inc. since July 2016. Additionally, Ms. King served as founding director of Pathbrite, Inc. (f/k/a RippleSend, Inc.) from 2008 to 2009 and as advisor from 2009 to 2011. Ms. King graduated magna cum laude from Harvard College with a degree in Eastern European Studies and received her J.D. from the University of California, Berkeley, Boalt Hall School of Law, where she was named to the Order of the Coif.

Kevin R. Mandia has served as our Chief Executive Officer since June 2016 and as a member of our board of directors since February 2016. He previously served as our President from February 2015 to June 2016 and as our Senior Vice President and Chief Operating Officer from the date of our acquisition of Mandiant in December 2013 through February 2015. Prior to joining FireEye, Mr. Mandia was the Chief Executive Officer of Mandiant and had served in that capacity since he founded Mandiant in 2004. Prior to forming Mandiant, Mr. Mandia served as the Director of Computer Forensics at Foundstone (later acquired by McAfee Corporation) from 2000 to 2003 and as the Director of Information Security for Sytex (later acquired by Lockheed Martin) from 1998 to 2000. From 1993 to 2000, Mr. Mandia was an officer in the United States Air Force, where he served in various capacities, including as a computer security officer in the 7th Communications Group at the Pentagon, and later as a special agent in the Air Force Office of Special Investigations (AFOSI). Mr. Mandia holds a B.S. in Computer Science from Lafayette College and an M.S. in Forensic Science from The George Washington University. In 2011, Mr. Mandia was named Ernst & Young Entrepreneur of the Year for the Greater Washington area. He completed the Harvard Business School's Owner/President Management Program in February 2013. Mr. Mandia has taught graduate level courses at Carnegie Melon University and The George Washington University and has co-authored two books on responding to security breaches: Incident Response: Performing Computer Forensics (McGraw-Hill, 2003) and Incident Response: Investigating Computer Crime (McGraw-Hill, 2001).

Travis M. Reese has served as our President since June 2016. He previously served as our President of Mandiant Consulting and iSIGHT Intelligence from January 2016 to June 2016 and as our President of Mandiant Consulting from December 2013 to January 2016. Prior to joining FireEye, Mr. Reese had been with Mandiant from April 2006 to December 2013, where he started as the Vice President of Federal and culminated as the President and Chief Operating Officer. From May 2000 to April 2006, Mr. Reese was a Vice President at Aegis Research Corporation which later became a business unit of ManTech International through an acquisition in August 2002. Prior to Aegis Research Corporation, Mr. Reese spent ten years in the United States Air Force from 1990 to 2000, as a Special Agent with the United States Air Force Office of Special Investigations (AFOSI).

Mr. Reese completed the Harvard Business School's Finance for Senior Executives program in 2010. Mr. Reese holds a B.S. in Criminal Justice from Wayland Baptist University.

William T. Robbins has served as our Executive Vice President of Worldwide Sales since November 2016. Prior to joining FireEye, Mr. Robbins was Executive Vice President of Worldwide Sales of Nuance Communications, Inc. from December 2013 to November 2016. From January 2013 to December 2013, Mr. Robbins served as Chief Operating Officer of [24]7. From May 2005 to December 2012, Mr. Robbins held various positions at Symantec Corporation, most recently as Executive Vice President, Worldwide Sales & Services. Mr. Robbins holds both a B.S. in Economics and a B.B.A. in Finance from Southern Methodist University.

Frank E. Verdecanna has served as our Executive Vice President and Chief Financial Officer since February 2017 and as our Chief Accounting Officer since August 2016. He previously served as our Senior Vice President of Finance from November 2015 to February 2017, as our interim Chief Financial Officer from August 2015 to September 2015 and as our Vice President of Finance from November 2012 to November 2015. Prior to joining FireEye, Mr. Verdecanna was the Chief Financial Officer of Apptera, Inc., a mobile communications and advertising company, from February 2010 to November 2012. From October 2000 to July 2009, Mr. Verdecanna held various finance positions, most recently as Vice President and Chief Financial Officer, at iPass Inc., a publicly traded global provider of mobility software and services. Mr. Verdecanna holds a B.S. in Business Administration from California Polytechnic State University-San Luis Obispo.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information regarding the 2017 compensation of our principal executive officer in 2017, each individual who served as our principal financial officer in 2017, and the three executive officers (other than our principal executive officer in 2017 and each individual who served as our principal financial officer in 2017) who were our most highly-compensated executive officers as of the end of 2017. These individuals were:

- Alexa King, our Executive Vice President, General Counsel and Secretary;
- Kevin R. Mandia, our Chief Executive Officer (our "CEO");
- Travis M. Reese, our President;
- William T. Robbins, our Executive Vice President of Worldwide Sales;
- Frank E. Verdecanna, our Executive Vice President, Chief Financial Officer and Chief Accounting Officer (our "CFO"); and
- Michael J. Berry, our former Executive Vice President, Chief Financial Officer and Chief Operating Officer.

These individuals were our named executive officers (our "Named Executive Officers") for 2017.

Management Changes

Mr. Berry resigned from his positions of Executive Vice President, Chief Financial Officer and Chief Operating Officer effective February 3, 2017. Mr. Verdecanna, who was then our Senior Vice President of Finance and Chief Accounting Officer, was promoted to Executive Vice President and Chief Financial Officer effective February 4, 2017, while retaining his position as our Chief Accounting Officer.

Overview

This Compensation Discussion and Analysis describes the material elements of our executive compensation program during the fiscal year ended December 31, 2017. It also provides an overview of our executive compensation philosophy, as well as our principal compensation policies and practices. Finally, it analyzes how and why the Compensation Committee of our Board of Directors (the "Compensation Committee") arrived at the specific compensation decisions for our executive officers, including our Named Executive Officers, in 2017, and discusses the key factors that the Compensation Committee and our Board of Directors considered in determining the compensation of our Named Executive Officers.

Executive Summary, Strategic Context and 2017 Business Highlights

We provide intelligence-based cybersecurity solutions that allow organizations to prepare for, prevent, respond to and remediate cyber attacks. Our portfolio of cybersecurity products and services is designed to detect and prevent attacks as well as enable rapid discovery and response when a breach occurs.

The cybersecurity industry is highly competitive. We believe the market opportunity is substantial, but we must adapt rapidly to changes in the threat environment and the development of new technologies to be successful. We believe our Mandiant incident response and cybersecurity consulting business provides unique visibility into the evolving threat environment. We leverage this knowledge to update our threat detection capabilities and drive our research and development priorities.

In June 2016, we transitioned the CEO role from David DeWalt to Kevin Mandia. In August 2016, we restructured our business to streamline our operations and align our cost structure with our opportunity. These actions accelerated our evolution from a pioneer in appliance-based detection of advanced threats to a leading provider of a comprehensive security operations platform.

2017 was a transformative year for FireEye as we made steady progress against our financial and operational objectives. Our operating performance improved throughout the year, and in the fourth quarter of 2017, we returned to growth in both billings and revenue and also achieved non-GAAP profitability for the first time in our history. For the year, we achieved revenue of $751 million, reduced our operating losses by $186 million, and generated positive operating cash flow. Our continued focus on innovation resulted in the release of significant new features and functionality in our network, email and endpoint security products and the introduction of Helix, our cloud-based security management, analytics and orchestration platform. We believe the innovations we introduced in 2017 will be the foundation for continued top-line growth and improved operating results in the future.

2017-Related Executive Compensation Actions

In line with our performance and compensation objectives, the Compensation Committee or our Board of Directors (with our sole non-independent director not present at the applicable meeting and therefore not voting), as applicable, approved the following actions related to the 2017 compensation for our Named Executive Officers:

- *Base Salary*. Increased the annual base salaries of Ms. King and Mr. Verdecanna by 16% and 42%, respectively, to reflect competitive market conditions (and, in the case of Mr. Verdecanna, his promotion). Our CEO's annual base salary for 2017 remained unchanged from his 2016 level;
- *Target Cash Incentive Compensation Opportunities*. Increased the target annual cash incentive compensation opportunities of Ms. King and Mr. Verdecanna to reflect increases in their annual base salaries, with the increased target being equal to 50% of their respective annual base salaries. Our CEO's target annual cash incentive compensation opportunity for 2017 remained unchanged from his 2016 level;
- *Short-Term Incentive Compensation*. Based upon the levels of achievement of the corporate performance objectives and individual performance objectives established under our Employee Incentive Plan for the 2017 annual cash incentive compensation opportunities of our eligible Named Executive Officers, approved cash payouts ranging from $185,166 to $353,500, with a cash payout for our CEO in the amount of $353,500 (representing 101% of his 2017 target annual cash incentive compensation opportunity);
- *Long-Term Incentive Compensation*. Continued the practice of providing long-term incentive compensation in the form of restricted stock unit ("RSU") awards and performance-based restricted stock unit ("PSU") awards for shares of our common stock;
- *Equity Awards*. Granted a combination of RSU and PSU awards to certain of our Named Executive Officers, subject to a time-based vesting requirement in the case of the RSU awards and both a performance condition and a time-based vesting requirement in the case of the PSU awards, with the aggregate grant date fair value of the equity awards granted to such Named Executive Officers ranging from $2,111,250 to $6,095,000. The aggregate grant date fair value of our CEO's equity awards was $6,095,000;
- *Payout of PSU Awards*. Based upon the level of achievement of the performance conditions for the PSU awards tied to 2017 performance, determined that 82% (in the case of the PSU award granted to Mr. Robbins in 2016), 91% (in the case of the PSU awards granted to Mr. Verdecanna in 2014 and 2015) and 116% (in the case of the 2017 PSU awards granted in 2017) of the target number of shares of our common stock subject to the PSU awards for 2017 performance had been earned, subject to the

continued service of the applicable Named Executive Officers through the applicable vesting dates (*i.e.*, February 2018 in the case of the PSU awards granted to Messrs. Robbins and Verdecanna prior to 2017, and one-third in each of February 2018, 2019 and 2020 in the case of the PSU awards granted in 2017); and

- *Transition Agreement with our Former Chief Financial Officer*. Entered into a transition agreement with Mr. Berry in connection with his resignation from his positions of Executive Vice President, Chief Financial Officer and Chief Operating Officer effective February 3, 2017. Pursuant to the agreement, in return for Mr. Berry providing certain transition services to us and his execution of a comprehensive general release in favor of the Company, we agreed to pay Mr. Berry his fiscal 2016 cash bonus in the amount of $251,125 on February 15, 2017, as if he remained an employee on such date, and we also agreed that any outstanding Company equity awards held by Mr. Berry would continue to vest in accordance with their respective terms during the approximately one-month transition period following his employment.

Pay for Performance

A significant portion of the target total direct compensation provided to our Named Executive Officers each year is at-risk and subject to our achieving our operating results as follows:

- Our short-term incentive compensation program requires achievement of corporate and/or individual objectives for any payment to be made thereunder.
- A significant portion (*i.e.*, 50%) of the equity awards granted in 2017 to our Named Executive Officers were both at-risk and subject to achievement of pre-established performance objectives. If the performance objectives were not achieved at a threshold level, then none of the shares of our common stock subject to the performance-based equity awards would be earned.

Executive Compensation-Related Policies and Practices

We endeavor to maintain sound executive compensation policies and practices, including compensation-related corporate governance standards that are consistent with our executive compensation philosophy. During 2017, we maintained the following executive compensation policies and practices, including both policies and practices we have implemented to drive performance and policies and practices that either prohibit or minimize behavior that we do not believe serve our stockholders' long-term interests:

What We Do

- Maintain a Compensation Committee comprised solely of independent directors who have established effective means for communicating with our stockholders regarding their executive compensation comments and concerns.
- Enable the Compensation Committee to engage and retain its own advisors. During 2017, the Compensation Committee engaged Compensia, Inc., a national compensation consulting firm, to assist with its responsibilities.
- Support the Compensation Committee in its annual review of our executive compensation strategy, including its review of the compensation peer group used for comparative purposes and, to help avoid creating compensation-related risks that would be reasonably likely to have a material adverse effect on us, its annual review of our compensation-related risk profile.
- Design the equity awards granted to our executive officers to be consistent with current market practice. The majority of the equity awards vest over multi-year periods, which serves our long-term value creation goals and retention objectives.

- Prohibit our executive officers and the non-employee members of our Board of Directors from speculating in our equity securities or engaging in any other hedging transactions with respect to our equity securities. In addition, we prohibit our executive officers and the non-employee members of our Board of Directors from pledging their equity securities or using such securities as collateral for a loan.
- Support our Board of Directors in its review of the risks associated with our key executive positions on an annual basis so that we have an adequate succession strategy and plans are in place for our most critical positions.
- Maintain formal stock ownership guidelines for our executive officers and the non-employee members of our Board of Directors to support these individuals acting as owners of the Company.
- Maintain a compensation recovery policy which provides that, in the event we are required to prepare an accounting restatement as a result of fraud or intentional misconduct, we may recover from those current and former executive officers who are subject to the reporting requirements of Section 16 of the Exchange Act and were involved in the fraud or misconduct any incentive compensation erroneously paid or awarded in excess of what would have been paid pursuant to the restated financial statements.

What We Do Not Do

- Offer pension arrangements, defined benefit retirement plans, or nonqualified deferred compensation plans to our executive officers.
- Reprice options to purchase shares of our common stock without stockholder approval.
- Provide perquisites and other personal benefits to our executive officers unless they serve a sound business purpose.

Effect of Stockholder Advisory Vote on Executive Compensation

The Compensation Committee considers the results of the annual stockholder advisory vote on the compensation of our Named Executive Officers, as well as stockholder feedback on our executive compensation program, as part of its annual executive compensation review. In response to stockholder feedback, as well as concerns expressed by proxy advisory services in their annual compensation review and voting recommendations, we continue to revise and enhance our executive compensation program while remaining consistent with our compensation objectives, “pay for performance” philosophy and corporate values.

In 2016, we asked our stockholders to approve, on a non-binding advisory basis, the compensation of our named executive officers for the year ended December 31, 2015. This was the first year the “say on pay” proposal was included in our proxy statement and the proposal received support from approximately 54% of the votes cast. In response to the 2016 say-on-pay vote, we expanded our stockholder outreach and communication program to discuss our innovation strategy, the transition of our business model to a higher mix of recurring revenues and our commitment to a balance of top-line growth and operating leverage, in addition to discussions regarding executive compensation and other corporate governance matters. As a result of the feedback we received, when establishing our 2017 executive compensation program, we added non-GAAP operating income/loss as a second performance measure for the long-term performance-based equity awards granted in 2017, reflecting our increased emphasis on balancing investments to drive growth with the achievement of operating leverage and positive cash flows.

Additionally, in its annual review of the compensation of our executive officers in February 2017, the Compensation Committee decided not to increase the annual base salaries of our Named Executive Officers (except for Mr. Verdecanna, who received an increase in connection with his promotion to Executive Vice President and Chief Financial Officer).

In a mid-year review of executive compensation, the Compensation Committee, with the support of competitive compensation analysis provided by Compensia, determined that an adjustment to the cash

compensation of Ms. King was necessary and appropriate to maintain the competitiveness of her target total cash compensation. Additionally, following a review of the equity holdings of our executive officers, the Compensation Committee determined that additional equity awards were necessary and appropriate to maintain the competitiveness of Mr. Verdecanna's total compensation. 50% of the additional compensation for both Ms. King and Mr. Verdecanna were at-risk and subject to achievement of performance objectives.

The Compensation Committee remains committed to policies and practices that promote our stockholders' long-term interests, including a "pay for performance" philosophy with a significant percentage of compensation delivered in the form of equity subject to performance and time-based vesting requirements. In 2017, 50% of our CEO's target total direct compensation and approximately 48% of our other Named Executive Officers' target total direct compensation was "at risk" and contingent upon the achievement of pre-established performance measures. Further, in 2017, 90% of our CEO's target total direct compensation and approximately 83% of our other Named Executive Officers' target total direct compensation was provided in the form of equity awards subject to multi-year time-based vesting.

Consistent with our "pay for performance" philosophy, and absent the extraordinary circumstances associated with the management transition and restructuring of 2016, the Compensation Committee did not make any discretionary payouts with respect to 2017 compensation for our Named Executive Officers. Payouts of 2017-related cash incentive compensation and performance-based equity awards were consistent with the pre-established performance metrics and payout ratios for each metric. Further, attainment of 100% of individual performance targets for each of our Named Executive Officers was consistent with the weighted average attainment of corporate performance measures at 101%.

At our 2017 annual meeting of stockholders, approximately 61% of the votes cast approved the compensation program for our named executive officers for the fiscal year ended December 31, 2016, as described in our 2017 proxy statement. In response to the 2017 say-on-pay vote, as well as feedback from our stockholders received through our ongoing stockholder engagement efforts and commentary from the proxy advisory services in their annual compensation analysis and voting recommendations, we made several changes to our 2018 executive compensation program compared to 2017:

- For 2018 annual cash incentive opportunities, we have selected revenue instead of billings as one of the three corporate performance measures. This change reflected specific feedback we received from our stockholders requesting that we refrain from using billings as a performance measure for both our short-term and long-term incentive compensation programs.
- For most equity awards granted in 2018 (both time-based and performance-based), we increased the vesting period to four years, with 25% scheduled to vest per year subject to continued service through the applicable vesting date.
- For both 2018 annual cash incentive opportunities and performance-based equity awards granted in 2018, we established a 0% payout with respect to any corporate performance measure that does not improve, on an absolute dollar basis, compared to 2017.

The Compensation Committee will continue to consider best practices from a stockholder and corporate governance perspective when it designs our executive compensation program. Further, the Compensation Committee will continue to consider feedback received through our stockholder engagement efforts, as well as the results of the annual advisory vote on our executive compensation program and policies, and use this feedback in shaping our future executive compensation program.

Compensation Philosophy and Objectives

Compensation Philosophy

As a cybersecurity provider, we operate in a rapidly evolving industry sector. To succeed in this environment, we must attract and retain a highly talented executive team, including executive officers with

strong leadership skills who can run our business functions, achieve results that meet our clients' objectives, and sell our products, subscriptions and services. We compete with other companies in our industry and other technology companies in the San Francisco Bay Area to attract and retain a skilled management team. We have designed our executive compensation program to accomplish our goals in the highly competitive area for top talent, while at the same time fostering a "pay for performance" environment that aligns the long-term interests of our executive officers with the interests of our stockholders.

Compensation Program Objectives

To be successful in our industry requires that we continually build on our expertise in the cybersecurity space, expand the breadth and quality of our solutions, continuously enhance our technology platforms, and manage our expanding operations efficiently and effectively. Our executive compensation program is designed to achieve these objectives so that we are able to:

- attract and retain talented and experienced executive officers, who possess the knowledge, skills, and leadership criteria critical to our success;
- motivate these executive officers to achieve our business objectives and uphold our core values;
- promote teamwork within the executive team, while also recognizing the unique role each executive officer plays in our success; and
- ensure the alignment of the long-term interests of our executive officers with the interests of our stockholders.

As we continue to grow as a publicly-traded company, we will evaluate our compensation philosophy and program objectives as circumstances require. At a minimum, we expect the Compensation Committee to review executive compensation annually. Further, as part of this review process, we expect the Compensation Committee to apply our values and the objectives described above, while considering the compensation levels needed to ensure that our executive compensation program remains competitive.

Compensation-Setting Process

Role of Compensation Committee

The Compensation Committee oversees our executive compensation and other compensation and benefit programs, administers our equity compensation plans, and reviews, formulates, and determines the design and amount of compensation for our executive officers, including our Named Executive Officers, except that any approvals by the Compensation Committee relating to the compensation of our Chief Executive Officer are subject to the ratification of our Board of Directors (with any non-independent directors abstaining from the vote).

At the beginning of each year, the Compensation Committee reviews our executive compensation program, including any incentive compensation plans and arrangements to determine whether they are appropriate, properly coordinated, and achieve their intended purposes and makes any modifications to existing plans and arrangements or adopts new plans or arrangements. The Compensation Committee also conducts an annual review of our executive compensation strategy to ensure that it is appropriately aligned with our business strategy and the achievement of our desired objectives. Further, the Compensation Committee reviews market trends and changes in competitive compensation practices, as further described below. Based on its review and assessment, the Compensation Committee, from time to time, makes changes in our executive compensation program or recommends changes to our Board of Directors.

The factors considered by the Compensation Committee in determining the compensation of our executive officers and developing its recommendations to our Board of Directors for 2017 included:

- the recommendations of our Chief Executive Officer (except with respect to his own compensation) as described below;

- our corporate growth and other elements of financial performance;
- the individual achievement of each executive officer against his or her management objectives;
- a review of the relevant competitive market data (as described below);
- the expected future contribution of the individual executive officer; and
- internal pay equity based on the impact on our business and performance.

The Compensation Committee does not weigh these factors in any predetermined manner, nor does it apply any formulas in developing its compensation determinations and recommendations. Rather, in making its determinations and recommendations, the members of the Compensation Committee consider all of this information in light of their individual experience, knowledge of the Company, knowledge of the competitive market, knowledge of each executive officer, and business judgment.

The Compensation Committee's authority, duties, and responsibilities are described in its charter, which is reviewed annually and revised and updated as warranted. The charter is available on our website at www.FireEye.com in the Corporate Governance section of our Investor Relations webpage.

Role of Management

Our Chief Executive Officer works closely with the Compensation Committee in determining the compensation of our other executive officers, including our other Named Executive Officers. Typically, our Chief Executive Officer works with the Compensation Committee to recommend the structure of the annual cash incentive compensation opportunities, to identify and develop corporate and individual performance objectives for such cash incentive compensation opportunities, and to evaluate actual performance against the selected measures. Our Chief Executive Officer also makes recommendations to the Compensation Committee as described in the following paragraph and is involved in the determination of compensation for the respective executive officers who report to him.

At the beginning of each year, our Chief Executive Officer reviews the performance of our other executive officers for the previous year, and then shares these evaluations with, and makes recommendations to, the Compensation Committee for each element of compensation. These recommendations concern the base salary, annual cash incentive compensation, and long-term incentive compensation for each of our executive officers (other than himself) based on our results, the individual executive officer's contribution to these results, and his or her performance toward achieving his or her individual performance objectives. The Compensation Committee then reviews these recommendations and considers the other factors described above and makes decisions as to the target total direct compensation of each executive officer (other than our Chief Executive Officer), as well as each individual compensation element.

While the Compensation Committee considers our Chief Executive Officer's recommendations, it only uses these recommendations as one of several factors in making its decisions with respect to the compensation of our executive officers. In all cases, the final decisions on compensation matters are made by the Compensation Committee or our Board of Directors (with any non-independent directors abstaining from the vote). Moreover, no executive officer participates in the determination of the amounts or elements of his or her own compensation.

At the request of the Compensation Committee, our Chief Executive Officer typically attends a portion of each Compensation Committee meeting in which executive compensation is discussed, including meetings at which the Compensation Committee's compensation consultant is present.

Role of Compensation Consultant

Pursuant to its charter, the Compensation Committee has the authority to retain the services of one or more executive compensation advisors, as it determined in its sole discretion, including compensation consultants,

legal counsel, accounting, and other advisors, to assist in the creation of our compensation plans and arrangements and related policies and practices. The Compensation Committee makes all determinations regarding the engagement, fees, and services of these external advisors, and any such external advisor reports directly to the Compensation Committee.

During 2017, the Compensation Committee engaged Compensia, Inc., a national compensation consulting firm, to provide information, analysis, and other assistance relating to our executive compensation program on an ongoing basis. The nature and scope of the services provided to the Compensation Committee by Compensia in 2017 were as follows:

- conducted a review and updating of the compensation peer group;
- conducted an analysis of the levels of overall compensation and each element of compensation for our executive officers;
- provided advice with respect to compensation best practices and market trends for our executive officers and the non-employee members of our Board of Directors;
- assessed our compensation risk profile and reported on this assessment;
- conducted an analysis of the levels of overall compensation and each element of compensation for the non-employee members of our Board of Directors; and
- provided *ad hoc* advice and support throughout the year.

The Compensation Committee may replace its compensation consultant or hire additional advisors at any time. Representatives of Compensia attend meetings of the Compensation Committee, as requested, and communicate with the Compensation Committee Chair and with management as circumstances warrant. All decisions regarding the compensation of our executive officers, however, are made by the Compensation Committee (provided that any approvals by the Compensation Committee relating to the compensation of our Chief Executive Officer are subject to the ratification of our Board of Directors, with any non-independent directors abstaining from the vote) or our Board of Directors (with any non-independent directors abstaining from the vote).

Compensia reports directly to the Compensation Committee. The Compensation Committee has assessed the independence of Compensia taking into account, among other things, the enhanced independence standards and factors set forth in Exchange Act Rule 10C-1 and the applicable NASDAQ Listing Standards, and concluded that that there are no conflicts of interest with respect to the work that Compensia performs for the Compensation Committee.

Use of Competitive Market Data

As part of its deliberations, the Compensation Committee considers competitive market data on executive compensation levels and practices and a related analysis of such data, but does not use this data for benchmarking the compensation of our Named Executive Officers. This market data is drawn from a select group of peer companies developed by the Compensation Committee, as well as compensation survey data.

At the direction of the Compensation Committee, Compensia developed a revised compensation peer group in November 2016 to ensure that our executive compensation decisions for 2017 were positioned to be competitive with comparable peer companies. This updated peer group was based on an evaluation of companies that the Compensation Committee believed were comparable to us, taking into consideration the size of each company (based on revenues and market capitalization) and the following additional factors:

- the comparability of the company’s business model;
- the company’s business services focus;

- the comparability of the company's operating history;
- the comparability of the company's organizational complexities and growth attributes;
- the stage of the company's maturity curve (which increases its likelihood of attracting the type of executive talent for whom we compete); and
- the comparability of the company's operational performance (for consistency with our strategy and future performance expectations).

Based on these criteria, the Compensation Committee approved an updated compensation peer group consisting of 20 publicly-traded business services and related technology companies. At the time Compensia updated the peer group, the selected companies had revenues ranging from approximately $261 million to approximately $1.4 billion, with a median of $562 million, and market capitalizations ranging from approximately $1.3 billion to approximately $13.3 billion, with a median of $3.6 billion. The companies comprising the compensation peer group were as follows:

Arista Networks	Guidance Software	Splunk
Aspen Technology	Infoblox	Tableau Software
Cornerstone OnDemand	LendingClub	Ultimate Software Group
CoStar Group	Medidata Solutions	Yelp
Envestnet	Palo Alto Networks	Zendesk
Fortinet	Progress Software	Zillow Group
GrubHub	Proofpoint	

Of the 20 companies in our 2017 compensation peer group, 12 were carried over from 2016 (Arista Networks, Aspen Technology, CoStar Group, Fortinet, GrubHub, LendingClub, Palo Alto Networks, Splunk, Tableau Software, The Ultimate Software Group, Yelp and Zillow Group). The turnover of our compensation peer group was a result of the evaluation and selection criteria described above.

The Compensation Committee believes that information regarding the compensation practices at other companies is useful in at least two respects. First, the Compensation Committee recognizes that our compensation policies and practices must be competitive in the marketplace. Second, this information is useful in assessing the reasonableness and appropriateness of individual executive compensation elements and of our overall executive compensation packages. This information is only one of several factors that the Compensation Committee considers, however, in making its decisions with respect to the compensation of our executive officers.

Compensation Elements

Our executive compensation program consists primarily of three elements: base salary, short-term incentive compensation in the form of cash awards, and long-term incentive compensation in the form of equity awards. Our executive officers also participate in several Company-wide welfare and health benefit plans, which are consistent with the arrangements offered to our other employees. Finally, our executive officers are eligible to receive certain post-employment compensation arrangements.

We use these compensation elements to make up our executive compensation program because (i) they are consistent with other programs in our competitive market and allow us to effectively compete for highly-qualified talent, (ii) each element supports achievement of one or more of our compensation objectives, and (iii) collectively, they have been and, we believe, will continue to be, effective means for motivating our executive officers. We view the three primary compensation elements as related, but distinct, components of our total compensation program. We do not believe that total compensation should be derived from a single element, or that significant compensation from one element should negate or reduce compensation from other elements.

Each of these compensation elements is discussed in detail below, including a description of the particular element and how it fits into our overall executive compensation and a discussion of the amounts of compensation paid to our Named Executive Officers in 2017 under each of these elements.

Base Salary

We believe that a competitive base salary is necessary to attract and retain a stable executive team. Base salaries for our executive officers are also intended to be competitive with those received by other individuals in similar positions at the companies with which we compete for talent, as well as equitable across the executive team.

Generally, we establish the initial base salaries of our executive officers through arm's-length negotiation at the time we hire the individual executive officer, taking into account his or her position, qualifications, experience, prior salary level, and the base salaries of our other executive officers.

Thereafter, the Compensation Committee or our Board of Directors reviews the base salaries of our executive officers, including our Named Executive Officers, at least annually and makes adjustments to base salaries as it determines to be necessary or appropriate.

In February 2017, in connection with the promotion of Mr. Verdecanna as our Executive Vice President and Chief Financial Officer, our Board of Directors increased Mr. Verdecanna's base salary effective February 1, 2017.

Also in February 2017, the Compensation Committee reviewed the base salaries of our executive officers (other than Mr. Berry, who had by then tendered his resignation), and our Board of Directors (with our CEO not present at the meeting) reviewed the base salary of our CEO, in each case taking into consideration a competitive market analysis performed by Compensia and the recommendations of our CEO (except with respect to his own base salary), as well as the other factors described above. Following their reviews, the Compensation Committee (with respect to our executive officers, other than our CEO) and our Board of Directors (with respect to our CEO) determined that adjustments were not necessary to maintain the competitiveness of our executive officers' target total cash compensation and, except for the previously approved increase for Mr. Verdecanna in connection with his promotion, decided not to increase the base salaries of our Named Executive Officers compared to their ending 2016 levels.

In July 2017, as part of our effort to remain competitive in retaining our executive officers given that no cash compensation adjustments had been made earlier in the year for them (other than Mr. Verdecanna in connection with his promotion), the Compensation Committee undertook a mid-year review of the base salaries of our executive officers, taking into consideration the competitive market analysis performed by Compensia and the recommendations of our CEO (except with respect to his compensation), as well as the other factors described above. Following this review, the Compensation Committee determined that an adjustment was necessary and appropriate in the case of Ms. King to maintain the competitiveness of her target total cash compensation and decided to increase her base salary compared to her 2016 level, effective as of August 1, 2017.

The ending base salaries of our Named Executive Officers for 2017 compared to 2016 levels were as follows:

Named Executive Officer	Ending 2016 Base Salary	Ending 2017 Base Salary	Amount Increase	Percentage Increase
Ms. King	$316,667	$366,667	$ 50,000	16%
Mr. Mandia	$350,000	$350,000	—	—
Mr. Reese	$335,000	$335,000	—	—
Mr. Robbins	$450,000	$450,000	—	—
Mr. Verdecanna	$260,000	$370,000	$110,000	42%
Mr. Berry(1)	$410,000	N/A	N/A	N/A

(1) Mr. Berry did not have an ending 2017 base salary because his employment with us terminated on February 3, 2017.

The base salaries earned by our Named Executive Officers for 2017 are set forth in the "Summary Compensation Table for Fiscal Year 2017" below.

Annual Cash Incentive Compensation—Overview

We use annual cash incentive compensation paid under our Employee Incentive Plan (the "Incentive Plan") to motivate our executive officers, including our Named Executive Officers, and designated employees to achieve our short-term financial and operational objectives while making progress towards our longer-term growth and other goals. Consistent with our executive compensation philosophy, this annual cash incentive compensation is intended to help us deliver a competitive total direct compensation opportunity to our executive officers.

Under the Incentive Plan, the Compensation Committee establishes annual performance measures and related target levels applicable to any cash incentive compensation opportunity under the Incentive Plan each year. Performance objectives that involve our financial results may be determined in accordance with GAAP or may consist of non-GAAP financial measures, and any actual results may be adjusted by the Compensation Committee for one-time items or unbudgeted or unexpected items when determining whether the performance objectives have been met. Individual performance objectives may be established on the basis of any factors the Compensation Committee determines relevant, and may be adjusted on an individual, divisional, business unit, or Company-wide basis. The performance objectives may differ from participant to participant and from cash incentive compensation opportunity to cash incentive compensation opportunity.

The Compensation Committee may, in its sole discretion and at any time, increase, reduce, or eliminate a participant's actual cash payment, and/or increase, reduce, or eliminate the amount of cash allocated for a particular performance period. The actual cash payment may be below, at, or above a participant's target cash incentive compensation opportunity, in the Compensation Committee's sole discretion. The Compensation Committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual cash incentive compensation is paid only after it is earned.

The Compensation Committee has the authority to amend, alter, suspend, or terminate annual performance measures and related target levels, provided that such action does not impair the existing rights of any participant with respect to any earned cash incentive compensation.

Target Cash Incentive Compensation Opportunities

The Compensation Committee reviews the performance of each executive officer, including each of our Named Executive Officers, relative to his or her target cash incentive compensation opportunity objectives at its regularly scheduled February meeting. Based on this review, the Compensation Committee determines and approves the cash payment for each of our eligible executive officers (other than our CEO). Our Board of Directors (with our sole non-independent director not present at the meeting and therefore not voting) reviews the performance of our CEO relative to his target cash incentive compensation opportunity objectives at its regularly scheduled February meeting, and based on its review, determines and approves the cash payment for our CEO.

In February 2017, in connection with the promotion of Mr. Verdecanna as our Executive Vice President and Chief Financial Officer, our Board of Directors increased Mr. Verdecanna's annual target cash incentive compensation opportunity effective February 1, 2017.

Also in February 2017, the Compensation Committee reviewed the annual target cash incentive compensation opportunities of our executive officers (other than Mr. Berry, who had by then tendered his resignation), and our Board of Directors (with our CEO not present at the meeting) reviewed the annual target cash incentive compensation opportunity of our CEO, in each case taking into consideration a competitive market analysis performed by Compensia and the recommendations of our CEO (except with respect to his own annual target cash incentive compensation opportunity), as well as the other factors described above. Following this review, the Compensation Committee (with respect to our executive officers, other than our CEO) and our Board of Directors (with respect to our CEO) determined that adjustments were not necessary to maintain the competitiveness of our executive officers' target total cash compensation and, except for the previously approved increase for Mr. Verdecanna in connection with his promotion, decided not to increase the annual target cash incentive compensation opportunities of our Named Executive Officers compared to their 2016 levels.

Additionally, in February 2017, under the terms of the Incentive Plan, the Compensation Committee established annual performance measures and related target levels for potential 2017 cash incentive compensation for our executive officers (the "2017 Incentive Compensation Plan"). The 2017 Incentive Compensation Plan provided the eligible executive officers with an opportunity to receive cash incentive compensation in February 2018, subject to the achievement of corporate and individual performance objectives in 2017.

In July 2017, as part of our effort to remain competitive in retaining our executive officers given that no cash compensation adjustments had been made earlier in the year for them (other than Mr. Verdecanna in connection with his promotion), the Compensation Committee undertook a mid-year review of the annual target cash incentive compensation opportunities of our executive officers, taking into consideration the competitive market analysis performed by Compensia and the recommendations of our CEO (except with respect to his own compensation), as well as the other factors described above. Following this review, the Compensation Committee determined that an adjustment was necessary and appropriate in the case of Ms. King to maintain the competitiveness of her target total cash compensation and decided to increase her annual target cash incentive compensation opportunity compared to her 2016 level, effective as of August 1, 2017.

The target cash incentive compensation opportunities of our Named Executive Officers under the 2017 Incentive Compensation Plan were as follows:

Named Executive Officer	2016 Target Cash Incentive Compensation Opportunity	2017 Target Cash Incentive Compensation Opportunity	Amount Increase	Percentage Increase	2017 Target Cash Incentive Compensation Opportunity (as a percentage of ending 2017 annual base salary)
Ms. King	$158,333	$183,333	$25,000	16%	50%
Mr. Mandia	$350,000	$350,000	—	—	100%
Mr. Reese	$268,000	$268,000	—	—	80%
Mr. Robbins	$350,000	$350,000	—	—	78%
Mr. Verdecanna	$ 91,000	$185,000	$94,000	103%	50%
Mr. Berry(1)	$410,000	N/A	N/A	N/A	N/A

(1) Mr. Berry was not eligible to participate in the 2017 Incentive Compensation Plan once his employment with us terminated on February 3, 2017.

Proxy Statement

Short-Term Incentive Compensation

Weighting of Target Cash Incentive Compensation Opportunities

Under the 2017 Incentive Compensation Plan, the target cash incentive compensation opportunities of our Named Executive Officers were weighted 75% on corporate performance objectives and 25% on individual performance objectives.

The Compensation Committee determined these allocations to be appropriate to focus our executive officers on our short-term financial objectives as reflected in our annual operating plan while, at the same time, recognizing their contributions to the achievement of these objectives and the successful execution of their individual roles and responsibilities.

Corporate Performance Objectives

For 2017, the Compensation Committee selected billings, non-GAAP operating income/loss, and free cash flow as the corporate performance measures for the 2017 Incentive Compensation Plan.[1] The Compensation Committee believed these performance measures were appropriate for our business because they provided a balance between generating billings and cash, managing our expenses, and growing our business, which it believes most directly influences long-term stockholder value. At the same time, for each of these measures, the Compensation Committee established target performance levels that it believed would be challenging, but attainable, through the successful execution of our annual operating plan.

For the 2017 Incentive Compensation Plan, each of these corporate performance measures was equally weighted. The actual cash payment with respect to each measure was to be determined independently, in accordance with the following schedules:

Achievement Percentage of Target 2017 Billings or Non-GAAP Operating Income/Loss	Payment Factor
120% or greater	150%
At least 101% but less than 120%	2.5:1 Addition from 101% to 120% achievement
At least 86% through 100%	2:1 Addition from 86% to 100% achievement
85%	70%
Less than 85%	0%

Achievement Level of 2017 Free Cash Flow	Payment Factor
$20 million or greater	150%
At least $1 million but less than $20 million	2.5:1 Addition for each $1 million of achievement
Not less than negative $14 million but less than $1 million	2:1 Addition for each $1 million of achievement
Not less than negative $15 million but less than negative $14 million	70%
Less than negative $15 million	0%

Under the 2017 Incentive Compensation Plan, the Compensation Committee reserved the right to adjust the target or achievement levels for each corporate performance measure in the event a merger, acquisition or other unforeseeable future event occurred.

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[1] Billings, free cash flow and non-GAAP operating income/loss are non-GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures is provided in Annex A included at the end of this proxy statement.

The Compensation Committee established the following target levels for the corporate performance measures based on billings, non-GAAP operating income/loss and free cash flow under the 2017 Incentive Compensation Plan:

Financial Measure	Fiscal 2017 Target Level	Percentage of 2017 Target Cash Incentive Compensation Opportunity Based on Three Financial Measures
Billings	$ 847.0 million	25%
Non-GAAP operating income/loss	($ 61.5 million)	25%
Free cash flow	$ 0.0 million	25%

Individual Performance Objectives

In addition to the corporate performance objectives, the annual cash incentive compensation for our eligible executive officers was also based on each executive officer's achievement against his or her individual performance objectives. Except in the case of our CEO, the individual performance objectives were established in discussions with our CEO. The individual performance objectives could be quantitative or qualitative goals, depending on the organizational priorities for a given year, and typically focused on key departmental or operational objectives or functions. Most of these objectives were intended to provide a set of common goals that facilitated collaborative management and engagement, although our executive officers could also be assigned individual goals. These objectives set expectations for what our Chief Executive Officer and the Compensation Committee anticipated will be the means by which the individual component of cash incentive compensation is determined. In all cases, the individual performance objectives were intended to be challenging, but attainable, and designed to produce annual cash incentive payments that reflect meaningful performance requirements.

The individual performance objectives for our eligible Named Executive Officers under the 2017 Incentive Compensation Plan were established at the beginning of 2017, were qualitative in nature and were closely linked to their roles at the time.

- *Ms. King:* Ms. King's specific goals included supporting our mergers and acquisition activity, developing and building our patent portfolio and trademarks, managing the legal function with respect to corporate and securities matters, and overseeing our litigation.
- *Mr. Mandia:* Mr. Mandia's specific goals included customer engagement activities, participating in media and press engagements, providing product strategy and vision overall, and other goals related to achieving our externally-communicated financial targets.
- *Mr. Reese:* Mr. Reese's specific goals included customer engagement activities, business planning activities, and translating global business priorities into operational tactics for FireEye's products, subscriptions and services.
- *Mr. Robbins:* Mr. Robbins' specific goals included assisting with our sales efforts, business planning activities, and customer engagement activities.
- *Mr. Verdecanna:* Mr. Verdecanna's specific goals included business planning activities, public financial reporting activities, investor relations activities, and identifying additional areas of optimization opportunities.

The evaluation of each eligible executive officer (other than our CEO) under the 2017 Incentive Compensation Plan was based on an assessment by our CEO against their respective individual performance objectives for the year. Because our CEO is closest to the performance of the other executive officers, he determined if the individual performance objectives were met, how they were met and whether there were other objectives that were more relevant indicators of performance for that individual. Our CEO then made his recommendations about achievement for the individual performance objectives to the Compensation Committee,

which the Compensation Committee then took into consideration. The Compensation Committee had complete discretion to accept our CEO's recommendation, or to increase, reduce, or eliminate this aspect of an executive officer's cash incentive compensation based on any factors it deemed relevant.

In February 2018, the level of achievement and payment associated with the individual performance objectives established for each executive officer (other than our CEO) were determined by our CEO and then submitted to the Compensation Committee for review and approval. Payments for the individual performance component of the 2017 Incentive Compensation Plan could be up to 150% of the portion of each executive officer's target cash incentive compensation opportunity allocated to individual performance.

2017 Performance Results and Award Decisions

In February 2018, the Compensation Committee determined (with respect to our Named Executive Officers other than our CEO) and our Board of Directors (with our sole non-independent director not present at the meeting and therefore not voting) determined (with respect to our CEO) that our achievement, and corresponding payment levels, with respect to the corporate performance objectives under the 2017 Incentive Compensation Plan were as follows:

Corporate Performance Objective	2017 Target Level	Approved 2017 Achievement	Percentage Achievement against Target	Payout Level
Billings	$847.0 million	$768.3 million	91%	82%
Non-GAAP operating income/loss	($ 61.5 million)	($ 20.1 million)	306%	150%
Free cash flow(1)	$ 0.0	($ 13.6 million)	86%	72%

(1) Free cash flow for purposes of the 2017 Incentive Compensation Plan excluded the $12.5 million net legal settlement costs paid by the Company in December 2017.

Also in February 2018, the Compensation Committee (with respect to our Named Executive Officers other than our CEO) and our Board of Directors (with respect to our CEO) determined (with our sole non-independent director not present at the meeting and therefore not voting) that the individual performance objectives had been attained at the following percentage levels:

Named Executive Officer	Individual Performance Objectives Attainment Level
Ms. King	100%
Mr. Mandia	100%
Mr. Reese	100%
Mr. Robbins	100%
Mr. Verdecanna	100%
Mr. Berry(1)	N/A

(1) Mr. Berry was not eligible to participate in the 2017 Incentive Compensation Plan once his employment with us terminated on February 3, 2017.

Additionally, in February 2018, based on its review of our overall performance in 2017 against the corporate performance objectives and, to the extent applicable, the achievement of individual performance objectives of our Named Executive Officers as described above, the Compensation Committee determined (with respect to our Named Executive Officers other than our CEO), and our Board of Directors (with respect to our CEO) determined (with our sole non-independent director not present at the meeting and therefore not voting), to award cash payments under the 2017 Incentive Compensation Plan as follows to our Named Executive Officers:

Named Executive Officer	2017 Target Cash Incentive Compensation Opportunity	Amount Related to Corporate Financial Objectives	Amount Related to Individual Performance Objectives	Actual Cash Incentive Payment	Percentage of Target Cash Incentive Compensation Opportunity
Ms. King	$183,333	$137,500	$45,833	$185,166	101%
Mr. Mandia	$350,000	$262,500	$87,500	$353,500	101%
Mr. Reese	$268,000	$201,000	$67,000	$270,680	101%
Mr. Robbins	$350,000	$262,500	$87,500	$353,500	101%
Mr. Verdecanna	$185,000	$138,750	$46,250	$186,850	101%
Mr. Berry(1)	N/A	N/A	N/A	N/A	N/A

(1) Mr. Berry was not eligible for the 2017 Incentive Compensation Plan once his employment with us terminated on February 3, 2017.

The cash amounts paid to our Named Executive Officers under the 2017 Incentive Compensation Plan are set forth in the "Summary Compensation Table for Fiscal Year 2017" below under the heading "Non-Equity Incentive Plan Compensation."

Long-Term Incentive Compensation

We believe that if our executive officers own shares of our common stock in amounts that are significant to them, they will have an incentive to act to maximize long-term stockholder value. As discussed in the section "Other Compensation Policies" below, we use stock ownership guidelines to complement our long-term incentive compensation arrangements, so our executive officers maintain a strong link to the interests of our stockholders and to the movements in our stock price. We also believe that long-term incentive compensation in the form of equity awards is an integral component of our efforts to attract and retain exceptional executive officers. In the past four years, we have relied on RSU awards that may be settled for shares of our common stock and PSU awards for shares of our common stock as the principal vehicles for delivering long-term incentive compensation opportunities to our executive officers. We believe this approach enables us to attract and retain key talent in our industry and aligns our executive team's interests with the long-term interests of our stockholders.

Generally, in determining the size of the equity awards granted to our executive officers, the Compensation Committee or our Board of Directors, as applicable, takes into consideration the recommendations of our Chief Executive Officer (except with respect to his own equity awards), as well as the factors described above. The Compensation Committee or our Board of Directors, as applicable, also considers the dilutive effect of our long-term incentive compensation practices, and the overall impact that these equity awards, as well as awards to other employees, will have on stockholder value.

2017 Awards

In February 2017, our Board of Directors granted equity awards to our Named Executive Officers (other than Mr. Berry, who had by then tendered his resignation, Mr. Robbins, who had received equity awards at the end of December 2016 in conjunction with his appointment as our Executive Vice President of Worldwide Sales, and our CEO), in recognition of our financial results and their individual performance for 2016 and, in the case of Mr. Verdecanna, in connection with his promotion. In determining the amount of the equity awards for such

Named Executive Officers, our Board of Directors also took into consideration the recommendations of our CEO, as well as the factors described above. Our Board of Directors also considered the existing equity holdings of such Named Executive Officers, including the current economic value of their unvested equity awards and the ability of these unvested holdings to satisfy our retention objectives.

In March 2017, our Board of Directors (with the sole non-independent director not present at the meeting and therefore not voting) granted equity awards to our CEO, Mr. Mandia, in recognition of our financial results and his individual performance for 2016, as well as his continued effectiveness in overseeing the efforts of our executive officers to achieve our short-term and long-term business objectives and to set an appropriate tone for our general workforce. In addition, our Board of Directors determined that, given his responsibilities and importance to us, Mr. Mandia's equity awards should be larger than the awards of the other executive officers to reflect his greater role and responsibilities. Our Board of Directors also considered the existing equity holdings of Mr. Mandia, including the current economic value of his unvested equity awards and the ability of these unvested holdings to satisfy our retention objectives.

In July 2017, as part of our effort to remain competitive in retaining our executive officers, the Compensation Committee further reviewed the existing equity holdings of our executive officers. Following this review, the Compensation Committee granted additional equity awards to Mr. Verdecanna based on its determination that such awards were necessary and appropriate to maintain the competitiveness of his total compensation. In determining the amount of the additional equity awards for Mr. Verdecanna, the Compensation Committee took into consideration a competitive market analysis performed by Compensia, the recommendation of our CEO, the current economic value of Mr. Verdecanna's unvested equity awards and the ability of these unvested holdings to satisfy our retention objectives.

The equity awards granted to certain of our Named Executive Officers in February 2017, March 2017 and July 2017 consisted of both RSU and PSU awards, and the number of shares of our common stock under the RSU awards and the target and maximum number of shares of our common stock under the PSU awards were as follows:

		RSU Awards	**PSU Awards**	
Named Executive Officer	**Month Awards Granted**	**Number of Shares**	**Target Number of Shares under PSU Awards for 2017 Performance Year**	**Maximum Number of Shares (assuming overachievement)**
Ms. King	February 2017	93,750	93,750	140,625
Mr. Mandia	March 2017	250,000	250,000	375,000
Mr. Reese	February 2017	145,450	145,450	218,175
Mr. Verdecanna	February 2017	75,000	75,000	112,000
	July 2017	62,500	62,500	93,750

The RSU awards were subject to a time-based vesting requirement. Pursuant to this vesting requirement, one-third of the shares of our common stock subject to the RSU awards will vest on each of the first three anniversaries of February 15, 2017, with the vesting in each case being subject to the executive officer's continued service with us through the applicable vesting date.

The PSU awards were subject to both a performance condition and a time-based vesting requirement. Pursuant to the performance condition, half of the number of shares of our common stock that could be earned under a PSU award was based on pre-established threshold, target, and maximum performance levels for our billings in 2017, and the other half of the number of shares of our common stock that could be earned under the PSU award was based on pre-established threshold, target, and maximum performance levels for our non-GAAP operating income/loss in 2017 (calculated in the same manner as under the 2017 Incentive Compensation Plan). The target performance level for our billings performance measure in 2017 was $847.0 million, and the target performance level for our non-GAAP operating income/loss performance measure in 2017 was negative

$61.5 million. The PSU awards provided that, for the performance period commencing on January 1, 2017 and ending on December 31, 2017, the number of shares of our common stock earned with respect to a particular performance measure would be determined in accordance with the following payout schedule (the "2017 PSU Payout Schedule"):

- if we achieved less than 85% of the target performance level for a performance measure, no portion of the target number of shares tied to such performance measure would be earned,
- if we achieved at least 85% but less than 100% of the target performance level for a performance measure, a portion of the target number of shares tied to such performance measure would be earned,
- if we achieved 100% of the target performance level for a performance measure, the target number of shares tied to such performance measure would be earned, and
- if we exceeded the target performance level for a performance measure, up to 150% of the target number of shares tied to such performance measure would be earned.

With respect to the time-based vesting requirement, the PSU awards provided that one-third of the total number of shares approved for release will vest in February 2018, one-third of the total number of shares approved for release will vest in February 2019, and the remaining one-third of the total number of shares approved for release will vest in February 2020, with the vesting in each case being subject to the executive officer's continued service with us through the applicable vesting date.

2016 Award for Mr. Robbins

In December 2016, in connection with Mr. Robbins joining FireEye, the Compensation Committee granted him a PSU award with a target of 50,000 shares of our common stock tied to 2017 company performance.

Pursuant to the performance condition under this PSU award, the number of shares of our common stock that could be earned for the 2017 performance year was based on pre-established threshold, target, and maximum performance levels for our billings in 2017. The target performance level for our billings in 2017 was $847.0 million.

The PSU award provided that, for the 2017 performance year, the number of shares earned would be determined in accordance with the 2017 PSU Payout Schedule. Pursuant to the vesting requirement, the PSU award also provided that the shares earned for the 2017 performance year will vest in February 2018, subject to Mr. Robbin's continued service with us through the vesting date.

Award for Mr. Berry

In November 2015, in connection with Mr. Berry joining FireEye, the Compensation Committee granted him a PSU award with a target of 28,750 shares of our common stock tied to 2017 company performance. The PSU award was cancelled on March 1, 2017 upon the termination of Mr. Berry's services under the transition agreement that we entered into with him on February 2, 2017.

2014 and 2015 Awards for Mr. Verdecanna

In connection with our annual equity refresh programs for non-executive employees in 2014 and 2015, the Compensation Committee granted to Mr. Verdecanna a PSU award in May 2014 with a target of 750 shares of our common stock tied to 2017 company performance, and a PSU award in May 2015 with a target of 1,625 shares of our common stock tied to 2017 company performance. Both awards originally were tied to a bookings performance measure, but were amended in April 2017 to instead be tied to our billings in 2017 in order to align with the billings performance measure under the PSU awards granted in 2017 to our executive officers.

Pursuant to the performance condition under each PSU award, the number of shares of our common stock that could be earned under each PSU award for the 2017 performance year was based on pre-established threshold, target, and maximum performance levels for our billings in 2017 year. The target performance level for our billings in 2017 was $847.0 million.

Each PSU award provided that (i) if we achieve less than 80% of the target for the 2017 performance year, no shares will be earned for that year, (ii) if we achieve at least 80% but less than 100% of the target for the 2017 performance year, a portion of the number of shares allocated to that year will be earned for that year, (iii) if we achieve 100% of the target for the 2017 performance year, the number of shares allocated to that year will be earned for that year, and (iv) if we exceed the target for the 2017 performance year, up to 150% of the number of shares allocated to that year will be earned for that year. Pursuant to the vesting requirement, each PSU award also provided that the shares earned for the 2017 performance year will vest in February 2018, subject to Mr. Verdecanna' continued service with us through the vesting date.

Payout of PSU Awards

In February 2018, our Board of Directors (with the sole non-independent director not present at the meeting and therefore not voting) determined that, with our actual billings in 2017 being $768.3 million, the billings performance measure under each of the PSU awards described above was achieved at the 91% level, equating to 82% (in the case of the PSU awards granted in 2017 to certain of our Named Executive Officers and in 2016 to Mr. Robbins) or 91% (in the case of the PSU awards granted to Mr. Verdecanna in 2014 and 2015) of the target number of shares of our common stock being earned pursuant to the performance conditions for such PSU awards (or portions thereof) tied to 2017 billings performance.

Our Board of Directors at that time also determined that, with our actual non-GAAP operating income/loss in 2017 being negative $20.1 million, the non-GAAP operating income/loss performance measure under each of the PSU awards granted in 2017 was achieved at the 306% level, equating to 150% of the target number of shares of our common stock being earned pursuant to the performance requirements for the PSU awards tied to 2017 non-GAAP operating income/loss performance. For the PSU awards granted in 2017, which were measured half on 2017 billings performance and half on 2017 non-GAAP operating income/loss performance, the blended payout for both measures represented 116% of the target number of shares of our common stock under such PSU awards.

The following table sets forth the number of shares approved for release, and the corresponding number of shares cancelled, for all of the PSU awards tied to 2017 performance that were granted in 2017 or prior to 2017 to our Named Executive Officers:

Named Executive Officer	Month PSU Awards Granted	Target Number of Shares under PSU Awards Tied to 2017 Performance	Approved Payout Level	Actual Number of Shares Approved for Release under PSU Awards	Number of Shares Cancelled under PSU Awards
Ms. King	February 2017	93,750	116%	108,747	N/A
Mr. Mandia	March 2017	250,000	116%	289,998	N/A
Mr. Reese	February 2017	145,450	116%	168,721	N/A
Mr. Robbins	December 2016	50,000	82%	41,000	9,000
Mr. Verdecanna	February 2017	75,000	116%	87,000	N/A
	July 2017	62,500	116%	72,498	N/A
	May 2015	1,625	91%	1,478	147
	May 2014	750	91%	682	68
Mr. Berry(1)	N/A	N/A	N/A	N/A	N/A

(1) Mr. Berry was not granted any PSU awards in 2017 and all his unvested equity awards were cancelled on March 1, 2017 upon the termination of his services under the transition agreement that we entered into with him on February 2, 2017.

The equity awards granted in 2017 to our Named Executive Officers are set forth in the "Summary Compensation Table for Fiscal Year 2017" and the "Grants of Plan-Based Awards Table for Fiscal Year 2017" below.

Welfare and Health Benefits

We maintain a tax-qualified retirement plan (the "FireEye 401(k) plan") under Section 401(k) of the Internal Revenue Code (the "Code") for our executive officers and other employees who satisfy certain eligibility requirements, including requirements relating to age and length of service. The FireEye 401(k) plan provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. This plan is intended to qualify under Sections 401(a) and 501(a) of the Code so that contributions by employees to the plans, and income earned on plan contributions, are not taxable to employees until distributed from the applicable plan. In addition, all contributions are deductible by us when made.

All participants' interests in their deferrals are 100% vested when contributed under the FireEye 401(k) plan. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. In 2017, we made no matching contributions into the FireEye 401(k) plan.

In addition, we provide other benefits to our executive officers on the same basis as all of our full-time employees. These benefits include health, dental and vision benefits, health and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance coverage. We also provide flexible time off and other paid holidays to all employees, including our executive officers. We do not offer our employees a non-qualified deferred compensation plan or pension plan.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices, the competitive market and our employees' needs.

Perquisites and Other Personal Benefits

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites to our executive officers, except in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, for recruitment and retention purposes, or consistent with benefits provided to our other full-time employees. During 2017, none of our Named Executive Officers (other than Mr. Reese with respect to our reimbursement of a portion of his ongoing living expenses in connection with the relocation of his primary business location to our California headquarters at our request) received perquisites or other personal benefits that were not generally available on a non-discriminatory basis to all our employees and that were, in the aggregate, $10,000 or more for each Named Executive Officer.

In the future, we may provide perquisites or other personal benefits to our executive officers in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, for recruitment, motivation or retention purposes, or consistent with benefits provided to our other full-time employees. We do not expect that these perquisites or other personal benefits will be a significant aspect of our executive compensation program. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

Employment Arrangements

We have entered into written employment offer letters with each of our Named Executive Officers. Each of these arrangements was approved on our behalf by our Board of Directors or the Compensation Committee, as

applicable. We believe that these arrangements were appropriate to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

In filling these executive positions, our Board of Directors or the Compensation Committee, as applicable, was aware that it would be necessary to recruit candidates with the requisite experience and skills to manage a growing business in a dynamic and ever-changing industry. Accordingly, it recognized that it would need to develop competitive compensation packages to attract qualified candidates in a highly-competitive labor market. At the same time, our Board of Directors or the Compensation Committee, as applicable, was sensitive to the need to integrate new executive officers into the executive compensation structure that it was seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment offer letters provides for "at will" employment and sets forth the initial compensation arrangements for our Named Executive Officer, including an initial base salary, an annual target cash incentive compensation opportunity, and, in some instances, a recommendation for an equity award.

For a summary of the material terms and conditions of the employment offer letters with each of our Named Executive Officers, see "—Employment Agreements for Executive Officers" and "—Other Employment Agreements" below.

Transition Agreement with Mr. Berry

In connection with Mr. Berry's resignation from his positions of Executive Vice President, Chief Financial Officer and Chief Operating Officer effective February 3, 2017, we entered into a transition agreement with him effective February 2, 2017. Under the transition agreement, Mr. Berry agreed to provide transition services to us through the date of the filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 with the SEC or March 1, 2017, whichever was later. In exchange for Mr. Berry performing the transition services, his execution of a comprehensive general release in favor of the Company and the other agreements set forth in the transition agreement, we agreed to pay Mr. Berry his fiscal 2016 cash bonus in the amount of $251,125 on February 15, 2017, as if he remained an employee on such date, and we also agreed that any outstanding Company equity awards held by him would continue to vest during the transition period in accordance with their respective terms. Mr. Berry's transition services terminated on March 1, 2017.

Post-Employment Compensation

Prior to July 2013, the employment offer letters that we entered into with certain of our executive officers provided for certain payments and benefits in the event of their termination of employment under specified circumstances, including following a change in control of the Company. We believed that these arrangements were significant factors in the recruitment of these executive officers and would help these individuals maintain continued focus and dedication to their responsibilities to help maximize stockholder value if there was a potential transaction that could involve a change in control of the Company.

In July 2013, the Compensation Committee adopted a Change of Control Severance Policy for Officers (the "Severance Policy"), a standardized approach for the payment of severance and change in control benefits to our executive officers. Under the Severance Policy, the rights of our executive officers upon an involuntary termination of employment, including an involuntary termination of employment following a change in control of the Company, were established on a uniform basis. In addition, the post-employment compensation and benefits of our executive officers were established separately from their other compensation elements. The Severance Policy is applicable to all new executive officers hired since July 2013. In addition, our executive officers were given the opportunity to waive the existing severance and change in control protections in their employment offer letters in favor of the Severance Policy. Each of our Named Executive Officers who were our executive officers at July 2013 agreed to relinquish the severance payments and benefits otherwise provided in

his or her employment offer letter in exchange for eligibility to receive payments and benefits under the Severance Policy.

We believe the Severance Policy serves several objectives. First, it eliminates the need to negotiate separation payments and benefits on a case-by-case basis. It also helps assure an executive officer that his or her severance payments and benefits are comparable to those of other executive officers with similar levels of responsibility and tenure. Further, it acts as an incentive for our executive officers to remain employed and focused on their responsibilities during the threat or negotiation of a change-in-control transaction, which we believe will help preserve our value and the potential benefit to be received by our stockholders in any such transaction. Finally, the Severance Policy is easier for us to administer, as it requires less time and expense.

The Severance Policy contemplates that the payments and benefits in the event of a change in control of the Company are payable only upon a "double trigger"; that is, only following a change in control and a qualifying termination of employment, including a termination of employment without cause or a resignation for good reason, and in each case requires that the executive officer execute a general release of claims in favor of the Company. In addition, the Severance Policy provides payments and benefits to our executive officers for qualified terminations of employment unrelated to a change in control of the Company.

For a summary of the material terms and conditions of the Severance Policy, see "—Change of Control Severance Policy for Officers" and "—Potential Payments upon a Change of Control, upon Termination or upon Termination Following a Change of Control" below.

Other Compensation Policies

Stock Ownership Guidelines

We believe that stock ownership by our executive officers and the non-employee members of our Board of Directors is important to link the risks and rewards inherent in stock ownership of these individuals and our stockholders. Our Board of Directors has adopted formal stock ownership guidelines that require our executive officers and the non-employee members of our Board of Directors to own a minimum number of shares of our common stock. These mandatory ownership levels are intended to create a clear standard that ties a portion of these individuals' economic interests to the performance of our stock price. Compliance is evaluated on an annual basis, as determined by the Compensation Committee, and not on an ongoing basis. Shares of our common stock underlying RSU awards that are not then subject to achievement of performance conditions and the shares of our common stock subject to vested stock options (on a net exercise basis) count toward meeting the requirements. The current required ownership levels are as follows:

Individual Subject to Ownership Guidelines	Minimum Required Level of Stock Ownership
Chief Executive Officer	6x base salary
Other Executive Officers	1x base salary
Non-employee members of Board of Directors	3x annual retainer

During any year in which an individual's required ownership level is not met, he or she is required to retain at least 50% of the net shares following the exercise of stock options, the vesting of RSU awards or the vesting of PSU awards until the required ownership level has been met. The guidelines provide that in the event the annual retainer (or any portion thereof) is paid to a non-employee member of our Board of Directors in equity instead of cash, the annual retainer (or applicable portion thereof) means the grant date fair value of the annual equity award (or applicable portion thereof) for regular service on our Board of Directors.

In March 2018, the Compensation Committee evaluated executive officer and director compliance with the guidelines for 2017 and determined that our CEO, each of our other executive officers and three non-employee members of our Board of Directors had satisfied his or her required stock ownership level. Messrs. Pusey and

Switz, who are non-employee members of our Board of Directors, are within a grace period, defined as five years from the date of first becoming subject to the guidelines, and, thus, are still in the process of satisfying their required stock ownership level.

Compensation Recovery Policy

Our Board of Directors has adopted a compensation recovery policy allowing it to require the repayment or forfeiture of all or part of any performance-based cash incentive compensation, performance-based equity award or other performance-based award paid or granted to our executive officers where the payment, grant or vesting of such compensation or award was based on the achievement of financial results that were subsequently the subject of a financial restatement and where the restatement was the result of fraud or intentional misconduct. This policy only applies to current and former executive officers subject to the reporting requirements of Section 16 of the Exchange Act who were involved in the fraud or misconduct. In addition to the foregoing, our Chief Executive Officer and our Chief Financial Officer are subject to the compensation recovery provisions of Section 304 of the Sarbanes-Oxley Act.

Equity Award Grant Policy

We maintain an Equity Award Grant Policy that provides the following guidelines to be observed by the Compensation Committee and our Board of Directors when granting equity awards under the Company's equity compensation plans:

- Any equity awards granted by the Compensation Committee to our Chief Executive Officer are subject to the ratification of our Board of Directors (with any non-independent directors abstaining from the vote).
- Generally, equity awards for new hires will be granted on a monthly basis. An equity award granted to a new hire may not have a grant date prior to such individual's first date of bona fide employment or service.
- The Compensation Committee, our Board of Directors, and/or the Equity Award Committee (a committee, consisting of our Chief Financial Officer and our General Counsel, to which the Compensation Committee has delegated non-exclusive authority to grant equity awards to employees where the award falls within prescribed guidelines approved by the Compensation Committee) has the authority to grant occasional retention, promotion, or merit equity awards during the year in a manner that is consistent with the terms of this policy.
- Equity awards should not be timed in relation to the release of material non-public information, and it is the intent of the policy to specify the timing of effectiveness of equity award grants to avoid such timing.

Under our current equity compensation plan, the exercise price of any option to purchase shares of our common stock may not be less than the fair market value of our common stock on the date of grant.

Derivatives Trading, Hedging, and Pledging Policies

Our insider trading policy prohibits our executive officers and the non-employee members of our Board of Directors from, among other things, derivative securities transactions, including any hedging, with respect to shares of our common stock and from pledging Company securities as collateral or holding Company securities in a margin account.

Risk Assessment and Compensation Practices

Our management assesses and discusses with the Compensation Committee our compensation policies and practices for our employees as they relate to our risk management, and based upon this assessment, we believe

that, for the following reasons, any risks arising from such policies and practices are not reasonably likely to have a material adverse effect on us in the future:

- Our annual incentive plan considers a multiple of corporate and individual performance factors and allows the Compensation Committee to review performance on a holistic basis minimizing risk related to our short-term variable compensation; and
- Our equity awards include multi-year vesting and/or performance schedules requiring a long-term employee commitment.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Code limits the amount of compensation that we may deduct in any one year for compensation paid to the Chief Executive Officer and certain other most highly compensated executive officers (including the Chief Financial Officer for compensation earned after 2017) to $1,000,000. While the Compensation Committee considers the deductibility of compensation as a factor in making compensation decisions, the Compensation Committee retains the flexibility to provide compensation that is consistent with our goals for our executive compensation program even if such compensation is not fully tax deductible. The Compensation Committee may make decisions that result in compensation expense that is not fully deductible under Section 162(m) of the Code. Recent tax reform legislation expanded the number of individuals covered by Section 162(m) of the Code and eliminated the exception for "performance-based" compensation beginning in 2018, subject to certain exceptions for compensation payable pursuant to a "written binding contract" in effect on November 2, 2017 that has not been subsequently materially modified.

Taxation of Nonqualified Deferred Compensation

Section 409A of the Code requires that amounts that qualify as "nonqualified deferred compensation" satisfy requirements with respect to the timing of deferral elections, timing of payments, and certain other matters. Generally, the Compensation Committee intends to administer our executive compensation program and design individual compensation components, as well as the compensation plans and arrangements for our employees generally, so that they are either exempt from, or satisfy the requirements of, Section 409A. From time to time, we may be required to amend some of our compensation plans and arrangements to ensure that they are either exempt from, or compliant with, Section 409A.

Taxation of "Parachute" Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of the Company that exceeds certain prescribed limits, and that the Company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We are not obligated to provide any Named Executive Officer with a "gross-up" or other reimbursement payment for any tax liability that he or she may owe as a result of the application of Sections 280G or 4999 in the event of a change in control of the Company.

Accounting for Stock-Based Compensation

The Compensation Committee takes accounting considerations into account in designing compensation plans and arrangements for our executive officers and other employees. Chief among these is Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718"), the standard which governs the accounting treatment of stock-based compensation awards.

ASC Topic 718 requires us to recognize in our financial statements all share-based payment awards to employees, including grants of options to purchase shares of our common stock and restricted stock awards that may be settled for shares of our common stock to our executive officers, based on their fair values. For certain performance-based stock awards, we also must apply judgment in determining the periods when, and if, the achievement of the related performance targets becomes probable.

ASC Topic 718 also requires us to recognize the compensation cost of our share-based payment awards in our income statement over the period that an employee, including our executive officers, is required to render service in exchange for the award (which, generally, will correspond to the award's vesting schedule).

Compensation Committee Report

The information contained in the following Compensation Committee Report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference in such filing.

Our compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by 402(b) of Regulation S-K with management. Based on this review and discussion, our compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted by the members of the compensation committee of our board of directors:

Enrique Salem (Chair)
Ronald E. F. Codd
Stephen Pusey

Summary Compensation Table for Fiscal Year 2017

The following table provides information regarding the compensation awarded to, or earned by, our Named Executive Officers during 2015, 2016 and 2017.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)	Total ($)
Alexa King,	2017	337,500	—	2,111,250	—	185,166	990	2,634,906
Executive Vice President, General Counsel and Secretary	2016	305,000	21,771	2,001,000	—	96,979	30,836	2,455,586
	2015	270,000	—	1,460,800	—	133,650	—	1,864,450
Kevin R. Mandia,	2017	350,000	—	6,095,000	—	353,500	990	6,799,490
Chief Executive Officer	2016	343,750	48,125	7,175,000	—	214,375	34,644	7,815,894
	2015	325,000	—	9,130,000	—	301,438	—	9,756,438
Travis M. Reese,	2017	335,000	—	3,275,534	—	270,680	108,250(5)	3,989,464
President(4)	2016	331,250	36,850	6,077,000	—	164,150	126,057	6,735,307
	2015	—	—	—	—	—	—	—
William T. Robbins,	2017	450,000	—	—	—	353,500	1,848	805,348
Executive Vice President of Worldwide Sales(6)	2016	52,841	5,784	6,502,125	—	25,772	110	6,586,632
	2015	—	—	—	—	—	—	—
Frank E. Verdecanna,	2017	360,833	—	3,801,250	—	186,850	1,757	4,350,690
Executive Vice President, Chief Financial Officer and Chief Accounting Officer(7)	2016	260,000	—	192,320	—	90,090	15,559	557,969
	2015	240,493	—	1,727,380	—	75,150	—	2,043,023
Michael J. Berry,	2017	38,826	—	—	—	—	190	39,016
Former Executive Vice President, Chief Financial Officer and Chief Operating Officer(8)	2016	410,000	—	2,199,000	—	251,125	1,518	2,861,643
	2015	115,115	—	6,653,900	—	380,275	—	7,149,290

(1) The amounts in this column represent discretionary cash bonuses earned in 2016 but paid in 2017. All other cash incentive compensation is shown in the column for "Non-Equity Incentive Plan Compensation."

(2) The amounts in this column represent the aggregate grant date fair value of time-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") as computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in this column are set forth in the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K/A, as filed with the SEC on March 1, 2018. The PSUs were valued based on the probable (target) outcome of performance-based conditions (i.e., based on 100% achievement). If the PSUs were instead valued based on the maximum outcome of performance-based conditions (i.e., based on 150% achievement), the total amount represented in this column for 2017 would be as follows: Ms. King: $2,639,063; Mr. Mandia: $7,618,750; Mr. Reese: $4,094,418; and Mr. Verdecanna: $4,751,563.

(3) The amounts in this column represent amounts paid under the Employee Incentive Plan, except with respect to Mr. Verdecanna for 2016 and 2015. With respect to Mr. Verdecanna for 2016 and 2015, represents amounts paid under the FireEye 2016 Incentive Plan and the FireEye 2015 Incentive Plan, respectively.

(4) Mr. Reese was appointed as our President effective June 15, 2016 and accordingly only information for 2017 and 2016 is provided with respect to Mr. Reese.

(5) This includes $107,301 of living expenses paid in connection with the relocation of Mr. Reese's primary business location to our California headquarters at our request.

(6) Mr. Robbins was appointed as our Executive Vice President of Worldwide Sales on November 18, 2016 and accordingly only information for 2017 and 2016 is provided with respect to Mr. Robbins.

(7) Mr. Verdecanna was appointed as our Executive Vice President and Chief Financial Officer effective February 4, 2017. Mr. Verdecanna served as our Interim Chief Financial Officer from August 4, 2015 to September 20, 2015.

(8) Mr. Berry's employment with us terminated on February 3, 2017.

Grants of Plan-Based Awards Table for Fiscal Year 2017

The following table provides information regarding the amount of equity awards granted to our Named Executive Officers during 2017.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)		All Other Stock Awards: Number of Shares of Stock or Units(#)(3)	Grant Date Fair Value of Stock and Option Awards($)(4)
		Threshold ($)	Target ($)	Maximum ($)	Target (#)	Maximum (#)		
Alexa King	—	—	183,333	275,000	—	—	—	—
	2/9/17	—	—	—	93,750	140,625		1,055,625
	2/9/17	—	—	—	—	—	93,750	1,055,625
Kevin R. Mandia	—	—	350,000	525,000	—	—	—	—
	3/23/17	—	—	—	250,000	375,000	—	3,047,500
	3/23/17	—	—	—	—	—	250,000	3,047,500
Travis M. Reese	—	—	268,000	402,000	—	—	—	—
	2/9/17	—	—	—	145,450	218,175	—	1,637,767
	2/9/17	—	—	—	—	—	145,450	1,637,767
William T. Robbins	—	—	350,000	525,000	—	—	—	—
Frank E. Verdecanna	—	—	185,000	277,500	—	—	—	—
	2/1/17	—	—	—	75,000	112,500	—	986,250
	2/1/17	—	—	—	—	—	75,000	986,250
	7/27/17	—	—	—	62,500	93,750	—	914,375
	7/27/17	—	—	—	—	—	62,500	914,375
Michael J. Berry	—	—	—	—	—	—	—	—

(1) The amounts in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards columns relate to amounts payable for the achievement of the 2017 performance metrics established by our compensation committee under our Employee Incentive Plan. The target column assumes the achievement of the corporate performance metrics and the individual performance metrics at the target level. The maximum column assumes the achievement of the corporate performance metrics and the individual performance metrics at the maximum level. Notwithstanding the level of performance achieved by such executives, our compensation committee reserves the right to increase, reduce or eliminate any incentive compensation in its discretion. The actual amounts paid to our Named Executive Officers are set forth in the Summary Compensation Table for Fiscal Year 2017 above. For more information, see “Compensation Discussion and Analysis—Compensation Elements” above.

(2) Represents performance-based restricted stock unit awards which were granted under the FireEye, Inc. 2013 Equity Incentive Plan. For more information, see “Compensation Discussion and Analysis—Compensation Elements” above.

(3) Represents restricted stock unit awards which were granted under the FireEye, Inc. 2013 Equity Incentive Plan.

(4) The amounts in this column represent the aggregate grant date fair value of the award as computed in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in this column are set forth in the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K/A, as filed with the SEC on March 1, 2018.

Outstanding Equity Awards at 2017 Fiscal Year-End Table

The following table presents certain information concerning equity awards held by our Named Executive Officers as of December 31, 2017.

		Option Awards				Stock Awards(1)			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock that have not Vested (#)**	**Market Value of Shares or Units of Stock that have not Vested ($)(2)**	**Equity incentive plan awards: number of unearned shares, units or other rights that have not vested(#)**	**Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested($)**
Alexa King	2/14/14(3)	—	—	—	—	1,250	17,750	—	—
	2/10/15(4)	—	—	—	—	14,400	204,480	—	—
	2/10/15(5)	—	—	—	—	5,000	71,000	—	—
	2/9/16(6)	—	—	—	—	5,000	71,000	—	—
	2/9/16(7)	—	—	—	—	33,333	473,329	—	—
	5/5/16(8)	—	—	—	—	3,750	53,250	—	—
	5/5/16(9)	—	—	—	—	18,750	266,250	—	—
	2/9/17(10)	—	—	—	—	108,747	1,544,207		
	2/9/17(11)	—	—	—	—	93,750	1,331,250		
Kevin R. Mandia	2/9/16(12)	—	—	—	—	12,500	177,500	—	—
	2/9/16(13)	—	—	—	—	83,333	1,183,329	—	—
	5/3/16(14)	—	—	—	—	18,750	266,250	—	—
	5/3/16(15)	—	—	—	—	93,750	1,331,250	—	—
	3/27/2017(16)	—	—	—	—	289,998	4,117,972	—	—
	3/27/2017(17)	—	—	—	—	250,000	3,550,000	—	—
Travis M. Reese	10/27/11(18)	73,677	—	6.61	10/26/2021	—	—	—	—
	1/24/13(19)	46,980	—	7.92	1/23/2023	—	—	—	—
	11/16/13(20)	93,961	—	9.56	11/15/2023	—	—	—	—
	2/10/15(21)	—	—	—	—	18,000	255,600	—	—
	2/10/15(22)	—	—	—	—	6,250	88,750	—	—
	5/27/15(23)	—	—	—	—	37,500	532,500	—	—
	2/9/16(24)	—	—	—	—	5,000	71,000	—	—
	2/9/16(25)	—	—	—	—	33,333	473,329	—	—
	5/5/16(26)	—	—	—	—	18,750	266,250	—	—
	5/5/16(27)	—	—	—	—	93,750	1,331,250	—	—
	2/9/17(28)	—	—	—	—	168,721	2,395,838	—	—
	2/9/17(29)	—	—	—	—	145,450	2,065,390	—	—
William T. Robbins	12/27/16	—	—	—	—	41,000(30)	582,200	150,000(31)	2,130,000
	12/27/16(32)	—	—	—	—	150,000	2,130,000	—	—
Frank E. Verdecanna	11/11/12(33)	29,497	—	3.66	11/10/2022	—	—	—	—
	11/11/12(34)	58,495	—	3.66	11/10/2022	—	—	—	—
	5/1/14	—	—	—	—	682(35)	9,684	—	—
	5/1/14(36)	—	—	—	—	750	10,650	—	—
	5/27/15	—	—	—	—	1,478(37)	20,988	1,625(38)	23,075
	5/27/15(39)	—	—	—	—	2,438	34,620	—	—
	2/9/16	—	—	—	—	—	—	8,000(40)	113,600
	2/9/16(41)	—	—	—	—	2,667	37,871	—	—
	2/1/17(42)	—	—	—	—	87,000	1,235,400	—	—
	2/1/17(43)	—	—	—	—	75,000	1,065,000	—	—
	7/31/17(44)	—	—	—	—	72,498	1,029,472	—	—
	7/31/2017(45)					62,500	887,500	—	—
Michael J. Berry(46)	—	—	—	—	—	—	—	—	—

(1) Unless otherwise described in the footnotes below, represents (i) restricted stock unit awards and (ii) performance based restricted stock unit awards, in each case that remained unvested as of December 31, 2017. We have a right to repurchase any unvested shares subject to each such award if the holder of the award ceases to provide services to us prior to the date on which all shares subject to the award have vested in accordance with the applicable vesting schedule described in the footnotes below.

(2) The market value of unvested shares is calculated by multiplying the number of unvested shares held by the applicable Named Executive Officer by the closing market price of our common stock on The NASDAQ Global Select Market on December 29, 2017, which was $14.20 per share.

(3) 100% of the shares subject to the restricted stock unit award vested on February 15, 2018.

(4) Represents the actual number of shares issuable upon the vesting of restricted stock units. The amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018.

(5) 100% of the shares subject to the restricted stock unit award vested on February 15, 2018.

(6) Represents the actual number of shares issuable upon the vesting of restricted stock units. 50% of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest on February 15, 2019, subject to Ms. King’s continuous status as a service provider on each such vesting date.

(7) 16,666 of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest on February 15, 2019, subject to Ms. King’s continuous status as a service provider on such date.

(8) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Ms. King’s continuous status as a service provider on each such vesting date.

(9) One-third of the shares subject to the restricted stock unit award will vest on May 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two equal installments on the anniversary of such date, subject to Ms. King’s continuous status as a service provider on each such date.

(10) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Ms. King’s continuous status as a service provider on each such vesting date.

(11) One-third of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two equal installments on the anniversary of such date, subject to Ms. King’s continuous status as a service provider on each such date.

(12) Represents the actual number of shares issuable upon the vesting of restricted stock units. 50% of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest on February 15, 2019, subject to Mr. Mandia’s continuous status as a service provider on each such vesting date.

(13) 41,666 of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest on February 15, 2019, subject to Mr. Mandia’s continuous status as a service provider on such date.

(14) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Mr. Mandia’s continuous status as a service provider on each such vesting date.

(15) One-third of the shares subject to the restricted stock unit award will vest on June 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two equal installments on the anniversary of such date, subject to Mr. Mandia’s continuous status as a service provider on each such date.

(16) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Mr. Mandia’s continuous status as a service provider on each such vesting date.

(17) One-third of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two generally equal installments on the anniversary of such date, subject to Mr. Mandia’s continuous status as a service provider on each such date.

(18) The stock option is fully vested and immediately exercisable.

(19) The stock option is fully vested and immediately exercisable.

(20) The stock option is fully vested and immediately exercisable.

(21) Represents the actual number of shares issuable upon the vesting of restricted stock units. The amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018.
(22) 100% of the shares subject to the restricted stock unit award vested on February 15, 2018.
(23) 6.25% of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest quarterly thereafter in five equal installments, subject to Mr. Reese's continuous status as a service provider on each such vesting date.
(24) Represents the actual number of shares issuable upon the vesting of restricted stock units. 50% of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest on February 15, 2019, subject to Mr. Reese's continuous status as a service provider on each such vesting date.
(25) 16,666 of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest on February 15, 2019, subject to Mr. Reese's continuous status as a service provider on such date.
(26) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, in each case subject to Mr. Reese's continuous status as a service provider on each such vesting date.
(27) One-third of the shares subject to the restricted stock unit award will vest on June 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two equal installments on the anniversary of such date, subject to Mr. Reese's continuous status as a service provider on each such date.
(28) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, in each case subject to Mr. Reese's continuous status as a service provider on each such vesting date.
(29) One-third of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two generally equal installments on the anniversary of such date, subject to Mr. Reese's continuous status as a service provider on each such date.
(30) Upon the achievement of certain performance conditions, 41,000 of the eligible restricted stock units relating to the 2017 performance year were earned and vested on February 15, 2018.
(31) Upon the achievement of the target outcome of certain performance conditions, one-third of the eligible restricted stock units will vest on February 15, 2019, one-third of the eligible restricted stock units will vest on February 15, 2020, and one-third of the eligible restricted stock units will vest on February 15, 2021, subject to Mr. Robbins's continuous status as a service provider on each such vesting date.
(32) One-twelfth of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest quarterly thereafter in eleven equal installments, subject to Mr. Robbins' continuous status as a service provider on each such vesting date.
(33) The stock option is fully vested and immediately exercisable.
(34) The stock option is fully vested and immediately exercisable.
(35) Upon the achievement of certain performance conditions, 682 of the eligible restricted stock units relating to the 2017 performance year were earned and vested on February 15, 2018.
(36) 100% of the shares subject to the restricted stock unit award will vest on May 15, 2018, subject to Mr. Verdecanna's continuous status as a service provider on such vesting date.
(37) Upon the achievement of certain performance conditions, 1,478 of the eligible restricted stock units relating to the 2017 performance year were earned and vested on February 15, 2018.
(38) Upon the achievement of the target outcome of a performance condition, 100% of the eligible restricted stock units will vest on February 15, 2019, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.
(39) 406 of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest quarterly thereafter in five equal installments, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.
(40) Upon the achievement of the target outcome of a performance condition, 100% of the eligible restricted stock units will vest on our next regular quarterly vesting date following the determination of such achievement, subject to Mr. Verdecanna's continuous status as a service provider on such vesting date.
(41) 667 of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest quarterly thereafter in three generally equal installments, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.

(42) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.
(43) One-third of the shares subject to the restricted stock unit award vested on February 15, 2018, and the remaining shares subject to the restricted stock unit award will vest annually in two equal installments on the anniversary of such date, subject to Mr. Verdecanna's continuous status as a service provider on each such date.
(44) Represents the actual number of shares issuable upon the vesting of restricted stock units. One-third of the amount earned, which was based on the achievement of certain performance conditions, vested on February 15, 2018, and the remaining amount earned will vest annually in two equal installments on the anniversary of such date, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.
(45) One-third of the shares subject to the restricted stock unit award will vest annually beginning on August 15, 2018, subject to Mr. Verdecanna's continuous status as a service provider on each such vesting date.
(46) Mr. Berry's service terminated on March 1, 2017, at which time all then unvested restricted stock units previously granted to him were forfeited.

Option Exercises and Stock Vested for Fiscal Year 2017 Table

The following table sets forth the number of shares acquired and the value realized upon the exercise of stock options and the vesting of restricted stock units during 2017 by each of our Named Executive Officers.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(2)**
Alexa King	—	—	80,092	965,542
Kevin R. Mandia	—	—	91,667	1,177,129
Travis M. Reese	100,000	1,089,003	159,777	2,136,247
William T. Robbins	—	—	175,000	2,166,000
Frank Verdecanna	—	—	8,016	105,945
Michael J. Berry	—	—	47,834	561,093

(1) Based on the market price of the Company's common stock on the date of exercise less the option exercise price paid for those shares, multiplied by the number of shares for which the option was exercised.
(2) Based on the market price of the Company's common stock on the vesting date, multiplied by the number of shares vested.

Employment Agreements for Executive Officers

Kevin R. Mandia

Effective December 30, 2013, we entered into an offer letter with Kevin R. Mandia, our Chief Executive Officer. The offer letter is for no specific term and provides that Mr. Mandia is an "at-will" employee. Prior to February 1, 2018, Mr. Mandia's annual base salary for 2018 was $350,000, and he was eligible for annual target incentive payments equal to $350,000 for 2018. Effective February 1, 2018, Mr. Mandia's annual base salary for 2018 was increased to $425,000, and his annual target incentive payments was increased to $425,000 for 2018. Mr. Mandia is also eligible for severance payments and benefits under our Change of Control Severance Policy for Officers.

The offer letter also contains certain covenants regarding activities that Mr. Mandia cannot engage in while providing services to us.

Alexa King

Effective August 1, 2013, we entered into a confirmatory offer letter with Alexa King, our Executive Vice President, General Counsel and Secretary. The offer letter is for no specific term and provides that Ms. King is an

"at-will" employee. Ms. King's current annual base salary is $366,667, and she is eligible for annual target incentive payments equal to $183,333 for 2018. Ms. King is also eligible for severance payments and benefits under our Change of Control Severance Policy for Officers.

Travis M. Reese

Effective July 20, 2016, we entered into an amended and restated offer letter with Travis M. Reese, our President. The offer letter is for no specific term and provides that Mr. Reese is an "at-will" employee. Prior to February 1, 2018, Mr. Reese's annual base salary for 2018 was $335,000, and he was eligible for annual target incentive payments equal to $268,000 for 2018. Effective February 1, 2018, Mr. Reese's annual base salary for 2018 was increased to $400,000, and his annual target incentive payments was increased to $320,000 for 2018. Mr. Reese is also eligible for severance payments and benefits under our Change of Control Severance Policy for Officers.

The offer letter also contains certain benefits for Mr. Reese in connection with the relocation of his primary business location to our California headquarters in August 2016. In support of the relocation, we agreed to reimburse Mr. Reese, or directly pay on his behalf, (i) his reasonable, approved and documented expenses incurred in relocating his household to California and (ii) up to $10,000 per month of his actual and documented housing rental expenses in California that he incurs, during the two year period after the date of his relocation, while he serves as our President and his primary business location is our California headquarters.

William T. Robbins

Effective November 14, 2016, we entered into an offer letter with William T. Robbins, our Executive Vice President of Worldwide Sales. The offer letter is for no specific term and provides that Mr. Robbins is an "at-will" employee. Prior to February 1, 2018, Mr. Robbins' annual base salary for 2018 was $450,000, and he was eligible for annual target incentive payments equal to $350,000 for 2018. Effective February 1, 2018, Mr. Robbins' annual base salary for 2018 was increased to $462,500, and his annual target incentive payments was increased to $362,500 for 2018. Mr. Robbins is also eligible for severance payments and benefits under our Change of Control Severance Policy for Officers.

Frank E. Verdecanna

Effective February 20, 2018, we entered into a confirmatory offer letter with Frank E. Verdecanna, our Executive Vice President, Chief Financial Officer and Chief Accounting Officer. The offer letter is for no specific term and provides that Mr. Verdecanna is an "at-will" employee. Prior to February 1, 2018, Mr. Verdecanna's annual base salary for 2018 was $370,000, and he was eligible for annual target incentive payments equal to $185,000 for 2018. Effective February 1, 2018, Mr. Verdecanna's annual base salary for 2018 was increased to $400,000, and his annual target incentive payments was increased to $200,000 for 2018. Mr. Verdecanna is also eligible for severance payments and benefits under our Change of Control Severance Policy for Officers

Other Employment Agreements

Michael J. Berry

Effective August 27, 2015, we entered into an offer letter with Michael J. Berry, our former Executive Vice President, Chief Financial Officer and Chief Operating Officer. The offer letter is for no specific term and provides that Mr. Berry is an "at-will" employee. Mr. Berry's employment with us terminated in February 2017.

Effective February 2, 2017, we entered into a transition agreement with Mr. Berry. Under the transition agreement, Mr. Berry agreed to provide transition services to us through the date of the filing of our Annual

Report on Form 10-K for the fiscal year ended December 31, 2016 with the SEC or March 1, 2017, whichever was later. In exchange for Mr. Berry performing the transition services, his execution of a comprehensive general release in favor of the Company and the other agreements set forth in the transition agreement, we agreed to pay Mr. Berry his fiscal 2016 cash bonus in the amount of $251,125 on February 15, 2017, as if he remained an employee on such date, and we also agreed that any outstanding Company equity awards held by him would continue to vest during the transition period in accordance with their respective terms. Mr. Berry's transition services terminated on March 1, 2017.

Change of Control Severance Policy for Officers

In July 2013, our compensation committee adopted and approved a Change of Control Severance Policy for Officers (the "Severance Policy"). All of our executive officers and certain of our non-executive officers (collectively referred to as "eligible employees") are generally eligible for severance payments and benefits under the Severance Policy, subject to the conditions described below. Each eligible employee may receive payments and benefits upon a qualified termination of employment three months prior to, or 12 months following a change of control, or the change of control period. In addition, eligible employees may receive severance payments and benefits for qualified terminations of employment unrelated to a change of control. The payments and benefits in the Severance Policy vary based on whether an eligible employee is an executive officer, or Tier 1 Executive, or a non-executive officer, or Tier II Executive.

In the event of a termination of employment without "cause" (as generally defined below) outside of the change of control period, an eligible employee will receive the following:

- Tier I Executive:
  - lump-sum 12 months base salary payment; and
  - paid COBRA continuation for 12 months.
- Tier II Executive:
  - lump-sum 6 months base salary payment; and
  - paid COBRA continuation for 6 months.

In the event of a termination of employment without "cause" or a resignation for "good reason" (as such terms are generally defined below), in each case, during the change of control period, an eligible employee will receive the following:

- Tier I Executive or Tier II Executive:
  - lump-sum 12 months base salary payment;
  - pro-rata bonus for the year of termination;
  - 100% acceleration of unvested equity awards with performance awards vesting at maximum level; and
  - paid COBRA continuation for 12 months.

To be an eligible employee, the participant must enter into a participation agreement with us. Also, all severance payments and benefits under the Severance Policy are subject to the eligible employee executing a release of clams in favor of the Company.

Payments and benefits under the Severance Policy replace any then-existing severance and/or change of control payment and benefit that an eligible employee had previously.

For purposes of the Severance Policy, "cause" means generally:

- the unauthorized use or disclosure of our confidential information or trade secrets, which use or disclosure causes material harm to us;
- the material breach of any agreement between us and the named executive officer;
- the material failure to comply with our written policies or rules;
- the conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State;
- gross negligence or willful misconduct in the performance of the named executive officer's duties;
- the continuing failure to perform assigned duties after receiving written notification of the failure from our Chief Executive Officer; or
- the failure to cooperate in good faith with a governmental or internal investigation of the company or our directors, officers or employees, if we have requested such cooperation;

provided, however, that "cause" will not be deemed to exist in certain of the events above unless the named executive officer has been provided with (i) 30 days' written notice by our board of directors of the act or omission constituting "cause" and (ii) 30 days' opportunity to cure such act or omission, if capable of cure.

For purposes of the Severance Policy, "good reason" means generally any of the following without an eligible employee's consent:

- a material reduction in duties, authority, reporting relationship, or responsibilities;
- a material reduction in annual cash compensation;
- a requirement to relocate to a location more than 20 miles from the eligible employee's then-current office location;
- a material breach by us of the eligible employee's employment agreement or any other agreement between the eligible employee and us; or
- a failure by any successor entity to assume the Severance Policy.

Potential Payments upon a Change of Control, upon Termination or upon Termination Following a Change of Control

Potential Payments Upon Termination of Employment Outside of the Change of Control Period

The table below shows the estimated payments and benefits that each Named Executive Officer would have received under the Severance Policy if he or she had been terminated without cause on December 31, 2017, assuming that such termination occurred outside of a change of control period.

Name	Salary Continuation($)	Value of Continued Health Care Premiums($)(1)	Total($)
Alexa King	366,667	24,491	391,158
Kevin R. Mandia	350,000	24,491	374,491
Travis M. Reese	335,000	17,926	352,926
William T. Robbins	450,000	24,491	474,491
Frank E. Verdecanna	370,000	24,491	394,491
Michael J. Berry(2)	—	—	—

(1) Estimates of COBRA value are based on coverage in effect as of December 31, 2017.

(2) Mr. Berry's employment with us terminated in February 2017 and he did not receive any payments under the Severance Policy. See "Other Employment Arrangements" for payments made to Mr. Berry following his termination.

Potential Payments Upon Termination of Employment During the Change of Control Period

The table below shows the estimated payments and benefits that each Named Executive Officer would have received under the Severance Policy if he or she had been terminated without cause, or had resigned for good reason, on December 31, 2017, assuming that such termination or resignation for good reason occurred within a change of control period.

			Acceleration			
Name	**Salary Continuation($)**	**Pro rata Cash Incentive($)(1)**	**Option Awards($)**	**Stock Awards($)**	**Value of Continued Health Care Premiums($)(2)**	**Total($)**
Alexa King	366,667	183,333	—	4,485,184	24,491	5,059,675
Kevin R. Mandia	350,000	350,000	—	11,833,329	24,491	12,557,820
Travis M. Reese	335,000	268,000	—	8,182,154	17,926	8,803,080
William T. Robbins . . .	450,000	350,000	—	6,390,000	24,491	7,214,491
Frank E. Verdecanna . .	370,000	185,000	—	5,163,191	24,491	5,742,682
Michael J. Berry(3)	—	—	—	—	—	—

(1) Represents amount of target annual cash incentive opportunity as of December 31, 2017.

(2) Estimates of COBRA value are based on coverage in effect as of December 31, 2017.

(3) Mr. Berry's employment with us terminated in February 2017 and he did not receive any payments under the Severance Policy. See "Other Employment Arrangements" for payments made to Mr. Berry following his termination.

Equity Compensation Plan Information

The following table provides information as of December 31, 2017 with respect to shares of our common stock that may be issued under our existing equity compensation plans. The table does not include information with respect to shares of our common stock subject to outstanding stock options that were assumed by us in connection with our acquisition of Mandiant or nPulse Technologies, which originally granted those stock options. However, footnote 3 to the table sets forth the total number of shares of our common stock issuable upon the exercise of those assumed options as of December 31, 2017, and the weighted average exercise price of those assumed stock options.

Plan Category	**(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights**	**(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(1)**	**(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))**
Equity compensation plans approved by stockholders(2)	24,215,751	$12.8315	14,248,362
Equity compensation plans not approved by stockholders(3)	—	—	—
Total	24,215,751	$12.8315	14,248,362

(1) The weighted average exercise price is calculated based solely on outstanding stock options. It does not take into account restricted stock units, which have no exercise price.

(2) Includes the following plans: FireEye, Inc. 2008 Stock Plan, FireEye, Inc. 2013 Equity Incentive Plan ("2013 Plan") and FireEye, Inc. 2013 Employee Stock Purchase Plan ("ESPP"). Our 2013 Plan provides that on the first day of each fiscal year, the number of shares available for issuance thereunder is automatically increased by a number equal to the least of (i) 12,100,000 shares of common stock, (ii) five percent (5.0%) of the aggregate number of shares of common stock outstanding on December 31st of the preceding fiscal year, or (iii) such other amount as may be determined by our board of directors. Our ESPP provides that on the first day of each fiscal year, the number of shares available for issuance thereunder is automatically increased by a number equal to the least of (i) 3,700,000 shares of common stock, (ii) one percent (1.0%) of the aggregate number of shares of common stock outstanding on such date, or (iii) such other amount as may be determined by our board of directors. On January 1, 2018, the number of shares available for issuance under our 2013 Plan and our ESPP increased by 9,355,227 shares and 1,871,045 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.

(3) The table does not include information for the Mandiant Corporation 2006 Equity Incentive Plan, Mandiant Corporation 2011 Equity Incentive Plan, FireEye, Inc. Umbrella Plan for Assumed Options and nPulse Technologies, Inc. 2012 Stock Incentive Plan, which are equity compensation plans governing stock options assumed by us in connection with the acquisitions of Mandiant and nPulse Technologies. As of December 31, 2017, there were a total of 558,031 shares subject to outstanding stock options assumed by us in connection with the acquisitions of Mandiant and nPulse Technologies. Those outstanding stock options had a weighted average exercise price of $8.6504 per share. No additional awards may be made under those plans.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our Chief Executive Officer:

For 2017, our last completed fiscal year:

- the median of the annual total compensation of all employees of our company (other than our Chief Executive Officer) was $149,283; and
- the annual total compensation of our Chief Executive Officer, as reported in the Summary Compensation Table presented elsewhere in this proxy statement, was $6,799,490.

Based on this information, for 2017, the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all employees was approximately 46 to 1. This pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of the "median employee," the methodology and the material assumptions, adjustments and estimates that we used were as follows:

- We selected December 31, 2017, which is the last day of our fiscal year, as the date upon which we would identify the median employee.
- As of December 31, 2017, our employee population consisted of 2,984 individuals.
- To identify the "median employee" from our employee population we used payroll and equity plan records for January 1, 2017 through December 31, 2017 (the "compensation measurement period").
  - The compensation measure included the following: base salary, bonus payments, grant date fair value of equity awards, and sales commissions. Such cash amounts reflected amounts actually paid during the compensation measurement period.

- We did not annualize any amounts of employees who were hired in fiscal year 2017 but did not work for us or our subsidiaries for the entire fiscal year.
- We did not exclude any non-U.S. employee under the *de minimis* exception set forth in Item 402(u) of Regulation S-K.
- We did not include the amount of non-cash tax gross ups for relocation benefits and employee recognition awards.
- Amounts paid in foreign currency were converted into United States dollars using exchange rates in effect as of December 31, 2017.

- With respect to the annual total compensation of the "median employee," we identified and calculated the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of $149,283.
- With respect to the annual total compensation for our Chief Executive Officer, we used the amount reported in the "Total" column of our Summary Compensation Table for Fiscal Year 2017.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 9, 2018 for:

- each of our directors and nominee for director;
- each of our Named Executive Officers;
- all of our current directors and current executive officers as a group; and
- each person or group who is known by us to be the beneficial owner of more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

We have based our calculation of the percentage of beneficial ownership on 191,916,425 shares of our common stock outstanding as of April 9, 2018. We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of April 9, 2018, or issuable pursuant to restricted stock units that are subject to vesting conditions expected to occur within 60 days of April 9, 2018, to be outstanding and to be beneficially owned by the person holding the stock option or restricted stock units for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o FireEye, Inc., 601 McCarthy Blvd., Milpitas, CA 95035.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders:		
Shapiro Capital Management LLC(1)	17,087,218	8.9%
The Vanguard Group(2)	14,160,480	7.4%
Directors and Named Executive Officers:		
Michael J. Berry(3)	95,245	*
Alexa King(4)	234,750	*
Kevin R. Mandia(5)	2,890,353	1.5%
Travis M. Reese(6)	518,605	*
William T. Robbins(7)	155,897	*
Frank E. Verdecanna(8)	161,758	*
Kimberly Alexy(9)	42,164	*
Ronald E. F. Codd(10)	231,442	*
Stephen Pusey(11)	18,330	*
Enrique Salem(12)	223,944	*
Robert E. Switz	—	—
All current directors and current executive officers as a group (10 persons)(13)	4,572,488	2.4%

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.

(1) As of December 31, 2017, the reporting date of the filing by Shapiro Capital Management LLC with the SEC on February 14, 2018 pursuant to Section 13(g) of the Exchange Act, Shapiro Capital Management LLC, as investment advisor, has sole voting power with respect to 15,413,413 shares of our common stock,

shared voting power with respect to 1,673,805 shares of our common stock, sole dispositive power with respect to 17,087,218 shares of our common stock and shared dispositive power with respect to zero shares of our common stock. The principal business address of Shapiro Capital Management LLC is 3060 Peachtree Road, Suite 1555 N.W., Atlanta, Georgia 30305.

(2) As of December 31, 2017, the reporting date of The Vanguard Group's filing with the SEC on February 9, 2018 pursuant to Section 13(g) of the Exchange Act, The Vanguard Group, as investment advisor, has sole voting power with respect to 91,793 shares of our common stock, shared voting power with respect to 35,900 shares of our common stock, sole dispositive power with respect to 14,044,787 shares of our common stock and shared dispositive power with respect to 115,693 shares of our common stock. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 79,793 shares of our common stock as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 47,900 shares of our common stock as a result of its serving as investment manager of Australian investment offerings. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(3) Consists of (i) 81,745 shares held of record by Mr. Berry as of March 1, 2017, Mr. Berry's last day of service with us, and (ii) 13,500 shares held of record jointly by Mr. Berry and his wife as of March 1, 2017. Mr. Berry has shared voting and investment power with respect to the shares held of record jointly by Mr. Berry and his wife.

(4) Consists of (i) 228,500 shares held of record by Ms. King and David Yamamoto as community property with the right of survivorship and (ii) 6,250 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018. Ms. King has shared voting and investment power with respect to the shares held of record by Ms. King and David Yamamoto as community property with the right of survivorship.

(5) Consists of (i) 2,405,477 shares held of record by Mr. Mandia, (ii) 340,691 shares held of record by Kevin R. Mandia 2011 Irrevocable Trust Dated July 29, 2011, and (iii) 144,185 shares held of record by Mr. Mandia's wife. Mr. Mandia's wife, as trustee, has shared voting and investment power with respect to the shares held of record by the Kevin R. Mandia 2011 Irrevocable Trust dated July 29, 2011. Mr. Mandia disclaims beneficial ownership of the shares held of record by the Kevin R. Mandia 2011 Irrevocable Trust dated July 29, 2011 and the shares held of record by Mr. Mandia's wife.

(6) Consists of (i) 221,037 shares held of record by Mr. Reese, (ii) 114,618 shares issuable pursuant to outstanding stock options exercisable within 60 days of April 9, 2018, all of which will be fully vested as of such date, (iii) 6,250 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018, (iv) 121,585 shares held of record by the Travis M Reese Family Trust, for which Mr. Reese and his wife serve as trustees, (v) 35,000 shares held of record by the Travis M. Reese Revocable Trust, for which Mr. Reese serves as a trustee, and (vi) 20,115 shares held of record by Mr. Reese's wife. Mr. Reese's wife, as trustee, has shared voting and investment power with respect to the shares held of record by the Travis M Reese Family Trust. Mr. Reese disclaims beneficial ownership of the shares held of record by his wife.

(7) Consists of (i) 126,397 shares held of record by Mr. Robbins and (ii) 29,500 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

(8) Consists of (i) 71,943 shares held of record by Mr. Verdecanna, (ii) 87,992 shares issuable pursuant to outstanding stock options exercisable within 60 days of April 9, 2018, all of which will be fully vested as of such date, and (iii) 1,823 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

(9) Consists of (i) 27,688 shares held of record by Ms. Alexy and (ii) 14,476 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

(10) Consists of (i) 106,343 shares held of record by the Codd Revocable Trust Dtd March 6, 1998, (ii) 118,000 shares issuable pursuant to outstanding stock options exercisable within 60 days of April 9, 2018, all of which were fully vested as of such date, and (iii) 7,099 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018. Mr. Codd, as trustee, has shared voting and investment power with respect to the shares held of record by the Codd Revocable Trust Dtd March 6, 1998.

(11) Consists of (i) 11,662 shares held of record by Mr. Pusey and (ii) 6,668 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

(12) Consists of (i) 207,191 shares held of record by Mr. Salem and (ii) 16,753 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

(13) Consists of (i) 4,163,059 shares beneficially owned by our current directors and current executive officers, (ii) 320,610 shares issuable pursuant to outstanding stock options exercisable within 60 days of April 9, 2018, all of which were fully vested as of such date, and (iii) 88,819 shares of common stock issuable upon the vesting of restricted stock units within 60 days of April 9, 2018.

RELATED PERSON TRANSACTIONS

We describe below transactions and series of similar transactions, since the beginning of our last fiscal year, to which we were or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, nominees for director, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Other than as described below, there has not been, nor is there any currently proposed, transactions or series of similar transactions to which we have been or will be a party.

Indemnification Agreements

We have also entered into indemnification agreements with our directors and certain of our executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

Policies and Procedures for Related Party Transactions

Our audit committee has adopted a formal written policy providing that our audit committee is responsible for reviewing "related party transactions," which are transactions (i) in which we were, are or will be a participant, (ii) in which the aggregate amount involved exceeds or may be expected to exceed $50,000, and (iii) in which a related person had, has or will have a direct or indirect material interest. For purposes of this policy, a related person is defined as a director, nominee for director, executive officer, or greater than 5% beneficial owner of our common stock and their immediate family members. Under this policy, all related party transactions may be consummated or continued only if approved or ratified by our audit committee. In determining whether to approve or ratify any such proposal, our audit committee will take into account, among other factors it deems appropriate, (i) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and (ii) the extent of the related party's interest in the transaction. The policy grants standing pre-approval of certain transactions, including (i) certain compensation arrangements of executive officers, (ii) certain director compensation arrangements, (iii) transactions with another company at which a related party's only relationship is as a non-executive employee, director or beneficial owner of less than 10% of that company's shares and the aggregate amount involved does not exceed the greater of $500,000 or 2% of the company's total annual revenue, (iv) transactions where a related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis, and (v) transactions available to all U.S. employees generally.

CEO Travel Policy

Our board of directors adopted a travel reimbursement policy in May 2016. Under the policy, as amended by our board of directors in April 2017, the individual serving as our Chief Executive Officer is eligible for reimbursement of expenses incurred in traveling by private aircraft if and when, on the infrequent occasion, such method of travel is reasonably necessary for FireEye business trips. The total reimbursement for all eligible expenses with respect to private aircraft travel is capped at $1 million per year. For fiscal 2017, our Chief Executive Officer did not incur any such expenses.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of our common stock, file reports of ownership and changes of ownership with the SEC. Such directors, executive officers and 10% stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

SEC regulations require us to identify in this proxy statement anyone who filed a required report late during the most recent fiscal year. Based on our review of forms we received, or written representations from reporting persons stating that they were not required to file these forms, we believe that during our fiscal year ended December 31, 2017, all Section 16(a) filing requirements were satisfied on a timely basis.

Available Information

Our financial statements for our fiscal year ended December 31, 2016 are included in our Annual Report on Form 10-K/A. This proxy statement and our annual report are posted on the Investor Relations section of our website at investors.FireEye.com and are available from the SEC at its website at www.sec.gov. You may also obtain a copy of our annual report without charge by sending a written request to FireEye, Inc., Attention: Investor Relations, 601 McCarthy Blvd., Milpitas, California 95035.

Company Website

We maintain a website at www.FireEye.com. Information contained on, or that can be accessed through, our website is not intended to be incorporated by reference into this proxy statement, and references to our website address in this proxy statement are inactive textual references only.

* * *

Our board of directors does not know of any other matters to be presented at the Annual Meeting. If any additional matters are properly presented at the Annual Meeting, the persons named on the enclosed proxy card will have discretion to vote the shares of common stock they represent in accordance with their own judgment on such matters.

It is important that your shares of common stock be represented at the Annual Meeting, regardless of the number of shares that you hold. You are, therefore, urged to vote over the Internet or by telephone as instructed on the enclosed proxy card or execute and return, at your earliest convenience, the enclosed proxy card in the envelope that has also been provided.

THE BOARD OF DIRECTORS

Milpitas, California
April 23, 2018

ANNEX A

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF NON-GAAP BILLINGS TO REVENUE

(in thousands)

	Q1'17	Q2'17	Q3'17	Q4'17	2017
Total Revenue	$173,738	$185,472	$189,603	$202,273	$751,086
Plus change in deferred revenue	(21,331)	(13,449)	12,077	39,931	17,228
Non-GAAP Billings	$152,407	$172,023	$201,680	$242,204	$768,314

RECONCILIATION OF NON-GAAP OPERATING INCOME (LOSS) TO GAAP OPERATING INCOME (LOSS)

(in thousands)

	Q1'17	Q2'17	Q3'17	Q4'17	2017
Operating loss	$(71,714)	$(59,430)	$(61,675)	$(65,787)	$(258,606)
Stock based compensation	43,889	39,397	42,208	40,842	166,336
Amortization of intangibles	14,787	14,787	14,786	14,954	59,314
Acquisition related costs	—	—	—	440	440
Legal settlement-related expense	—	—	—	12,500	12,500
Change in fair value of contingent earn-out liability	13	(67)	—	—	(54)
Non-GAAP operating income (loss)	$(13,025)	$ (5,313)	$ (4,681)	$ 2,949	$ (20,070)

RECONCILIATION OF NON-GAAP FREE CASH FLOW TO GAAP OPERATING CASH FLOW

(in thousands)

	Q1'17	Q2'17	Q3'17	Q4'17	2017
Net cash provided by (used in) operating activities	$(16,952)	$(11,470)	$12,487	$33,575	$ 17,640
Less: purchase of property and equipment and demonstration units	8,483	8,829	8,612	17,855	43,779
Free cash flow	$(25,435)	$(20,299)	$ 3,875	$15,720	$(26,139)

FireEye®

2017 ANNUAL REPORT

5

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

FORM 10-K/A
(Amendment No. 1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-36067

FireEye, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-1548921**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

601 McCarthy Blvd.
Milpitas, CA 95035
(408) 321-6300

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	**The NASDAQ Global Select Market**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $2.7 billion, based on the closing sales price of such stock reported for such date on The NASDAQ Global Select Market. This calculation does not reflect a determination that persons are affiliates for any other purposes.

The number of outstanding shares of the registrant's common stock was 191,575,919 as of February 21, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2017 are incorporated by reference into Part III of this Annual Report on Form 10-K.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A ("Amendment No. 1") amends the Annual Report of FireEye, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2017, as filed with the Securities and Exchange Commission on February 23, 2018 (the "Original Filing").

This Amendment No. 1 is being filed solely to provide corrected versions of Deloitte & Touche LLP's reports contained in Part II, Item 8 and Part II, Item 9A of the Original Filing to replace the original versions provided by Deloitte & Touche LLP. The corrected Deloitte & Touche LLP reports include paragraph headings and a modification of the placement of certain paragraphs in the reports in accordance with the standards of the Public Company Accounting Oversight Board (United States). In addition, the phrase "and the related notes" was added to the first paragraph of Deloitte & Touche LLP's corrected report contained in Part II, Item 8 of this Amendment No. 1. These changes do not in any way change the conclusions expressed by Deloitte & Touche LLP in the original reports, or any other disclosure included in Part II, Item 8 or Part II, Item 9A of the Original Filing.

Item 15 of this Amendment No. 1 reflects a new consent of Deloitte & Touche LLP and currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer. Except as described above, this Amendment No. 1 does not amend, update, or change any other information contained in the Original Filing. For ease of reference, the entire Form 10-K, including all other exhibits filed therewith, is included with this Amendment No. 1.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections entitled "Business," "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan" "expect," the negative and plural forms of these words and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- the evolution of the threat landscape facing our customers and prospects;
- our ability to educate the market regarding the advantages of our security solutions;
- our ability to continue to grow revenues;
- our future financial and operating results;
- our business plan and our ability to effectively manage our growth and associated investments;
- beliefs and objectives for future operations;
- our ability to expand our leadership position in advanced network security;
- our ability to attract and retain customers and to expand our solutions footprint within each of these customers;
- our expectations concerning retention rates for subscriptions and services by existing customers;
- our ability to maintain our competitive technological advantages against new entrants in our industry;
- our ability to timely and effectively scale and adapt our existing technology;
- our ability to innovate new products and bring them to market in a timely manner;
- our ability to maintain, protect, and enhance our brand and intellectual property;
- our ability to expand internationally;
- the effects of increased competition in our market and our ability to compete effectively;
- cost of revenue, including changes in costs associated with products, manufacturing and customer support;
- operating expenses, including changes in research and development, sales and marketing, and general and administrative expenses;
- anticipated income tax rates;
- potential attrition and other impacts associated with restructuring;
- sufficiency of cash to meet cash needs for at least the next 12 months;
- our ability to generate cash flows from operations and free cash flows;
- our ability to capture new, and renew existing, contracts with the United States and international governments;
- our expectations concerning relationships with third parties, including channel partners and logistics providers;
- the release of new products;
- economic and industry trends or trend analysis;

- the attraction and retention of qualified employees and key personnel;
- future acquisitions of or investments in complementary companies, products, subscriptions or technologies; and
- the effects of seasonal trends on our results of operations.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in “Risk Factors” included in Part I, Item 1A and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur, or unanticipated events or circumstances that we did not foresee may materialize, either of which could cause actual results to differ materially and adversely from those anticipated or implied in our forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Annual Report on Form 10-K to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the SEC as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

PART I

Item 1. Business

General

We provide comprehensive intelligence-based cybersecurity solutions that allow organizations to prepare for, prevent, respond to and remediate cyber attacks. Our portfolio of cybersecurity products and services is designed to detect and prevent attacks as well as enable rapid discovery and response when a breach occurs. We accomplish this through the integration of our three core competitive advantages in products and services that adapt to changes in the threat environment in a cycle of innovation. Our core competitive advantages include:

- Our high efficacy detection of known and unknown threats using machine-learning, behavioral analytics, and other intelligence-driven analysis (IDA) technologies, combined with our proprietary Multi-vector Virtual Execution (MVX) engine,
- Our intelligence on threats and threat actors, based on the continuous flow of new attack data from our global network of sensors and virtual machines, as well as intelligence gathered by our security operations analysts and incident responders, and
- Our accumulated security expertise derived from responding to thousands of significant breaches over the past decade.

Our threat detection and prevention products encompass appliance-based, virtual and cloud solutions for web, email and endpoint attack vectors, and provide the first line of defense against known and unknown attacks. These products are complemented by our network forensics, cloud-based threat intelligence and analytics, managed security services, cybersecurity consulting and incident response offerings. In combination, our products and services enable a proactive approach to cybersecurity that extends across the security operations cycle to reduce organizations' overall cyber-risk at a lower total cost of ownership.

We have organized our cybersecurity solutions in a hub and spokes model designed to integrate machine-generated threat data from our detection and prevention solutions with our analytics, response and orchestration technologies in our Helix cybersecurity operations platform. Helix correlates security event data across attack vectors and overlays intelligence, rules and analytics to determine which threats present the greatest risk. The Helix cloud-based interface presents a unified view of cyber attacks and provides case management workflows to enable a rapid response.

We were founded in 2004 to address the inability of signature-based security solutions to detect the new generation of dynamic, stealthy and targeted cyber attacks, known as advanced persistent threats (APTs). To meet the challenges of detecting these previously unknown threats, for which there were no signatures, we developed our MVX engine, a purpose-built virtual machine-based threat detection and analysis engine. MVX employs a two-phased approach to deliver high fidelity alerts—anomaly detection using our IDA technologies to capture suspicious content, followed by virtual machine validation to minimize costly false positive alerts. MVX generates a continuous flow of real-time "victim-based" threat data that is correlated with intelligence on adversaries generated by our global network of security researchers and with the codified learnings from over 10 years of responding to significant breaches. This allows us to identify new attack techniques and adapt our products to new threats as they emerge.

We have expanded our business from a narrow focus on the detection of advanced persistent threats to helping our customers improve their resilience to all cyber attacks using our technologies, intelligence and expertise. In the first quarter of 2017, we introduced our FireEye Helix cybersecurity platform. Helix integrates our network, email and endpoint security technologies and our advanced threat intelligence, threat analytics, and orchestration capabilities in a hub and spokes model complemented by our managed security and consulting services. The cloud-based Helix user interface enables a unified, customized view of an organization's attack

surface, enriching alerts from FireEye and third-party security products with contextual threat intelligence on attackers' identity, tools and techniques. Helix also includes pre-determined threat response "playbooks" based on Mandiant expertise and best practices. Helix allows security analysts to prioritize critical alerts, rapidly pivot from detection to response, and reduce the business impact of an attack.

As of December 31, 2017, we had approximately 6,600 end-customers, including more than 45% of the Forbes Global 2000. Our customers include leading enterprises in a diverse set of industries, including telecommunications, technology, financial services, public utilities, healthcare and oil and gas, as well as leading U.S. and international governmental agencies.

For 2017, 2016 and 2015, our revenue was $751.1 million, $714.1 million and $623.0 million, respectively, representing year-over-year growth of 5% for 2017, 15% for 2016 and 46% for 2015, and our net losses were $303.7 million, $480.1 million and $539.2 million, respectively.

Our business is geographically diversified, with 66% of our total revenue from the United States, 15% from Europe, the Middle East, and Africa (EMEA), 14% from Asia Pacific and Japan (APAC), and 5% from other regions in 2017. See Note 15 contained in "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Annual Report on Form 10-K for more information about our customers, revenue and long-lived assets by geographic region.

We were incorporated in Delaware in February 2004 under the name NetForts, Inc., and changed our name to FireEye, Inc. in September 2005. Our principal executive offices are located at 601 McCarthy Blvd., Milpitas, California 95035, and our telephone number is (408) 321-6300. Our website is www.fireeye.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this report, and you should not consider information on our website to be part of this report. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investor Relations portion of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

We are organized and operate in a single segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 "Segment and Major Customer Information" included in Part II, Items 7 and 8, respectively, of this Annual Report on Form 10-K for more information.

Our Products, Subscriptions and Services

Our products are designed to address cybersecurity requirements for small-to-mid sized enterprises, remote offices, large enterprises, governments and service providers. We offer multiple appliance models as well as virtual and cloud-based form factors, each with various features and capabilities. All our detection and prevention appliance products require subscriptions to our threat intelligence and support, which are typically priced as a percentage of the appliance price in one- or three-year subscriptions. We typically invoice customers for the full term of appliance-related subscriptions up-front. Our Helix cybersecurity platform, threat analytics, and security-as-a-service offerings are offered in one- or three-year subscriptions and are priced based on appropriate use metrics. These subscriptions are invoiced either for the full term of the subscription up front or annually based on customer preferences. Professional services are invoiced according to pre-determined contract terms for consulting services and on a time-and-materials basis for incident response. We recognize professional services revenue as our services are delivered.

Products

- ***Threat Detection and Prevention Solutions.*** Our detection and prevention products consist of vector-specific appliance, virtual appliance and cloud-based solutions to detect and block known and unknown cyber attacks. Our portfolio encompasses products for network, email, and endpoint threat vectors.

  - ***Network security products.*** Our network security products detect and block known and unknown threats hidden in Internet traffic. They are typically deployed behind traditional signature- and policy-based defenses such as network firewalls to detect and validate attacks missed by those products. Our network security products are available in a variety of form factors, deployment options and performance/capacity levels.

    Integrated network security appliances (NX Series). Our NX Series of integrated appliances combine our IDA rules engines and MVX virtual-machine validation in a single, standalone appliance to secure an Internet access point at a single site. NX Series appliance capacity scales from 50 megabits per second (Mbps) to multiple gigabits per second (Gbps) of throughput.

    Distributed network security appliances. In November 2016, we introduced new Smart Node appliances that separated the two primary detection and prevention processes, which enabled distributed, cloud and hybrid deployments. Network traffic capture and anomaly detection is performed by our virtual and physical Smart Node appliances installed at Internet access points on the customers' network. MVX virtual machine-based analysis and validation is performed by the highly scalable, centrally shared MVX Smart Grid, either on-premise in the customer's data center or hosted by FireEye. Existing NX Series appliances can be configured to operate as Smart Nodes, allowing organizations to migrate their on-premise security infrastructures seamlessly to hybrid and cloud-based architectures.

    SmartVision for internal network traffic analysis. In 2017, we introduced NX SmartVision to analyze internal traffic for cyber threats, including ransomware. SmartVision leverages MVX technology and an advanced lateral network event correlation engine that integrates machine learning technology coupled with rules and intelligence derived from our incident response engagements involving ransomware attacks.

    C*ontent security products (FX Series).* Our FX Series of integrated appliances analyze content on network file servers to detect and quarantine malicious content embedded in files brought into the network through online file sharing services and portable file storage devices.

  - ***Email security products (EX Series and ETP).*** Our email security solutions detect and stop spear phishing, ransomware, sender impersonation, credential phishing, typo-squatting, and other email-based attacks. Our EX Series appliances and ETP cloud-based solution inspect emails for zero-day exploits, malicious URLs, behavioral anomalies, and malware hidden in attachments. If an attack is confirmed, the malicious email is quarantined for further analysis and deletion. All our email security solutions integrate with FireEye network security through our Central Management System or Helix to protect against multi-vector, blended attacks.

  - ***Endpoint security products (HX Series).*** Our HX next generation endpoint security solution equips security organizations to detect, analyze and resolve security incidents, including exploits, on desktops, laptops and other end-user devices using our intelligence-driven analysis engines. Threat intelligence and alerts are correlated between our network security, email security and endpoint security products to provide visibility across an organization and enable rapid containment. Additionally, the HX agent collects forensic data necessary for post-breach investigation and analysis of attacks. In September 2017, we introduced signature-based malware detection and prevention on HX. The addition of legacy malware detection functionality to our next-generation endpoint security solution provides a comprehensive detection, protection and response solution.

- ***Security Management and Orchestration Products***
  - ***Central Management System (CMS).*** Our Central Management System, or CMS, manages the overall deployment and integration of our on-premise network, email and endpoint security appliances by unifying reporting, configuration, and threat intelligence sharing. Customers generally purchase one or more CMS appliances to manage multiple FireEye detection and prevention appliances.
  - ***FireEye Security Orchestrator (FSO).*** FireEye Security Orchestrator accelerates and simplifies security operations by unifying disparate technologies and incident handling into an on-premise single console. FSO coordinates the response to critical alerts across the security and IT infrastructure using customized workflows, granular permissions, and bi-directional command and control plug-ins for many popular security and infrastructure products. FSO also provides an investigative dashboard and is a core enabling technology for the Helix cybersecurity platform.
  - ***FireEye Helix.*** Our FireEye Helix platform combines our cloud-based network, email and endpoint detection capabilities, contextual threat intelligence, threat analytics, and orchestration capabilities within a unified cloud-based interface. Helix serves as a central operating system for security operations centers by correlating machine-generated security event data from FireEye and third party security products, enriching this raw event data with our threat intelligence, and enabling rapid response through alert prioritization, case management and response orchestration. Helix also provides detailed reporting for compliance purposes.
- ***Forensics and Investigation Products***. Our forensics and investigation products provide the tools, threat intelligence, and codified expertise necessary to rapidly prioritize, investigate and respond to threat alerts.
  - ***Threat Analytics Platform (TAP).*** TAP is a cloud-based detection and incident investigation application that enables security teams to identify and effectively respond to cyber threats in on-premise, cloud and hybrid environments. TAP is designed to enable rapid search of billions of events to identify malicious events. TAP integrates with the FireEye Security Orchestrator and the analytics are key components of the Helix security console.
  - ***Enterprise Forensics (PX Series).*** Our PX Series of appliances capture, store and index full network packets at extremely rapid speeds to allow organizations to investigate and resolve security incidents.

Subscription and Services

- ***Product Subscriptions***
  - ***Threat Intelligence Subscriptions***
    - ***Dynamic Threat Intelligence (DTI) Cloud.*** Our DTI cloud is a bi-directional system that collects, correlates and anonymizes machine-generated security data from our products. DTI also distributes updated detection and prevention algorithms across the FireEye community in near real-time based on new intelligence on emerging threats.
    - ***FireEye iSIGHT Intelligence.*** FireEye iSIGHT Intelligence is a subscription service based on our active monitoring of attacker personas, including nation-state sponsored groups. The resulting intelligence on adversaries is codified in reports to enable organizations to proactively defend against new and emerging cyber threats before an attack is launched.
- ***Security-as-a-Service Subscription Offerings***
  - ***Email Threat Prevention Cloud (ETP).*** Our cloud-based Email Threat Prevention solution (ETP) is a hosted software-as-a-service (SaaS) email security offering that protects electronic mailboxes from cyber threats and provides anti-spam and anti-virus protection.
  - ***Managed Security Services (Managed Defense/FireEye-as-a-Service).*** Our Managed Defense/ FireEye-as-a-Service offering is a managed service offering using our detection and prevention technologies, threat intelligence and analytics to monitor and analyze network traffic and security alerts from FireEye and third party products.

- ***Customer Support and Maintenance Services.*** We offer technical support on our products and subscriptions. We provide multiple levels of support and have regional support centers located across the globe to help customers solve technical challenges they may encounter. In addition to post-sales support activities, our support organization works with our product management and engineering teams to ensure the attainment of defined pre-requisite quality levels for our products and services prior to release.
    - ***Professional Services***
        - ***Incident response, compromise assessments and related security consulting services.*** Our cybersecurity experts help customers identify and remediate cyber breaches. Additionally, we provide security program assessments and planning, provide litigation support, and perform forensic analyses. These consulting services are marketed under the Mandiant brand.
        - ***Cyber Threat Intelligence Services.*** Cyber threat intelligence services design and build cyber threat intelligence processes and solutions within customers' security operations.
        - ***Training.*** We offer training services to our customers and channel partners through our training department and authorized training partners.

For contributions to total revenue by significant category of revenues, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Our Technologies

We have developed proprietary technologies related to threat detection, virtual machine-based threat analysis, endpoint protection, and security orchestration. We believe these technologies, combined with our threat intelligence and security expertise, differentiate our products and services.

Advanced Threat Detection and Prevention Technologies. At the core of our detection and protection capabilities for our network, email and endpoint security solutions is our proprietary, purpose-built MVX engine and intelligence-driven analysis technologies. Our MVX engine combines dynamic inspection with machine learning, advanced analytics and threat intelligence to provide high fidelity detection, negligible false-positive rates, and minimal impact on network performance. Our foundational technologies are: (i) line rate anomaly detection, (ii) proprietary virtual execution, and (iii) multi-flow cross correlation. We have built our technology over 10 years of research and development, and we believe it represents a significant competitive advantage for us. Because we first identify suspicious flows using intelligence-driven rules and analysis, including machine-learning, behavioral analysis and then, through a separate process, use our MVX engine to determine whether such suspicious flows are malicious, our technology can be deployed on a single integrated appliance, as a cloud-based service, or in a hybrid appliance/cloud architecture.

Advanced Endpoint Validation and Containment. Our endpoint security solution includes proprietary technologies that enable (i) automatic creation of indicators of compromise coupled with rapid enterprise-wide search, (ii) exploit detection and prevention, (iii) malware detection and prevention, (iv) forensic data capture and (v) rapid containment and investigation for connected and unconnected endpoints. Additionally, we have developed our endpoint technologies to correlate and consume threat intelligence from our network-based security solutions.

Evolved Network Security Architecture and Security Orchestration. Our solutions are designed to operate as part of a comprehensive security architecture to defend networks against today's cyber threats and minimize the business impact of cyber attacks. The ability to monitor all network traffic and file stores is critical to detecting cyber threats that enter through multiple vectors and move laterally across the network. We combine this visibility with our dynamic, contextual and strategic threat intelligence in our Helix platform to enable rapid, prioritized response to critical alerts across the IT infrastructure using our security orchestration technologies and tools.

Customers

Our customer base has grown to approximately 6,600 end-customers as of December 31, 2017, including more than 45% of the Forbes Global 2000. We provide products, subscriptions and services to customers of varying sizes, including enterprises, governmental agencies and educational and nonprofit organizations. Our customers include leading enterprises in a diverse set of industries, including telecommunications providers, financial services entities, Internet search engines, social networking sites, stock exchanges, electrical grid operators, networking vendors, oil and gas companies, healthcare and pharmaceutical companies and leading U.S. and international governmental agencies. Our business is not dependent on any particular end-customer as no end-customer represented more than 10% of our revenue for any of the years ended December 31, 2017, 2016 or 2015. For the years ended December 31, 2017, 2016 and 2015, one reseller represented 13%, 12% and 13%, respectively, of our total revenue. For the years ended December 31, 2017, 2016 and 2015, one distributor represented 19%, 19% and 17% respectively, of our total revenue.

Backlog

Orders for subscriptions and services for multiple years are typically billed in their entirety shortly after receipt of the order and are included in deferred revenue. The timing of revenue recognition for subscriptions and services may vary depending on the contractual service period or when the services are rendered. Products are shipped and billed shortly after receipt of an order. The majority of our product revenue comes from orders that are received and shipped in the same quarter. We do not believe that our product backlog at any particular time is meaningful because it is not necessarily indicative of future revenue in any given period, as the fulfillment of such orders may be delayed.

Sales and Marketing

Sales. Our sales organization consists of in-house sales teams who work in collaboration with external channel partners to identify new sales prospects, sell additional products, subscriptions and services, and provide post-sale support. Our field sales team is organized by territory and is responsible for enterprise and government accounts within their region. Our inside sales organization is responsible for sales to medium-sized and smaller organizations, and for renewal of existing subscriptions.

We also have a dedicated team focused on channel sales who manage the relationships with our value-added reseller and distributor partners and work with these channel partners to win and support customers. We believe this hybrid direct-touch sales approach allows us to leverage the benefits of broader market coverage provided by a reseller channel while maintaining a face-to-face connection with our customers, including key enterprise accounts.

We have also cultivated alliances with non-traditional partners to generate customer referrals and extend our technologies and sales coverage to new market segments. These relationships include relationships with insurance providers, large systems integrators and managed service providers, and we have engaged in joint solution development with leading providers of engineering services and payment systems.

Our sales organization is supported by sales engineers with deep technical domain expertise who are responsible for pre-sales technical support, solutions engineering for our customers, proof of concept work and technical training for our channel partners. Our sales engineers also act as the liaison between customers and our marketing and product development organizations.

As part of our sales strategy, we often provide prospective customers with our detection and prevention products for a short-term evaluation period. In such cases, our products are deployed within the prospective customer's network, typically for a period ranging from one week to several months. During this period, the prospective customer conducts evaluations with the assistance of our system engineers and members of our

security research team. We believe that by providing proof of concept evaluations to potential customers, we are able to contrast the effectiveness of our platform versus our competitors in identifying suspicious and potentially malicious content in their actual IT environments. Additionally, our Mandiant consultants use our technologies and products in their incident response and consulting engagements, providing de facto proof of concept evaluations in the customer's environment. Our sales cycle varies by industry and can be long and unpredictable, but is typical of large, complex enterprise sales cycles that can last several months or more. However, some transactions can close in a few weeks when an active breach is discovered.

Marketing. Our marketing is focused on building our brand reputation and market awareness for our solutions, driving customer demand and a strong sales pipeline, and working with our channel partners around the globe. Our marketing team consists primarily of corporate marketing, channel marketing, account/lead development, operations and corporate communications. Marketing activities include demand generation, advertising, product launch activities, managing our corporate Website and partner portal, trade shows and conferences, press and analyst relations, and customer awareness. We are also actively engaged in driving global thought leadership programs through blogs and media and developing rich content such as the global cyber map and threat reports.

Technology Alliance Partners

FireEye has built a robust ecosystem of Technology Alliance Partners who, through integration and joint go-to-market efforts, extend the breadth and depth of cybersecurity and protection customers gain from FireEye. Spanning multiple technology categories, including network monitoring vendors, security information and event management vendors, network equipment vendors, forensic software vendors and web application firewall vendors, these partnerships provide for threat intelligence sharing, cross-vendor technology integrations, and joint solution development. By helping to ease the complications that organizations face when implementing multi-layered security solutions, our technology alliances facilitate integrated solution design, accelerate the time to realize value, and enhance our role as a strategic security partner.

Government Affairs

We maintain relationships with several governments around the globe. Our thought leadership in defending against cyber threats has helped to shape the legislative, regulatory and policy environment to better enhance these governments' individual and collective cyber posture. As part of this effort, we contribute to the evolving standard-making processes, help define best practices in various jurisdictions and help organizations of all sizes better understand the cyber threat landscape. We also help governments identify future needs and requirements. Through these and related activities, we engage on the front lines of emerging cybersecurity related public policy and use our knowledge and insight to improve the cybersecurity of our government and industry customers.

Manufacturing

The manufacturing of our security products is outsourced to principally one third-party contract manufacturer. This approach allows us to reduce our costs as it reduces our manufacturing overhead and inventory and also allows us to adjust quickly to changing customer demand. Our manufacturing partner assembles our products using design specifications, quality assurance programs, and standards that we establish, and it procures components and assembles our products based on our demand forecasts. These forecasts represent our estimates of future demand for our products based upon historical trends and analysis from our sales and product management functions as adjusted for overall market conditions.

Our primary contract manufacturer is Flex Ltd., or Flex. The manufacturing agreement we entered into with Flex does not provide for any minimum purchase commitments and had an initial term of one year, which automatically renews for one-year terms, unless either party gives written notice to the other party not less than 90 days prior to the last day of the applicable term. Additionally, this agreement may be terminated by either

party (i) with advance written notice provided to the other party, subject to certain notice period limitations, or (ii) with written notice, subject to applicable cure periods, if the other party has materially breached its obligations under the agreement.

Research and Development

We invest substantial resources in research and development to enhance our detection, analysis and correlation engines, expand our threat intelligence, build add-on functionality to our products, and improve our core technologies. We believe that adapting our hardware, software and cloud-based technologies to changes in the threat environment is critical to maintaining and expanding our leadership in the cyber security industry. Our engineering teams have deep networking and security expertise and work closely with our customers and our Mandiant consultants to identify current and future needs. Because our Mandiant consultants use our products in their incident response and compromise assessment engagements and provide continual feedback to our engineering teams on product performance, detection efficacy, evasion techniques and attack trends, we are able to adapt our solutions as the threat environment evolves.

In addition to our focus on platform expansion and enhancement, our research and development teams are focused on developing automation tools and machine learning techniques to reduce the time to discover and distribute new threat intelligence, as well as generate efficiencies in our services offerings. We are also investing in security platform management and orchestration capabilities to provide unified reporting, automated response, and security orchestration features to customers in a single dashboard.

We maintain research and development activities across the globe with teams located in Germany, India, Ireland, Japan, Singapore and the United States.

Research and development expense totaled $243.3 million, $279.6 million and $279.5 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Competition

We operate in the intensely competitive IT security market which is characterized by constant change and innovation. Changes in the threat landscape and broader IT infrastructures result in evolving customer requirements for cyber security. Several vendors have either introduced new products or incorporated features into existing products that compete with our solutions. Our current and potential future competitors fall into six general categories:

- large networking vendors such as Cisco and Juniper that may emulate or integrate security features similar to ours into their own products;
- large companies such as IBM, Oracle and HPE that have acquired security vendors in recent years and have the technical and financial resources to bring competitive solutions to the market;
- independent security vendors such as Palo Alto Networks and Trend Micro that offer products or features that claim to perform similar functions to our platform;
- small and large companies, including new market entrants, that offer niche product solutions that compete with some of the features present in our platform;
- providers of traditional signature-based security solutions, such as Symantec; and
- other providers of incident response and compromise assessment services.

As our market grows and IT budgets are allocated to support protection from advanced threats, it will attract more highly specialized vendors as well as larger technology vendors that may continue to acquire or bundle their products more effectively. The principal competitive factors in our market include:

- ability to deliver the combination of technology, intelligence and expertise necessary to combat the current threat landscape;

- ability to detect and prevent known and unknown threats by overcoming the limitations of signature-based approaches, while maintaining a low rate of false-positive alerts;
- scalability, throughput and overall performance of our detection and prevention technologies;
- visibility into all stages of an attack, especially the exploit phase;
- breadth and richness of the shared threat intelligence, including dynamic and contextual threat intelligence on cyber crime, cyber espionage, hacktivism, attacks on critical infrastructure and nation-state attacks;
- flexible deployment options, including on-premise appliances, cloud-based software or a hybrid of both, as well as "as-a-service" options;
- brand awareness and reputation;
- strength and effectiveness of sales and marketing efforts;
- product extensibility and ability to integrate with other technologies in the network infrastructure;
- ease of use;
- price and total cost of ownership; and
- ability to provide an orchestrated solution of products and services for detecting, preventing and resolving advanced cybersecurity threats across multiple attack vectors.

We believe we compete favorably with our competitors on the basis of these factors as a result of the features and performance of our platform, the ease of integration of our products with network infrastructures, the breadth of our services and solution offerings and the relatively low total cost of ownership of our products. However, many of our competitors have substantially greater financial, technical and other resources, greater name recognition, larger sales and marketing budgets, deeper customer relationships, broader distribution, and larger and more mature intellectual property portfolios.

Intellectual Property

Our success depends in part upon our ability to protect our core technology and intellectual property. We rely on, among other things, patents, trademarks, copyrights and trade secret laws, confidentiality safeguards and procedures, and employee non-disclosure and invention assignment agreements to protect our intellectual property rights. We file patent applications to protect our intellectual property and believe that the duration of our issued patents is sufficient when considering the expected lives of our products. We cannot assure you whether any of our patent applications will result in the issuance of a patent or whether the examination process will result in patents of valuable breadth or applicability. In addition, any patents that may issue may be contested, circumvented, found unenforceable or invalidated, and we may not be able to prevent third parties from infringing them. We also license software from third parties for integration into our products, including open source software and other software available on commercially reasonable terms.

We control access to and use of our proprietary software, technology and other proprietary information through the use of internal and external controls, including contractual protections with employees, contractors, end-customers and partners, and our software is protected by U.S. and international copyright, patent and trade secret laws. Despite our efforts to protect our software, technology and other proprietary information, unauthorized parties may still copy or otherwise obtain and use our software, technology and other proprietary information. In addition, we intend to expand our international operations, and effective patent, copyright, trademark, and trade secret protection may not be available or may be limited in foreign countries.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. If we become more successful, we believe that

competitors will be more likely to try to develop products that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our products infringe their proprietary rights. In particular, large and established companies in the IT security industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time-to-time, third parties, including certain of these large companies and non-practicing entities, may assert patent, copyright, trademark, and other intellectual property rights against us, our channel partners, or our end-customers, whom our standard license and other agreements obligate us to indemnify against such claims. Successful claims of infringement by a third party, if any, could prevent us from distributing certain products or performing certain services, require us to expend time and money to develop non-infringing solutions, or force us to pay substantial damages (including, in the United States, treble damages if we are found to have willfully infringed patents), royalties or other fees. We cannot assure you that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents or other proprietary rights. See "Risk Factors—Risks Related to Our Business and Our Industry—Claims by others that we infringe their proprietary technology or other rights could harm our business" for additional information.

Business Seasonality

For discussion of seasonal trends, see our quarterly results of operations discussion within "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Employees

As of December 31, 2017, we had approximately 2,960 employees. None of our employees are represented by a labor organization or are a party to any collective bargaining arrangement. We have never had a work stoppage, and we consider our relationship with our employees to be good.

Facilities

We currently lease approximately 190,000 square feet of space for our corporate headquarters in Milpitas, California under a lease agreement that expires during the year ended December 31, 2027. We maintain additional offices throughout the United States and various international locations including, Australia, Dubai, Germany, India, Ireland, Japan, Singapore and the United Kingdom. We believe that these facilities are adequate to meet our ongoing needs, and that, if we require additional space, we will be able to obtain additional facilities on commercially reasonable terms.

Legal Proceedings

The information set forth under "Litigation" in Note 9 contained in the "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Annual Report on Form 10-K is incorporated herein by reference.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties including those described below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline.

Risks Related to Our Business and Our Industry

If the IT security market does not continue to adopt our security platforms, our sales will not grow as quickly as anticipated, or at all, and our business, results of operations and financial condition would be harmed.

Our future success depends on market adoption of our unique approach to IT security. We are seeking to disrupt the IT security market with our security platforms. Our platforms interoperate with but do not replace most signature-based IT security products. Enterprises and governments that use signature-based security products, such as firewalls, intrusion prevention systems, or IPS, anti-virus, or AV, and Web and messaging gateways, for their IT security may be hesitant to purchase our security platforms if they believe that signature-based products are more cost effective, provide substantially the same functionality as our platforms or provide a level of IT security that is sufficient to meet their needs. Currently, most enterprises and governments have not allocated a fixed portion of their budgets to protect against next-generation advanced cyber attacks. As a result, to expand our customer base, we need to convince potential customers to allocate a portion of their discretionary budgets to purchase our platforms. However, even if we are successful in doing so, any future deterioration in general economic conditions may cause our customers to cut their overall IT spending, and such cuts may fall disproportionately on products and services like ours, for which no fixed budgetary allocation has been made. If we do not succeed in convincing customers that our platforms should be an integral part of their overall approach to IT security and that a fixed portion of their annual IT budgets should be allocated to our platforms, our sales will not grow as quickly as anticipated, or at all, which would have an adverse impact on our business, results of operations and financial condition.

Even if there is significant demand for security solutions like ours, if our competitors include functionality that is, or is perceived to be, better than or equivalent to that of our platforms, we may have difficulty increasing the market penetration of our platforms. Furthermore, even if the functionality offered by other IT security providers is different and more limited than the functionality of our platforms, organizations may elect to accept such limited functionality in lieu of adding products from additional vendors like us, especially if competitor offerings are free or available at a lower cost.

In addition, changes in customer requirements could reduce customer demand for our security solutions. For example, if customers were to reduce their number of web egress points in order to reduce their cyber attack surface, they would not need to purchase as many of our Network Threat Prevention appliances, which currently account for the largest portion of our threat prevention product revenue. Similarly, if one or more governments share, on a free or nearly free basis, threat intelligence with other governmental agencies or organizations, such as critical infrastructure companies, then those agencies or organizations might have less demand for additional threat intelligence and may purchase less of our threat intelligence offerings.

If enterprises and governments do not continue to adopt our security platforms for any of the reasons discussed above or for other reasons not contemplated, our sales would not grow as quickly as anticipated, or at all, and our business, results of operations and financial condition would be harmed.

We have had operating losses each year since our inception, and may not achieve or maintain profitability in the future.

We have incurred operating losses each year since 2004, including net losses of $303.7 million, $480.1 million and $539.2 million during the years ended December 31, 2017, 2016 and 2015, respectively. Any failure to increase our revenue and manage our cost structure as we grow our business could prevent us from achieving or, if achieved, maintaining profitability. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we are unable to become and remain profitable, the value of our company could decrease and our ability to raise capital, maintain our research and development efforts, and expand our business could be negatively impacted.

We face intense competition and could lose market share to our competitors, which could adversely affect our business, financial condition and results of operations.

The market for security products and services is intensely competitive and characterized by rapid changes in technology, customer requirements, industry standards, threat vectors and frequent new product introductions and improvements. We anticipate continued challenges from current competitors, which in many cases are more established and enjoy greater resources than us, as well as by new entrants into the industry. If we are unable to anticipate or effectively react to these competitive challenges, our competitive position could weaken, and we could experience a decline in our growth rate or revenue that could adversely affect our business and results of operations.

Our competitors and potential competitors include large networking vendors such as Cisco Systems and Juniper Networks that may emulate or integrate security features similar to ours into their own products; large companies such as IBM, Oracle and HPE that have acquired security vendors in recent years and have the technical and financial resources to bring competitive solutions to the market; independent security vendors such as Palo Alto Networks and Trend Micro that offer products or features that claim to perform similar functions to our platform; small and large companies, including new market entrants, that offer niche product solutions that compete with some of the features present in our platform; providers of traditional signature-based security solutions, such as Symantec; and other providers of incident response and compromise assessment services. Other IT providers offer, and may continue to introduce, security features that compete with our platform, either in stand-alone security products or as additional features in their network infrastructure products. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition, longer operating histories and larger customer bases;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with channel and distribution partners and customers;
- greater customer support resources;
- greater resources to make acquisitions or enter into strategic partnerships;
- lower labor and research and development costs;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical and other resources.

In addition, some of our larger competitors have substantially broader product offerings and may be able to leverage their relationships with distribution partners and customers based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products, subscriptions and services, including by selling at zero or negative margins, product bundling or offering closed technology platforms. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of product performance or features. As a result, even if the features of our platform are superior, customers may not purchase our products. In addition, new innovative start-up companies, and larger companies that are making significant investments in research and development, may invent similar or superior products and technologies that compete with our platform. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources.

Some of our competitors have made or could make acquisitions of businesses that allow them to offer more competitive and comprehensive solutions. As a result of such acquisitions, our current or potential competitors may be able to accelerate the adoption of new technologies that better address end-customer needs, devote greater resources to bring these products and services to market, initiate or withstand substantial price

competition, or develop and expand their product and service offerings more quickly than we do. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, and loss of market share.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations could be adversely affected.

Real or perceived defects, errors or vulnerabilities in our products or services, the misconfiguration of our products, the failure of our products or services to block malware or prevent a security breach, or the failure of customers to take action on attacks identified by our products could harm our reputation and adversely impact our business, financial position and results of operations.

Because our products and services are complex, they have contained and may contain design or manufacturing defects or errors that are not detected until after their deployment. Our products also provide our customers with the ability to customize a multitude of settings, and it is possible that a customer could misconfigure our products or otherwise fail to configure our products in an optimal manner. Such defects and misconfigurations of our products could cause our products or services to be vulnerable to security attacks, cause them to fail to secure networks and detect and block threats, or temporarily interrupt the networking traffic of our customers. In addition, because the techniques used by computer hackers to access or sabotage networks change frequently and generally are not recognized until launched against a target, there is a risk that an advanced attack could emerge that our products and services are unable to detect or prevent. Moreover, as our products and services are adopted by an increasing number of enterprises and governments, it is possible that the individuals and organizations behind advanced malware attacks will begin to focus on finding ways to defeat our products and services. If this happens, our networks, products, services and subscriptions could be targeted by attacks specifically designed to disrupt our business and undermine the perception that our products and services are capable of providing superior IT security, which, in turn, could have a serious impact on our reputation as a provider of virtual machine-based security solutions. Any breach or perceived security breaches of our network could materially and adversely affect our business, financial condition and results of operations.

If any of our customers becomes infected with malware after using our products or services, such customer could be disappointed with our products and services, regardless of whether our products or services blocked the theft of any of such customer's data or would have blocked such theft if configured properly. Similarly, if our products detect attacks against a customer but the customer has not permitted our products to block the theft of customer data, customers and the public may erroneously believe that our products were not effective. For any security breaches against customers that use our services, such as customers that have hired us to monitor their networks and endpoints through our own or our co-branded security operation centers, breaches against those customers may result in customers and the public believing that our products and services failed. Furthermore, if any enterprises or governments that are publicly known to use our products or services are the subject of an advanced cyber attack that becomes publicized, our other current or potential customers may look to our competitors for alternatives to our products and services. Real or perceived security breaches of our customers' networks could cause disruption or damage to their networks or other negative consequences and could result in negative publicity to us, damage to our reputation, declining sales, increased expenses and customer relations issues.

Furthermore, our products and services may fail to detect or prevent malware, ransomware, viruses, worms or similar threats for any number of reasons, including our failure to enhance and expand our products and services to reflect industry trends, new technologies and new operating environments, the complexity of the environment of our clients and the sophistication of malware, viruses and other threats. In addition, from time to time, firms test our products against other security products. Our products may fail to detect or prevent threats in any particular test for a number of reasons, including misconfiguration. To the extent potential customers, industry analysts or testing firms believe that the occurrence of a failure to detect or prevent any particular threat

is a flaw or indicates that our products or services do not provide significant value, our reputation and business could be harmed. Failure to keep pace with technological changes in the IT security industry and changes in the threat landscape could adversely affect our ability to protect against security breaches and could cause us to lose customers. In addition, in the event that a customer suffers a cyber attack, we could be subject to claims based on a misunderstanding of the scope of our contractual warranties or the protection afforded by the Support Anti-Terrorism by Fostering Effective Technologies Act of 2002, or the SAFETY Act.

Any real or perceived defects, errors or vulnerabilities in our products and services, or any other failure of our products and services to detect an advanced threat, could result in:

- a loss of existing or potential customers or channel partners;
- delayed or lost revenue and harm to our financial condition and results of operations;
- a delay in attaining, or the failure to attain, market acceptance;
- the expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate, or work around errors or defects, to address and eliminate vulnerabilities, or to identify and ramp up production with alternative third-party manufacturers;
- an increase in warranty claims, or an increase in the cost of servicing warranty claims, either of which would adversely affect our gross margins;
- harm to our reputation or brand; and
- litigation, regulatory inquiries, or investigations that may be costly and further harm our reputation.

Our results of operations are likely to vary significantly from period to period, which could cause the trading price of our common stock to decline.

Our results of operations have varied significantly from period to period, and we expect that our results of operations, including, but not limited to our GAAP and non-GAAP measures, will continue to vary as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract new and retain existing customers or sell additional products and subscriptions to our existing customers;
- changes in our mix of products, subscriptions and services sold, including changes in multi-year subscriptions and support;
- the timing and success of new product, subscription or service introductions by us or our competitors;
- real or perceived reductions in our product efficacy by our customers or in the marketplace;
- the budgeting cycles, seasonal buying patterns and purchasing practices of customers;
- the timing of shipments of our products and length of our sales cycles;
- changes in customer, distributor or reseller requirements or market needs;
- changes in the growth rate of the IT security market, particularly the market for threat protection solutions like ours that target next-generation advanced cyber attacks;
- any change in the competitive landscape of the IT security market, including consolidation among our customers or competitors and strategic partnerships entered into by and between our competitors;
- the level of awareness of IT security threats, particularly advanced cyber attacks, and the market adoption of our platform;
- deferral of orders from customers in anticipation of new products or product enhancements announced by us or our competitors;

- our ability to successfully and continuously expand our business domestically and internationally;
- reductions in customer retention rates for our subscriptions and support;
- decisions by organizations to purchase IT security solutions from larger, more established security vendors or from their primary IT equipment vendors;
- changes in our pricing policies or those of our competitors;
- any disruption in, or termination of, our relationships with channel partners;
- our inability to fulfill our customers' orders due to supply chain delays or events that impact our manufacturers or their suppliers;
- the timing and costs related to the development or acquisition of technologies or businesses or strategic partnerships;
- the lack of synergy or the inability to realize expected synergies, resulting from acquisitions or strategic partnerships;
- our inability to execute, complete or integrate efficiently any acquisition that we may undertake;
- increased expenses, unforeseen liabilities, or write-downs and any impact on our operating results from any acquisitions we consummate;
- insolvency or credit difficulties confronting our customers, affecting their ability to purchase or pay for our products, subscriptions and services, or confronting our key suppliers, particularly our sole source suppliers, which could disrupt our supply chain;
- the cost and potential outcomes of future litigation;
- seasonality or cyclical fluctuations in our business;
- political, economic and social instability;
- future accounting pronouncements or changes in our accounting policies or practices;
- the amount and timing of operating costs and capital expenditures related to the expansion of our business; and
- increases or decreases in our revenues and expenses caused by fluctuations in foreign currency exchange rates.

Any of the above factors, individually or in the aggregate, may result in significant fluctuations in our financial and other operating results from period to period. For example, as we offer more and more solutions through subscriptions and services, it becomes increasingly difficult for us to predict whether customers will purchase our solutions as a product, a subscription or a service. If customers purchase our solutions through subscriptions and services that have less profit associated with them than our products, our operating results could be harmed. Changes in the mix of offerings sold impacts the timing of recognition of revenue for our sales. Consequently, given the different revenue recognition policies associated with sales of our products, subscriptions and services, customers purchasing more of our subscription and services offerings and less of our product offerings than we anticipated could result in our actual revenue falling below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in our stock price.

As a result of this variability, our historical results of operations should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in our failure to meet our operating plan or the expectations of investors or analysts for any period. If we fail to meet such expectations for these or other reasons, the market price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits.

If we are unable to sustain revenue growth, we may not achieve or maintain profitability in the future.

From the year ended December 31, 2010 to the year ended December 31, 2017, our revenue grew from $11.8 million to $751.1 million, which represents a compounded annual growth rate of approximately 81%. Although we have experienced rapid growth historically and currently have strong retention rates, we may not continue to grow in the future and our retention rates may decline. Any success that we may experience in the future will depend, in large part, on our ability to, among other things:

- maintain and expand our customer base;
- increase revenues from existing customers through increased use of our products, subscriptions and services within their organizations;
- improve the capabilities of our products and subscriptions through research and development;
- continue to develop our cloud-based solutions;
- maintain the rate at which customers purchase our subscriptions and support;
- continue to successfully expand our business domestically and internationally; and
- successfully compete with other companies.

If we are unable to maintain consistent revenue growth or if our revenues decline, it may be difficult to achieve and maintain profitability. Our revenue for any prior quarterly or annual periods should not be relied upon as any indication of our future revenue or revenue growth.

If we are unable to sell additional products, subscriptions and services, as well as renewals of our subscriptions and services, to our customers, our future revenue and operating results will be harmed.

Our future success depends, in part, on our ability to expand the deployment of our platform with existing customers by selling them additional products, subscriptions and services, such as our FireEye Helix platform. This may require increasingly sophisticated and costly sales efforts and may not result in additional sales. In addition, the rate at which our customers purchase additional products, subscriptions and services depends on a number of factors, including the perceived need for additional IT security, general economic conditions, and our customers' satisfaction with our existing solutions they have previously purchased. If our efforts to sell additional products, subscriptions and services to our customers are not successful, our business may suffer.

Further, existing customers that purchase our platform have no contractual obligation to renew their subscriptions and support and maintenance services after the initial contract period, and given our limited operating history, we may not be able to accurately predict our retention rates. Our customers' retention rates may decline or fluctuate as a result of a number of factors, including the level of their satisfaction with our platform, our customer support, customer budgets and the pricing of our platform compared with the products and services offered by our competitors. If our customers renew their subscriptions, they may renew for shorter contract lengths or on other terms that are less economically beneficial to us. We cannot assure you that our customers will renew their subscriptions, and if our customers do not renew their subscriptions or renew on less favorable terms, our revenue may grow more slowly than expected, not grow at all, or even decline.

We also depend on our installed customer base for future support and maintenance revenue. We offer our support and maintenance agreements for terms that generally range between one and five years. If customers choose not to renew their support and maintenance agreements or seek to renegotiate the terms of their support and maintenance agreements prior to renewing such agreements, our revenue may grow more slowly than expected, not grow at all, or even decline.

Recent, past and future acquisitions and investments could disrupt our business and harm our financial condition and operating results.

Our success will depend, in part, on our ability to expand our platform and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may decide to do so through the acquisition of complementary businesses and technologies rather than through internal development, including, for example, our acquisition of iSIGHT Security, Inc. (d/b/a iSIGHT Partners, Inc.), or iSIGHT, our acquisition of Invotas International Corporation, or Invotas, our acquisition of Clean Communications Limited (d/b/a The Email Laundry), or The Email Laundry, and our acquisition of X15 Software, Inc., or X15.

The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete acquisitions that we target in the future. The risks we face in connection with acquisitions, including our acquisitions of iSIGHT, Invotas, The Email Laundry and X15 include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- integration of product and service offerings;
- retention of key employees from the acquired company;
- changes in relationships with strategic partners as a result of product acquisitions or strategic positioning resulting from the acquisition;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems, as well as the acquired operations, technology and rights into our offerings, and any unanticipated expenses related to such integration;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked sufficiently effective controls, procedures and policies;
- financial reporting, revenue recognition or other financial or control deficiencies of the acquired company that we don't adequately address and that cause our reported results to be incorrect;
- liability for activities of the acquired company before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- completing the transaction and achieving the anticipated benefits of the acquisition within the expected timeframe, or at all;
- unanticipated write-offs or charges; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties which may differ from or be more significant than the risks our business faces.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of equity securities. For example, in January 2016, we issued 1,793,305 shares of common stock in connection with our acquisition of iSIGHT; in February 2016, we issued 742,026 shares of common stock in connection with our acquisition of Invotas; in October 2017, we issued 259,425 shares of common stock in connection with our acquisition of The Email Laundry; and in January 2018, we issued 1,016,334 shares of common stock in connection with our acquisition of X15.

There is also a risk that future acquisitions will result in the incurrence of debt, contingent liabilities, amortization expenses, incremental operating expenses or the write-off of goodwill, any of which could harm our financial condition or operating results.

If we are unable to maintain successful relationships with our channel partners and technology alliance partners, or if our channel partners or technology alliance partners fail to perform, our ability to market, sell and distribute our platform will be limited, and our business, financial position and results of operations will be harmed.

In addition to our direct sales force, we rely on our indirect channel partners to sell and support our platform. We derive a substantial portion of our revenue from sales of our products, subscriptions and services through, or with the assistance of, our indirect channel, and we expect that sales through channel partners will continue to be a significant percentage of our revenue. We also partner with our technology alliance partners to design go-to-market strategies that combine our platform with products or services provided by our technology alliance partners.

Our agreements with our channel partners and our technology alliance partners are generally non-exclusive, meaning our partners may offer customers products from several different companies, including products that compete with ours. If our channel partners do not effectively market and sell our platform, choose to use greater efforts to market and sell their own products or those of our competitors, or fail to meet the needs of our customers, our ability to grow our business and sell our platform may be adversely affected. Our channel partners and technology alliance partners may cease marketing our platform with limited or no notice and with little or no penalty, and new channel partners require extensive training and may take several months or more to achieve productivity. The loss of a substantial number of our channel partners, our possible inability to replace them, or the failure to recruit additional channel partners could materially and adversely affect our results of operations. In addition, sales by channel partners are more likely than direct sales to involve collectability concerns, particularly in developing markets. Our channel partner structure could also subject us to lawsuits or reputational harm if, for example, a channel partner misrepresents the functionality of our platform to customers or violates applicable laws or our corporate policies.

Our ability to achieve revenue growth in the future will depend in part on our success in maintaining successful relationships with our channel partners, and in training our channel partners to independently sell and deploy our platform. If we are unable to maintain our relationships with these channel partners or otherwise develop and expand our indirect sales channel, or if our channel partners fail to perform, our business, financial position and results of operations could be adversely affected.

Fluctuating economic conditions make it difficult to predict revenue for a particular period, and a shortfall in revenue may harm our business and operating results.

Our revenue depends significantly on general economic conditions and the demand for products in the IT security market. Economic weakness, customer financial difficulties, and constrained spending on IT security may result in decreased revenue and earnings. Such factors could make it difficult to accurately forecast our sales and operating results and could negatively affect our ability to provide accurate forecasts to our contract manufacturers and manage our inventory purchases, contract manufacturer relationships and other costs and expenses. In addition, concerns regarding the effects of the "Brexit" decision, uncertainties related to changes in public policies such as domestic and international regulations, taxes or international trade agreements as well as geopolitical turmoil and other disruptions to global and regional economies and markets in many parts of the world, have and may continue to put pressure on global economic conditions and overall spending on IT security. General economic weakness may also lead to longer collection cycles for payments due from our customers, an increase in customer bad debt, restructuring initiatives and associated expenses, and impairment of investments. Furthermore, the continued weakness and uncertainty in worldwide credit markets, including the sovereign debt situation in certain countries in the EU may adversely impact the ability of our customers to adequately fund their expected capital expenditures, which could lead to delays or cancellations of planned purchases of our platform.

Uncertainty about future economic conditions also makes it difficult to forecast operating results and to make decisions about future investments. Future or continued economic weakness for us or our customers, failure of our customers and markets to recover from such weakness, customer financial difficulties, and reductions in spending on IT security could have a material adverse effect on demand for our platform and consequently on our business, financial condition and results of operations.

If we fail to effectively manage our growth, our business, financial condition and results of operations would be harmed.

Although our business has experienced significant growth in the past, we cannot provide any assurance that our business will continue to grow at the same rate or at all. To improve our infrastructure, we continue to enhance our enterprise resource planning system, including revenue recognition and management software, and implement and enhance additional systems and controls. There is no assurance that we will be able to successfully scale improvements to our enterprise resource planning system or implement or scale improvements to our other systems, processes and controls in a manner that keeps pace with our growth or that such systems, processes and controls will be effective in preventing or detecting errors, omissions or fraud.

As part of our efforts to improve our internal systems, processes and controls, we have licensed technology from third parties. The support services available for such third-party technology are outside of our control and may be negatively affected by consolidation in the software industry. In addition, if we do not receive adequate support for the software underlying our systems, processes and controls, our ability to provide products and services to our customers in a timely manner may be impaired, which may cause us to lose customers, limit us to smaller deployments of our platform or increase our technical support costs.

Many of our expenses are relatively fixed, at least in the short term. If our projections or assumptions on which we base our projections are incorrect, we may not be able to adjust our expenses rapidly enough to avoid an adverse impact on our profitability or cash flows.

To manage this growth effectively, we must continue to improve our operational, financial and management systems and controls by, among other things:

- effectively attracting, training and integrating new employees, particularly members of our sales and management teams;
- further improving our key business applications, processes and IT infrastructure, including our data centers, to support our business needs;
- continuing to refine our ability to forecast our bookings, billings, revenues, expenses and cash flows;
- enhancing our information and communication systems to ensure that our employees and offices around the world are well coordinated and can effectively communicate with each other and our growing base of channel partners and customers;
- improving our internal control over financial reporting and disclosure controls and procedures to ensure timely and accurate reporting of our operational and financial results; and
- appropriately documenting and testing our IT systems and business processes.

These and other improvements in our systems and controls will require significant capital expenditures and the allocation of valuable management and employee resources. If we fail to implement these improvements effectively, our ability to manage our expected growth, ensure uninterrupted operation of key business systems and comply with the rules and regulations applicable to public reporting companies would be impaired, and our business, financial condition and results of operations would be harmed.

If the general level of advanced cyber attacks declines, or is perceived by our current or potential customers to have declined, our business could be harmed.

Our business is substantially dependent on enterprises and governments recognizing that advanced cyber attacks are pervasive and are not effectively prevented by legacy security solutions. High visibility attacks on prominent enterprises and governments have increased market awareness of the problem of advanced cyber attacks and help to provide an impetus for enterprises and governments to devote resources to protecting against advanced cyber attacks, such as testing our platform, purchasing it, and broadly deploying it within their organizations. If advanced cyber attacks were to decline, or enterprises or governments perceived that the general level of advanced cyber attacks have declined, our ability to attract new customers and expand our offerings within existing customers could be materially and adversely affected. A reduction in the threat landscape, for example, as a result of the 2015 cybersecurity agreement between China and the U.S., may reduce the demand from customers or prospects for our solutions, and therefore could increase our sales cycles and harm our business, results of operations and financial condition.

Disruptions or other business interruptions that affect the availability of our Dynamic Threat Intelligence, or DTI, our Helix platform, or other cloud-based products and services we offer or may offer could adversely impact our customer relationships as well as our overall business.

When a customer purchases one or more of our threat prevention appliances, it must also purchase a subscription to our DTI cloud for a term of either one or three years. Our DTI cloud enables global sharing of threat intelligence uploaded by any of our customers' cloud-connected FireEye appliances. We also offer additional cloud-based platforms such as our Email Threat Prevention, Mobile Threat Prevention and Threat Analytics Platforms and provide security solutions through our own and our co-branded security operation centers.

Our customers depend on the continuous availability of our DTI and other cloud-based products and services. Our cloud-based products and services are vulnerable to damage or interruption from a variety of sources, including damage or interruption caused by fire, earthquake, power loss, telecommunications or computer systems failure, cyber attack, human error, terrorist acts and war. Our data centers and networks may experience technical failures and downtime, may fail to distribute appropriate updates, or may fail to meet the increased requirements of a growing customer base, any of which could temporarily or permanently expose our customers' networks, leaving their networks unprotected against the latest security threats or, in the case of technical failures and downtime of security operation centers, all security threats.

In addition, there may also be system or network interruptions if new or upgraded systems are defective or not installed properly. Moreover, interruptions in our subscription updates could result in a failure of our DTI cloud to effectively update customers' hardware products and thereby leave our customers more vulnerable to attacks. Interruptions or failures in our service delivery could cause customers to terminate their subscriptions with us, could adversely affect our retention rates, and could harm our ability to attract new customers. Our business would also be harmed if our customers believe that our DTI cloud or other cloud-based products and services are unreliable.

In addition, we provide our cloud-based products and services through third-party data center hosting facilities located in the United States and other countries. While we control and have access to our servers and all of the components of our network that are located in our data centers, we do not control the operation of these facilities. The owners of the data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

Seasonality may cause fluctuations in our revenue.

We believe there are significant seasonal factors that may cause us to record higher revenue in some quarters compared with others. We believe this variability is largely due to (i) our customers' budgetary and spending patterns, as many customers spend the unused portions of their discretionary budgets prior to the end of their fiscal years, and (ii) our sales compensation plans, which are typically structured around annual quotas and stair step commission rates. For example, we have historically recorded our highest level of revenue in our fourth quarter, which we believe corresponds to the fourth quarter of a majority of our customers. Similarly, we have historically recorded our second-highest level of revenue in our third quarter, which corresponds to the fourth quarter of U.S. federal agencies and other customers in the U.S. federal government. Our rapid growth rate over the last couple years may have made seasonal fluctuations more difficult to detect. If our rate of growth slows over time, seasonal or cyclical variations in our operations may become more pronounced, and our business, results of operations and financial position may be adversely affected.

We rely on our management team and other key employees and will need additional personnel to grow our business, and the loss of one or more key employees or our inability to attract, integrate, train and retain qualified personnel, including members for our board of directors, could harm our business.

Our future success is substantially dependent on our ability to attract, integrate, train, retain and motivate the members of our management team and other key employees throughout our organization, including key employees obtained through our acquisitions. Competition for highly skilled personnel is intense, especially in the San Francisco Bay Area and the Washington D.C. Area, where we have a substantial presence and need for highly skilled personnel. We may not be successful in attracting or retaining qualified personnel to fulfill our current or future needs, and potential changes in U.S. immigration policy, including those that restrain the flow of technical and professional talent, may make it difficult to renew or obtain visas for highly skilled personnel that we have hired or are actively recruiting. We are also substantially dependent on the continued service of our existing engineering personnel because of the complexity of our platform. Our competitors may be successful in recruiting and hiring members of our management team or other key employees, including key employees obtained through our acquisitions, and it may be difficult for us to find suitable replacements on a timely basis, on competitive terms, or at all. Also, to the extent we hire employees from mature public companies with significant financial resources, we may be subject to allegations that such employees have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such employees' inventions or other work product.

In addition, we believe that it is important to establish and maintain a corporate culture that facilitates the maintenance and transfer of institutional knowledge within our organization and also fosters innovation, teamwork, a passion for customers and a focus on execution. Our Chief Executive Officer, our President, our Chief Financial Officer, our Executive Vice President of Worldwide Sales, our Executive Vice President of Global Services and Intelligence, our Executive Vice President of Global Engineering & Security Products and our Chief Marketing Officer and certain other key members of our management and finance teams have only been working together for a relatively short period of time. If we are not successful in integrating these key employees into our organization, such failure could delay or hinder our product development efforts and the achievement of our strategic objectives, which could adversely affect our business, financial condition and results of operations.

Our employees, including our executive officers, work for us on an "at-will" basis, which means they may terminate their employment with us at any time. We do not maintain key person life insurance policies on any of our key employees. If one or more of our key employees resigns or otherwise ceases to provide us with their service, our business could be harmed.

If we do not effectively hire, integrate and train our direct sales force, we may be unable to add new customers or increase sales to our existing customers, and our business will be adversely affected.

We continue to be substantially dependent on our direct sales force to obtain new customers and increase sales with existing customers. There is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, integrating, training and retaining sufficient numbers of sales personnel to support our growth, particularly in international markets. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, a large percentage of our sales force is new to our Company. If we are unable to hire and train a sufficient number of effective sales personnel, or the sales personnel we hire are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable time and expense. As a result, our sales, billings and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle and the short-term difficulty in adjusting our operating expenses. Our results of operations depend in part on sales to large organizations. The length of our sales cycle, from proof of concept to delivery of and payment for our platform, is typically three to nine months but can be more than a year. To the extent our competitors develop products that our prospective customers view as equivalent to ours, our average sales cycle may increase. Because the length of time required to close a sale varies substantially from customer to customer, it is difficult to predict exactly when, or even if, we will make a sale with a potential customer. As a result, large individual sales have, in some cases, occurred in quarters subsequent to or in advance of those we anticipated, or have not occurred at all. We are billing a number of large deals and the loss or delay of one or more of these large transactions in a quarter could impact our results of operations for that quarter and any future quarters for which revenue from that transaction is delayed. Furthermore, some sales (such as product sales) generally result in immediate recognition of revenue, while other sales, such as product subscription sales, require the recognition of revenue over periods of one year or longer typically. As a result of these factors, it is difficult for us to forecast our revenue accurately in any quarter based on our internal forecasts of billings. Because a substantial portion of our expenses are relatively fixed in the short term, our results of operations will suffer if our revenue falls below our or analysts' expectations in a particular quarter, which could cause the price of our common stock to decline.

If we are unable to sell additional products, subscriptions and services, as well as renewals of our subscriptions and services, to our customers, our future revenue and operating results will be harmed.

Our future success depends, in part, on our ability to expand the deployment of our platform with existing customers by selling them additional products, subscriptions and services, such as our FireEye Helix platform. This may require increasingly sophisticated and costly sales efforts and may not result in additional sales. In addition, the rate at which our customers purchase additional products, subscriptions and services depends on a number of factors, including the perceived need for additional IT security, general economic conditions, and our customers' satisfaction with our existing solutions they have previously purchased. If our efforts to sell additional products, subscriptions and services to our customers are not successful, our business may suffer.

Further, existing customers that purchase our platform have no contractual obligation to renew their subscriptions and support and maintenance services after the initial contract period, and given our limited operating history, we may not be able to accurately predict our retention rates. Our customers' retention rates may decline or fluctuate as a result of a number of factors, including the level of their satisfaction with our

platform, our customer support, customer budgets and the pricing of our platform compared with the products and services offered by our competitors. If our customers renew their subscriptions, they may renew for shorter contract lengths or on other terms that are less economically beneficial to us. We cannot assure you that our customers will renew their subscriptions, and if our customers do not renew their subscriptions or renew on less favorable terms, our revenue may grow more slowly than expected, not grow at all, or even decline.

We also depend on our installed customer base for future support and maintenance revenue. We offer our support and maintenance agreements for terms that generally range between one and five years. If customers choose not to renew their support and maintenance agreements or seek to renegotiate the terms of their support and maintenance agreements prior to renewing such agreements, our revenue may grow more slowly than expected, not grow at all, or even decline.

We rely on revenue from subscriptions and service contracts, and because we recognize revenue from subscriptions and service contracts over the term of the relevant subscription or service period, downturns or upturns in sales are not immediately reflected in full in our results of operations.

Subscription and services revenue accounts for a significant portion of our total revenue, comprising 84%, 79% and 65% for the years ended December 31, 2017, 2016 and 2015, respectively. Sales of new or renewal subscription and service contracts may decline or fluctuate as a result of a number of factors, including customers' level of satisfaction with our products and subscriptions, the actual or perceived efficacy of our security solutions, the prices of our products and subscriptions, the prices of products and subscriptions offered by our competitors or reductions in our customers' spending levels. If our sales of new or renewal subscription and service contracts decline, our revenue and revenue growth rate may decline and adversely affect our business. In addition, we recognize subscription and service revenue ratably over the term of the relevant service period, which is generally between one to five years. As a result, much of the subscription and service revenue we report each quarter is derived from subscription and service contracts that we sold in prior quarters. Consequently, a decline in new or renewed subscription or service contracts in any one quarter will not be fully reflected in revenue in that quarter but will negatively affect our revenue in future quarters. Accordingly, the effect of significant decreases in the market acceptance of, or demand for, our subscriptions or services may not be immediately apparent from our results of operations until future periods. Also, it is difficult for us to rapidly increase our subscription revenue through additional sales in any period, as revenue from new and renewal subscription contracts must be recognized ratably over the applicable service period. Furthermore, any increases in the average term of subscriptions contracts would result in revenue for those subscription contracts being recognized over longer periods of time.

The sales prices of our products, subscriptions and services may decrease, which may reduce our gross profits and adversely impact our financial results.

The sales prices for our products, subscriptions and services may decline for a variety of reasons, including competitive pricing pressures, discounts, a change in our mix of products, subscriptions and services, anticipation of the introduction of new products, subscriptions or services, introduction of new pricing and packaging or promotional programs. Competition continues to increase in the market segments in which we participate, and we expect competition to further increase in the future, thereby leading to increased pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products or subscriptions that compete with ours or may bundle them with other products and subscriptions. Additionally, although we price our products and subscriptions worldwide in U.S. dollars, currency fluctuations in certain countries and regions may negatively impact actual prices that partners and customers are willing to pay in those countries and regions, or the effective prices we realize in our reporting currency. Furthermore, we anticipate that the sales prices and gross profits for our products will decrease over product life cycles. We cannot assure you that we will be successful in developing and introducing new offerings with enhanced functionality on a timely basis, or that our new product and subscription offerings, if introduced, will enable us to maintain our prices and gross profits at levels that will allow us to maintain positive gross margins and achieve profitability.

If we do not accurately anticipate and respond promptly to changes in our customers' technologies, business plans or security needs, our competitive position and prospects could be harmed.

The IT security market has grown quickly and is expected to continue to evolve rapidly. Moreover, many of our customers operate in markets characterized by rapidly changing technologies and business plans, which require them to add numerous network access points and adapt to increasingly complex IT networks, incorporating a variety of hardware, software applications, operating systems and networking protocols. As their technologies and business plans grow more complex, we expect these customers to face new and increasingly sophisticated methods of attack. We face significant challenges in ensuring that our platform effectively identifies and responds to these advanced and evolving attacks without disrupting our customers' network performance. As a result of the continued rapid innovations in the technology industry, including the rapid growth of smart phones, tablets and other devices, the trend of "bring your own device" in enterprises, and the rapidly evolving Internet of Things ("IOT"), we expect the networks of our customers to continue to change rapidly and become more complex.

We have identified a number of new products and enhancements to our platform that we believe are important to our continued success in the IT security market, including our FireEye Helix platform and enhancements to our endpoint solution. There can be no assurance that we will be successful in developing and marketing, on a timely basis, such new products or enhancements or that our new products or enhancements will adequately address the changing needs of the marketplace. In addition, some of our new products and enhancements may require us to develop new hardware architectures that involve complex, expensive and time-consuming research and development processes. Although the market expects rapid introduction of new products and enhancements to respond to new threats, the development of these products and enhancements is difficult and the timetable for commercial release and availability is uncertain, as there can be significant time lags between initial beta releases and the commercial availability of new products and enhancements. We may experience unanticipated delays in the availability of new products and enhancements to our platform and fail to meet customer expectations with respect to the timing of such availability. If we do not quickly respond to the rapidly changing and rigorous needs of our customers by developing, releasing and making available on a timely basis new products and enhancements to our platform, such as our FireEye Helix platform and enhancements to our endpoint solution, that can adequately respond to advanced threats and our customers' needs, our competitive position and business prospects will be harmed. Furthermore, from time to time, we or our competitors may announce new products with capabilities or technologies that could have the potential to replace or shorten the life cycles of our existing products. There can be no assurance that announcements of new products will not cause customers to defer purchasing our existing products.

Additionally, the process of developing new technology is expensive, complex and uncertain. The success of new products and enhancements depends on several factors, including appropriate component costs, timely completion and introduction, differentiation of new products and enhancements from those of our competitors, and market acceptance. To maintain our competitive position, we must continue to commit significant resources to developing new products or enhancements to our platform before knowing whether these investments will be cost-effective or achieve the intended results. There can be no assurance that we will successfully identify new product opportunities, develop and bring new products or enhancements to market in a timely manner, or achieve market acceptance of our platform, or that products and technologies developed by others will not render our platform obsolete or noncompetitive. If we expend significant resources on researching and developing products or enhancements to our platform and such products or enhancements are not successful, our business, financial position and results of operations may be adversely affected.

Our current research and development efforts may not produce successful products or enhancements to our platform that result in significant revenue, cost savings or other benefits in the near future, if at all.

We must continue to dedicate significant financial and other resources to our research and development efforts if we are to maintain our competitive position. However, developing products and enhancements to our

platform is expensive and time consuming, and there is no assurance that such activities will result in significant new marketable products or enhancements to our platform, design improvements, cost savings, revenue or other expected benefits. If we spend significant resources on research and development and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

If we are unable to increase sales of our platform to large organizations while mitigating the risks associated with serving such customers, our business, financial position and results of operations may suffer.

Our growth strategy is dependent, in part, upon increasing sales of our platform to large enterprises and governments. Sales to large customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller entities. These risks include:

- increased purchasing power and leverage held by large customers in negotiating contractual arrangements with us;
- more stringent or costly requirements imposed upon us in our support service contracts with such customers, including stricter support response times and penalties for any failure to meet support requirements;
- more complicated implementation processes;
- longer sales cycles and the associated risk that substantial time and resources may be spent on a potential customer that ultimately elects not to purchase our platform or purchases less than we hoped;
- closer relationships with, and dependence upon, large technology companies who offer competitive products; and
- more pressure for discounts and write-offs.

In addition, because security breaches with respect to larger, high-profile enterprises are likely to be heavily publicized, there is increased reputational risk associated with serving such customers. If we are unable to increase sales of our platform to large enterprise and government customers while mitigating the risks associated with serving such customers, our business, financial position and results of operations may suffer.

Reliance on shipments at the end of each quarter could cause our revenue for the applicable period to fall below expected levels.

As a result of customer buying patterns and the efforts of our sales force and channel partners to meet or exceed their sales objectives, we have historically received a substantial portion of sales orders and generated a substantial portion of revenue during the last few weeks and days of each quarter. A significant interruption in our IT systems, which manage critical functions such as order processing, revenue recognition, financial forecasts, inventory and supply chain management, and trade compliance reviews, or our supply chain could result in delayed order fulfillment and decreased revenue for that quarter. If expected revenue at the end of any quarter is delayed for any reason, including the failure of anticipated purchase orders to materialize, our logistics or channel partners' inability to ship products prior to quarter-end to fulfill purchase orders received near the end of the quarter, our failure to manage inventory to meet demand, our inability to release new products on schedule, any failure of our systems related to order review, processing and licensing, or any delays in shipments based on trade compliance requirements (including new compliance requirements imposed by new or renegotiated trade agreements), our revenue for that quarter could fall below our expectations and the estimates of market analysts, which could adversely impact our business and results of operations and cause a decline in the trading price of our common stock.

Claims by others that we infringe their proprietary technology or other rights could harm our business.

Technology companies frequently enter into litigation based on allegations of patent infringement or other violations of intellectual property rights. In addition, patent holding companies seek to monetize patents they

have purchased or otherwise obtained. As we face increasing competition and gain an increasingly higher profile, the possibility of intellectual property rights claims against us grows. From time to time, third parties have asserted, and we expect that third parties will continue to assert, claims of infringement of intellectual property rights against us. For example, on December 29, 2017, we executed Confidential Patent License Agreements with Finjan Holdings, Inc. (“Finjan”), whereby we resolved all pending litigation matters. Under the terms of the settlement agreement, we paid Finjan a one-time net cash settlement amount of $12.5 million in December 2017, in exchange for the resolution and settlement of all claims between FireEye and Finjan and for cross-licenses between the companies of certain issued patents and patent applications. Other security companies have paid amounts to the same plaintiff to license some of the patents asserted against us. Third parties may in the future also assert claims against our customers or channel partners, whom our standard license and other agreements obligate us to indemnify against claims that our products infringe the intellectual property rights of third parties. While we intend to increase the size of our patent portfolio, many of our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. In addition, future litigation may involve patent holding companies or other patent owners who have no relevant product offerings or revenue and against whom our own patents may therefore provide little or no deterrence or protection. Any claim of intellectual property infringement by a third party, even a claim without merit, could cause us to incur substantial costs defending against such claim, could distract our management from our business and could require us to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by the discovery process.

Although third parties may offer a license to their technology or other intellectual property, the terms of any offered license may not be acceptable, and the failure to obtain a license or the costs associated with any license could cause our business, financial condition and results of operations to be materially and adversely affected. In addition, some licenses may be non-exclusive, and therefore our competitors may have access to the same technology licensed to us. If a third party does not offer us a license to its technology or other intellectual property on reasonable terms, or at all, we could be enjoined from continued use of such intellectual property. As a result, we may be required to develop alternative, non-infringing technology, which could require significant time (during which we could be unable to continue to offer our affected products, subscriptions or services), effort, and expense and may ultimately not be successful. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from distributing certain products, providing certain subscriptions or performing certain services or that requires us to pay substantial damages, royalties or other fees. Any of these events could harm our business, financial condition and results of operations.

Because we depend on a limited number of manufacturers to build the appliances used in our platform, we are susceptible to manufacturing delays and pricing fluctuations that could prevent us from shipping customer orders on time, or on a cost-effective basis, which may result in the loss of sales and customers.

We depend on a limited number of third-party manufacturers, primarily Flextronics Telecom Systems, Ltd., as sole source manufacturers for our appliances used in our platform. Our reliance on third-party manufacturers reduces our control over the manufacturing process and exposes us to risks, including reduced control over quality assurance, product costs, product supply and timing. Any manufacturing disruption by these third-party manufacturers could severely impair our ability to fulfill orders on time. If we are unable to manage our relationships with these third-party manufacturers effectively, or if these manufacturers suffer delays or disruptions for any reason, experience increased manufacturing lead-times, capacity constraints or quality control problems in their manufacturing operations, or fail to meet our future requirements for timely delivery, our ability to ship products to our customers would be severely impaired, and our business and results of operations would be harmed.

In addition, our reliance on third-party manufacturers exposes us to the risk that certain minerals, known as “conflict minerals,” that are contained in our products have originated in the Democratic Republic of the Congo or an adjoining country. As a result of the passage of the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010, the SEC adopted disclosure requirements for public companies whose products contain conflict minerals that are necessary to the functionality or production of such products. Although the SEC has provided guidance with respect to a portion of the conflict minerals filing requirements that somewhat reduced the reporting required, we have incurred and expect to incur additional costs to comply with the disclosure requirements, including costs related to determining the source of the conflict minerals used in our products. Moreover, the implementation of these requirements could adversely affect the sourcing, availability and pricing of materials used in the manufacture of our products to the extent that there may be only a limited number of suppliers offering “conflict free” minerals that can be used in our products. There can be no assurance that we will be able to obtain such minerals in sufficient quantities or at competitive prices. We may also encounter customers who require that all of the components of our products be certified as conflict free. If we are not able to meet customer requirements, such customers may choose to not purchase our products, which could impact our sales.

Our third-party manufacturers typically fulfill our supply requirements on the basis of individual orders. We are subject to a risk of supply shortages and changes in pricing terms because we do not have long-term contracts with our third-party manufacturers that guarantee capacity, the continuation of particular pricing terms or the extension of credit limits. Our contract with our primary manufacturer permits it to terminate such contract at its convenience, subject to prior notice requirements. Any production interruptions for any reason, such as a natural disaster, epidemic, capacity shortages, or quality problems at one of our manufacturing partners would negatively affect sales of our products and adversely impact our business and results of operations.

We may be unable to protect our intellectual property adequately, which could harm our business, financial condition and results of operations.

We believe that our intellectual property is an essential asset of our business. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality procedures and contractual provisions, to establish and protect our intellectual property rights in the United States and abroad. The efforts we have taken to protect our intellectual property may not be sufficient or effective, and our trademarks, copyrights and patents may be held invalid or unenforceable. Any U.S. or other patents issued to us may not be sufficiently broad to protect our proprietary technologies, and given the costs of obtaining patent protection, we may choose not to seek patent protection for certain of our proprietary technologies. We may not be effective in policing unauthorized use of our intellectual property, and even if we do detect violations, litigation may be necessary to enforce our intellectual property rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive, could divert management’s attention and may result in a court determining that our intellectual property rights are unenforceable. If we are not successful in cost-effectively protecting our intellectual property rights, our business, financial condition and results of operations could be harmed.

We incorporate technology from third parties into our products, and our inability to obtain or maintain rights to the technology could harm our business.

We incorporate technology from third parties into our products. We cannot be certain that our suppliers and licensors are not infringing the intellectual property rights of third parties or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may sell our products. Some of our agreements with our suppliers and licensors may be terminated for convenience by them. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain such technology or enter into new agreements on commercially reasonable terms, our ability to develop and sell products, subscriptions and services containing such technology could be severely limited, and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, including certain sole suppliers, we may be forced to acquire or develop alternative technology, which may require significant time, cost and effort and may be of lower quality or performance standards. This would limit and delay our ability to offer new or competitive products and increase our costs of production. If alternative technology cannot be

obtained or developed, we may not be able to offer certain functionality as part of our products, subscriptions and services. As a result, our margins, market share and results of operations could be significantly harmed.

Our products and subscriptions contain third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our products and subscriptions.

Our products and subscriptions contain software modules licensed to us by third-party authors under "open source" licenses. The use and distribution of open source software may entail greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for us.

Although we monitor our use of open source software to avoid subjecting our products and subscriptions to conditions, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in ways that could impose unanticipated conditions or restrictions on our ability to commercialize products and subscriptions incorporating such software. Moreover, we cannot assure you that our processes for controlling our use of open source software in our products and subscriptions will be effective. From time to time, we may face claims from third parties asserting ownership of, or demanding release of, the open source software or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to re-engineer our products, to discontinue the sale of our products if re-engineering could not be accomplished on a timely or cost-effective basis, or to make generally available, in source code form, our proprietary code, any of which could adversely affect our business, results of operations and financial condition.

U.S. federal, state and local government sales are subject to a number of challenges and risks that may adversely impact our business.

Sales to U.S. federal, state, and local governmental agencies have accounted for, and may in the future account for, a significant portion of our revenue. Sales to such government entities are subject to the following risks:

- selling to governmental agencies can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that such efforts will generate a sale;
- government certification requirements applicable to our products may change and, in doing so, restrict our ability to sell into the U.S. federal government sector until we have attained the revised certification;
- government demand and payment for our products and services may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services;
- we sell our platform to governmental agencies through our indirect channel partners, and these agencies may have statutory, contractual or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely impact our future results of operations;

- governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our platform, which would adversely impact our revenue and results of operations, or institute fines or civil or criminal liability if the audit were to uncover improper or illegal activities; and
- governments may require certain products purchased by it to be manufactured in the United States and other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements, affecting our ability to sell these products to governmental agencies.

Our ability to maintain customer satisfaction depends in part on the quality of our professional service organization and technical and other support services, including the quality of the support provided on our behalf by certain channel partners. Failure to maintain high-quality customer support could have a material adverse effect on our business, financial condition and results of operations.

Once our platform is deployed within our customers' networks, our customers depend on our technical and other support services, as well as the support of our channel partners, to resolve any issues relating to the implementation and maintenance of our platform. If we or our channel partners do not effectively assist our customers in deploying our platform, succeed in helping our customers quickly resolve post-deployment issues, or provide effective ongoing support, our ability to sell additional products, subscriptions or services as part of our platform to existing customers would be adversely affected and our reputation with potential customers could be damaged. Many larger organizations have more complex networks and require higher levels of support than smaller customers. If we fail to meet the requirements of our larger customers, it may be more difficult to execute on our strategy of upselling and cross selling with these customers. Additionally, if our channel partners do not effectively provide support to the satisfaction of our customers, we may be required to provide this level of support to those customers, which would require us to hire additional personnel and to invest in additional resources. It can take significant time and resources to recruit, hire, and train qualified technical support employees. We may not be able to hire such resources fast enough to keep up with demand. To the extent that we or our channel partners are unsuccessful in hiring, training, and retaining adequate support resources, our ability and the ability of our channel partners to provide adequate and timely support to our customers will be negatively impacted, and our customers' satisfaction with our platform will be adversely affected. Additionally, to the extent that we need to rely on our sales engineers to provide post-sales support, our sales productivity will be negatively impacted, which would harm our results of operations.

Our limited operating history makes it difficult to evaluate our current business and prospects and may increase the risk that we will not be successful.

We were founded in 2004, and our first commercially successful product was shipped in 2008. Since then, we have continued to expand our platform, both organically and through acquisitions, including through the addition of Mandiant Corporation's endpoint threat detection, response and remediation products; advanced threat intelligence capabilities; and incident response and security consulting services. The majority of our revenue growth began in 2010. Our limited operating history makes it difficult to evaluate our current business and prospects and plan for and model our future growth. We have encountered and will continue to encounter risks and uncertainties frequently encountered by rapidly growing companies in developing markets.

If our assumptions regarding these risks and uncertainties are incorrect or change in response to changes in the IT security market, our results of operations and financial results could differ materially from our plans and forecasts. Although we have experienced rapid growth in the past, there is no assurance that such growth will continue. Any success we may experience in the future will depend in large part on our ability to, among other things:

- maintain and expand our customer base and the ways in which customers use our products and services;

- expand revenue from existing customers through increased or broader use of our products and services within their organizations;
- convince customers to allocate a fixed portion of their annual IT budgets to our products and services;
- improve the performance and capabilities of our platform through research and development;
- effectively expand our business domestically and internationally, which will require that we fill key management positions, particularly internationally; and
- successfully compete with other companies that currently provide, or may in the future provide, solutions like ours that protect against next-generation advanced cyber attacks.

If we are unable to achieve our key objectives, including the objectives listed above, our business and results of operations will be adversely affected and the fair market value of our common stock could decline.

Managing the supply of our products and their components is complex. Insufficient supply and inventory may result in lost sales opportunities or delayed revenue, while excess inventory may harm our gross margins.

Our third-party manufacturers procure components and build our products based on our forecasts, and we generally do not hold inventory for a prolonged period of time. These forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and analyses from our sales and marketing organizations, adjusted for overall market conditions. In order to reduce manufacturing lead times and plan for adequate component supply, from time to time we may issue forecasts for components and products that are non-cancelable and non-returnable.

Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to make accurate forecasts and effectively manage the supply of our products and product components. Supply management remains an area of increasing focus as we balance the need to maintain supply levels that are sufficient to ensure competitive lead times against the risk of obsolescence because of rapidly changing technology and customer requirements. If we ultimately determine that we have excess supply, we may have to reduce our prices and write-down inventory, which in turn could result in lower gross margins. Alternatively, insufficient supply levels may lead to shortages that result in delayed revenue or loss of sales opportunities altogether as potential customers turn to competitors' products that may be readily available. Additionally, any increases in the time required to manufacture or ship our products could result in supply shortfalls. If we are unable to effectively manage our supply and inventory, our results of operations could be adversely affected.

Because some of the key components in our products come from limited sources of supply, we are susceptible to supply shortages or supply changes, which could disrupt or delay our scheduled product deliveries to our customers and may result in the loss of sales and customers.

Our platform relies on key components, including a motherboard and chassis, which our third-party manufacturers purchase on our behalf from a sole source provider. The manufacturing operations of some of our component suppliers are geographically concentrated in Asia, which makes our supply chain vulnerable to regional disruptions. A localized health risk affecting employees at these facilities, such as the spread of a pandemic influenza, could impair the total volume of components that we are able to obtain, which could result in substantial harm to our results of operations. Similarly, a fire, flood, earthquake, tsunami or other disaster, condition or event such as political instability, terrorist act, civil unrest or a power outage that adversely affects any of these component suppliers' facilities could significantly affect our ability to obtain the components needed for our products, which could result in a substantial loss of sales and revenue and a substantial harm to our results of operations.

We do not have volume purchase contracts with any of our component suppliers, and they could cease selling to us at any time. In addition, our component suppliers change their selling prices frequently in response

to market trends, including industry-wide increases in demand, and because we do not have contracts with these suppliers, we are susceptible to price fluctuations related to raw materials and components. If we are unable to pass component price increases along to our customers or maintain stable pricing, our gross margins and results of operations could be negatively impacted. If we are unable to obtain a sufficient quantity of these components in a timely manner for any reason, sales of our products could be delayed or halted or we could be forced to expedite shipment of such components or our products at dramatically increased costs, which would negatively impact our revenue and gross margins. Additionally, poor quality in any of the sole-sourced components in our products could result in lost sales or lost sales opportunities. If the quality of the components does not meet our or our customers' requirements, if we are unable to obtain components from our existing suppliers on commercially reasonable terms, or if any of our sole source providers cease to remain in business or continue to manufacture such components, we could be forced to redesign our products and qualify new components from alternate suppliers. The resulting stoppage or delay in selling our products and the expense of redesigning our products could result in lost sales opportunities and damage to customer relationships, which would adversely affect our business and results of operations.

If we fail to adequately protect personal information, our business, financial condition and operating results could be adversely affected.

A wide variety of provincial, state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. These data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the European Union General Data Protection Regulation, which becomes fully effective on May 25, 2018, imposes more stringent data protection requirements, and provides for greater penalties for noncompliance of up to the greater of €20 million or four percent of worldwide annual revenues. Our failure to adequately comply with applicable laws and regulations, or to protect such data, could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have a material adverse effect on our operations, financial performance and business. Evolving and changing definitions of personal data and personal information within the European Union, the United States, and elsewhere, especially relating to classification of IP addresses, machine identification, location data and other information, may limit or inhibit our ability to operate or expand our business, including limiting technology alliance partners that may involve the sharing of data. Even the perception of privacy concerns, whether or not valid, may harm our reputation, inhibit adoption of our products by current and future customers, or adversely impact our ability to attract and retain workforce talent.

Our technology alliance partnerships expose us to a range of business risks and uncertainties that could have a material adverse impact on our business and financial results.

We have entered, and intend to continue to enter, into technology alliance partnerships with third parties to support our future growth plans. Such relationships include technology licensing, joint technology development and integration, research cooperation, co-marketing activities and sell-through arrangements. We face a number of risks relating to our technology alliance partnerships that could prevent us from realizing the desired benefits from such partnerships on a timely basis or at all, which, in turn, could have a negative impact on our business and financial results.

Technology alliance partnerships require significant coordination between the parties involved, particularly if a partner requires that we integrate its products with our products. This could involve a significant commitment of time and resources by our technical staff and their counterparts within our technology alliance partner. The integration of products from different companies may be more difficult than we anticipate, and the risk of integration difficulties, incompatible products and undetected programming errors or defects may be higher than the risks normally associated with the introduction of new products. It may also be more difficult to market and

sell products developed through technology alliance partnerships than it would be to market and sell products that we develop on our own. Sales and marketing personnel may require special training, as the new products may be more complex than our other products.

We invest significant time, money and resources to establish and maintain relationships with our technology alliance partners, but we have no assurance that any particular relationship will continue for any specific period of time. Generally, our agreements with these technology alliance partners are terminable without cause with no or minimal notice or penalties. If we lose a significant technology alliance partner, we could lose the benefit of our investment of time, money and resources in the relationship. In addition, we could be required to incur significant expenses to develop a new strategic alliance or to determine and implement an alternative plan to pursue the opportunity that we targeted with the former partner.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in our stock price.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Additionally, as we implement the new revenue standard, management will make judgments and assumptions based on its interpretation of the new standard, which may vary from company to company based on the unique facts and circumstances surrounding their business. It is possible that interpretation, industry practice, and guidance may continue to evolve during the early stages of adoption of the new standard. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in our stock price. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to assets, liabilities, revenue, expenses and related disclosures.

We are exposed to the credit risk of some of our distributors, resellers and customers and to credit exposure in weakened markets, which could result in material losses.

Most of our sales are on an open credit basis. Although we have programs in place that are designed to monitor and mitigate these risks, we cannot assure you these programs will be effective in reducing our credit risks, especially as we expand our business internationally. If we are unable to adequately control these risks, our business, results of operations and financial condition could be harmed.

Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and could harm our business.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new products and enhancements to our platform, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the per share value of our common stock could decline. Furthermore, if we engage in additional debt financing, the holders of debt would have priority over the holders of common stock, and we may be required to accept terms that restrict our ability to incur additional indebtedness. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which

could harm our business, results of operations, and financial condition. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- develop or enhance our products and subscriptions;
- continue to expand our sales and marketing and research and development organizations;
- acquire complementary technologies, products or businesses;
- expand operations, in the United States or internationally;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

Our failure to do any of these things could harm our business, financial condition and results of operations.

If our products do not effectively interoperate with our customers' IT infrastructure, installations could be delayed or cancelled, which would harm our business.

Our products must effectively interoperate with our customers' existing or future IT infrastructure, which often has different specifications, utilizes multiple protocol standards, deploys products from multiple vendors, and contains multiple generations of products that have been added over time. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. If we find errors in the existing software or defects in the hardware used in our customers' infrastructure or problematic network configurations or settings, we may have to modify our software or hardware so that our products will interoperate with our customers' infrastructure. In such cases, our products may be unable to provide significant performance improvements for applications deployed in our customers' infrastructure. These issues could cause longer installation times for our products and could cause order cancellations, either of which would adversely affect our business, results of operations and financial condition. In addition, government and other customers may require our products to comply with certain security or other certifications and standards. If our products are late in achieving or fail to achieve compliance with these certifications and standards, or our competitors achieve compliance with these certifications and standards, we may be disqualified from selling our products to such customers, or may otherwise be at a competitive disadvantage, either of which would harm our business, results of operations, and financial condition.

We generate a significant amount of revenue from sales to resellers, distributors and customers outside of the United States, and we are therefore subject to a number of risks associated with international sales and operations.

We have a limited history of marketing, selling, and supporting our platform internationally. As a result, we must hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining international employees, particularly managers and other members of our international sales team, we may experience difficulties in sales productivity in, or market penetration of, foreign markets. We also enter into strategic distributor and reseller relationships with companies in certain international markets where we do not have a local presence. If we are not able to maintain successful strategic distributor relationships with our international channel partners or recruit additional channel partners, our future success in these international markets could be limited. Business practices in the international markets that we serve may differ from those in the United States and may require us to include non-standard terms in customer contracts, such as extended payment or warranty terms. To the extent that we enter into customer contracts in the future that include non-standard terms related to payment, warranties, or performance obligations, our results of operations may be adversely impacted.

Additionally, our international sales and operations are subject to a number of risks, including the following:

- greater difficulty in enforcing contracts and managing collections, as well as longer collection periods;

- higher costs of doing business internationally, including costs incurred in establishing and maintaining office space and equipment for our international operations;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies in markets where we do business, such as the British Pound Sterling, which experienced a sharp decline in value compared to the U.S. dollar and other currencies;
- management communication and integration problems resulting from cultural and geographic dispersion;
- risks associated with trade restrictions and foreign legal requirements, including any importation, certification, and localization of our platform that may be required in foreign countries and any changes in trade relations and restrictions as a result of the 2016 U.S. presidential election;
- greater risk of unexpected changes in foreign and domestic regulatory practices, tariffs and tax laws and treaties, including regulatory and trade policy changes adopted by the new administration;
- compliance with anti-bribery laws, including, without limitation, compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. Travel Act and the UK Bribery Act 2010, violations of which could lead to significant fines, penalties and collateral consequences for our Company;
- heightened risk of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- the uncertainty of protection for intellectual property rights in some countries;
- foreign exchange controls or tax regulations that might prevent us from repatriating cash earned outside the United States;
- general economic and political conditions in these foreign markets, including the perception of doing business with U.S. based companies and changes in regulatory requirements that impact our operating strategies, access to global markets or hiring;
- political and economic instability in some countries, such as those caused by the 2016 U.S. presidential election and the referendum on June 23, 2016, in which voters in the U.K. approved an exit from the EU, commonly referred to as "Brexit," and, in March 2017, began the process to leave the EU by April 2019; and
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate.

Further, the interpretation and application of foreign laws and regulations in many cases is uncertain, and our legal and regulatory obligations in foreign jurisdictions are subject to frequent and unexpected changes, including the potential for various regulatory or other governmental bodies to enact new or additional laws or regulations or to issue rulings that invalidate prior laws or regulations.

For example, "Brexit," could also lead to further legislative and regulatory changes. A Data Protection Bill has been introduced to the United Kingdom's House of Lords that proposes to substantially implement the European Union's General Data Protection Regulation. Nevertheless, the Data Protection Bill must complete the legislative process, so it remains unclear what modifications will be made to the final legislation.

Additionally, with regard to transfers of personal data from our European customers and employees to the U.S., we historically relied on compliance with the EU-U.S. and Swiss-U.S. Safe Harbor Frameworks as agreed to by the U.S. Department of Commerce, and the EU and Switzerland, which established means for legitimizing the transfer of personal data by U.S. companies from the European Economic Area, or EEA, and Switzerland, to

the U.S. In a 2015 ruling by the Court of Justice of the European Union in Case C-362/14 (*Schrems v. Data Protection Commissioner*), the EU-U.S. Safe Harbor Framework was deemed an invalid method of compliance with EU restrictions regarding the transfer of personal data outside of the EEA. EU and U.S. political authorities reached political agreement in February 2016 regarding the EU-U.S. Privacy Shield, which provided a new mechanism for companies to transfer EU personal data to the United States. Although the EU-U.S. Privacy Shield was granted an adequacy decision by the EU College of Commissioners on July 12, 2016, and became available to U.S. companies on August 1, 2016, with us subsequently having self-certified under the EU-U.S. Privacy Shield and a related program, the U.S.-Swiss Privacy Shield, the U.S.-EU Privacy Shield has been challenged and may be suspended or invalidated. It is uncertain that the U.S.-EU Privacy Shield will continue to remain intact and serve as an appropriate means for us to meet European requirements for personal data transfers from the EEA or Switzerland to the United States. Developments in the legal landscape affecting the transfer of personal data from the EEA may cause us to find it necessary or desirable to modify our data handling practices, and may serve as a basis for our personal data handling practices, or those of our customers and vendors, to be challenged and may otherwise adversely impact our business, financial condition and operating results.

These and other factors could harm our ability to generate future international revenue and, consequently, materially impact our business, results of operations and financial condition.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial condition and results of operations.

Our sales contracts are denominated in U.S. dollars, and therefore our revenue is not subject to foreign currency risk. However, strengthening of the U.S. dollar increases the real cost of our products, subscriptions and services to our customers outside of the United States, which could lead to delays in the purchase of our products and services and the lengthening of our sales cycle. In addition, we are incurring an increasing portion of our operating expenses outside the United States. These expenses are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates.

Additionally, Brexit resulted in an adverse impact to currency exchange rates, notably the British Pound Sterling which experienced a sharp decline in value compared to the U.S. dollar and other currencies. Continued volatility in currency exchange rates is expected in the near term as the U.K. negotiates its exit from the EU. A significantly weaker British Pound Sterling compared to the U.S. dollar could have a significantly negative effect on our financial condition and results of operations.

We do not currently hedge against the risks associated with currency fluctuations but may do so in the future.

Failure to comply with governmental laws and regulations could harm our business.

Our business is subject to regulation by various U.S. federal, state, local and foreign governments. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, injunctions or other collateral consequences. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management’s attention and resources and an increase in professional fees. U.S. regulations surrounding our operating activities in foreign jurisdictions are not always consistent with, and at times are in contravention to, the local regulations or laws in such jurisdictions. Enforcement actions and sanctions could harm our business, reputation, results of operations and financial condition.

We are subject to governmental export and import controls that could subject us to liability or impair our ability to compete in international markets.

Our products are subject to U.S. export controls, specifically the Export Administration Regulations and economic sanctions enforced by the Office of Foreign Assets Control. We incorporate standard encryption algorithms into our products, which, along with the underlying technology, may be exported outside of the U.S. only with the required export authorizations, including by license, license exception or other appropriate government authorizations, which may require the filing of an encryption registration and classification request. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions. While we have taken precautions to prevent our products and services from being exported in violation of these laws, in certain instances in the past we shipped our encryption products prior to obtaining the required export authorizations and/or submitting the required requests, including a classification request and request for an encryption registration number, resulting in an inadvertent violation of U.S. export control laws. As a result, in February 2013, we filed a Voluntary Self Disclosure with the U.S. Department of Commerce's Bureau of Industry and Security, or BIS, concerning these potential violations. In June 2013, BIS notified us that it had completed its review of this matter and closed its review with the issuance of a warning letter. No monetary penalties were assessed. Even though we take precautions to ensure that our channel partners comply with all relevant regulations, any failure by our channel partners to comply with such regulations could have negative consequences, including reputational harm, government investigations and penalties.

In addition, various countries regulate the import of certain encryption technology, including through import permit and license requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products into international markets, prevent our customers with international operations from deploying our products globally or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export to or sell our products in international markets would likely adversely affect our business, financial condition and results of operations.

Our business is subject to the risks of earthquakes, fire, power outages, floods and other catastrophic events, and to interruption by man-made problems such as terrorism or armed conflicts.

A significant natural disaster, such as an earthquake, a fire, a flood, or significant power outage could have a material adverse impact on our business, results of operations, and financial condition. Our corporate headquarters and servers hosting our cloud services are located in California, a region known for seismic activity. In addition, natural disasters could affect our supply chain, manufacturing vendors, or logistics providers' ability to provide materials and perform services such as manufacturing products or assisting with shipments on a timely basis. In the event that our or our service providers' information technology systems or manufacturing or logistics abilities are hindered by any of the events discussed above, shipments could be delayed, resulting in missed financial targets, such as revenue and shipment targets, for a particular quarter. In addition, acts of terrorism, armed conflicts and other geo-political unrest could cause disruptions in our business or the business of our supply chain, manufacturers, logistics providers, partners, or customers or the economy as a whole. Any disruption in the business of our supply chain, manufacturers, logistics providers, partners or end-customers that impacts sales at the end of a fiscal quarter could have a significant adverse impact on our financial results. All of the aforementioned risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, the loss of customers, or the delay in the manufacture, deployment or shipment of our products, our business, financial condition and results of operations would be adversely affected.

If we fail to comply with environmental requirements, our business, financial condition, results of operations and reputation could be adversely affected.

We are subject to various environmental laws and regulations including laws governing the hazardous material content of our products and laws relating to the collection and recycling of electrical and electronic equipment. Examples of these laws and regulations include the EU Restrictions on the Use of certain Hazardous Substances in Electronic Equipment Directive and the EU Waste Electrical and Electronic Equipment Directive as well as the implementing legislation of the EU member states. Similar laws and regulations have been passed or are pending in China, South Korea and Japan and may be enacted in other regions, including in the United States, and we are, or may in the future be, subject to these laws and regulations.

Our failure to comply with past, present, and future laws could result in reduced sales of our products, substantial product inventory write-offs, reputational damage, penalties, and other sanctions, any of which could harm our business and financial condition. We also expect that our products will be affected by new environmental laws and regulations on an ongoing basis. To date, our expenditures for environmental compliance have not had a material impact on our results of operations or cash flows, and although we cannot predict the future impact of such laws or regulations, they will likely result in additional costs and may increase penalties associated with violations or require us to change the content of our products or how they are manufactured, which could have a material adverse effect on our business, results of operations and financial condition.

The United States recently passed a comprehensive tax reform bill that could adversely affect our financial performance.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017, or the Tax Act. The Tax Act makes broad and complex changes to the U.S. tax code. The changes include, but are not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%, imposing a mandatory one-time transition tax on certain unrepatriated earnings of foreign subsidiaries, introducing bonus depreciation that will allow for full expensing of qualified property, eliminating the corporate alternative minimum tax, or AMT, and changing how existing AMT credits can be realized. Notwithstanding the reduction in the corporate income tax rate, the overall impact of the new federal tax law is uncertain, and our financial performance could be adversely affected. In addition, it is uncertain if, and to what extent, various states will conform to the new tax law and foreign countries will react by adopting tax legislation or taking other actions that could adversely affect our business.

Uncertainties in the interpretation and application of the 2017 Tax Cuts and Jobs Act could materially affect our tax obligations, effective tax rate and operating results.

The Tax Act was enacted on December 22, 2017, and significantly affected U.S. tax law by changing how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact our tax obligations, effective tax rate and our results of operations. The Tax Act will likely be subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess. At this time, it is not possible to measure the potential impact on our business, prospects or results of operations.

If we do not achieve increased tax benefits as a result of our corporate structure, our operating results and financial condition may be negatively impacted.

We generally conduct our international operations through wholly-owned subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In 2013, we completed the reorganization of our corporate structure and intercompany relationships to more closely align our corporate organization with the expansion of our international business activities. Although we anticipate achieving a reduction in our overall effective tax rate in the future as a result of this reorganized corporate

structure, we may not realize any benefits. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. In addition, if the intended tax treatment of our reorganized corporate structure is not accepted by the applicable taxing authorities, changes in tax law negatively impact the structure or we do not operate our business consistent with the structure and applicable tax laws and regulations, we may fail to achieve any tax advantages as a result of the reorganized corporate structure, and our future operating results and financial condition may be negatively impacted.

We could be subject to additional tax liabilities.

We are subject to U.S. federal, state, local and sales taxes in the United States and foreign income taxes, withholding taxes and transaction taxes in numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and our worldwide provision for taxes. During the ordinary course of business, there are many activities and transactions for which the ultimate tax determination is uncertain. In addition, our tax obligations and effective tax rates could be adversely affected by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations, including those relating to income tax nexus, by recognizing tax losses or lower than anticipated earnings in jurisdictions where we have lower statutory rates and higher than anticipated earnings in jurisdictions where we have higher statutory rates, by changes in foreign currency exchange rates, or by changes in the valuation of our deferred tax assets and liabilities. We may be audited in various jurisdictions, and such jurisdictions may assess additional taxes, sales taxes and value-added taxes against us. Although we believe our tax estimates are reasonable, the final determination of any tax audits or litigation could be materially different from our historical tax provisions and accruals, which could have a material adverse effect on our operating results or cash flows in the period for which a determination is made.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code and adversely affect our ability to utilize our NOLs in the future. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability.

Risks Related to Our Convertible Senior Notes

We are leveraged financially, which could adversely affect our ability to adjust our business to respond to competitive pressures and to obtain sufficient funds to satisfy our future growth, business needs and development plans.

We have substantial existing indebtedness. In June 2015, we issued $920.0 million aggregate principal amount of convertible senior notes (the "convertible notes").

The degree to which we are leveraged could have negative consequences, including, but not limited to, the following:

- we may be more vulnerable to economic downturns, less able to withstand competitive pressures and less flexible in responding to changing business and economic conditions;

- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes may be limited;
- a substantial portion of our cash flows from operations in the future may be required for the payment of the principal amount of our existing indebtedness when it becomes due; and
- we may elect to make cash payments upon any conversion of the convertible notes, which would reduce our cash on hand.

Our ability to meet our payment obligations under our convertible notes depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in an amount sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. If we are unable to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we were unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could have a material adverse effect on our business, results of operations, or financial condition.

The conditional conversion feature of the convertible notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the convertible notes is triggered, holders of such convertible notes will be entitled to convert their convertible notes at any time during specified periods at their option. If one or more holders elect to convert their convertible notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their convertible notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the convertible notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the convertible notes, is subject to changes that could have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board, which we refer to as FASB, issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the convertible notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the convertible notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the convertible notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the convertible notes to their face amount over the term of the convertible notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's non-convertible coupon interest for the convertible notes, which could adversely affect our reported or future financial results and the trading price of our common stock.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force). This standard

clarifies how certain cash receipts and payments should be classified in the statement of cash flows, including the cash settlement of our Convertible Senior Notes. Upon cash settlement, repayment of the principal amount will be bifurcated between cash outflows for operating activities for the portion related to accreted interest attributable to debt discounts arising from the difference between the coupon interest rate and the effective interest rate, and financing activities for the remainder. This will require us to classify the $233.9 million of accreted interest as cash used in operating activities in our consolidated financial statements upon cash settlement, which could adversely affect our future financial results.

In addition, under certain circumstances, convertible debt instruments (such as the convertible notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that any shares issuable upon conversion of the convertible notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the convertible notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the convertible notes, then our diluted earnings per share would be adversely affected.

Conversion of our convertible notes will dilute the ownership interest of existing stockholders and may depress the price of our common stock.

The conversion of some or all of our convertible notes, if such conversion occurs, will dilute the ownership interests of then-existing stockholders to the extent we deliver shares upon conversion of any of the convertible notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the convertible notes may encourage short selling by market participants because the conversion of the convertible notes could be used to satisfy short positions, or anticipated conversion of the convertible notes into shares of our common stock could depress the price of our common stock.

Risks Related to Ownership of Our Common Stock

If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our share price and trading volume could decline.

The trading market for our common stock, to some extent, depends on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares or change their opinion of our shares, industry sector or products, our share price would likely decline. If one or more of these analysts ceases coverage of our Company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.

We have provided and may continue to provide guidance about our business and future operating results. In developing this guidance, our management must make certain assumptions and judgments about our future performance. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our business results may vary significantly from such guidance or that consensus due to a number of factors, many of which are outside of our control, and which could adversely affect our operations and operating results. Such factors may include the possibility that interpretation, industry practice, and accounting guidance may continue to evolve during the early stages of

adoption of the new revenue standard. Furthermore, if we make downward revisions of our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock would decline.

The price of our common stock has been and may continue to be volatile, and the value of your investment could decline.

The trading price of our common stock has been volatile since our initial public offering, and is likely to continue to be volatile. Since the date of our initial public offering, the price of our common stock has ranged from $10.35 to $97.35 through February 21, 2018, and the last reported sale price on February 21, 2018 was $16.50. The trading price of our common stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include:

- whether our results of operations, and in particular, our revenue growth rates, meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts, whether as a result of our forward-looking statements, our failure to meet such expectation or otherwise;
- announcements of new products, services or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- changes in how customers perceive the effectiveness of our platform in protecting against advanced cyber attacks or other reputational harm;
- publicity concerning cyber attacks in general or high profile cyber attacks against specific organizations;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology and/or growth companies in general and of companies in the IT security industry in particular;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our results of operations;
- litigation involving us, our industry, or both;
- regulatory developments in the United States, foreign countries or both;
- general economic conditions and trends;
- major catastrophic events;
- sales of large blocks of our common stock; and
- departures of key personnel.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. The price of our common stock has been highly volatile since our IPO in September 2013, and beginning in June 2014, several lawsuits alleging violations of securities laws were filed against us and certain of our current and former directors and executive officers. Any securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, results of operations and financial condition.

Sales of substantial amounts of our common stock in the public markets, or sales of our common stock by our executive officers and directors under Rule 10b5-1 plans, could adversely affect the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. In addition, certain of our executive officers and directors have adopted, and other executive officers and directors may in the future adopt, written plans, known as "Rule 10b5-1 Plans," under which they have contracted, or may in the future contract, with a broker to sell shares of our common stock on a periodic basis to diversify their assets and investments. Sales made by our executive officers and directors pursuant to Rule 10b5-1, regardless of the amount of such sales, could adversely affect the market price of our common stock.

The issuance of additional stock in connection with financings, acquisitions, investments, our stock incentive plans, conversion of our convertible notes or otherwise will dilute all other stockholders.

Our amended and restated certificate of incorporation authorizes us to issue up to 1,000,000,000 shares of common stock and up to 100,000,000 shares of preferred stock with such rights and preferences as may be determined by our board of directors. Subject to compliance with applicable rules and regulations, we may issue shares of common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition, investment, our stock incentive plans, the conversion of our convertible notes or otherwise. For example, in January 2016, we issued 1,793,305 shares of common stock in connection with our acquisition of iSIGHT; in February 2016, we issued 742,026 shares of common stock in connection with our acquisition of Invotas; in October 2017, we issued 259,425 shares of common stock in connection with our acquisition of The Email Laundry; and in January 2018, we issued 1,016,334 shares of common stock in connection with our acquisition of X15. In addition, in June 2015, we issued $920.0 million aggregate principal amount of convertible senior notes. Any future issuances could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the listing requirements of the NASDAQ Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, has made and will continue to make some activities more difficult, time-consuming or costly, and has increased and will continue to increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire even more employees in the future, which will increase our costs and expenses.

We are subject to the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act ("Section 404"), enhanced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. While we were able to determine in our management's report for fiscal 2017 that our internal control over financial reporting is effective, as well as provide an unqualified attestation report from our independent registered public accounting firm to that effect, we have and will continue to consume management resources and incur significant expenses for Section 404 compliance on an ongoing basis. In the event that our Chief Executive Officer, Chief Financial Officer, or independent registered public accounting firm determines in the future that our internal control over financial reporting is not effective as defined under Section 404, we could be subject to one or more investigations or enforcement actions by state or federal regulatory agencies, stockholder lawsuits or other adverse actions requiring us to incur defense costs, pay fines, settlements or judgments and causing investor perceptions to be adversely affected and potentially resulting in a decline in the market price of our stock.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment will increase our general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards are unsuccessful, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain and maintain director and officer liability insurance, and in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our board of directors, particularly to serve on our audit committee and compensation committee.

In addition, as a result of our disclosure obligations as a public company, we have reduced strategic flexibility and are under pressure to focus on short-term results, which may adversely impact our ability to achieve long-term profitability.

We are obligated to maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or this internal control may not be determined to be effective, which may adversely affect investor confidence in our Company and, as a result, the value of our common stock.

We are required, pursuant to the Exchange Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on our internal controls.

While we were able to determine in our management's report for fiscal 2017 that our internal control over financial reporting is effective, as well as provide an unqualified attestation report from our independent registered public accounting firm to that effect, we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion or our independent registered public accounting firm may not be able to formally attest to the effectiveness of our internal control over financial reporting in the future. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over

financial reporting that we are unable to remediate before the end of the same fiscal year in which the material weakness is identified, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to attest to the effectiveness of our internal controls or determine we have a material weakness in our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

Our charter documents and Delaware law, as well as certain provisions of our convertible notes, could discourage takeover attempts and lead to management entrenchment, which could also reduce the market price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our Company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by our board of directors, the chairperson of our board of directors, our Chief Executive Officer or our President (in the absence of a Chief Executive Officer), which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 $^{2}/_{3}$% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the management of our business (including our classified board structure) or certain provisions of our amended and restated bylaws, which may inhibit the ability of an acquiror to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquiror to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law, which may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a specified period of time. Additionally, certain provisions of our convertible notes could make it more difficult or more expensive for a third party to acquire us. The application of Section 203 or certain provisions of our convertible notes also could have the effect of discouraging, delaying

or preventing a transaction involving a change in control of us. Any of these provisions could, under certain circumstances, depress the market price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Milpitas, California where we currently lease approximately 190,000 square feet of space under lease agreements that expire during the year ended December 31, 2027. We maintain additional offices throughout the United States and various international locations, including, but not limited to, Australia, Dubai, Germany, India, Ireland, Japan, Singapore and the United Kingdom. We believe that our current facilities are adequate to meet our ongoing needs, and that, if we require additional space, we will be able to obtain additional facilities on commercially reasonable terms.

Item 3. Legal Proceedings

The information set forth under “Litigation” in Note 9 contained in the “Notes to Consolidated Financial Statements” in Item 8 of Part II of this Annual Report on Form 10-K is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock, $0.0001 par value per share, began trading on The NASDAQ Global Select Market on September 20, 2013, where its prices are quoted under the symbol "FEYE."

Holders of Record

As of December 31, 2017, there were 99 holders of record of our common stock. Because many of our shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Price Range of Our Common Stock

The following table sets forth the reported high and low sales prices of our common stock for the periods indicated, as regularly quoted on The NASDAQ Global Select Market:

Year Ended December 31, 2017:	High	Low
First Quarter	$13.74	$10.35
Second Quarter	$16.25	$11.82
Third Quarter	$17.51	$13.74
Fourth Quarter	$18.00	$13.40

Year Ended December 31, 2016:	High	Low
First Quarter	$22.48	$11.35
Second Quarter	$18.73	$12.38
Third Quarter	$18.42	$13.38
Fourth Quarter	$15.03	$10.87

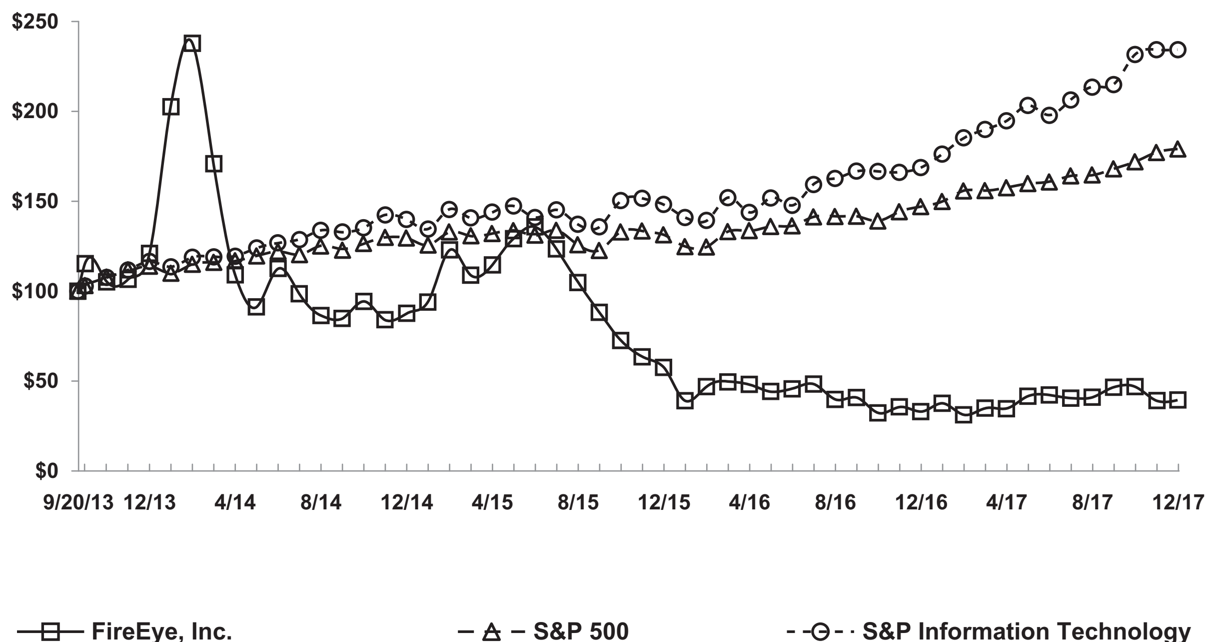
Stock Performance Graph

The following performance graph shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph compares the cumulative total return of our common stock with the total return for the Standard & Poor's 500 Index and the Standard & Poor's Information Technology Index from September 20, 2013 (the date our common stock commenced trading on The NASDAQ Global Select Market) through December 31, 2017. The graph assumes that $100 was invested on September 20, 2013 in our common stock, the Standard & Poor's 500 Index and the Standard & Poor's Information Technology Index, and assumes reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF 52 MONTH CUMULATIVE TOTAL RETURN*

Among FireEye, Inc., the S&P 500 Index and the S&P Information Technology Index



*$100 invested on 9/20/13 in stock or 8/31/13 in index, including reinvestment of dividends.
Fiscal year ending December 31.

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	9/20/13	12/13	4/14	8/14	12/14	4/15	8/15	12/15	4/16	8/16	12/16	4/17	8/17	12/17
FireEye, Inc.	$100.00	$121.14	$109.06	$ 86.50	$ 87.72	$114.72	$104.94	$ 57.61	$ 48.19	$ 39.89	$ 33.06	$ 34.75	$ 41.03	$ 39.44
S&P 500	$100.00	$113.98	$116.90	$125.25	$129.58	$132.07	$125.84	$131.37	$133.66	$141.64	$147.09	$157.61	$164.64	$179.20
S&P Information Technology	$100.00	$116.52	$119.52	$133.90	$139.96	$144.05	$137.19	$148.25	$143.92	$162.82	$168.79	$194.80	$213.61	$234.33

Dividend Policy

We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors, subject to applicable laws, and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Recent Sales of Unregistered Securities

On October 20, 2017, as partial consideration for our acquisition of The Email Laundry, we issued 259,425 shares of our common stock to the holders of capital stock of The Email Laundry. The issuance of the shares was deemed to be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder,

on the basis that, among other factors: (1) there was a limited number of recipients of the shares (all such recipients being collectively referred to hereinafter as “Securityholders”); (2) each of the Securityholders represented that such Securityholder was an “accredited investor” within the meaning of Rule 501(a) of Regulation D and/or that such Securityholder (either alone or with his or her purchaser representative) had such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of such Securityholder’s prospective investment; (3) there was no general solicitation or advertising in connection with the issuance of the shares; (4) each of the Securityholders represented that such Securityholder understood that the shares had not been registered under the Securities Act or any state securities laws and may not be offered for sale, sold, assigned or transferred in the absence of registration or an applicable exemption from registration requirements; (5) each Securityholder received or had access to required information and had an opportunity to obtain additional information about us a reasonable period of time prior to the issuance of the shares; and (6) appropriate legends were placed upon the book-entry positions representing the shares.

Issuer Purchases of Equity Securities

No shares of our common stock were repurchased during the three months ended December 31, 2017.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 of Part III of this Annual Report on Form 10-K regarding information about securities authorized for issuance under our equity compensation plans.

Item 6. Selected Consolidated Financial Data

The following selected historical financial data should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our financial statements and the related notes appearing in Item 8, “Financial Statements and Supplementary Data,” of this Annual Report on Form 10-K to fully understand the factors that may affect the comparability of the information presented below.

The statements of operations data for the years ended December 31, 2017, 2016 and 2015 and the balance sheet data as of December 31, 2017 and 2016 are derived from our audited financial statements appearing in Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K. The statements of operations for the years ended December 31, 2014 and 2013 and the balance sheet data as of December 31, 2015, 2014 and 2013 are derived from audited financial statements not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue:					
Product	$ 123,696	$ 151,926	$ 216,632	$ 178,246	$ 88,253
Subscription and services	627,390	562,188	406,335	247,416	73,299
Total revenue	751,086	714,114	622,967	425,662	161,552
Cost of revenue:[1]					
Product	56,807	65,158	74,481	58,980	28,912
Subscription and services	212,080	206,710	158,723	116,113	18,853
Total cost of revenue	268,887	271,868	233,204	175,093	47,765
Total gross profit	482,199	442,246	389,763	250,569	113,787
Operating expenses:[1]					
Research and development	243,273	279,594	279,467	203,187	66,036
Sales and marketing	371,935	439,499	476,166	401,151	167,466
General and administrative	125,597	139,839	141,790	121,099	52,503
Restructuring charges	—	27,630	—	4,327	—
Total operating expenses	740,805	886,562	897,423	729,764	286,005
Operating loss	(258,606)	(444,316)	(507,660)	(479,195)	(172,218)
Interest income	9,323	6,582	2,935	713	68
Interest expense	(49,766)	(47,869)	(27,116)	(26)	(525)
Other income (expense), net	(10)	(3,247)	(3,284)	(1,936)	(7,257)
Loss before income taxes	(299,059)	(488,850)	(535,125)	(480,444)	(179,932)
Provision for (benefit from) income taxes	4,632	(8,721)	4,090	(36,654)	(59,297)
Net loss attributable to common stockholders	$(303,691)	$(480,129)	$(539,215)	$(443,790)	$(120,635)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.71)	$ (2.94)	$ (3.50)	$ (3.12)	$ (2.66)
Weighted-average shares used to compute net loss per share attributable to common stockholders	177,757	163,211	154,120	142,176	45,271

(1) Includes share-based compensation expense as follows:

	Year Ended December 31,				
	2017	2016	2015	2014	2013
	(In thousands)				
Stock-Based Compensation Expense:					
Cost of product revenue	$ 2,141	$ 2,092	$ 1,588	$ 888	$ 469
Cost of subscription and services revenue	30,515	29,811	29,435	17,037	2,341
Research and development	56,720	64,755	68,329	28,968	6,958
Sales and marketing	46,766	57,750	73,286	66,773	10,748
General and administrative	30,194	43,343	49,793	38,186	8,342
Restructuring	—	1,144	—	—	—
Total stock-based compensation expense	$166,336	$198,895	$222,431	$151,852	$28,858

	As of December 31,				
	2017	2016	2015	2014	2013
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 180,891	$ 223,667	$ 402,102	$ 146,363	$ 173,918
Total assets	2,332,081	2,382,965	2,441,473	1,758,881	1,376,313
Total deferred revenue	670,744	653,516	526,998	352,543	187,514
Total long-term debt	779,578	741,980	706,198	—	—
Total stockholders' equity	$ 744,816	$ 841,112	$1,044,372	$1,250,828	$1,048,102

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those contained in or implied by any forward-looking statements. Factors that could cause or contribute to these differences include those under "Risk Factors" included in Part I, Item 1A or in other parts of this Annual Report on Form 10-K.

Overview

We provide comprehensive intelligence-based cybersecurity solutions that allow organizations to prepare for, prevent, respond to and remediate cyber attacks. Our portfolio of cybersecurity products and services is designed to detect and prevent attacks as well as enable rapid discovery and response when a breach occurs.

Our Business Model

We generate revenue from sales of our products, subscriptions and services. Our product revenue consists primarily of revenue from the sale of our appliance-based threat detection and prevention solutions, consisting of NX, EX, HX and FX Series of security appliances. While our NX and EX Series of integrated appliances still account for the largest portion of our product revenue, we offer our threat detection and prevention products in multiple form factors for cloud and hybrid deployments. Our detection and prevention products are complemented by our forensics and investigation products, our security management appliance, our cloud-based Helix security management and orchestration software and our professional security services to enable a proactive approach to cybersecurity that extends across the entire security operations lifecycle. Revenue from sales of our security appliances is generally recognized at the time of shipment.

We require customers to purchase a subscription to our Dynamic Threat Intelligence (DTI) and to support and maintenance services when they purchase any of our appliance-based detection and prevention products. Our customers generally purchase these subscriptions and services for a one or three year term, and revenue from such subscriptions and support services is recognized ratably over the contract period. Sales of these subscriptions and support services initially increase our deferred revenue, which totaled $670.7 million and $653.5 million as of December 31, 2017 and 2016, respectively. Amortization of this deferred revenue has contributed to the increase in our subscription and services revenue as a percentage of total revenue. For the years ended December 31, 2017, 2016 and 2015, subscription and services revenue as a percentage of total revenue was 84%, 79% and 65%, respectively. While most of the growth in our subscription and services revenue during such years relates to the amortization of the initial subscription and services agreements, renewals of such agreements have also supported this growth. Our retention rate for subscriptions and support expiring in the 12 months ended December 31, 2017 remained strong and we expect to maintain these strong retention rates in the future.

Beyond products with attached threat intelligence subscriptions and support and maintenance services, we offer several cloud-based security offerings, including threat detonation and validation, email security, threat analytics, and the FireEye Helix management and orchestration platform. We also offer threat intelligence reports and managed security services delivered through cloud-based subscriptions. Revenue from these subscriptions is recognized ratably over the subscription term, which is typically one to three years. We also offer professional services, including incident response and other security consulting services for our customers who have experienced a cybersecurity breach or require assistance assessing the resilience of their networks. Revenue from these professional services is recognized as the services are delivered.

Key Business Metrics

We monitor the key business metrics set forth below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. We discuss revenue and gross margin below under "Components of Operating Results." Deferred revenue, billings (a non-GAAP metric), net cash flow provided by (used in) operating activities, and free cash flow (a non-GAAP metric) are discussed immediately below the following table.

	Year Ended or as of December 31,		
	2017	2016	2015
	(Dollars in thousands)		
Product revenue	$123,696	$151,926	$216,632
Subscription and services revenue	627,390	562,188	406,335
Total revenue	$751,086	$714,114	$622,967
Year-over-year percentage increase	5%	15%	46%
Gross margin percentage	64%	62%	63%
Deferred revenue, current	$443,064	$397,118	$305,169
Deferred revenue, non-current	$227,680	$256,398	$221,829
Billings (non-GAAP)	$768,314	$819,545	$797,422
Net cash provided by (used in) operating activities	$ 17,640	$ (14,585)	$ 37,015
Free cash flow (non-GAAP)	$ (26,139)	$ (50,899)	$ (17,534)

Deferred revenue. Our deferred revenue consists of amounts that have been invoiced but have not yet been recognized as revenue as of period end. The majority of our deferred revenue consists of the unamortized balance of revenue from previously invoiced subscriptions to our threat intelligence, security-as-a-service and support and maintenance contracts. Subscriptions and support and maintenance contracts are generally non-cancelable, except for cause, and are typically invoiced and paid up-front. Because invoiced amounts for subscriptions and services can be for multiple years, we classify our deferred revenue as current or non-current depending on when we expect to recognize the related revenue. If the deferred revenue is expected to be recognized within 12 months it is classified as current, otherwise, the deferred revenue is classified as non-current. We monitor our deferred revenue balance because it represents a significant portion of revenue to be recognized in future periods.

Billings. Billings are a non-GAAP financial metric that we define as revenue recognized in accordance with generally accepted accounting principles, or GAAP, plus the change in deferred revenue from the beginning to the end of the period, excluding deferred revenue assumed through acquisitions. We consider billings to be a useful metric for management and investors, as a supplement to the corresponding GAAP measure, because billings drive deferred revenue, which is an important indicator of the health and visibility of trends in our business, and represent a significant percentage of future revenue. However, it is important to note that other companies, including companies in our industry, may not use billings, may define billings differently, may have different billing frequencies, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of billings as a comparative measure. For the year ended December 31, 2016, billings excluded $21.1 million of deferred revenue assumed in connection with our acquisitions. There was no such adjustment for the years ended December 31, 2017 or 2015. A reconciliation of billings to revenue, the most directly comparable financial measure calculated and presented in accordance with GAAP, is provided below:

	Year Ended December 31,		
	2017	2016	2015
	(in thousands)		
Revenue	$751,086	$714,114	$622,967
Add: Deferred revenue, end of period	670,744	653,516	526,998
Less: Deferred revenue, beginning of period	653,516	526,998	352,543
Less: Deferred revenue assumed through acquisitions	—	21,087	—
Billings (non-GAAP)	$768,314	$819,545	$797,422

Net cash provided by (used in) operating activities. We monitor net cash provided by (used in) operating activities as a measure of our overall business performance. Our net cash provided by (used in) operating activities is driven in large part by sales of our products and from up-front payments for both subscriptions and support and maintenance services. Monitoring net cash provided by (used in) operating activities enables us to analyze our financial performance without the non-cash effects of certain items, such as depreciation, amortization, and stock-based compensation costs, thereby allowing us to better understand and manage the cash needs of our business.

Free cash flow. Free cash flow is a non-GAAP financial measure we define as net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure, less purchases of property and equipment and demonstration units. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that, after the purchases of property and equipment and demonstration units, can be used by us for strategic opportunities, including investing in our business, making strategic acquisitions and strengthening our balance sheet if and when generated. However, it is important to note that other companies, including companies in our industry, may not use free cash flow, may calculate free cash flow differently, or may use other financial measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a comparative measure. A reconciliation of free cash flow to cash flow provided by (used in) operating activities is provided below:

	Year Ended December 31,		
	2017	2016	2015
		(in thousands)	
Cash flow provided by (used in) operating activities	$ 17,640	$ (14,585)	$ 37,015
Less: purchase of property and equipment and demonstration units	43,779	36,314	54,549
Free cash flow (non-GAAP)	$(26,139)	$ (50,899)	$ (17,534)
Net cash used in investing activities	$(59,323)	$(189,696)	$(576,749)
Net cash provided by (used in) financing activities	$ (1,093)	$ 25,846	$ 795,473

Factors Affecting our Performance

Market Adoption. We rely on market education to raise awareness of today's cyber attacks and articulate the need for our security solutions and, in particular, the reasons to purchase our products. Our prospective customers often do not have a specific portion of their IT budgets allocated for products that address the next generation of advanced cyber attacks. Additionally, the market for security operations management platforms such as FireEye Helix is in the early stages of development.

We invest heavily in sales and marketing efforts to increase market awareness, educate prospective customers and drive adoption of our solutions. This market education is critical to creating new IT budget dollars or allocating more of existing IT budget dollars to advanced threat protection and management solutions and, in particular, our products and the FireEye Helix platform. The degree to which prospective customers recognize the mission critical need for advanced threat protection and security operations management solutions, including our FireEye Helix platform, will drive our ability to acquire new customers and increase renewals and follow-on sales opportunities, which, in turn, will affect our future financial performance.

Sales Productivity. Our sales organization consists of in-house sales teams who work in collaboration with external channel partners to identify new sales prospects, sell additional products, subscriptions and services, and provide post-sale support. Our sales teams are organized by territory to target large enterprise and government customers, who typically have sales cycles that can last several months or more. We have also expanded our inside sales teams to work with channel partners to expand our customer base of small and medium enterprises, or SMEs, as well as manage renewals of subscription and support contracts.

Newly hired sales and marketing resources typically require several months to establish prospect relationships and achieve full sales productivity. In addition, although we believe our investments in market education has increased awareness of us and our solutions globally, sales teams in certain international markets may face local markets with limited awareness of us and our solutions, or specific requirements not available with our solutions. All of these factors will influence the timing and overall levels of sales productivity, impacting the rate at which we will be able to convert prospects to sales and drive revenue growth.

Retention Rates. New or existing customers who purchase our appliances are required to purchase a one or three year subscription to our DTI cloud and support and maintenance services. New or existing customers who purchase our network forensic products. System or management appliances are required to purchase support and maintenance services for a term of one or three years.

We believe our customer retention rate is an important metric to measure the long-term value of our customer agreements. We define retention rate as the percentage of customers at the end of the previous period that are up for renewal in the current period that remain customers at the end of the current period on a trailing twelve month basis. Subscriptions and support and maintenance services represented 66%, 62% and 47% of our total revenue during the years ended December 31, 2017, 2016 and 2015, respectively, we believe our ability to maintain strong retention rates for these subscriptions and maintenance services will have a material impact on our future financial performance.

Follow-On Sales. After the initial sale to a new customer, we focus on expanding our relationship with the customer to sell additional products, subscriptions and services. To grow our revenue, it is important that our customers make additional purchases of our products, subscriptions and services. Sales to our existing customer base can take the form of incremental sales of appliances, subscriptions and services, either to deploy our platform into additional parts of their network, to protect additional threat vectors, or to extend their internal security resources with our managed and professional security services. Our opportunity to expand our customer relationships through follow-on sales will increase as we add new customers, broaden our portfolio of subscriptions and services and enhance the functionality of our existing products and the Helix platform. Follow-on sales lead to increased revenue over the lifecycle of a customer relationship and can significantly increase the return on our sales and marketing investments. With many of our large enterprise and government customers, we have realized follow-on sales that were multiples of the value of their initial purchases.

Components of Operating Results

Revenue

We generate revenue from the sales of our products, subscriptions and services. As discussed further in "Critical Accounting Policies and Estimates-Revenue Recognition" below, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is reasonably assured.

- *Product revenue*. Our product revenue is generated from sales of our appliances, which we generally recognize at the time of shipment, provided that all other revenue recognition criteria have been met.
- *Subscription and services revenue*. Subscription and services revenue is generated primarily from our cloud subscriptions, FireEye-as-a-Service, support and maintenance services and other professional services. We recognize revenue from subscriptions and support and maintenance services over the one or three year contract term, as applicable. Professional services, which includes incident response and compromise assessments, are offered on a time-and-material basis or through a fixed fee arrangement and we recognize the associated revenue as the services are delivered.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard provides a single model for revenue arising from contracts with customers and supersedes current

revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

We will adopt the standard effective January 1, 2018 and will apply it retrospectively to all prior periods presented.

The most significant impact of the standard relates to our accounting for intelligence dependent appliance and software license revenue. Specifically, under the new revenue standard we will combine intelligence dependent appliances and software licenses with the related intelligence subscription and support as a single performance obligation and amortize them ratably over the longer of the estimated renewal period of the related appliance and license or the contractual term. Revenue recognition related to other appliances and software licenses not dependent on intelligence, subscription and support offerings, cloud offerings and professional services will remain substantially unchanged. We currently believe appliance and software license revenue will be recognized predominantly over the useful life of the appliance and license as most of our appliance and license offerings are intelligence dependent.

Most of our commission expenses and related payroll taxes as well as our appliance-related cost of goods sold will be capitalized and amortized on a systematic basis that is consistent with the pattern of transfer to which the asset relates.

We expect that adoption of the standard will result in the recognition of additional revenue in fiscal 2017 of $28.0 million and a reduction in revenue in fiscal 2016 of $8.5 million, primarily due to the net change in the recognition of intelligence dependent appliance and software license revenue. In addition, we expect that adoption of the standard will result in a decrease in operating loss of $18.0 million in fiscal 2017 and an increase in operating loss of $5.7 million in fiscal 2016 as a result of the net changes to revenues, costs and expenses under the new standard.

Cost of Revenue

Our total cost of revenue consists of cost of product revenue and cost of subscription and services revenue. Personnel costs associated with our operations and global customer support organizations consist of salaries, benefits, bonuses and stock-based compensation. Overhead costs consist of certain facilities, depreciation and information technology costs.

- *Cost of product revenue.* Cost of product revenue primarily consists of costs paid to our third-party contract manufacturers for our appliances and personnel and other costs in our manufacturing operations department. Our cost of product revenue also includes product testing costs, shipping costs and allocated overhead costs. We expect our cost of product revenue to decrease as our product revenue decreases, as customers' buying preferences shift away from on premise appliance-based solutions and towards cloud-based and cloud-enabled solutions. Our cost of product revenue may increase as a percentage of product revenue, due to the fixed nature of a portion of these costs.
- *Cost of subscription and services revenue.* Cost of subscription and services revenue consists of personnel costs for our global customer support and services organization and allocated overhead costs. We expect our cost of subscription and services revenue to decrease as a percentage of total revenue.

Gross Margin

Gross margin, or gross profit as a percentage of revenue, has been and will continue to be affected by a variety of factors, including our average selling price, the mix of products sold, the mix of revenue among products, subscriptions and services, and manufacturing costs. We expect our gross margins to fluctuate over time depending on these factors.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing and general and administrative expenses, as well as restructuring charges and charges related to one-time or infrequent events. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, stock-based compensation and, with regard to sales and marketing expense, sales commissions. Operating expenses also include allocated overhead costs consisting of certain facilities, depreciation and information technology costs.

- *Research and development.* Research and development expense consists primarily of personnel costs and allocated overhead. Research and development expense also includes prototype related expenses. We expect research and development expense to decrease as a percentage of total revenue over time.
- *Sales and marketing.* Sales and marketing expense consists primarily of personnel costs, partner referral fees, incentive commission costs and allocated overhead. We currently expense commission costs as incurred. Under the new revenue standard, certain commission costs are deferred and amortized. Sales and marketing expense also includes costs for market development programs, promotional and other marketing activities, travel, depreciation of proof-of-concept evaluation units and outside consulting costs. We expect sales and marketing expense to decrease as a percentage of total revenue over time.
- *General and administrative*. General and administrative expense consists of personnel costs, professional service costs and allocated overhead. General and administrative personnel include our executive, finance, human resources, facilities and legal organizations. Professional service costs consist primarily of legal, auditing, accounting and other consulting costs. We expect general and administrative expense to decrease as a percentage of total revenue over time.
- *Restructuring charges.* Our Board of Directors approved a restructuring plan and reduction in workforce in August 2016, designed to reduce operating expenses and align our expense structure with current growth expectations. Expenses incurred primarily consisted of employee severance charges and other termination benefits, as well as real estate and related fixed asset charges for the consolidation of certain leased facilities. We did not incur any expenses related to restructuring activities in 2017 or 2015.

Interest Income

Interest income consists of interest earned on our cash and cash equivalent and investment balances. We have historically invested our cash in money-market funds and other short-term, high quality securities. We expect interest income to vary each reporting period depending on our average investment balances during the period, types and mix of investments and fluctuations in market interest rates.

Interest Expense

Interest expense is primarily a result of our convertible senior notes, consisting of interest at the stated rate (coupon) and amortization of discounts and issuance costs.

Other Income (Expense), Net

Other income (expense), net includes gains or losses on the disposal of fixed assets, gains or losses from our equity-method investment, foreign currency re-measurement gains and losses and foreign currency transaction gains and losses. We expect other income (expense), net to fluctuate depending primarily on foreign exchange rate movements.

Provision for (benefit from) Income Taxes

Provision for income taxes primarily relates to income taxes payable in foreign jurisdictions in which we conduct business, withholding taxes, and state income taxes in the United States. The provision is offset by tax

benefits primarily related to the reversal of valuation allowances previously established against our deferred tax assets. Should the tax benefits exceed the provision, then a net tax benefit is reflected for the period. Income in certain countries may be taxed at statutory tax rates that are lower than the U.S. statutory tax rate. As a result, our overall effective tax rates over the long-term may be lower than the U.S. federal statutory tax rate due to a larger proportion of net income that was subject to foreign income tax rates that are lower than the U.S. federal statutory rate.

Results of Operations

The following tables summarize our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of results is not necessarily indicative of results for future periods.

	Year Ended December 31,		
	2017	2016	2015
		(In thousands)	
Revenue:			
Product	$ 123,696	$ 151,926	$ 216,632
Subscription and services	627,390	562,188	406,335
Total revenue	751,086	714,114	622,967
Cost of revenue:			
Product	56,807	65,158	74,481
Subscription and services	212,080	206,710	158,723
Total cost of revenue	268,887	271,868	233,204
Total gross profit	482,199	442,246	389,763
Operating expenses:			
Research and development	243,273	279,594	279,467
Sales and marketing	371,935	439,499	476,166
General and administrative	125,597	139,839	141,790
Restructuring charges	—	27,630	—
Total operating expenses	740,805	886,562	897,423
Operating loss	(258,606)	(444,316)	(507,660)
Interest income	9,323	6,582	2,935
Interest expense	(49,766)	(47,869)	(27,116)
Other expense, net	(10)	(3,247)	(3,284)
Loss before income taxes	(299,059)	(488,850)	(535,125)
Provision for (benefit from) income taxes	4,632	(8,721)	4,090
Net loss attributable to common stockholders	$(303,691)	$(480,129)	$(539,215)

	Year Ended December 31,		
	2017	2016	2015
	(Percent of total revenue)		
Revenue:			
Product	16%	21%	35%
Subscription and services	84	79	65
Total revenue	100	100	100
Cost of revenue:			
Product	8	9	12
Subscription and services	28	29	25
Total cost of revenue	36	38	37
Total gross profit	64	62	63
Operating expenses:			
Research and development	32	39	45
Sales and marketing	50	61	76
General and administrative	16	20	23
Restructuring charges	—	4	—
Total operating expenses	98	124	144
Operating loss	(34)	(62)	(81)
Interest income	1	1	—
Interest expense	(7)	(7)	(4)
Other expense, net	—	—	(1)
Loss before income taxes	(40)	(68)	(86)
Provision for (benefit from) income taxes	—	(1)	1
Net loss attributable to common stockholders	(40)%	(67)%	(87)%

Comparison of the Years Ended December 31, 2017 and 2016

Revenue

	Year Ended December 31,					
	2017		2016		Change	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%
	(Dollars in thousands)					
Revenue:						
Product	$123,696	16%	$151,926	21%	$(28,230)	(19)%
Subscription and services	627,390	84	562,188	79	65,202	12
Total revenue	$751,086	100%	$714,114	100%	$ 36,972	5%
Subscription and services by type:						
Product subscription	$356,682	48%	$316,986	45%	$ 39,696	13%
Support and maintenance	139,758	19	123,341	17	16,417	13
Professional services	130,950	17	121,861	17	9,089	7
Total subscription and services revenue	$627,390	84%	$562,188	79%	$ 65,202	12%
Revenue by geographic region:						
United States	$494,766	66%	$488,623	69%	$ 6,143	1%
EMEA	116,011	15	102,288	14	13,723	13
APAC	104,991	14	95,285	13	9,706	10
Other	35,318	5	27,918	4	7,400	27
Total revenue	$751,086	100%	$714,114	100%	$ 36,972	5%

Product revenue decreased by $28.2 million, or 19%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease in product revenue was primarily due to a shift in customer buying preferences away from on premise appliance-based solutions to cloud-based and cloud-enabled subscriptions, including security delivered as a service. As a result, revenue from sales of our threat prevention appliances has declined as revenue from our cloud-based solutions has increased. Our NX Series of security appliances continued to account for the largest portion of our product revenue. This reflects the fact that customers who purchase our product portfolio generally purchase more NX Series appliances than our other appliances, as their networks typically have more Web entry points than email or file entry points to protect. We expect product revenue to continue to decline as part of this transition from on premise appliance-based solutions to cloud-based and cloud-enabled subscriptions, such as our FireEye Helix platform.

Subscription and services revenue increased by $65.2 million, or 12%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was comprised of subscription revenue of $39.7 million, support and maintenance revenue of $16.4 million and professional services revenue of $9.1 million. The increase in subscription revenue of $39.7 million and the increase in support and maintenance revenue of $16.4 million were primarily due to an increase in initial customer purchases of $16.6 million and an increase in the amortization of deferred subscription and support revenue related to renewals of $39.6 million during the year ended December 31, 2017 compared to the year ended December 31, 2016. We expect a continued transition of customers from product sales to our cloud subscriptions. Given our high retention rate, we expect revenue from the amortization of deferred subscription and support related to renewals to increase as a percentage of our total revenue from subscription and support. Our retention rate for subscription and support agreements expiring in the 12 months ended December 31, 2017 remained strong.

Our international revenue increased $30.8 million, or 14%, during the year ended December 31, 2017 compared to the year ended December 31, 2016, which reflects our increasing international market presence.

Cost of Revenue and Gross Margin

	Year Ended December 31,					
	2017		2016		Change	
	Amount	Gross Margin	Amount	Gross Margin	Amount	%
	(Dollars in thousands)					
Cost of revenue:						
Product	$ 56,807		$ 65,158		$(8,351)	(13)%
Subscription and services	212,080		206,710		5,370	3
Total cost of revenue	$268,887		$271,868		$(2,981)	(1)%
Gross margin:						
Product		54%		57%		
Subscription and services		66%		63%		
Total gross margin		64%		62%		

The cost of product revenue decreased $8.4 million, or 13%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease in cost of product revenue was primarily driven by a decrease in product shipments.

The cost of subscription and services revenue increased $5.4 million, or 3%, during the year ended December 31, 2017 compared to the year ended December 31, 2016 due to a $7.0 million increase in software costs, a $2.8 million increase in depreciation expense and a $2.2 million increase in personnel costs, partially offset by a $5.0 million decrease in facility and IT costs and a $3.7 million decrease in the amortization of intangible assets.

Gross margin was higher for the year ended December 31, 2017 compared to the year ended December 31, 2016, due to an increase in subscription and services margins partially offset by a decrease in product margins. The increased subscription and services margins were driven by higher utilization of our professional services personnel. The decreased product margins were driven by lower shipments resulting in a higher proportion of fixed and semi-fixed costs to revenue and the mix of products sold.

Operating Expenses

	Year Ended December 31,					
	2017		2016		Change	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%
	(Dollars in thousands)					
Operating expenses:						
Research and development	$243,273	32%	$279,594	39%	$ (36,321)	(13)%
Sales and marketing	371,935	50	439,499	61	(67,564)	(15)
General and administrative	125,597	16	139,839	20	(14,242)	(10)
Restructuring charges	—	—	27,630	4	(27,630)	(100)
Total operating expenses	$740,805	98%	$886,562	124%	$(145,757)	(16)%
Includes stock-based compensation expense of:						
Research and development	$ 56,720		$ 64,755			
Sales and marketing	46,766		57,750			
General and administrative	30,194		43,343			
Total	$133,680		$165,848			

Research and Development

Research and development expense decreased $36.3 million, or 13% for the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease was primarily due to a $26.9 million net decrease in personnel costs which includes an $8.0 million decrease in stock-based compensation charges, as well as a $3.7 million reduction due to higher capitalized software development costs, a $1.8 million decrease in facility and IT costs, a $1.6 million decrease in telecommunications costs, a $1.3 million decrease in professional service vendor costs and a $1.2 million decrease in depreciation expense, partially offset by a $2.6 million increase in data hosting costs. The decreases were primarily driven by lower headcount and cost optimizations from our 2016 restructuring activities.

Sales and Marketing

Sales and marketing expense decreased $67.6 million, or 15%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease was primarily due to a $34.6 million decrease in personnel costs, which includes an $11.0 million decrease in stock-based compensation charges, a $9.3 million decrease in commissions, a $7.3 million decrease in facility and IT costs, a $3.9 million decrease in marketing programs, a $3.9 million decrease in depreciation expense associated with demonstration units and a $3.5 million decrease in travel expense. The decreases were primarily driven by lower headcount and cost optimizations from our 2016 restructuring activities.

General and Administrative

General and administrative expense decreased $14.2 million, or 10%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease was primarily due to a $19.1 million

decrease in personnel costs, which includes a $13.1 million decrease in stock-based compensation charges, that was primarily driven by lower headcount and cost optimizations from our 2016 restructuring activities, a $2.5 million decrease due to a charge related to the change in fair value of the contingent earn-out liability recognized in fiscal 2016 and a $1.6 million decrease in professional service vendor costs due primarily to lower acquisition-related costs, partially offset by $12.5 million in net legal settlement costs.

Restructuring Charges

During the year ended December 31, 2016, we incurred restructuring charges of approximately $27.6 million, which primarily related to a 10% reduction in our workforce, the consolidation of certain real estate facilities and impairment of certain assets under our August 2016 restructuring plan. We incurred no restructuring expenses during the year ended December 31, 2017.

Interest Income

	Year Ended December 31,		Change	
	2017	2016	Amount	%
	(Dollars in thousands)			
Interest income	$9,323	$6,582	$2,741	42%

Interest income increased for the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to a higher rate of return on our investments.

Interest Expense

	Year Ended December 31,		Change	
	2017	2016	Amount	%
	(Dollars in thousands)			
Interest expense	$(49,766)	$(47,869)	$(1,897)	4%

Interest expense for the year ended December 31, 2017 increased compared to the year ended December 31, 2016 due to greater amortization of discount and issuance costs on our Convertible Senior Notes.

Other Expense, Net

	Year Ended December 31,		Change	
	2017	2016	Amount	%
	(Dollars in thousands)			
Other expense, net	$(10)	$(3,247)	$3,237	(100)%

The decrease in other expense, net during the year ended December 31, 2017 compared to the year ended December 31, 2016 was primarily due to greater foreign currency transaction gains during the year ended December 31, 2017.

Provision for (Benefit from) Income Taxes

	Year Ended December 31,	
	2017	2016
	(Dollars in thousands)	
Provision for (benefit from) income taxes	$4,632	$(8,721)
Effective tax rate	(1.6)%	1.8%

We recorded a tax expense for the year ended December 31, 2017 compared to a tax benefit for the year ended December 31, 2016. The change to a tax expense in 2017 was primarily due to the reversal of a valuation allowance in connection with the acquisitions of iSIGHT and Invotas included in 2016, which was not included in 2017. We continue to maintain a full valuation allowance on all of our U.S. deferred tax assets. The tax expense for the year ended December 31, 2017 was primarily comprised of income taxes in foreign jurisdictions and withholding taxes.

Comparison of the Years Ended December 31, 2016 and 2015

Revenue

	Year Ended December 31,					
	2016		2015		Change	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%
	(Dollars in thousands)					
Revenue:						
Product	$151,926	21%	$216,632	35%	$ (64,706)	(30)%
Subscription and services	562,188	79	406,335	65	155,853	38
Total revenue	$714,114	100%	$622,967	100%	$ 91,147	15%
Subscription and services by type:						
Product subscription	$316,986	45%	$205,303	33%	$111,683	54%
Support and maintenance	123,341	17	89,800	14	33,541	37
Professional services	121,861	17	111,232	18	10,629	10
Total subscription and services revenue	$562,188	79%	$406,335	65%	$155,853	38%
Revenue by geographic region:						
United States	$488,623	69%	$439,205	70%	$ 49,418	11%
EMEA	102,288	14	80,960	13	21,328	26
APAC	95,285	13	73,009	12	22,276	31
Other	27,918	4	29,793	5	(1,875)	(6)
Total revenue	$714,114	100%	$622,967	100%	$ 91,147	15%

Product revenue decreased by $64.7 million, or 30%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease in product revenue was primarily due to a shift in customer buying preference away from on premise appliance-based solutions to cloud-based and cloud enabled subscriptions, including security delivered as a service. As a result, revenue from sales of our threat prevention appliances has declined as revenue from our cloud-based solutions has increased. Our Network Threat Prevention product continued to account for the largest portion of our product revenue. This reflects the fact that customers who purchase our product portfolio generally purchase more Network Threat Prevention appliances than our other appliances, as their networks typically have more Web entry points than email or file entry points to protect. We expect product revenue to continue to decline as part of this on-going transition.

Subscription and service revenue increased by $155.9 million, or 38%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. This increase was comprised of subscription revenue of $111.7 million, support and maintenance revenue of $33.6 million and professional services revenue of $10.6 million. The increase in subscription revenue of $111.7 million and the increase in support and maintenance revenue of $33.6 million were primarily due to an increase in initial customer purchases of $74.0 million and an increase in the amortization of deferred subscription and support revenue related to renewals of $71.3 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. We expect a continued

transition of customers from product sales to our cloud subscriptions. Given our high retention rate, we expect revenue from the amortization of deferred subscription and support related to renewals to increase as a percentage of our total revenue from subscription and support. Our retention rate for subscription and support agreements expiring in the 12 months ended December 31, 2016 remained strong.

International revenue increased $41.7 million, or 23%, during the year ended December 31, 2016 compared to the year ended December 31, 2015, which reflects our increasing international market presence.

Cost of Revenue and Gross Margin

	Year Ended December 31,					
	2016		2015		Change	
	Amount	Gross Margin	Amount	Gross Margin	Amount	%
	(Dollars in thousands)					
Cost of revenue:						
Product	$ 65,158		$ 74,481		$ (9,323)	(13)%
Subscription and services	206,710		158,723		47,987	30
Total cost of revenue	$271,868		$233,204		$38,664	17%
Gross margin:						
Product		57%		66%		
Subscription and services		63%		61%		
Total gross margin		62%		63%		

The cost of product revenue decreased $9.3 million, or 13%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease in cost of product revenue was primarily driven by fewer product shipments and lower average product cost per unit, partially offset by greater inventory reserves.

The cost of subscription and services revenue increased $48.0 million, or 30%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in cost of subscription and services revenue was due to a $31.4 million increase in personnel costs, largely driven by increased headcount, including those attributable to our 2016 acquisitions. Additionally, $11.3 million of the increase was due to the amortization of intangible assets obtained through our 2016 acquisitions, and $5.6 million of the increase was for higher facility and IT costs.

Gross margin was slightly lower for the year ended December 31, 2016 compared to the year ended December 31, 2015, due to a decrease in product margins partially offset by an increase in subscription and services margins. The decreased product margins were driven by decreased shipments and the mix of products sold. The increased subscription and services margins were driven by higher utilization of our professional services personnel.

Operating Expenses

	Year Ended December 31,					
	2016		2015		Change	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	%
	(Dollars in thousands)					
Operating expenses:						
Research and development	$279,594	39%	$279,467	45%	$ 127	— %
Sales and marketing	439,499	61	476,166	76	(36,667)	(8)
General and administrative	139,839	20	141,790	23	(1,951)	(1)
Restructuring charges	27,630	4	—	—	27,630	
Total operating expenses	$886,562	124%	$897,423	144%	$(10,861)	(1)%
Includes stock-based compensation expense of:						
Research and development	$ 64,755		$ 68,329			
Sales and marketing	57,750		73,286			
General and administrative	43,343		49,793			
Total	$165,848		$191,408			

Research and Development

Research and development expense for the year ended December 31, 2016 was consistent with the year ended December 31, 2015. This is a result of increased headcount contributing to higher personnel costs, offset by lower facility, IT and other costs due to savings from the restructuring.

Sales and Marketing

Sales and marketing expense decreased $36.7 million, or 8%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease was primarily due to lower commissions of $24.5 million as well as a $9.0 million net decrease in personnel costs, composed of a $15.5 million decrease in stock-based compensation charges, partially offset by a $6.5 million increase in salaries.

General and Administrative

General and administrative expense decreased $2.0 million, or 1%, during the year ended December 31, 2016 compared to the year ended December 31, 2015. The decrease was driven by lower legal and other professional service vendor costs of $2.9 million and lower facility and IT costs of $1.4 million. This was partially offset by a $2.4 million charge for the change in fair value of the contingent earn-out liability.

Restructuring Charges

During the year ended December 31, 2016, we incurred restructuring charges of approximately $27.6 million, which primarily related to a 10% reduction in our workforce, the consolidation of certain real estate facilities and impairment of certain assets under our August 2016 restructuring plan. We incurred no restructuring expenses during the year ended December 31, 2015.

Interest Income

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(Dollars in thousands)			
Interest income	$6,582	$2,935	$3,647	124%

Interest income increased during the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily due to higher average balances in our cash and cash equivalents and investments, as well as a higher rate of return on our investments.

Interest Expense

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(Dollars in thousands)			
Interest expense	$(47,869)	$(27,116)	$(20,753)	77%

Interest expense increased for the year ended December 31, 2016 compared to the year ended December 31, 2015 due to greater interest expense from the Convertible Senior Notes issued in June 2015.

Other Expense, Net

	Year Ended December 31,		Change	
	2016	2015	Amount	%
	(Dollars in thousands)			
Other expense, net	$(3,247)	$(3,284)	$37	(1)%

Other expense, net remained consistent for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Provision for (Benefit from) Income Taxes

	Year Ended December 31,	
	2016	2015
	(Dollars in thousands)	
Provision for (benefit from) income taxes	$(8,721)	$4,090
Effective tax rate	1.8%	(0.8)%

We recorded a tax benefit for the year ended December 31, 2016 compared to a tax provision for the year ended December 31, 2015. The change to a tax benefit in 2016 is primarily due to the reversal of a valuation allowance of approximately $12 million that had been previously recorded to reduce the benefit of U.S. deferred tax assets. We reversed the valuation allowance in 2016 as we recorded a similar amount of acquisition related U.S. deferred tax liabilities during the year, which are considered a source of future taxable income available to realize the benefit of U.S. deferred tax assets. We continue to maintain a full valuation allowance against the remainder of our U.S. deferred tax assets.

Quarterly Results of Operations

The following unaudited quarterly statements of operations data for each of the eight quarters in the period ended December 31, 2017 have been prepared on a basis consistent with our audited annual financial statements included in this Annual Report on Form 10-K and include, in our opinion, all normal recurring adjustments necessary for the fair presentation of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future. The following quarterly financial data should be read in conjunction with our audited financial statements and the related notes included in this Annual Report on Form 10-K.

	Three Months Ended							
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(In thousands)							
Revenue:								
Product	$ 38,278	$ 30,472	$ 31,203	$ 23,743	$ 33,586	$ 43,857	$ 40,776	$ 33,707
Subscription and services	163,995	159,131	154,269	149,995	151,110	142,554	134,265	134,259
Total revenue	202,273	189,603	185,472	173,738	184,696	186,411	175,041	167,966
Cost of revenue:								
Product	15,465	13,815	14,676	12,851	15,391	16,675	15,959	17,133
Subscription and services	53,907	54,403	52,016	51,754	48,567	52,378	51,468	54,297
Total cost of revenue	69,372	68,218	66,692	64,605	63,958	69,053	67,427	71,430
Total gross profit	132,901	121,385	118,780	109,133	120,738	117,358	107,614	96,536
Operating expenses:								
Research and development	59,858	64,316	60,747	58,352	54,574	62,665	76,372	85,983
Sales and marketing	98,524	88,901	89,630	94,880	84,310	110,756	121,405	123,028
General and administrative	40,306	29,843	27,833	27,615	30,914	32,860	33,809	42,256
Restructuring charges	—	—	—	—	—	22,423	3,537	1,670
Total operating expenses	198,688	183,060	178,210	180,847	169,798	228,704	235,123	252,937
Operating loss	(65,787)	(61,675)	(59,430)	(71,714)	(49,060)	(111,346)	(127,509)	(156,401)
Interest income	2,655	2,468	2,168	2,032	1,803	1,687	1,627	1,465
Interest expense	(12,525)	(12,611)	(12,385)	(12,245)	(12,132)	(12,019)	(11,909)	(11,809)
Other income (expense), net	(122)	—	(120)	232	(2,404)	(467)	(1,191)	815
Loss before income taxes	(75,779)	(71,818)	(69,767)	(81,695)	(61,793)	(122,145)	(138,982)	(165,930)
Provision for (benefit from) income taxes	1,247	1,127	965	1,293	(257)	1,228	338	(10,030)
Net loss attributable to common stockholders	$ (77,026)	$ (72,945)	$ (70,732)	$ (82,988)	$ (61,536)	$(123,373)	$(139,320)	$(155,900)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.42)	$ (0.41)	$ (0.40)	$ (0.48)	$ (0.37)	$ (0.75)	$ (0.86)	$ (0.98)
Weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	182,281	179,732	176,645	172,236	167,228	164,728	162,045	158,781

Annual Report

	Three Months Ended							
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(Percent of total revenue)							
Revenue:								
Product	19%	16%	17%	14%	18%	24%	23%	20%
Subscription and services	81	84	83	86	82	76	77	80
Total revenue	100	100	100	100	100	100	100	100
Cost of revenue:								
Product	8	7	8	7	8	9	9	10
Subscription and services	26	29	28	30	26	28	30	33
Total cost of revenue	34	36	36	37	34	37	39	43
Total gross profit	66	64	64	63	66	63	61	57
Operating expenses:								
Research and development	30	34	33	34	30	34	44	51
Sales and marketing	49	47	48	55	46	59	69	73
General and administrative	20	16	15	16	17	18	19	25
Restructuring charges	—	—	—	—	—	12	2	1
Total operating expenses	99	97	96	105	93	123	134	150
Operating loss	(33)	(33)	(32)	(42)	(27)	(60)	(73)	(93)
Interest income	1	1	1	1	1	1	1	1
Interest expense	(5)	(6)	(7)	(7)	(7)	(7)	(7)	(7)
Other income (expense), net	—	—	—	—	(1)	—	(1)	—
Loss before income taxes	(37)	(38)	(38)	(48)	(34)	(66)	(80)	(99)
Provision for (benefit from) income taxes	1	—	—	1	—	—	—	(6)
Net loss attributable to common stockholders	(38)%	(38)%	(38)%	(49)%	(34)%	(66)%	(80)%	(93)%

Quarterly Revenue Trends

Our quarterly revenue increased year-over-year for all periods presented which is primarily due to increased subscription sales. Sequentially, our subscription and services revenues continued to increase each quarter, other than the first quarter of 2017 which was slightly lower than the fourth quarter of 2016. This growth is due to a shift in customer buying preferences away from on premise appliance-based solutions to cloud-based and cloud-enabled subscriptions. We expect that revenue recognition under the new revenue standard will generally result in lower quarterly volatility overall, as a larger percentage of our revenue will be recognized over time. However there will remain a certain amount of volatility related to products and services that will continue to be recognized on delivery (See Note 1 contained in the "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Annual Report on Form 10-K for discussion of anticipated impact and status of adoption of the new standard on revenue recognition).

Quarterly Gross Margin Trends

Consistent with our quarterly revenues, quarterly gross profit increased year-over-year for all periods presented. Total gross margin, or gross profit as a percentage of revenue increased or remained steady in each sequential quarter, largely due to the shift in sales mix in product and subscriptions and services, other than from the fourth quarter of 2016 to the first quarter of 2017. As our mix of sales continues to shift from products to

subscriptions and services, we believe there will be less volatility in our quarterly trends due to the ratable nature of revenue recognition associated with our subscription and service offerings, but still expect fluctuations in our quarterly gross margins in the future.

Quarterly Expense Trends

Total operating expenses decreased in each sequential quarter in 2016 as a result of our restructuring activities and effectively leveled off during the first three quarters in 2017, with an increase in the fourth quarter of 2017 due to $12.5 million in net legal settlement costs recorded in such quarter.

Liquidity and Capital Resources

	As of December 31,	
	2017	2016
	(In thousands)	
Cash and cash equivalents	$180,891	$223,667
Short-term investments	$715,911	$712,058

	Year Ended December 31,		
	2017	2016	2015
		(In thousands)	
Cash provided by (used in) operating activities	$ 17,640	$ (14,585)	$ 37,015
Cash used in investing activities	(59,323)	(189,696)	(576,749)
Cash provided by (used in) financing activities	(1,093)	25,846	795,473
Net increase (decrease) in cash and cash equivalents	$(42,776)	$(178,435)	$ 255,739

As of December 31, 2017, our cash and cash equivalents of $180.9 million were held for working capital, capital expenditures, investment in technology, debt servicing and business acquisition purposes, of which approximately $61.3 million was held outside of the United States. We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2017 to be indefinitely reinvested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our plan for reinvestment of our foreign subsidiaries' undistributed earnings.

In October 2017, we acquired The Email Laundry, a privately-held email security company. We paid cash consideration of $4.3 million and issued 259,425 shares of our common stock with an estimated fair value of $4.4 million.

In February 2016, we acquired Invotas, a provider of security automation and orchestration technology. We paid upfront cash consideration of $17.7 million and issued 742,026 shares of our common stock with an estimated fair value of $11.1 million.

In January 2016, we acquired iSIGHT, one of the world's leading providers of cyber threat intelligence for global enterprises. We paid upfront cash consideration of $192.8 million, incurred liabilities of $39.1 million contingent upon the achievement of a threat intelligence bookings target on or before the end of the second quarter of 2018, and issued 1,793,305 shares of our common stock with an estimated fair value of $29.9 million.

In June 2015, we issued $460.0 million principal amount of 1.000% Convertible Senior Notes due 2035 (the "Series A Notes") and $460.0 million principal amount of 1.625% Convertible Senior Notes due 2035 (the "Series B Notes" and together with the Series A Notes, the "Convertible Senior Notes"), in a private placement to qualified institutional purchasers pursuant to an exemption from registration provided by Section 4(a)(2) and Rule 144A under the Securities Act of 1933, as amended. We received total net proceeds after the initial

purchasers' discount and issuance costs of $896.5 million. In connection with the issuance of the Convertible Senior Notes, we also entered into privately negotiated prepaid forwards (each a "Prepaid Forward") with one of the initial purchasers of the Convertible Senior Notes, pursuant to which we purchased approximately $150.0 million worth of our common stock (equivalent to approximately 3.3 million shares) for settlement on or around June 1, 2020 and June 1, 2022, respectively, subject to any early settlement in whole or in part of each Prepaid Forward.

Our principal sources of liquidity are our existing cash and cash equivalents and short-term investments and any cash inflow from operations, which we believe will be sufficient to meet our anticipated cash needs, including cash we will consume for operations, for at least the next 12 months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support development efforts, the efficiency of our marketing and sales activities, the introduction of new and enhanced product and service offerings, the cost of any future acquisitions of technology or businesses, and the continuing market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

Operating Activities

During the year ended December 31, 2017, our operating activities provided cash of $17.6 million. We incurred a net loss of $303.7 million, which included net non-cash expenses of $313.2 million, primarily consisting of stock-based compensation charges and depreciation and amortization expense. Our net change in operating assets and liabilities provided cash of $8.1 million, primarily sourced from deferred revenue for $17.2 million, as a result of increases in sales of subscriptions and support and maintenance services, and other long-term liabilities for $14.7 million, resulting from additional deferred rent related to our new corporate headquarters building. These sources of cash were partially offset by the use of cash related to accounts receivable for $20.7 million, resulting from growth in billings in the fourth quarter of 2017.

During the year ended December 31, 2016, our operating activities provided cash of $14.6 million. We incurred a net loss of $480.1 million, which included net non-cash expenses of $354.4 million, primarily consisting of stock-based compensation charges and depreciation and amortization expense. Our net change in operating assets and liabilities provided cash of $111.2 million, primarily sourced from deferred revenue for $105.4 million, as a result of increases in sales of subscriptions and support and maintenance services, and accounts receivable for $61.8 million, resulting from increased collection which benefited from the restructuring of programs to incentivize early payment. These sources of cash were partially offset by the use of cash related to current liabilities of $62.6 million, which included the payment of $7.7 million for transaction costs incurred by iSIGHT and Invotas prior to acquisition.

During the year ended December 31, 2015, our operating activities provided cash of $37.0 million. We incurred a net loss of $539.2 million, which included net non-cash expenses of $357.5 million, primarily consisting of stock-based compensation charges, depreciation and amortization expense and non-cash interest expense related to our convertible senior notes. Our net change in operating assets and liabilities provided cash of $218.8 million, primarily sourced from deferred revenue for $174.5 million, as a result of increases in sales of subscriptions and support and maintenance services, accounts receivable for $19.1 million, resulting from increased collection efforts and early payment incentives, and accrued liabilities and compensation for $22.2 million as a result of growth in our headcount and business expansion.

Investing Activities

Cash used in investing activities during the year ended December 31, 2017 was $59.3 million, primarily for capital expenditures to purchase property and equipment and demonstration units, net purchases of short-term investments and cash used in the acquisition of The Email Laundry.

Cash used in investing activities during the year ended December 31, 2016 was $189.7 million, primarily for the acquisitions of iSIGHT and Invotas and, to a lesser extent, capital expenditures to purchase property and equipment and demonstration units, partially offset by net redemptions and sales of short-term investments.

Cash used in investing activities during the year ended December 31, 2015 was $576.7 million, primarily for the purchase of marketable securities to invest a significant portion of the cash received from our convertible senior notes offering, net of maturities, and, to a lesser extent, for capital expenditures to purchase property and equipment and demonstration units.

Financing Activities

During the year ended December 31, 2017, financing activities used $1.1 million in cash, primarily due to contingent liability payments related to the acquisition of iSIGHT in 2016, partially offset by proceeds from employee purchases of shares under our 2013 Employee Stock Purchase Plan ("ESPP") and exercises of stock options.

During the year ended December 31, 2016, financing activities provided $25.8 million in cash, primarily due to proceeds from employee purchases of shares under our 2013 Employee Stock Purchase Plan ("ESPP") and exercises of stock options, partially offset by the repayment of debt assumed through acquisitions.

During the year ended December 31, 2015, financing activities provided $795.5 million in cash, primarily from net proceeds of $896.5 million from our convertible senior notes offering, as well as proceeds of $29.1 million from the exercise of employee stock options, net of repurchases. These sources of cash were partially offset by the use of $150.0 million associated with the Prepaid Forward.

Contractual Obligations and Commitments

The following summarizes our contractual obligations and commitments as of December 31, 2017:

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
	(In thousands)				
Convertible Senior Notes	$ 965,138	$12,075	$481,850	$471,213	$ —
Operating leases	92,885	17,217	24,823	19,269	31,576
Purchase obligations	12,530	3,640	8,890	—	—
Contract manufacturer commitments	11,636	11,636	—	—	—
Total	$1,082,189	$44,568	$515,563	$490,482	$31,576

Total future non-cancelable minimum rental payments under operating leases of $92.9 million shown in the table above have not been reduced by future minimum sublease rentals totaling $6.4 million.

Total future payments related to our Convertible Senior Notes of $965.1 million shown in the table above is composed of $460.0 million principal amount of Series A Notes, $460.0 million principal amount of Series B Notes and future interest of $45.1 million. Although the Convertible Senior Notes have a stated maturity of June 1, 2035, they have been reflected in the table above assuming repurchase on June 1, 2020 in the case of the Series A Notes and June 1, 2022 in the case of the Series B Notes (the first date holders have the right to require us to repurchase all or any portion of their Convertible Senior Notes) at 100% of the principal amount plus accrued and unpaid interest as of these dates.

Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits as of December 31, 2017, we are unable to make reasonably reliable estimates of the period of cash

settlement with the respective taxing authorities. Therefore, approximately $1.6 million of unrecognized tax benefits classified as "Other long-term liabilities" in the accompanying consolidated balance sheets as of December 31, 2017, have been excluded from the contractual obligations table above.

Off-Balance Sheet Arrangements

As of December 31, 2017, we did not have any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements or other purposes.

Segment Information

We have one primary business activity and operate in one reportable segment.

Concentration

For the years ended December 31, 2017, 2016 and 2015, one distributor represented 19%, 19% and 17%, respectively, and one reseller represented 13%, 12% and 13%, respectively, of our total revenue. Our agreements with these distributors and resellers were made in the ordinary course of our business and may be terminated with or without cause by either party with advance notice. Although we believe we would experience some short-term disruption in the distribution of our products and subscriptions and services if these agreements were terminated, we believe such termination would not have a long-term material adverse effect on our financial results and that alternative resellers and other channel partners exist to deliver our products to our end-customers.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

The critical accounting policies requiring estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We generate revenue from the sales of products, subscriptions, support and maintenance, and other services primarily through our indirect relationships with our partners as well as end customers through a direct sales force. Our products include operating system software that is integrated into the appliance hardware and is deemed essential to its functionality. As a result, we account for product revenue in accordance with Accounting Standards Codification 605, Revenue Recognition, and all related interpretations, as all our security appliance deliverables include proprietary operating system software, which together deliver the essential functionality of our products.

Revenue is recognized when all of the following criteria are met:

- ***Persuasive Evidence of an Arrangement Exists.*** We rely upon non-cancelable sales agreements and purchase orders to determine the existence of an arrangement.
- ***Delivery has Occurred.*** We use shipping documents or transmissions of service contract registration codes to verify delivery.

- ***The Fee is Fixed or Determinable.*** We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction.
- ***Collectability is Reasonably Assured.*** We assess collectability based on credit analysis and payment history.

Our products include security product families that address critical attack vectors, including solutions to detect and prevent attacks targeting networks, email, and endpoint devices. When our solutions are deployed on an appliance, the appliance and the related subscription and support services qualify as separate units of accounting. Therefore, product revenue from these appliances is recognized at the time of shipment.

At the time of shipment, product revenue generally meets the criteria for fixed or determinable fees as our partners receive an order from an end-customer prior to placing an order with us. In addition, payment from our partners is not contingent on the partners' collection from their end-customers. Our partners do not stock products and do not have any stock rotation rights. We recognize subscription and support and maintenance services revenue ratably over the contractual service period, which is typically one or three years. Professional services revenue, including incident response and related consulting services for our customers who have experienced a cybersecurity breach or who require assistance assessing the vulnerability of their networks, and training services revenue is recognized as the services are rendered.

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Most of our arrangements, other than renewals of subscriptions and support and maintenance services, are multiple-element arrangements with a combination of product, subscriptions, support and maintenance, and other services. For multiple-element arrangements, we allocate revenue to each unit of accounting based on an estimated selling price at the arrangement inception. The estimated selling price for each element is based upon the following hierarchy: VSOE of selling price, if available, third-party evidence, or TPE, of selling price, if VSOE of selling price is not available, or best estimate of selling price, or BESP, if neither VSOE of selling price nor TPE of selling price are available. The total arrangement consideration is allocated to each separate unit of accounting using the relative estimated selling prices of each unit based on the aforementioned selling price hierarchy. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or meeting of any specified performance conditions.

To determine the estimated selling price in multiple-element arrangements, we seek to establish VSOE of selling price using the prices charged for a deliverable when sold separately and, for subscriptions and support and maintenance, based on the renewal rates and discounts offered to partners. If VSOE of selling price cannot be established for a deliverable, we seek to establish TPE of selling price by evaluating similar and interchangeable competitor products or services in standalone arrangements with similarly situated partners. However, as our products contain a significant element of proprietary technology and offer substantially different features and functionality from our competitors, we are unable to obtain comparable pricing of our competitors' products with similar functionality on a stand-alone basis. Therefore, we have not been able to obtain reliable evidence of TPE of selling price. If neither VSOE nor TPE of selling price can be established for a deliverable, we establish BESP primarily based on historical transaction pricing. Historical transactions are segregated based

on our pricing model and our go-to-market strategy, which include factors such as type of sales channel (reseller, distributor, or end-customer), the geographies in which our products and services were sold (domestic or international), offering type (products or services), and whether or not the opportunity was identified by our sales force or by our partners. In analyzing historical transaction pricing, we evaluate whether a majority of the prices charged for a product, as represented by a percentage of list price, fall within a reasonable range. To further support the BESP of selling price as determined by the historical transaction pricing or when such information is unavailable, such as when there are limited sales of a new product, we consider the same factors we have established through our pricing model and go-to-market strategy. The determination of BESP is made through consultation with and approval by our management. We have established the estimated selling price of all of our deliverables using BESP.

Shipping charges billed to partners are included in revenue while related costs are included in cost of revenue. Sales commissions and other incremental costs to acquire contracts are also expensed as incurred. After receipt of a partner order, any amounts billed in excess of revenue recognized are recorded as deferred revenue.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee and non-employee director stock options, is measured and recognized in the financial statements based on the fair value of the awards granted. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model and a single option award approach. The fair value of stock options granted to non-employees is remeasured as the stock options vest, and the resulting change in value, if any, is recognized in the statement of operations during the period the related services are rendered. Stock-based compensation expense is recognized over the requisite service periods of the awards, which is generally four years.

Our use of the Black-Scholes option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock prior to our IPO in September 2013, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future. These assumptions and estimates are as follows:

- Fair Value of Common Stock. Because our common stock was not publicly traded until September 20, 2013, we were required to estimate the fair value of common stock for grants made prior to that date, as discussed in "Common Stock Valuations" below.
- Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option-pricing model on the implied yield available on U.S. Treasury zero-coupon issues with a remaining term equivalent to that of the options for each option group.
- Expected Term. The expected term represents the period that our stock-based awards are expected to be outstanding. We base the expected term assumption on our historical exercise behavior combined with estimates of the post-vesting holding period.
- Volatility. We determine the price volatility factor based on the historical volatilities of our publicly traded peer group as we do not have a significant trading history for our common stock. Industry peers consist of several public companies in the technology industry that are similar to us in size, stage of life cycle, and financial leverage. We used the same set of peer group companies in all the relevant valuation estimates. We did not rely on implied volatilities of traded options in our industry peers' common stock because the volume of activity was relatively low. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own common stock share price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.

- Dividend Yield. The expected dividend assumption is based on our current expectations about our anticipated dividend policy. Consequently, we used an expected dividend yield of zero.

In addition to the assumptions used in the Black-Scholes option-pricing model, we also estimated a forfeiture rate to calculate the stock-based compensation expense for our awards prior to January 1, 2016. Beginning January 1, 2016, we began recognizing forfeitures as they occur with the adoption of ASU 2016-09.

We estimate the fair value of the rights to acquire stock under our ESPP using the Black-Scholes option pricing formula. Our ESPP typically provides for consecutive twelve-month offering periods and we use our peer group volatility data in the valuation of ESPP shares. We recognize such compensation expense on a straight-line basis over the requisite service period.

We account for the fair value of restricted stock units ("RSUs") using the closing market price of our common stock on the date of grant. For new-hire grants, RSUs generally vest ratably on an annual basis over four years. For annual refresh grants, RSUs generally vest ratably on an annual, or combination of annual and quarterly, basis over two to four years.

We account for the fair value of performance stock units ("PSUs") using the closing market price of our common stock on the date of grant. We begin recognizing compensation expense when we conclude that it is probable that the performance conditions will be achieved. We reassess the probability of vesting at each reporting period and adjust our compensation cost based on this probability assessment.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates which could materially impact our future stock-based compensation expense.

Income Taxes

We account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses and research and development credit carryforwards. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code. The changes include, but are not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%, imposing a mandatory one-time transition tax on certain unrepatriated earnings of foreign subsidiaries, introducing bonus depreciation that will allow for full expensing of qualified property, eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act.

In accordance with SAB 118, we provided our best estimate of the impact of the Tax Act in the period ending December 31, 2017 based on our understanding of the Tax Act and guidance available as of the date of this filing. We remeasured our existing net U.S. deferred tax assets using the enacted tax rate and other known significant changes to the tax code. This remeasurement resulted in a total decrease in these assets by $71.7 million which was fully offset by the decrease in the valuation allowance. In addition, we recorded a $0.3 million tax benefit related to the release of valuation allowance on AMT credit carryovers because under the Tax Act, existing AMT credits are refundable from 2018 through 2021.

We apply the authoritative accounting guidance prescribing a threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. Although we believe our reserves are reasonable, no assurance can be given that the final tax outcome of these matters will not be different from that which is reflected in our historical income tax provisions and accruals. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences may impact the provision for income taxes in the period in which such determination is made.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, we consider all available evidence, including scheduled reversal of deferred tax liabilities, past operating results, the feasibility of tax planning strategies and estimates of future taxable income. Estimates of future taxable income are based on assumptions that are consistent with our plans. Assumptions represent management's best estimates and involve inherent uncertainties and the application of management's judgment. Should actual amounts differ from our estimates, the amount of our tax expense and liabilities could be materially impacted.

We do not provide for a U.S. income tax liability and foreign withholding taxes on undistributed foreign earnings of our foreign subsidiaries. The earnings of non-U.S. subsidiaries are currently expected to be indefinitely reinvested in non-U.S. operations.

Contract Manufacturer Liabilities

We outsource most of our manufacturing, repair, and supply chain management operations to our independent contract manufacturers and payments to them are a significant portion of our product cost of revenue. Although we could be contractually obligated to purchase manufactured products, we generally do not own the manufactured products. Product title transfers from our independent contract manufacturers to us and immediately to our partners upon shipment. Our independent contract manufacturers assemble our products using design specifications, quality assurance programs, and standards that we establish, and they procure components and assemble our products based on our demand forecasts. These forecasts represent our estimates of future demand for our products based upon historical trends and analysis from our sales and product management functions as adjusted for overall market conditions. If the actual component usage and product demand are significantly lower than forecast, we accrue for costs for contractual manufacturing commitments in excess of our forecasted demand, including costs for excess components or for carrying costs incurred by our contract manufacturers. To date, we have not accrued any significant costs associated with this exposure.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset, or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. If we determine that a loss is possible and the range of the loss can be reasonably determined, then we disclose the range of the possible loss. We regularly evaluate current information available to us to determine whether an accrual is required, an accrual should be adjusted or a range of possible loss should be disclosed.

Warranties

We generally provide a one-year warranty on hardware. We do not accrue for potential warranty claims as a component of cost of product revenue as all product warranty claims are satisfied under our support and maintenance contracts.

Goodwill

Goodwill is the excess of the aggregate purchase price paid over the fair value of the net tangible assets acquired. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We have determined that we operate as one reporting unit and have selected December 1 as the date to perform our annual impairment test. In the valuation of our goodwill, we must make assumptions regarding estimated future cash flows to be derived from our business. If these estimates or their related assumptions change in the future, we may be required to record impairment for these assets. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then we would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The impairment loss would be calculated by comparing our implied fair value to our net book value. In calculating our implied fair value of goodwill, our fair value would be allocated to all of the other assets and liabilities based on their fair values. The excess of our fair value over the amount assigned to our other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. There was no impairment of goodwill recorded for the years ended December 31, 2017, 2016 or 2015, and our reporting unit was not at risk of failing the first step of the impairment test for any of these periods.

Business Combinations

We account for all of our acquisitions using the acquisition method of accounting for business combinations. The fair value of purchase consideration is allocated to the tangible assets acquired, liabilities assumed and intangible assets acquired, based on their estimated fair values. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill.

When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing certain identifiable assets include, but are not limited to, expected long-term market growth, customer retention, future expected operating expenses, costs of capital, and appropriate discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Recent Accounting Pronouncements

See Note 1 Description of Business and Summary of Significant Accounting Policies contained in the "Notes to Consolidated Financial Statements" in Item 8 of Part II of this Annual Report on Form 10-K for a full description of the recent accounting pronouncements and our expectation of their impact, if any, on our results of operations and financial conditions.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk

Our sales contracts are primarily denominated in U.S. dollars. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Indian Rupee, British Pound Sterling,

Japanese Yen and Euro. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. On June 23, 2016, the United Kingdom ("U.K.") held a referendum in which British voters approved an exit from the European Union ("EU"), commonly referred to as "Brexit." This resulted in an adverse impact to currency exchange rates, notably the British Pound Sterling which experienced a sharp decline in value compared to the U.S. dollar and other currencies. Continued volatility in currency exchange rates is expected as the U.K. negotiates its exit from the EU, which could result in greater transaction gains or losses in our statement of operations.

The effect of a hypothetical 10% adverse change in foreign exchange rates on monetary assets and liabilities at December 31, 2017 would not be material to our financial condition or results of operations. To date, foreign currency transaction gains and losses and exchange rate fluctuations have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

As our international operations continue to grow, our risks associated with fluctuations in currency rates will become greater, and we will continue to reassess our approach to managing this risk. In addition, currency fluctuations or a weakening U.S. dollar can increase the costs of our international expansion, and a strengthening U.S. dollar could slow international demand as products and services priced in U.S. dollars become more expensive.

Interest Rate Risk

We had cash and cash equivalents and investments of $896.8 million and $935.7 million as of December 31, 2017 and 2016, respectively, consisting of bank deposits, money market funds, certificates of deposit, commercial paper and bonds issued by corporate institutions and U.S. government agencies. Such interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates.

Our cash flow exposure due to changes in interest rates related to our debt is limited as our Convertible Senior Notes have fixed interest rates at 1.000% and 1.625%. The fair value of the Convertible Senior Notes may increase or decrease for various reasons, including fluctuations in the market price of our common stock, fluctuations in market interest rates and fluctuations in general economic conditions. Based upon the quoted market price as of December 31, 2017, the fair value of our Convertible Senior Notes was approximately $851.3 million.

A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

Item 8. Financial Statements and Supplementary Data

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Certain supplementary financial information required by this Item 8 is included in Item 7 under the caption "Quarterly Results of Operations."

Annual Report

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of FireEye, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of FireEye, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 23, 2018

We have served as the Company's auditor since 2010.

FIREEYE, INC.

Consolidated Balance Sheets

(In thousands, except per share data)

	As of December 31,	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 180,891	$ 223,667
Short-term investments	715,911	712,058
Accounts receivable, net of allowance for doubtful accounts of $2,503 and $1,590 at December 31, 2017 and 2016, respectively	140,049	121,150
Inventories	5,746	5,955
Prepaid expenses and other current assets	34,541	25,081
Total current assets	1,077,138	1,087,911
Property and equipment, net	71,357	61,852
Goodwill	984,661	978,260
Intangible assets, net	187,388	244,032
Deposits and other long-term assets	11,537	10,910
TOTAL ASSETS	$ 2,332,081	$ 2,382,965
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 35,684	$ 20,269
Accrued and other current liabilities	19,569	22,997
Accrued compensation	59,588	96,004
Deferred revenue, current portion	443,064	397,118
Total current liabilities	557,905	536,388
Convertible senior notes, net	779,578	741,980
Deferred revenue, non-current portion	227,680	256,398
Other long-term liabilities	22,102	7,087
Total liabilities	1,587,265	1,541,853
Commitments and contingencies (NOTE 9)		
Stockholders' equity:		
Common stock, par value of $0.0001 per share; 1,000,000 shares authorized, 187,105 shares and 174,596 shares issued and outstanding as of December 31, 2017 and 2016, respectively	19	17
Additional paid-in capital	2,891,441	2,682,909
Treasury stock, at cost; 3,333 shares as of December 31, 2017 and 2016	(150,000)	(150,000)
Accumulated other comprehensive loss	(2,881)	(1,742)
Accumulated deficit	(1,993,763)	(1,690,072)
Total stockholders' equity	744,816	841,112
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,332,081	$ 2,382,965

See accompanying notes to consolidated financial statements.

FIREEYE, INC.

Consolidated Statements of Operations

(In thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenue:			
Product	$ 123,696	$ 151,926	$ 216,632
Subscription and services	627,390	562,188	406,335
Total revenue	751,086	714,114	622,967
Cost of revenue:			
Product	56,807	65,158	74,481
Subscription and services	212,080	206,710	158,723
Total cost of revenue	268,887	271,868	233,204
Total gross profit	482,199	442,246	389,763
Operating expenses:			
Research and development	243,273	279,594	279,467
Sales and marketing	371,935	439,499	476,166
General and administrative	125,597	139,839	141,790
Restructuring charges	—	27,630	—
Total operating expenses	740,805	886,562	897,423
Operating loss	(258,606)	(444,316)	(507,660)
Interest income	9,323	6,582	2,935
Interest expense	(49,766)	(47,869)	(27,116)
Other expense, net	(10)	(3,247)	(3,284)
Loss before income taxes	(299,059)	(488,850)	(535,125)
Provision for (benefit from) income taxes	4,632	(8,721)	4,090
Net loss attributable to common stockholders	$(303,691)	$(480,129)	$(539,215)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.71)	$ (2.94)	$ (3.50)
Weighted average shares used in computing net loss per share attributable to common stockholders, basic and diluted	177,757	163,211	154,120

See accompanying notes to consolidated financial statements.

FIREEYE, INC.

Consolidated Statements of Comprehensive Loss

(In thousands)

	Year Ended December 31,		
	2017	2016	2015
Net loss	$(303,691)	$(480,129)	$(539,215)
Change in net unrealized gains (losses) on available-for-sale investments, net of tax	(1,139)	483	(1,784)
Comprehensive loss	$(304,830)	$(479,646)	$(540,999)

See accompanying notes to consolidated financial statements.

FIREEYE, INC.

Consolidated Statement of Stockholders' Equity

(In thousands)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2014	**152,860**	**$ 15**	**$1,918,546**	**$ —**	**$ (441)**	**$ (667,292)**	**$1,250,828**
Issuance of common stock for equity awards, net of repurchases and tax withholdings	7,786	1	27,062	—	—	—	27,063
Issuance of common stock related to employee stock purchase plan	997	—	21,880	—	—	—	21,880
Excess tax benefit on vesting of awards and options exercised	—	—	809	—	—	—	809
Equity component of convertible senior notes, net	—	—	210,401	—	—	—	210,401
Prepaid forward stock purchase	—	—	—	(150,000)	—	—	(150,000)
Vesting of early exercise of equity awards	—	—	2,271	—	—	—	2,271
Stock-based compensation	—	—	222,119	—	—	—	222,119
Unrealized loss on investments	—	—	—	—	(1,784)	—	(1,784)
Net loss	—	—	—	—	—	(539,215)	(539,215)
Balance at December 31, 2015	**161,643**	**16**	**2,403,088**	**(150,000)**	**(2,225)**	**(1,206,507)**	**1,044,372**
Issuance of common stock for equity awards, net of repurchases and tax withholdings	8,438	1	12,720	—	—	—	12,721
Issuance of common stock related to employee stock purchase plan	1,980	—	22,080	—	—	—	22,080
Issuance of common stock related to iSIGHT Security, Inc. acquisition	1,793	—	29,900	—	—	—	29,900
Issuance of common stock related to Invotas International Corporation acquisition	742	—	11,100	—	—	—	11,100
Vesting of early exercise of equity awards	—	—	1,519	—	—	—	1,519
Stock-based compensation	—	—	199,066	—	—	—	199,066
Unrealized gain on investments	—	—	—	—	483	—	483
Cumulative-effect adjustment for adoption of ASU 2016-09	—	—	3,436	—	—	(3,436)	—
Net loss	—	—	—	—	—	(480,129)	(480,129)
Balance at December 31, 2016	**174,596**	**17**	**2,682,909**	**(150,000)**	**(1,742)**	**(1,690,072)**	**841,112**
Issuance of common stock for equity awards, net of repurchases and tax withholdings	10,513	2	17,741	—	—	—	17,743
Issuance of common stock related to employee stock purchase plan	1,737	—	20,094	—	—	—	20,094
Issuance of common stock related to Clean Communications Limited acquisition	259	—	4,361	—	—	—	4,361
Stock-based compensation	—	—	166,336	—	—	—	166,336
Unrealized gain on investments	—	—	—	—	(1,139)	—	(1,139)
Net loss	—	—	—	—	—	(303,691)	(303,691)
Balance at December 31, 2017	**187,105**	**$ 19**	**$2,891,441**	**$(150,000)**	**$(2,881)**	**$(1,993,763)**	**$ 744,816**

See accompanying notes to the consolidated financial statements.

FIREEYE, INC.

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(303,691)	$(480,129)	$(539,215)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	103,417	119,267	111,956
Stock-based compensation	166,336	199,066	222,119
Non-cash interest expense related to convertible senior notes	37,598	35,782	20,069
Change in fair value of contingent earn-out liability	(54)	2,356	—
Deferred income taxes	(1,287)	(11,926)	(1,353)
Other	7,217	9,836	4,672
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts receivable	(20,749)	61,785	19,126
Inventories	(3,333)	1,415	(7,820)
Prepaid expenses and other assets	(4,736)	9,344	(675)
Accounts payable	6,040	(19,093)	7,705
Accrued liabilities	(3,659)	(11,154)	7,495
Accrued transaction costs of acquiree	—	(7,727)	—
Accrued compensation	2,565	(24,621)	14,742
Deferred revenue	17,227	105,431	174,455
Other long-term liabilities	14,749	(4,217)	3,739
Net cash provided by (used in) operating activities	17,640	(14,585)	37,015
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment and demonstration units	(43,779)	(36,314)	(54,549)
Purchases of short-term investments	(409,358)	(507,073)	(769,097)
Proceeds from maturities of short-term investments	397,483	554,358	245,116
Proceeds from sales of short-term investments	3,620	4,507	4,807
Business acquisitions, net of cash acquired	(4,300)	(204,926)	—
Purchase of investment in private company	(2,500)	—	(1,800)
Lease deposits	(489)	(248)	(1,226)
Net cash used in investing activities	(59,323)	(189,696)	(576,749)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of convertible senior notes	—	—	896,530
Prepaid forward stock purchase	—	—	(150,000)
Repayment of debt of acquired business	—	(8,842)	—
Payments for contingent earn-outs	(38,928)	(112)	—
Payment related to shares withheld for taxes	(1,408)	(1,124)	(2,027)
Proceeds from employee stock purchase plan	20,094	22,080	21,880
Proceeds from exercise of equity awards	19,149	13,844	29,090
Net cash provided by (used in) financing activities	(1,093)	25,846	795,473
Net change in cash and cash equivalents	(42,776)	(178,435)	255,739
Cash and cash equivalents, beginning of period	223,667	402,102	146,363
Cash and cash equivalents, end of period	$ 180,891	$ 223,667	$ 402,102
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes	$ 5,360	$ 5,209	$ 2,686
Cash paid for interest	$ 12,075	$ 12,098	$ 6,004
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Common stock issued in connection with acquisitions	$ 4,361	$ 41,000	$ —
Contingent earn-out in connection with acquisitions	$ —	$ 39,088	$ —
Purchases of property and equipment and demonstration units in accounts payable and accrued liabilities	$ 13,353	$ 4,035	$ 8,604

See accompanying notes to consolidated financial statements.

FIREEYE, INC.
Notes to Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

FireEye, Inc., with principal executive offices located in Milpitas, California, was incorporated as NetForts, Inc. on February 18, 2004, under the laws of the State of Delaware, and changed its name to FireEye, Inc. on September 7, 2005.

FireEye, Inc. and its wholly owned subsidiaries (collectively, the "Company", "we", "us" or "our") provide comprehensive intelligence-based cybersecurity solutions that allow organizations to prepare for, prevent, respond to and remediate cyber attacks. Our portfolio of cyber security products and services is designed to detect and prevent attacks, as well as enable rapid discovery and response when a breach occurs. We accomplish this with products and services that adapt to changes in the threat environment in a cycle of innovation that incorporates our threat intelligence, machine-based technologies and cyber security expertise. Our core competitive advantages include:

- Our high efficacy detection and prevention of known and unknown threats using machine-learning, behavioral analytics, and other intelligence-driven analysis (IDA) technologies, combined with our proprietary Multi-vector Virtual Execution (MVX) engine;
- Our intelligence on threats and threat actors, based on the continuous flow of new attack data from our global network of sensors and virtual machines, as well as intelligence gathered by our security researchers, security operations analysts and incident responders; and
- Our accumulated security expertise derived from responding to thousands of significant breaches over the past decade.

Our threat detection and prevention products encompass appliance-based, virtual and cloud solutions for network, email, and endpoint attack vectors, and provide the first line of defense against known and unknown attacks. These products are complemented by our network forensics, cloud-based threat intelligence and analytics, managed security services, cyber security consulting and incident response offerings. In combination, our products and services enable a proactive approach to cybersecurity that extends across the security operations cycle to reduce organizations' overall cyber-risk at a lower total cost of ownership.

In January 2018, we completed the acquisition of privately held X15 Software, Inc. ("X15"), a data management company. As consideration for the acquisition, we paid approximately $20.0 million in cash and equity, subject to adjustment per the terms of the agreement.

In October 2017, we acquired Clean Communications Limited (d/b/a The Email Laundry) ("The Email Laundry"), a privately-held email security company. We paid cash consideration of $4.3 million and issued 259,425 shares of our common stock with an estimated fair value of $4.4 million.

In February 2016, we acquired Invotas International Corporation ("Invotas"), a provider of security automation and orchestration technology. We paid upfront cash consideration of $17.7 million and issued 742,026 shares of our common stock with an estimated fair value of $11.1 million.

In January 2016, we acquired iSIGHT Security, Inc. (d/b/a iSIGHT Partners, Inc.) ("iSIGHT"), one of the world's leading providers of cyber threat intelligence for global enterprises. We paid upfront cash consideration of $192.8 million, incurred liabilities of $39.1 million contingent upon the achievement of a threat intelligence bookings target on or before the end of the second quarter of 2018, and issued 1,793,305 shares of our common stock with an estimated fair value of $29.9 million.

In June 2015, we issued $460.0 million principal amount of 1.000% Convertible Senior Notes due 2035 (the "Series A Notes") and $460.0 million principal amount of 1.625% Convertible Senior Notes due 2035 (the "Series B Notes" and together with the Series A Notes, the "Convertible Senior Notes"), in a private placement to qualified institutional purchasers pursuant to an exemption from registration provided by Section 4(a)(2) and Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). We recognized total net proceeds after the initial purchasers' discount and issuance costs of $896.5 million. In connection with the issuance of the Convertible Senior Notes, we also entered into privately negotiated prepaid forward stock purchase transactions (each a "Prepaid Forward") with one of the initial purchasers of the Convertible Senior Notes, pursuant to which we paid approximately $150.0 million. The amount of the prepaid is equivalent to approximately 3.3 million shares which are to be settled on or around June 1, 2020 and June 1, 2022, respectively, subject to any early settlement in whole or part of each Prepaid Forward.

We sell the majority of our products, subscriptions and services to end-customers through distributors, resellers, and strategic partners, with a lesser percentage of sales directly to end-customers.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of FireEye, Inc. and its wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such management estimates include, but are not limited to, the best estimate of selling price for our products, subscriptions and services, commissions expense, bonus expense, future taxable income, contract manufacturer liabilities, litigation and settlement costs and other loss contingencies, fair value of our equity awards, achievement of targets for performance stock units, fair value of the liability and equity components of Convertible Senior Notes and the purchase price allocation of acquired businesses. We base our estimates on historical experience and also on assumptions that we believe are reasonable. Changes in facts or circumstances may cause us to change our assumptions and estimates in future periods, and it is possible that actual results could differ from current or revised future estimates.

Concentrations

Financial instruments that subject us to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. We maintain a substantial portion of our cash and cash equivalents in money market funds invested in U.S. Treasury related obligations. Management believes that these financial institutions are financially sound and, accordingly, are subject to minimal credit risk. Deposits held with banks may exceed the amount of insurance provided on such deposits.

Our short-term investments primarily consist of notes and bonds issued by corporate institutions and U.S. Government agencies. All of our investments are highly-rated by credit rating agencies and are issued by organizations with reputable credit, and therefore bear minimal credit risk.

Our accounts receivables are primarily derived from a diverse set of customers across various geographical locations. We perform ongoing credit evaluations of our customers and generally do not require collateral on accounts receivable. We maintain an allowance for doubtful accounts for estimated potential credit losses. See Note 15 for information on major customers.

We rely primarily on a single contract manufacturer to assemble our products. In some cases we rely on sole suppliers for a certain number of our components.

Foreign Currency Translation and Transactions

The functional currency of our foreign subsidiaries is the U.S. dollar. We translate all monetary assets and liabilities denominated in foreign currencies into U.S. dollars using the exchange rates in effect at the balance sheet dates and other assets and liabilities using historical exchange rates.

Foreign currency denominated revenue and expenses have been re-measured using the average exchange rates in effect during each period. Foreign currency re-measurement gains and losses have been included in other income (expense) and have not been significant for the years ended December 31, 2017, 2016 and 2015.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents. We determine the appropriate classification of our investments at the time of purchase, and evaluate such designation at each balance sheet date.

Short-term Investments

We classify our investments in debt and equity securities as available-for-sale and record these investments at fair value. Investments with an original maturity of three months or less at the date of purchase are considered cash equivalents, while all other investments are classified as short-term or long-term based on the nature of the investments, their maturities, and their availability for use in current operations. Unrealized gains and losses are reported as a component of other comprehensive loss. Realized gains and losses are determined based on the specific identification method, and are reflected in our Consolidated Statements of Operations. We regularly review our investment portfolio to identify and evaluate investments that have indicators of possible impairment. Factors considered in determining whether a loss is other-than-temporary include, but are not limited to: the length of time and extent a security's fair value has been below its cost, the financial condition and near-term prospects of the investee, the credit quality of the security's issuer, likelihood of recovery and our intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery in value. For our debt instruments, we also evaluate whether we have the intent to sell the security or it is more likely than not that we will be required to sell the security before recovery of its cost basis.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. Fair value is calculated based on publicly available market information or other estimates determined by management. If the cost of an investment exceeds its fair value, we evaluate, among other factors, general market conditions, credit quality of debt instrument issuers, the duration and extent to which the fair value is less than cost and whether we have plans to sell the security, or it is more likely than not that we will be required to sell the security, before recovery. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to other income (expense) and a new cost basis in the investment is established.

Fair Value of Financial Instruments

We define fair value as the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, we consider the principal or most advantageous market in which to transact and the market-based risk. We apply fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The carrying amounts reported in the consolidated financial statements approximate the fair value for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities due to their short-term nature.

Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts. The allowance for doubtful accounts is based on our assessment of the collectability of accounts. Management regularly reviews the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice, each partner's expected ability to pay and the collection history with each partner, when applicable, to determine whether a specific allowance is appropriate. Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified.

Inventories

Inventories are stated at the lower of cost or net realizable value. Provisions have been made to reduce all slow-moving, obsolete or unusable inventories to their net realizable values. We purchase completed units from contract manufacturers and substantially all of our inventories are finished goods held for use as service replacements. As of December 31, 2017 and 2016, the reserves for excess and obsolete inventories were $4.7 million and $3.8 million, respectively.

Deferred Costs of Revenue

Deferred cost of revenue consists of direct and incremental costs related to product revenue deferred in accordance with the Company's revenue recognition policy. Deferred cost of revenue that will be realized within the succeeding 12 month period is classified as current, and included in prepaid expenses and other current assets on the consolidated balance sheets. The remaining balance is classified as non-current, and included in deposits and other long-term assets.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally two to five years.

The estimated useful lives of property and equipment are described below:

Property and Equipment	**Useful Life**
Computer equipment and software	2 to 5 years
Leasehold improvements	Shorter of estimated useful life or remaining lease term
Furniture and fixtures	5 years
Machinery and equipment	2 to 5 years

Demonstration Units

Product demonstration units are included in prepaid expenses and other current assets on the consolidated balance sheets. Demonstration units are recorded at cost and are amortized over the estimated useful life from the date of transfer from inventory, generally 12 months. We generally do not resell units that have been used for demonstration purposes.

Impairment of Long-Lived Assets

We evaluate events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether or not the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future undiscounted cash flows is less than the carrying amount of an asset, we record an impairment charge for the amount by which the carrying amount of the assets exceeds the fair value of the asset. Through December 31, 2017 we have not written down any of our long-lived assets as a result of impairment.

Business Combinations

We have accounted for all of our acquisitions using the acquisition method. The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired, based on their estimated fair values. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill.

When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing certain identifiable assets include, but are not limited to, expected long-term market growth, future expected operating expenses, costs of capital, and appropriate discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates.

Goodwill and Purchased Intangibles

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net tangible assets acquired. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company has determined that it operates as one reporting unit and has selected December 1 as the date to perform its annual impairment test.

In the valuation of its goodwill, the Company must make assumptions regarding estimated future cash flows to be derived from the Company. If these estimates or their related assumptions change in the future, the Company may be required to record impairment for these assets. The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then the Company would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The impairment loss would be calculated by comparing the implied fair value of the Company to its net book value. In calculating the implied fair value of the Company's goodwill, the fair value of the Company would be allocated to all of the other assets and liabilities based on their fair values. The excess of the fair value of the Company over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. There was no impairment of goodwill recorded for the years ended December 31, 2017, 2016 or 2015.

Purchased intangible assets with finite lives are carried at cost, less accumulated amortization. Amortization is computed over the estimated useful lives of the respective assets. Purchased intangible assets with indefinite lives are assessed for potential impairment annually, or when events or circumstances indicate that their carrying amounts might be impaired.

Warranties

We generally provide a one-year warranty on hardware. We do not accrue for potential warranty claims as a component of cost of product revenue as all product warranty claims are satisfied under our support and maintenance contracts.

Deferred Revenue

Deferred revenue consists of amounts that have been invoiced and for which the Company has the right to bill, but that have not been recognized as revenue. Deferred revenue that will be realized during the succeeding 12 month period is recorded as current, and the remaining deferred revenue is recorded as non-current.

Contract Manufacturer Liabilities

We outsource most of our manufacturing, repair, and supply chain management operations to our independent contract manufacturers and payments to such manufacturers are a significant portion of our product cost of revenue. Although we could be contractually obligated to purchase manufactured products, we generally do not own the manufactured products. Product title transfers from our independent contract manufacturers to us and to our partners upon shipment. Our independent contract manufacturers assemble our products using design specifications, quality assurance programs, and standards that we establish, and they procure components and assemble our products based on our demand forecasts. These forecasts represent our estimates of future demand for our products based upon historical trends and analysis from our sales and product management functions as adjusted for overall market conditions. If the actual component usage and product demand are significantly lower than forecast, we may accrue for costs for contractual manufacturing commitments in excess of our forecasted demand, including costs for excess components or for carrying costs incurred by our contract manufacturers. To date, we have not accrued any significant costs associated with this exposure.

Revenue Recognition

We generate revenue from the sales of products, subscriptions, support and maintenance and professional services, primarily through our indirect relationships with our partners as well as end customers through our direct sales force. Our products include operating system software that is integrated into the appliance hardware and is deemed essential to its functionality. As a result, we account for product revenue in accordance with Accounting Standards Codification 605, Revenue Recognition, and all related interpretations, as all of our security appliance deliverables include proprietary operating system software, which together delivers the essential functionality of our products. Our professional services consist primarily of time and materials based contracts, and the revenue is recognized as costs are incurred at amounts represented by the agreed-upon billing amounts. Revenue from fixed-price professional services engagements are recognized under the proportional performance method of accounting.

Revenue is recognized when all of the following criteria are met:

- ***Persuasive Evidence of an Arrangement Exists***. We rely upon non-cancelable sales agreements and purchase orders to determine the existence of an arrangement.
- ***Delivery has Occurred***. We use shipping documents or transmissions of service contract registration codes to verify delivery.
- ***The Fee is Fixed or Determinable***. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction.
- ***Collectability is Reasonably Assured***. We assess collectability based on credit analysis and payment history.

Our products include security product families that address critical attack vectors, including solutions to detect and prevent attacks targeting networks, email, and endpoint devices. When our solutions are deployed on an appliance, the appliance and the related subscription and support services qualify as separate units of accounting. Therefore, product revenue from these appliances is recognized at the time of shipment.

At the time of shipment, product revenue meets the criteria for fixed or determinable fees. In addition, payment from our partners is not contingent on the partners' collection from their end-customers. Our partners do not stock products and do not have any stock rotation rights. We recognize subscription and support and maintenance service revenue ratably over the contractual service period, which is typically one or three years. Professional services revenue, including incident response and related consulting services for our customers who have experienced a cybersecurity breach or who require assistance assessing the vulnerability of their networks, and training services revenue is recognized as the services are rendered. Revenue from the sale of stand-alone software bundled with services is recognized ratably over contract term as we do not have Vendor Specific Objective Evidence, or VSOE, for the undelivered elements.

Most of our arrangements, other than renewals of subscriptions and support and maintenance services, are multiple-element arrangements with a combination of product, subscriptions, support and maintenance, and other services. For multiple-element arrangements, we allocate revenue to each unit of accounting based on an estimated selling price at the arrangement inception. The estimated selling price for each element is based upon the following hierarchy: VSOE of selling price, if available, third-party evidence ("TPE") of selling price, if VSOE of selling price is not available, or best estimate of selling price ("BESP"), if neither VSOE of selling price nor TPE of selling price are available. The total arrangement consideration is allocated to each separate unit of accounting using the relative estimated selling prices of each unit based on the aforementioned selling price hierarchy. We limit the amount of revenue recognized for delivered elements to an amount that is not contingent upon future delivery of additional products or services or meeting of any specified performance conditions.

To determine the estimated selling price in multiple-element arrangements, we seek to establish VSOE of selling price using the prices charged for a deliverable when sold separately and, for subscriptions and support and maintenance, based on the renewal rates and discounts offered to partners. If VSOE of selling price cannot be established for a deliverable, we seek to establish TPE of selling price by evaluating similar and interchangeable competitor products or services in standalone arrangements with similarly situated partners. However, as our products contain a significant element of proprietary technology and offer substantially different features and functionality from our competitors, we are unable to obtain comparable pricing of our competitors' products with similar functionality on a standalone basis. Therefore, we have not been able to obtain reliable evidence of TPE of selling price. If neither VSOE nor TPE of selling price can be established for a deliverable, we establish BESP primarily based on historical transaction pricing. Historical transactions are segregated based on our pricing model and our go-to-market strategy, which include factors such as type of sales channel (reseller, distributor, or end-customer), the geographies in which our products and services were sold (domestic or international), offering type (products, subscriptions or services), and whether or not the opportunity was identified by our sales force or by our partners. In analyzing historical transaction pricing, we evaluate whether a majority of the prices charged for a product, as represented by a percentage of list price, fall within a reasonable range. To further support the best estimate of selling price as determined by the historical transaction pricing or when such information is unavailable, such as when there are limited sales of a new product, we consider the same factors we have established through our pricing model and go-to-market strategy. The determination of BESP is made through consultation with and approval by our management. We have established the estimated selling price of all of our deliverables using BESP.

Shipping charges billed to partners are included in revenue and related costs are included in cost of revenue. Sales commissions and other incremental costs to acquire contracts are also expensed as incurred and are recorded in sales and marketing expense. After receipt of a partner order, any amounts billed in excess of revenue recognized are recorded as deferred revenue.

Advertising Costs

Advertising costs, which are expensed and included in sales and marketing expense when incurred, were $2.6 million, $3.6 million and $5.1 million during the years ended December 31, 2017, 2016 and 2015, respectively.

Software Development Costs

The costs to develop internal-use software are subject to capitalization and begin amortizing once the software is substantially ready for use. These costs are included in property and equipment and are generally amortized over 3 years. All other software development costs are expensed as incurred and included in research and development expense on the consolidated statements of operations.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee and non-employee director awards and our 2013 Employee Stock Purchase Plan (the "ESPP"), is measured and recognized in the financial

statements based on fair value. The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model and a single option award approach. This model requires that at the date of grant we determine the fair value of the underlying common stock, the expected term of the award, the expected volatility of the price of our common stock, risk-free interest rates, and expected dividend yield of our common stock. The fair value of restricted stock awards and restricted stock units is based on the closing market price of our common stock on the date of grant. The stock-based compensation expense is recognized using a straight-line basis over the requisite service period of the entire awards, which is generally four years, unless the awards are subject to performance conditions, in which case the Company recognizes compensation expense over the requisite service period of each vesting tranche. For performance-based awards, the Company recognizes compensation expense when it becomes probable that the performance criteria set by the Board of Directors will be achieved.

Beginning January 1, 2016 with the adoption of ASU 2016-09, we elected to recognize forfeitures as they occur, and no longer estimate a forfeiture rate when calculating the stock-based compensation for our equity awards. Stock-based compensation for the year ended December 31, 2015 was calculated using an estimated forfeiture rate based on an analysis of our actual historical forfeitures.

We account for stock options issued to non-employees based on the fair value of the awards determined using the Black-Scholes option-pricing model. The fair value of stock options granted to non-employees is remeasured as the stock options vest, and the resulting change in value, if any, is recognized in the statement of operations during the period the related services are rendered.

Income Taxes

We account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses and research and development credit carry forwards. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

We apply the authoritative accounting guidance prescribing a threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. We recognize liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation settlement. The second step is to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. We recognize interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statements of operations. Accrued interest and penalties are included within other long-term liabilities in the consolidated balance sheets.

Net Loss Per Share Attributable to Common Stockholders

We calculate our 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 the convertible preferred stock. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive 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, options to purchase common stock 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 anti-dilutive.

Convertible Senior Notes

We allocated the principal amount of the Convertible Senior Notes between its liability and equity components. The carrying amount of the liability component was determined by measuring the fair value of a similar debt instrument of similar credit quality and maturity that did not have the convert feature. The carrying amount of the equity component, representing the embedded conversion option, was determined by deducting the fair value of the liability component from the principal amount of the Convertible Senior Notes as a whole. The equity component was recorded to additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the Convertible Senior Notes over the carrying amount of the liability component was recorded as a debt discount, and is being amortized to interest expense using the effective interest method through the first date holders have the right to require us to repurchase all or any portion of their Convertible Senior Notes; the first put date (see Note 8). We allocate the total amount of transaction costs incurred to the liability and equity components using the same proportions as the proceeds from the Convertible Senior Notes. Transaction costs attributable to the liability component were recorded as a direct deduction from the liability component of the Convertible Senior Notes, and are being amortized to interest expense using the effective interest method through the first put date. Transaction costs attributable to the equity component were netted with the equity component of the Convertible Senior Notes in additional paid-in capital.

Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This standard eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge (i.e. Step 2 of the current guidance), instead measuring the impairment charge as the excess of the reporting unit's carrying amount over its fair value (i.e. Step 1 of the current guidance). The guidance is effective for us beginning in the first quarter of 2020, and should be applied prospectively. Early adoption is permitted for impairment testing dates after January 1, 2017. The adoption of this standard is not expected to have a significant impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This standard changes the definition of a business by requiring that at least one substantive process exist in the acquired entity. It also states that if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, then the set of transferred assets and activities is not a business. The guidance is effective for us beginning in the first quarter of 2018, and should be applied prospectively. Early adoption is permitted. The adoption of this standard is not expected to have a significant impact on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This standard changes the impairment model for most financial assets and certain other instruments by introducing a current expected credit loss (CECL) model. The CECL model is a more forward-looking approach based on expected losses rather than incurred losses, requiring entities to estimate and record losses expected over the remaining contractual life of an asset. The guidance is effective for us beginning in the first quarter of 2020. Early adoption beginning in 2019 is permitted. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This standard is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on

the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for us beginning in the first quarter of 2019, and should be applied on a modified retrospective basis. Early adoption is permitted. We expect the adoption of this standard to have a material impact on our consolidated financial statements and related disclosures as it will materially increase our assets and liabilities.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard provides a single model for revenue arising from contracts with customers and supersedes current revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

We will adopt this standard effective January 1, 2018. The guidance permits companies to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. We have elected to apply the standard retrospectively to all prior periods presented.

The most significant impact of the standard relates to our accounting for intelligence dependent appliance and software license revenue. Revenue related to certain appliances and software licenses not dependent on intelligence, subscription and support offerings, cloud offerings and professional services will remain substantially unchanged. Specifically, under the new standard we will combine intelligence dependent appliances and software licenses with the related intelligence subscription and support as a single performance obligation. As a result, we expect to recognize intelligence dependent appliance and software license revenue ratably, rather than at the time of shipping. Where our contracts contain material right of renewal options, we expect to recognize intelligence dependent appliance and software license revenue over the longer of the life of the related appliance and license or the contractual term. For the contracts where the term is less than the life of the appliance and license, the intelligence subscription and support will be recognized ratably over the contractual term with the allocated value of the material right performance obligations being recognized in the period between the end of the contractual term and the useful life. Where our contracts do not contain material right of renewal options, or the contractual term is longer than the useful life, we expect to recognize intelligence dependent appliance and software license revenue ratably over the contractual term. Due to the complexity of certain of our customer contracts, the actual revenue recognition treatment required under the standard will be dependent on contract-specific terms, and may vary in some instance from the recognition models noted above. We currently believe appliance and software license revenue will be recognized predominantly over the useful life of the appliance and license as most of our appliance and license offerings are intelligence dependent.

Incremental costs to obtain a contract will be capitalized and amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Most of our commission expenses and related payroll taxes meet this definition. In determining the amortization period, we take into consideration the pattern of transfer to which the asset relates and the renewal periods during which renewal commissions are not commensurate with the initial commissions paid. When initial commissions are not commensurate with renewal commissions, we will recognize the non-commensurate portion of initial commissions over an estimated useful life while the commensurate portion will be recognized over the same period as the initial revenue arrangement to which it relates. Additionally, our appliance related cost of goods sold will be capitalized and amortized on a systematic basis that is consistent with the pattern of transfer to which the asset relates.

We expect that adoption of the standard will result in the recognition of additional revenue in fiscal 2017 of $28.0 million and a reduction in revenue in fiscal 2016 of $8.5 million, primarily due to the net change in the recognition of intelligence dependent appliance and software license revenue. In addition, we expect that adoption of the standard will result in a decrease in operating loss of $18.0 million in fiscal 2017 and an increase in operating loss of $5.7 million in fiscal 2016 as a result of the net changes to revenues, costs and expenses

under the new standard. See Expected Impacts to Reported Results below for the expected impact of adoption of the standard on our consolidated financial statements.

Expected Impacts to Reported Results

Adoption of the standard is expected to impact our reported results as follows (in thousands):

	Year ended December 31, 2017		
Statement of Operations:	**As Reported**	**Impact of Adoption**	**As Adjusted**
Revenue	$ 751,086	$ 28,022	$ 779,108
Cost of revenue	268,887	2,758	271,645
Operating expenses	740,805	7,298	748,103
Operating loss	(258,606)	17,966	(240,640)

	Year ended December 31, 2016		
Statement of Operations:	**As Reported**	**Impact of Adoption**	**As Adjusted**
Revenue	$ 714,114	$ (8,495)	$ 705,619
Cost of revenue	271,868	(785)	271,083
Operating expenses	886,562	(2,028)	884,534
Operating loss	(444,316)	(5,682)	(449,998)

	December 31, 2017		
Balance Sheet:	**As Reported**	**Impact of Adoption**	**As Adjusted**
Accounts receivable, net	$ 140,049	$ 5,109	$ 145,158
Prepaid expenses & other current assets	34,541	59,746	94,287
Deposits and other long-term assets	11,537	61,230	72,767
Deferred revenue, current portion	443,064	104,040	547,104
Deferred revenue, non-current portion	227,680	135,805	363,485

	December 31, 2016		
Balance Sheet:	**As Reported**	**Impact of Adoption**	**As Adjusted**
Accounts receivable, net	$ 121,150	$ 12,192	$ 133,342
Prepaid expenses & other current assets	25,081	59,983	85,064
Deposits and other long-term assets	10,910	71,094	82,004
Deferred revenue, current portion	397,118	112,084	509,202
Deferred revenue, non-current portion	256,398	162,633	419,031

2. Fair Value Measurements

The accounting guidance for fair value measurements provides a framework for measuring fair value on either a recurring or nonrecurring basis, whereby the inputs used in our valuation techniques are assigned a hierarchical level. The following are the three levels of inputs to measure fair value:

- *Level 1:* Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2:* Inputs that reflect quoted prices for identical assets or liabilities in less active markets; quoted prices for similar assets or liabilities in active markets; benchmark yields, reported trades, broker/dealer quotes, inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3:* Unobservable inputs that reflect our own assumptions incorporated in valuation techniques used to measure fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

We consider an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and consider an inactive market to be one in which there are infrequent or few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate, our own or the counterparty's non-performance risk is considered in measuring the fair values of assets.

The following table presents our assets and liabilities measured at fair value on a recurring basis using the above input categories (in thousands):

	As of December 31, 2017				As of December 31, 2016			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents:								
Money market funds	$ 208	$ —	$—	$ 208	$449	$ —	$ —	$ 449
Treasury bills	$3,098	$ —	$—	$ 3,098	$—	$ —	$ —	$ —
Total cash equivalents	3,306	—	—	3,306	449	—	—	449
Short-term investments:								
Certificates of deposit	—	—	—	—	—	9,569	—	9,569
Commercial paper	—	4,987	—	4,987	—	29,920	—	29,920
Corporate notes and bonds	—	438,024	—	438,024	—	420,684	—	420,684
U.S. Government agencies	—	272,900	—	272,900	—	251,885	—	251,885
Total short-term investments	—	715,911	—	715,911	—	712,058	—	712,058
Total assets measured at fair value	$3,306	$715,911	$—	$719,217	$449	$712,058	$ —	$712,507
Liabilities								
Contingent earn-out	$ —	$ —	$—	$ —	$—	$ —	$41,332	$ 41,332
Total liabilities measured at fair value	$ —	$ —	$—	$ —	$—	$ —	$41,332	$ 41,332

The estimated fair value of the contingent earn-out incurred in connection with our acquisition of iSIGHT is considered to be a Level 3 measurement due to the use of significant unobservable inputs. The value was determined using a discounted risk-adjusted expected (probability-weighted) cash flow methodology, by applying a real options approach model. The real options approach incorporated management's estimates of expected quarterly growth rates in bookings (63% on average), which could not be corroborated by observable market data, with the volatility of revenue for comparable companies (16.5% on average) and the correlation between comparable companies' quarterly revenue growth and that of the S&P 500 Index (44.7% on average), which are observable in the market, to determine the probability of achieving estimated bookings within the earn-out period of performance (2.5 years). The resulting expected earn-out payment was discounted back to present value using our cost of debt (ranging from 6.3% to 7.1%).

The following is a reconciliation of the Level 3 contingent earn-out liability for the years ended December 31, 2017 and 2016 (in thousands):

	Amount
Balance at acquisition (January 14, 2016)	$ 35,588
Measurement period adjustments[(1)]	3,500
Changes in fair value[(2)]	2,356
Cash payments	(112)
Balance as of December 31, 2016	41,332
Changes in fair value[(2)]	(54)
Cash payments	(41,278)
Balance as of December 31, 2017	$ —

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(1) See Note 5 Business Combinations for adjustments made to initial amounts recorded in our acquisition of iSIGHT.
(2) Changes in fair value are recorded in general and administrative expenses in our consolidated statements of operations.

Additionally, we have a restructuring liability related to certain real estate facilities which was calculated based on the present value of future lease payments, less estimated sublease income, discounted at a rate commensurate with our current cost of financing. This non-recurring fair value measurement is considered to be a Level 3 measurement due to the use of significant unobservable inputs. To the extent that actual sublease income or the timing of subleasing these facilities is different than initial estimates, we will adjust the restructuring liability in the period during which such information becomes known. See Note 6 Restructuring Charges for a reconciliation of this liability.

We measure certain assets, including goodwill, intangible assets and our equity-method investment in a private company at fair value on a nonrecurring basis when there are identifiable events or changes in circumstances that may have a significant adverse impact on the fair value of these assets. No such events or changes occurred during the year ended December 31, 2017.

The estimated fair value of the Convertible Senior Notes as of December 31, 2017 was determined to be $851.3 million, based on quoted market prices. We consider the fair value of the Convertible Senior Notes to be a Level 2 measurement as they are not actively traded.

3. Investments

Our investments consisted of the following (in thousands):

	As of December 31, 2017					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments
Commercial paper	$ 4,990	$—	$ (3)	$ 4,987	$ —	$ 4,987
Corporate notes and bonds	439,852	2	(1,830)	438,024	—	438,024
Treasury bills	3,098	—	—	3,098	3,098	—
U.S. Government agencies	273,950	—	(1,050)	272,900	—	272,900
Total	$721,890	$ 2	$(2,883)	$719,009	$3,098	$715,911

	As of December 31, 2016					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cash and Cash Equivalents	Short-Term Investments
Certificates of deposit	$ 9,560	$ 10	$ (1)	$ 9,569	$—	$ 9,569
Commercial paper	29,929	—	(9)	29,920	—	29,920
Corporate notes and bonds	421,635	17	(968)	420,684	—	420,684
U.S. Government agencies	252,676	2	(793)	251,885	—	251,885
Total	$713,800	$ 29	$(1,771)	$712,058	$—	$712,058

The following tables present the gross unrealized losses and related fair values of our investments that have been in a continuous unrealized loss position (in thousands):

	As of December 31, 2017					
	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Commercial paper	$ 4,987	$ (3)	$ —	$ —	$ 4,987	$ (3)
Corporate notes and bonds	284,499	(1,485)	153,525	(345)	438,024	(1,830)
U.S. Government agencies	117,132	(486)	155,768	(564)	272,900	(1,050)
Total	$406,618	$(1,974)	$309,293	$(909)	$715,911	$(2,883)

	As of December 31, 2016					
	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Certificates of deposit	$ —	$ —	$ 199	$ (1)	$ 199	$ (1)
Commercial paper	24,925	(9)	—	—	24,925	(9)
Corporate notes and bonds	294,818	(889)	99,433	(79)	394,251	(968)
U.S. Government agencies	222,171	(763)	17,657	(30)	239,828	(793)
Total	$541,914	$(1,661)	$117,289	$(110)	$659,203	$(1,771)

Unrealized losses related to these investments are due to interest rate fluctuations as opposed to credit quality. In addition, we do not intend to sell, and it is not more likely than not that we would be required to sell, these investments before recovery of their cost basis. As a result, there is no other-than-temporary impairment for these investments as of December 31, 2017 and 2016.

The following table summarizes the contractual maturities of our investments at December 31, 2017 (in thousands):

	Amortized Cost	Fair Value
Due within one year	$405,776	$404,659
Due within one to two years	316,114	314,350
Total	$721,890	$719,009

All available-for-sale securities have been classified as current, based on management's intent and ability to use the funds in current operations.

As of December 31, 2017, we held a 12.5% ownership interest in a privately held company which is accounted for under the equity method based on our ability to exercise significant influence over the company's operating and financial policies. Our investments in this company are classified within deposits and other long-term assets on our consolidated balance sheets. The carrying value of our investments was $2.1 million and $0.9 million as of December 31, 2017 and 2016, respectively.

4. Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	As of December 31,	
	2017	2016
Computer equipment and software	$ 144,438	$ 144,892
Leasehold improvements	67,451	41,796
Furniture and fixtures	16,665	14,499
Machinery and equipment	447	447
Total property and equipment	229,001	201,634
Less: accumulated depreciation	(157,644)	(139,782)
Total property and equipment, net	$ 71,357	$ 61,852

During the years ended December 31, 2017, 2016 and 2015 we capitalized $14.2 million, $8.0 million and $4.3 million, respectively, of software development costs related to our cloud subscription offerings. Amortization expense related to capitalized software development costs during the years ended December 31, 2017, 2016 and 2015 was $5.6 million, $2.9 million and $0.8 million respectively.

Depreciation and amortization expense related to property and equipment and demonstration units during the years ended December 31, 2017, 2016 and 2015 was $41.8 million, $51.5 million and $61.2 million, respectively.

During the year ended December 31, 2015, we recognized $1.1 million in accelerated depreciation expense associated with changes in the estimated useful life of certain assets which were replaced in the first quarter of 2016.

5. Business Combinations

On October 20, 2017, we acquired all of the outstanding shares of The Email Laundry, a privately held email security company, which is expected to enhance our current email offerings. In connection with this acquisition, we paid cash consideration of $4.3 million and issued 259,425 shares of our common stock with an estimated fair value of $4.4 million, resulting in total purchase consideration of $8.7 million. The purchase price is subject to customary working capital and related adjustments. The purchase price was allocated to intangible assets of $2.7 million, goodwill of $6.4 million and tangible net liabilities of $0.3 million. The intangible assets are composed of technology and customer relationships, each with an estimated weighted average useful life of 3 years. The goodwill is primarily attributable to the know-how of the workforce and is not expected to be deductible for U.S. federal income tax purposes. The results of operations of The Email Laundry have been included in our consolidated statements of operations from the acquisition date. Pro forma financial information has not been presented for this acquisition as the impact to our consolidated financial statements was not material.

On January 11, 2018, we completed the acquisition of privately held X15, a data management company. We expect that the X15 technology will be incorporated into the foundation for our platform and analytics capabilities going forward. As consideration for the acquisition, we paid approximately $20.0 million in cash and

equity, subject to adjustment per the terms of the agreement. We are currently in the process of completing the preliminary purchase price allocation, which will be included in our Quarterly Report on Form 10-Q for the quarter ending March 31, 2018.

Acquisitions in 2016

Acquisition of iSIGHT

On January 14, 2016, we acquired all of the outstanding shares of privately held iSIGHT, one of the world's leading providers of cyber threat intelligence for global enterprises. The acquisition extends our intelligence network to create an advanced and comprehensive private cyber threat intelligence operation, providing customers with higher fidelity alerts, context to prioritize threats and the strategic insights to proactively prepare for threats that might target their industry or region.

In connection with this acquisition, we paid upfront cash consideration of $192.8 million, incurred liabilities of $39.1 million contingent upon the achievement of a threat intelligence bookings target on or before the end of the second quarter of 2018, and issued 1,793,305 shares of our common stock with an estimated fair value of $29.9 million; 1,793,297 of which were released in February 2017 to former stockholders of iSIGHT once the threat intelligence bookings target was determined to have been achieved. This resulted in total purchase consideration of $261.8 million. The number of shares was fixed at the completion of the acquisition and is the maximum number of shares that can be released. The contingent earn-out liability is included in accrued compensation on the consolidated balance sheet as of December 31, 2017, and subsequently resulted in a cash payment of $41.3 million during February 2017, once the threat intelligence bookings target was determined to have been achieved.

The acquisition of iSIGHT was accounted for in accordance with the acquisition method of accounting for business combinations with FireEye as the accounting acquirer. During the three months ended June 30, 2016, we finalized our valuation analysis and revised our preliminary estimates of the earn-out liability and related fair value of common stock contingent upon the achievement of a threat intelligence bookings target by $3.5 million and $1.7 million, respectively, resulting in a higher purchase price of $5.2 million. As a result, we also revised our preliminary estimate of customer relationship and content intangible assets by $1.1 million and $1.2 million, respectively, resulting in an additional $0.2 million of intangible amortization.

We expensed the related acquisition costs of $1.9 million in general and administrative expenses. We also assumed and paid liabilities of $7.0 million for transaction costs incurred by iSIGHT prior to acquisition, which were accounted for separate from consideration transferred.

Allocation of the purchase price of $261.8 million was as follows (in thousands):

	Amount
Net tangible liabilities assumed	$ (18,248)
Intangible assets	85,100
Deferred tax liability	(11,637)
Goodwill	206,623
Total purchase price allocation	$261,838

The purchase price exceeded the fair value of the net tangible and identifiable intangible assets acquired, resulting in the recognition of goodwill. Goodwill is primarily attributable to expected synergies in our subscription offerings and cross-selling opportunities. None of the goodwill is expected to be deductible for U.S. federal income tax purposes.

Intangible assets consist primarily of customer relationships, content, developed technology and other intangible assets. Customer relationship intangibles relate to iSIGHT's ability to sell current and future content,

as well as products built around this content, to its existing customers. Content intangibles represent threat intelligence data gathered through the analysis of cyber-crimes, cyber attacks, hacking, and cyber criminals. Intangible assets attributable to developed technology include a combination of patented and unpatented technology, trade secrets, computer software and research processes that represent the foundation for the existing and planned new products to facilitate the generation of new content. The estimated useful life and fair values of the identifiable intangible assets are as follows (in thousands):

	Estimated Useful Life (in years)	Amount
Customer relationships	7	$33,700
Content	4	30,100
Developed technology	4-6	17,100
Trade name	5	3,100
Non-competition agreements	2	1,100
Total identifiable intangible assets		$85,100

The value of customer relationships and content was estimated using the excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contribute to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the customer relationships and content, which were discounted at rates of 15% and 14%, respectively.

The value of developed technology and the trade name was estimated using the relief-from-royalty method, an income approach (Level 3), which estimates the cost savings that accrue to the owner of the intangible asset that would otherwise be payable as royalties or license fees on revenues earned through the use of the asset. A royalty rate is applied to the projected revenues associated with the intangible asset to determine the amount of savings, which is then discounted to determine the fair value. The developed technology and trade name were valued using royalty rates of 10% and 1%, respectively, and discounted at rates of 14% and 15%, respectively.

The results of operations of iSIGHT have been included in our consolidated statements of operations from the acquisition date, and contributed $9.4 million to our consolidated revenues and $2.3 million to our consolidated net loss during the three months ended March 31, 2016. Subsequent to March 31, 2016, the operations of iSIGHT were integrated with the Company’s operations. Pro forma results of operations have not been presented because the acquisition was not material to our results of operations.

Acquisition of Invotas

On February 1, 2016, we acquired all of the outstanding shares of privately held Invotas, a provider of security automation and orchestration technology. This acquisition enables us to deliver a premier security orchestration capability as part of our global threat management platform to unify cyber attack detection results, threat intelligence and incident response elements of an organization’s security program into a single console, giving enterprises the ability to respond more quickly to attacks through automation.

In connection with this acquisition, we paid upfront cash consideration of $17.7 million and issued 742,026 shares of our common stock with an estimated fair value of $11.1 million. This resulted in total purchase consideration of $28.8 million. Additionally, we replaced unvested option awards with grants of 95,614 restricted stock units which will vest over the requisite service period of four years, and granted an additional 1,002,748 restricted stock units which were scheduled to vest upon the achievement of stated performance milestones over a period of approximately three years, subject to continuing service during that time. A portion of these awards have since been released following the achievement of the first milestone, while another portion of these awards were modified to vest subject only to continuing service. These awards are being recognized as operating expense over the requisite service periods as they relate to post-combination services.

The acquisition of Invotas was accounted for in accordance with the acquisition method of accounting for business combinations with FireEye as the accounting acquirer. We expensed the related acquisition costs of $0.5 million in general and administrative expenses. We also assumed and paid liabilities of $0.7 million for transaction costs incurred by Invotas prior to acquisition, which were accounted for separate from consideration transferred. Under the acquisition method of accounting, the total purchase consideration is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values. The total purchase price of $28.8 million was allocated using information currently available to us. Allocation of the purchase price was as follows (in thousands):

	Amount
Net tangible liabilities assumed	$ (306)
Intangible assets	8,400
Deferred tax liability	(688)
Goodwill	21,349
Total purchase price allocation	$28,755

The purchase price exceeded the fair value of the net tangible and identifiable intangible assets acquired, resulting in the recognition of goodwill. Goodwill is primarily attributable to increased selling opportunities. None of the goodwill is expected to be deductible for U.S. federal income tax purposes.

Intangible assets consist primarily of developed technology, in-process research and development and other intangible assets. Developed technology intangibles include a combination of patented and unpatented technology, trade secrets, computer software and research processes that represent the foundation for the existing and planned new product offerings. The in-process research and development intangible represents the estimated fair value of acquired research projects which had not reached technological feasibility at acquisition date, but have since been developed into products. The estimated useful life and fair values of the identifiable intangible assets are as follows (in thousands):

	Estimated Useful Life (in years)	Amount
Developed technology	4	$4,500
In-process research and development	N/A	2,800
Customer relationships	10	800
Non-competition agreements	3	300
Total identifiable intangible assets		$8,400

The value of developed technology and in-process research and development (IPR&D) was estimated using the excess earnings method, an income approach (Level 3), which converts projected revenues and costs into cash flows. To reflect the fact that certain other assets contribute to the cash flows generated, the returns for these contributory assets were removed to arrive at estimated cash flows solely attributable to the developed technology and IPR&D, which were discounted at rates of 16% and 17%, respectively.

In-process research and development of $2.8 million obtained in our acquisition of Invotas reached technological feasibility during the year ended December 31, 2016, resulting in its reclassification to developed technology.

The results of operations of Invotas have been included in our consolidated statements of operations from the acquisition date, although such results did not have a material impact on our consolidated revenues or net loss during the year ended December 31, 2017. Pro forma results of operations have not been presented because the acquisition was not material to our results of operations.

Goodwill and Purchased Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 were as follows (in thousands):

	Amount
Balance as of December 31, 2015	$750,288
Goodwill acquired	227,972
Balance as of December 31, 2016	978,260
Goodwill acquired	6,401
Balance as of December 31, 2017	$984,661

Purchased intangible assets consisted of the following (in thousands):

	As of December 31,	
	2017	2016
Developed technology	$ 103,903	$ 102,593
Content	158,700	158,700
Customer relationships	111,090	109,800
Contract backlog	12,500	12,500
Trade names	15,560	15,500
Non-competition agreements	1,400	1,400
Total intangible assets	403,153	400,493
Less: accumulated amortization	(215,765)	(156,461)
Total net intangible assets	$ 187,388	$ 244,032

Amortization expense of intangible assets during the years ended December 31, 2017, 2016 and 2015 was $59.3 million, $64.0 million and $47.1 million, respectively.

The expected future annual amortization expense of intangible assets as of December 31, 2017 is presented below (in thousands):

Years Ending December 31,	Amount
2018	$ 48,342
2019	46,414
2020	31,869
2021	29,282
2022	18,209
2023 and thereafter	13,272
Total	$187,388

6. Restructuring Charges

In addition to our previous restructuring activities which took place in 2014, our Board of Directors approved a restructuring plan and reduction in workforce in August 2016 designed to reduce operating expenses and align our expense structure with current growth expectations. This resulted in a 10% reduction in our workforce, the consolidation of certain real estate facilities and impairment of certain assets.

The following table sets forth a summary of restructuring activities during the years ended December 31, 2017 and 2016 (in thousands):

	Severance and related costs	Facilities costs	Total costs
Balance, December 31, 2015	$ —	$ 217	$ 217
Provision for restructuring charges	21,529	1,492	23,021
Cash payments	(20,308)	(1,201)	(21,509)
Other adjustments	—	1,738	1,738
Balance, December 31, 2016	1,221	2,246	3,467
Provision for restructuring charges	—	—	—
Cash payments	(752)	(1,046)	(1,798)
Other adjustments	(469)	(265)	(734)
Balance, December 31, 2017	$ —	$ 935	$ 935

The total provision for restructuring charges during the year ended December 31, 2016 of $27.6 million includes $23.0 million of cash charges shown above, as well as non-cash charges of $3.5 million related to fixed asset write-offs and $1.1 million related to stock-based compensation. Other adjustments of $1.7 million during the year ended December 31, 2016 primarily represented a reclassification of deferred rent liabilities related to closed facilities.

Other adjustments of negative $0.7 million during the year ended December 31, 2017 primarily represented relief of unused benefits, changes in fair value and foreign currency fluctuations.

The remaining restructuring balance of $0.9 million at December 31, 2017 is composed of non-cancelable lease costs which we expect to pay over the terms of the related obligations through the third quarter of 2024, net of sublease income.

7. Deferred Revenue

Deferred revenue consisted of the following (in thousands):

	As of December 31,	
	2017	2016
Product, current	$ 8,956	$ 8,924
Subscription and services, current	434,108	388,194
Total deferred revenue, current	443,064	397,118
Product, non-current	5,030	4,748
Subscription and services, non-current	222,650	251,650
Total deferred revenue, non-current	227,680	256,398
Total deferred revenue	$670,744	$653,516

See Note 1 for the expected impact of adoption of the new revenue recognition standard on our deferred revenue balances.

8. Convertible Senior Notes

Convertible Senior Notes

In June 2015, we issued $460.0 million principal amount of 1.000% Convertible Senior Notes due 2035 (the "Series A Notes") and $460.0 million principal amount of 1.625% Convertible Senior Notes due 2035 (the

"Series B Notes" and together with the Series A Notes, the "Convertible Senior Notes"), including the full exercise of the initial purchasers' over-allotment option, in a private placement to qualified institutional purchasers pursuant to an exemption from registration provided by Section 4(a)(2) and Rule 144A under the Securities Act of 1933, as amended. The net proceeds after the initial purchasers' discount of $23.0 million and issuance costs of $0.5 million from the Convertible Senior Notes were $896.5 million. The Series A Notes and Series B Notes bear interest at 1.000% per year and 1.625% per year, respectively, payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2015. The Convertible Senior Notes mature on June 1, 2035, unless earlier repurchased, redeemed or converted.

The Convertible Senior Notes are unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Convertible Senior Notes. They rank equally in right of payment with all of our existing and future liabilities that are not expressly subordinated to the Convertible Senior Notes and effectively rank junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness. They are structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

The Convertible Senior Notes do not contain any financial covenants and do not restrict us from paying dividends or issuing or repurchasing our other securities.

The initial conversion rate on each series of Convertible Senior Notes is 16.4572 shares of our common stock per $1,000 principal amount of Convertible Senior Notes, which is equivalent to an initial conversion price of approximately $60.76 per share of common stock. The conversion rate of each series of Convertible Senior Notes may be adjusted upon the occurrence of certain specified events, but not for accrued and unpaid interest.

Holders may convert the Convertible Senior Notes at their option in multiples of $1,000 principal amount prior to March 1, 2035, excluding the period from March 1, 2020 to June 1, 2020 in the case of the Series A Notes and March 1, 2022 to June 1, 2022 in the case of the Series B Notes, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ended on September 30, 2015 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the Convertible Senior Notes of the relevant series on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of Series A Notes or Series B Notes, as applicable, for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the notes of the relevant series on each such trading day;
- if we call any or all of the Convertible Senior Notes of a series for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the relevant redemption date; or
- upon the occurrence of specified corporate events, as specified in each indenture governing the Convertible Senior Notes.

Regardless of the foregoing conditions, holders may convert their Convertible Senior Notes at their option in multiples of $1,000 principal amount at any time during the period from March 1, 2020 to June 1, 2020 in the case of the Series A Notes and during the period from March 1, 2022 to June 1, 2022 in the case of the Series B Notes, or after March 1, 2035 until maturity for either series of Convertible Senior Notes. Upon conversion, the Convertible Senior Notes can be settled in cash, shares of our common stock or any combination thereof at our option.

We may be required by holders of the Convertible Senior Notes to repurchase all or any portion of their Convertible Senior Notes at 100% of the principal amount plus accrued and unpaid interest, on each of

June 1, 2020, June 1, 2025 and June 1, 2030, in the case of the Series A Notes, and each of June 1, 2022, June 1, 2025 and June 1, 2030 in the case of the Series B Notes. Holders may also require us to repurchase the Convertible Senior Notes if we undergo a "fundamental change," as defined in each indenture governing the Convertible Senior Notes, at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest.

Additionally, we may redeem for cash all or any portion of the Series B Notes on or after June 1, 2020 until June 1, 2022 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending not more than three trading days immediately preceding the date we provide notice of redemption. We also may redeem for cash all or any portion of the Series A Notes on or after June 1, 2020 until maturity and all or any portion of the Series B Notes on or after June 1, 2022 until maturity, regardless of the foregoing sale price condition.

In accordance with accounting for debt with conversions and other options, we allocated the principal amount of the Convertible Senior Notes into liability and equity components. We also allocated the total amount of initial purchasers' discount and transaction costs incurred to the liability and equity components using the same proportions as the proceeds from the Convertible Senior Notes. Transaction costs of $0.4 million and $0.1 million and initial purchasers' discount of $17.6 million and $5.4 million were attributable to the liability component and equity component of the Convertible Senior Notes, respectively.

The liability and equity components of the Convertible Senior Notes consisted of the following (in thousands):

	As of December 31,			
	2017		2016	
	Series A Notes	Series B Notes	Series A Notes	Series B Notes
Liability component:				
Principal	$460,000	$460,000	$460,000	$ 460,000
Less: Convertible senior notes discounts and issuance costs, net of amortization	(53,762)	(86,660)	(74,126)	(103,894)
Net carrying amount	$406,238	$373,340	$385,874	$ 356,106
Equity component, net of issuance costs	$ 92,567	$117,834	$ 92,567	$ 117,834

The unamortized discounts and issuance costs as of December 31, 2017 will be amortized over a weighted-average remaining period of approximately 3.7 years.

Interest expense for the years ended December 31, 2017, 2016 and 2015 related to the Convertible Senior Notes consisted of the following (in thousands):

	Year Ended December 31,					
	2017		2016		2015	
	Series A Notes	Series B Notes	Series A Notes	Series B Notes	Series A Notes	Series B Notes
Coupon interest	$ 4,600	$ 7,475	$ 4,600	$ 7,475	$ 2,683	$ 4,361
Amortization of convertible senior notes discounts and issuance costs	20,364	17,234	19,343	16,439	10,833	9,236
Total interest expense recognized	$24,964	$24,709	$23,943	$23,914	$13,516	$13,597
Effective interest rate on the liability component	6.5%	6.9%	6.5%	7.0%	6.5%	7.1%

Prepaid Forward Stock Purchase

In connection with the issuance of the Convertible Senior Notes, we also entered into privately negotiated Prepaid Forwards with one of the initial purchasers of the Convertible Senior Notes (the "Forward Counterparty"), pursuant to which we paid approximately $150.0 million. The amount of the prepaid is equivalent to approximately 3.3 million shares which are to be settled on or around June 1, 2020 and June 1, 2022, respectively, subject to any early settlement, in whole or in part, of each Prepaid Forward. The Prepaid Forwards are intended to facilitate privately negotiated derivative transactions by which investors in the Convertible Senior Notes will be able to hedge their investment in the Convertible Senior Notes. In the event we pay any cash dividends on our common stock, the Forward Counterparty will pay an equivalent amount back to us.

The related shares were accounted for as a repurchase of common stock, and are presented as Treasury Stock in the consolidated balance sheets. The 3.3 million shares of common stock purchased under the Prepaid Forwards are excluded from weighted-average shares outstanding for basic and diluted EPS purposes although they remain legally outstanding.

9. Commitments and Contingencies

Leases

We lease our facilities under various non-cancelable operating leases, which expire on various dates through the year ending December 31, 2027. Rent expense is recognized using the straight-line method over the term of the lease. Rent expense, net of sublease income, was $19.5 million, $14.9 million and $14.4 million for the years ended December 31, 2017, 2016 and 2015, respectively.

The aggregate future non-cancelable minimum rental payments on our operating leases, as of December 31, 2017, are as follows (in thousands):

Years Ending December 31,	Amount
2018	$17,217
2019	13,270
2020	11,553
2021	10,532
2022	8,737
2023 and thereafter	31,576
Total	$92,885

Total future non-cancelable minimum rental payments have not been reduced by future minimum sublease rentals totaling $6.4 million.

We are party to letters of credit totaling $3.3 million and $3.1 million as of December 31, 2017 and 2016, respectively, issued primarily in support of operating leases for several of our facilities. These letters of credit are collateralized by a line with our bank. No amounts have been drawn against these letters of credit.

Contract Manufacturer Commitments

Our independent contract manufacturers procure components and assemble our products based on our forecasts. These forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and an analysis from our sales and product marketing organizations, adjusted for overall market conditions. In order to reduce manufacturing lead times and plan for adequate supply, we may issue forecasts and orders for components and products that are non-cancelable. As of December 31, 2017 and 2016, we had

non-cancelable open orders of $11.6 million and $10.2 million, respectively. We are required to record a liability for firm, non-cancelable and unconditional purchase commitments with contract manufacturers and suppliers for quantities in excess of our future demand forecasts. As of December 31, 2017, we have not accrued any significant costs for such non-cancelable commitments.

Purchase Obligations

As of December 31, 2017, we had approximately $12.5 million of non-cancelable firm purchase commitments primarily for purchases of software and services. In those situations in which we have received delivery of the goods or services as of December 31, 2017 under purchase orders outstanding as of the same date, such amounts are reflected in the consolidated balance sheet as accounts payable or accrued liabilities, and are excluded from the $12.5 million.

Litigation

From time to time, we are involved in claims and legal proceedings that arise in the ordinary course of business. Any claims or proceedings against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, result in the diversion of significant operational resources, or require us to enter into agreements which may not be available on terms favorable to us or at all.

To the extent there is a reasonable possibility that a loss exceeding amounts already recognized may be incurred, and the amount of such additional loss would be material, we will either disclose the estimated additional loss or state that such an estimate cannot be made. We do not currently believe that it is reasonably possible that additional losses in connection with litigation arising in the ordinary course of business would be material.

Indemnification

Under the indemnification provisions of our standard sales related contracts, we agree to defend our customers against third-party claims asserting infringement of certain intellectual property rights, which may include patents, copyrights, trademarks, or trade secrets, and to pay judgments entered on such claims. Our exposure under these indemnification provisions is generally limited to the total amount paid by our customer under the agreement. However, certain agreements include indemnification provisions that could potentially expose us to losses in excess of the amount received under the agreement. In addition, we indemnify our officers, directors, and certain key employees for actions taken while they are or were serving in good faith in such capacities. Through December 31, 2017, there have been no claims under any indemnification provisions.

10. Common Shares Reserved for Issuance

Under our amended and restated certificate of incorporation, we are authorized to issue 100,000,000 shares of convertible preferred stock with a par value of $0.0001 per share, none of which were issued and outstanding as of December 31, 2017 or 2016.

Under our amended and restated certificate of incorporation, we are authorized to issue 1,000,000,000 shares of common stock with a par value of $0.0001 per share as of December 31, 2017 and 2016. Each share of common stock outstanding is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by our Board of Directors, subject to the prior rights of holders of all classes of convertible preferred stock outstanding.

We had reserved shares of common stock for issuance as follows (in thousands):

	As of December 31,	
	2017	2016
Reserved under stock award plans	35,838	38,005
Convertible Senior Notes	15,141	15,141
ESPP	2,985	2,851
Total	53,964	55,997

11. Equity Award Plans

We have operated under our 2013 Equity Incentive Plan ("2013 Plan") since our initial public offering ("IPO") in September 2013. Our 2013 Plan provides for the issuance of restricted stock and the granting of options, stock appreciation rights, performance shares, performance units and restricted stock units to our employees, officers, directors and consultants. Our 2013 Plan provides for annual increases in the number of shares available for issuance on the first day of each fiscal year. Awards granted under the 2013 Plan vest over the periods determined by our Board of Directors or compensation committee of our Board of Directors, generally four years, and stock options granted under the 2013 Plan expire no more than ten years after the date of grant. In the case of an incentive stock option granted to an employee who at the time of grant owns stock representing more than 10% of the total combined voting power of all classes of stock, the exercise price shall be no less than 110% of the fair value per share on the date of grant, and the award shall expire five years from the date of grant. For options granted to any other employee, the per share exercise price shall be no less than 100% of the fair value per share on the date of grant. In the case of non-statutory stock options and options granted to consultants, the per share exercise price shall be no less than 100% of the fair value per share on the date of grant. Stock that is purchased prior to vesting is subject to our right of repurchase at any time following termination of the participant's service for so long as such stock remains unvested. Approximately 11.7 million shares and 10.0 million shares of our common stock were reserved for future grants as of December 31, 2017 and 2016, respectively, under the 2013 Plan. As of January 1, 2018, an additional 9,355,227 shares of common stock became available for future grants under our 2013 Plan pursuant to provisions thereof that automatically increase the share reserve under such plan each year.

Our ESPP allows eligible employees to acquire shares of our common stock at 85% of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. Our ESPP provides for annual increases in the number of shares available for issuance on the first day of each fiscal year. An aggregate of 2,985,358 shares and 2,850,830 shares of common stock were available for future issuance as of December 31, 2017 and 2016, respectively, under our ESPP. As of January 1, 2018, an additional 1,871,045 shares of common stock became available for future issuance under our ESPP pursuant to the provisions thereof that automatically increase the share reserve under such plan each year.

From time to time, we also grant restricted common stock or restricted stock awards outside of our equity incentive plans to certain employees in connection with acquisitions.

Stock Option Activity

A summary of the activity for our stock option changes during the reporting periods and a summary of information related to options outstanding and options exercisable are presented below (in thousands, except per share amounts and contractual life years):

	Options Outstanding				
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value (per share)	Weighted-Average Contractual Life (years)	Aggregate Intrinsic Value
Balance—December 31, 2014	18,578	$ 9.13			
Granted	—	—	$—		
Exercised	(5,856)	4.97			$211,854
Cancelled	(1,228)	14.57			
Balance—December 31, 2015	11,494	$10.67			
Granted	—	—	$—		
Exercised	(2,459)	5.64			23,343
Cancelled	(950)	23.40			
Balance—December 31, 2016	8,085	$10.70			
Granted	—	—	$—		
Exercised	(3,295)	5.81			26,716
Cancelled	(357)	35.89			
Balance—December 31, 2017	4,433	$12.31		4.8	$ 28,090
Options exercisable—December 31, 2017	4,427	$12.25		4.8	$ 28,089

The aggregate intrinsic value above represents the pre-tax difference between the exercise price of stock options and the quoted market price of our stock on that day for all in-the-money stock options.

Restricted Stock Award (RSA) and Restricted Stock Unit (RSU) Activity

A summary of the activity for our restricted common stock, RSAs and RSUs during the reporting periods and a summary of information related to unvested restricted common stock, RSAs and RSUs and those expected to vest based on the achievement of a performance condition are presented below (in thousands, except per share amounts and contractual life years):

	Number of Shares	Weighted-Average Grant Date Fair Value (per share)	Weighted-Average Contractual Life (years)	Aggregate Intrinsic Value
Unvested balance—December 31, 2014	8,341	$39.57		
Granted	16,876	32.25		
Vested	(2,783)	35.66		
Cancelled	(2,380)	41.11		
Unvested balance—December 31, 2015	20,054	$33.68		
Granted	12,711	13.76		
Vested	(6,222)	33.99		
Cancelled	(6,660)	27.17		
Unvested balance—December 31, 2016	19,883	$22.23		
Granted	13,727	12.59		
Vested	(7,316)	21.56		
Cancelled	(6,277)	17.10		
Unvested balance—December 31, 2017	20,017	$17.09	1.3	$284,255
Unvested awards for which the requisite service period has not been rendered and vesting is subject to the achievement of a performance condition—December 31, 2017	4,298	$20.22	2.1	$ 61,034

During the year ended December 31, 2015, awards granted includes two cycles of annual refresh grants made to the general employee population.

Included in the 12.7 million shares granted during the year ended December 31, 2016 are 3.6 million shares granted to employees from acquisitions consummated in 2016.

During the years ended December 31, 2017, 2016 and 2015, we issued 1.8 million, 3.0 million and 5.3 million shares, respectively, of restricted common stock, restricted stock awards or restricted stock units to certain employees which vest upon the achievement of certain performance conditions in addition to a continued service relationship with the Company.

Stock-Based Compensation

We record stock-based compensation based on the fair value as determined on the date granted. We determine the fair value of stock options and shares of common stock to be issued under the ESPP using the Black-Scholes option-pricing model. The fair value of restricted stock units and restricted stock awards equals the market value of the underlying stock on the date of grant. We grant performance-based restricted stock units and restricted stock awards to certain employees which vest upon the achievement of certain performance conditions, subject to the employees' continued service relationship with us. We assess the probability of vesting at each reporting period and adjust our compensation cost based on this probability assessment. We recognize such compensation expense on a straight-line basis over the service provider's requisite service period. We determined valuation assumptions as follows:

Fair Value of Common Stock

We use the listed stock price on the date of grant as the fair value of our common stock.

Risk-Free Interest Rate

We base the risk-free interest rate used in the Black-Scholes option-pricing model on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent expected term of the options for each option group.

Expected Term

The expected term represents the period that our stock-based awards are expected to be outstanding. We base the expected term assumption on our historical behavior combined with estimates of post-vesting holding periods.

Volatility

We determine the price volatility factor based on the historical volatilities of our peer group as we do not have sufficient trading history for our common stock.

Dividend Yield

The expected dividend assumption is based on our current expectations about our anticipated dividend policy.

The following table summarizes the assumptions used in the Black-Scholes option-pricing model to determine the fair value of our common shares under the ESPP:

	Year Ended December 31,		
	2017	**2016**	**2015**
Fair value of common stock	$14.14 – $15.65	$13.12 – $14.12	$19.10 – $35.16
Risk-free interest rate	1.05% – 1.62%	0.38% – 0.79%	0.09% – 0.50%
Expected term (in years)	0.5 – 1.0	0.5 – 1.0	0.5 – 1.0
Volatility	29% – 52%	57% – 63%	38% – 42%
Dividend yield	—%	—%	—%

Stock-based compensation expense related to stock options, ESPP and restricted stock units and awards is included in the consolidated statements of operations as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Cost of product revenue	$ 2,141	$ 2,092	$ 1,588
Cost of subscription and services revenue	30,515	29,811	29,435
Research and development	56,720	64,755	68,329
Sales and marketing	46,766	57,750	73,286
General and administrative	30,194	43,343	49,793
Restructuring	—	1,144	—
Total	$166,336	$198,895	$222,431

As of December 31, 2017, total compensation cost related to stock-based awards not yet recognized was $240.9 million, which is expected to be amortized on a straight-line basis over the weighted-average remaining vesting period of approximately 2.2 years.

12. Income Taxes

Loss before income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
United States	$(131,996)	$(289,783)	$(324,805)
Foreign	(167,063)	(199,067)	(210,320)
Total	$(299,059)	$(488,850)	$(535,125)

The provision for (benefit from) income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Federal:			
Current	$ —	$ —	$ —
Deferred	(310)	(10,941)	—
State:			
Current	2	49	(160)
Deferred	—	(1,384)	—
Foreign:			
Current	5,917	3,156	5,604
Deferred	(977)	399	(1,354)
Total	$4,632	$ (8,721)	$ 4,090

Reconciliation of the federal statutory income tax rate to the effective tax rate is as follows:

	Year Ended December 31,		
	2017	2016	2015
Federal statutory rate	35.0%	35.0%	35.0%
Effect of:			
State taxes, net of federal tax benefit	—	0.3	—
Change in valuation allowance	7.4	(16.3)	(21.0)
Research and development tax credit	1.0	1.1	1.1
Stock-based compensation	0.5	(2.8)	(1.1)
Impact of foreign tax differential	(20.6)	(14.7)	(14.1)
Non-deductible/non-taxable items	(0.4)	(0.8)	(0.6)
Impact of 2017 Tax Act	(24.0)	—	—
Other, net	(0.5)	—	(0.1)
Total	(1.6)%	1.8%	(0.8)%

The components of the deferred tax assets and liabilities are as follows (in thousands):

	As of December 31,	
	2017	2016
Deferred tax assets:		
Net operating loss carryforwards	$ 143,791	$ 216,397
Accruals and reserves	8,289	15,335
Stock-based compensation	22,345	48,212
Fixed assets	7,727	14,025
Deferred revenue	43,902	64,691
Research and development credits	37,474	30,852
Other deferred tax assets	1,325	673
Gross deferred tax assets	264,853	390,185
Valuation allowance	(185,068)	(233,783)
Total deferred tax assets	79,785	156,402
Deferred tax liabilities:		
Acquisition related intangibles	(45,521)	(93,151)
Convertible senior notes	(31,877)	(61,811)
Other deferred tax liabilities	—	(7)
Total deferred tax liabilities	(77,398)	(154,969)
Total net deferred tax assets	$ 2,387	$ 1,433

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code. The changes include, but are not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%, imposing a mandatory one-time transition tax on certain unrepatriated earnings of foreign subsidiaries, introducing bonus depreciation that will allow for full expensing of qualified property, eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized.

In accordance with the Securities and Exchange Commission Staff Accounting Bulletin No. 118, we provided our best estimate of the impact of the Tax Act in the period ended December 31, 2017 based on our understanding of the Tax Act and guidance available as of the date of this filing. We remeasured our existing net U.S. deferred tax assets using the enacted tax rate and other known significant changes to the tax code. This

remeasurement resulted in a total decrease in these assets by $71.7 million which was fully offset by the decrease in valuation allowance. In addition, we recorded a $0.3 million tax benefit related to the release of valuation allowance on AMT credit carryovers because under the Tax Act, existing AMT credits are refundable from 2018 through 2021.

A valuation allowance is provided when it is more likely than not that the deferred tax asset will not be realized. Our valuation allowance decreased by approximately $48.7 million during the year ended December 31, 2017, primarily as a result of the reduction of the Company's valuation allowance based upon the new enacted federal tax rate and partially offset by additional deferred tax assets recorded during the year as a result of acquisition intangible amortization and net operating loss carryforwards.

As of December 31, 2017, we had federal and state net operating loss carry forwards of approximately $631.5 million and $719.1 million, respectively, available to reduce future taxable income, if any. If not utilized, the federal net operating loss carry forwards will expire from the years ending December 31, 2024 through 2037 while state net operating loss carry forwards will expire from the years ending December 31, 2020 through 2037.

We also have federal and state research and development tax credit carry forwards of approximately $24.7 million and $15.7 million, respectively. If not utilized, the federal credit carry forwards will expire in various amounts from the years ended December 31, 2024 through 2037. The state credit will carry forward indefinitely.

Utilization of the net operating loss carry forwards and credits may be subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and credits before utilization.

As of December 31, 2017, we had $39.4 million of unrecognized tax benefits, of which if recognized, $1.6 million would affect our effective tax rate. We file income tax returns in U.S. federal, state and foreign jurisdictions. As we have net operating loss carry forwards for U.S. federal and state jurisdictions, the statute of limitations is open for all tax years. For foreign jurisdictions, the tax years open to examination include the years 2013 and forward. We do not expect the unrecognized tax benefits to change significantly over the next 12 months. We recognize both interest and penalties associated with uncertain tax positions as a component of income tax expense. During the year ended December 31, 2017 we recognized interest and penalties of $36,000. During the years ended December 31, 2016 and 2015, we recognized a $31,000 decrease and $183,000 increase to interest and penalties, respectively. As of December 31, 2017 and 2016, our total accrual for interest and penalties was $403,000 and $367,000, respectively. The ultimate amount and timing of any future cash settlements cannot be predicted with reasonable certainty.

A reconciliation of gross unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,		
	2017	**2016**	**2015**
Unrecognized tax benefits at the beginning of the period	$ 43,637	$31,902	$21,264
Additions for tax positions related to the current year	10,780	12,435	10,614
Increases related to prior year tax positions	—	561	24
Decreases related to prior year tax positions	(14,955)	(1,213)	—
Decreases based on settlements with taxing authorities	—	(48)	—
Lapse of statute of limitations	(75)	—	—
Unrecognized tax benefits at the end of the period	$ 39,387	$43,637	$31,902

As of December 31, 2017, we have not made any tax provision for U.S. income taxes and foreign withholding taxes on approximately $31.1 million of earnings in foreign subsidiaries, which we expect to

reinvest outside of the U.S. indefinitely. If we were to distribute these earnings to the U.S., we could be subject to U.S. income taxes and foreign withholding taxes. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

13. Net Loss per Share

Basic net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period, less shares subject to repurchase, and excludes any dilutive effects of employee share based awards and warrants. Diluted net income per common share is computed giving effect to all potentially dilutive common shares, including common stock issuable upon exercise of stock options, conversion of the Convertible Senior Notes and unvested restricted common stock and stock units. As we had net losses for the years ended December 31, 2017, 2016 and 2015, 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):

	Year Ended December 31,		
	2017	2016	2015
Numerator:			
Net loss	$(303,691)	$(480,129)	$(539,215)
Denominator:			
Weighted average number of shares outstanding—basic and diluted	177,757	163,211	154,120
Net loss per share—basic and diluted	$ (1.71)	$ (2.94)	$ (3.50)

The following outstanding options, unvested shares and units, ESPP shares, shares issuable upon the conversion of our Convertible Senior Notes and shares contingently issuable were excluded (as common stock equivalents) from the computation of diluted net loss per common share for the periods presented as their effect would have been anti-dilutive (in thousands):

	As of December 31,		
	2017	2016	2015
Options to purchase common stock	4,433	8,085	11,494
Unvested early exercised common shares	—	—	936
Unvested restricted stock awards and units	20,017	19,883	20,054
Convertible senior notes	15,141	15,141	15,141
iSIGHT earn-out contingently issuable shares	—	1,793	—
ESPP shares	166	314	210

Annual Report

14. Employee Benefit Plan

401(k) Plan

We have established a 401(k) tax-deferred savings plan (the “401(k) Plan”) which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. All participants’ interests in their deferrals are 100% vested when contributed. We are responsible for administrative costs of the 401(k) Plan and have made no matching contributions into our 401(k) Plan since inception. Under the 401(k) Plan, pre-tax contributions are allocated to each participant’s individual account and are then invested in selected investment alternatives according to the participants’ directions. The 401(k) Plan is intended to qualify under Sections 401(a) and 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) Plan and earnings on those contributions are not taxable to the employees until distributed, and all contributions are deductible by us when and if made.

15. Segment and Major Customers Information

We conduct business globally and are primarily managed on a geographic basis. Our Chief Executive Officer, who is our chief operating decision maker, reviews financial information presented on a consolidated basis accompanied by information about revenue by geographic region for purposes of allocating resources and evaluating financial performance. There are no segment managers who are held accountable for operations, operating results, and plans for levels, components, or types of products or services below the consolidated unit level. Accordingly, we are considered to be in a single reportable segment and operating unit structure.

Revenue by geographic region based on the billing address is as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Revenue:			
United States	$494,766	$488,623	$439,205
EMEA	116,011	102,288	80,960
APAC	104,991	95,285	73,009
Other	35,318	27,918	29,793
Total revenue	$751,086	$714,114	$622,967

Long-lived assets by geographic region based on physical location is as follows (in thousands):

	As of December 31,	
	2017	2016
Property and Equipment, net:		
United States	$60,202	$43,214
International	11,155	18,638
Total property and equipment, net	$71,357	$61,852

For the years ended December 31, 2017, 2016 and 2015, one distributor represented 19%, 19% and 17%, respectively, and one reseller represented 13%, 12% and 13%, respectively, of the Company's total revenue.

As of December 31, 2017 and 2016, no customer represented 10% or more of the Company's net accounts receivable balance.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Limitations on Effectiveness of Controls

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2017. The term "disclosure controls and procedures," as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (or the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Based on our evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the criteria related to internal control over financial reporting described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued a report, included herein, on the effectiveness of the Company's internal control over financial reporting as of December 31, 2017.

Changes in Internal Control over Financial Reporting

Except for the implementation of certain internal controls related to the adoption of the new revenue recognition standard, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We implemented certain internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new revenue recognition standard on our financial statements to facilitate the adoption on January 1, 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of FireEye, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of FireEye, Inc. and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 23, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Jose, California
February 23, 2018

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017.

As part of our system of corporate governance, our board of directors has adopted a code of business conduct and ethics. The code applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including our independent directors and consultants, who are not employees of ours, with regard to their FireEye-related activities. Our code of business conduct and ethics is available on our website at www.fireeye.com in the Corporate Governance section of our Investor Relations webpage. We will post on this section of our website any amendment to our code of business conduct and ethics, as well as any waivers of our code of business conduct and ethics, that are required to be disclosed by the rules of the SEC or the NASDAQ Stock Market. The information on our website is not incorporated by reference into this Annual Report on Form 10-K

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to our Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our Proxy Statement for our 2018 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2017.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" in Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

Schedule II—Valuation and Qualifying Accounts is included below, and should be read in conjunction with the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. All other schedules have been omitted because they are not required, not applicable, or the required information is included elsewhere in this Annual Report on Form 10-K.

3. Exhibits Required by Item 601 of Regulation S-K:

		Incorporated by Reference			
Exhibit No.	**Description of Exhibit**	**Form**	**File No.**	**Exhibit**	**Filing Date**
2.1+	Agreement and Plan of Merger, dated as of January 14, 2016, by and among the Registrant, Iris Merger Corporation, iSIGHT Security, Inc. and Shareholder Representative Services LLC.	8-K	001-36067	2.1	January 20, 2016
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-36067	3.1	September 25, 2013
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-36067	3.1	August 4, 2016
4.1	Form of the Registrant's common stock certificate.	S-1/A	333-190338	4.1	September 9, 2013
4.2	Indenture, dated as of June 2, 2015, between the Registrant and U.S. Bank National Association.	8-K	001-36067	4.1	June 5, 2015
4.3	Form of Global 1.000% Convertible Senior Note due 2035 (included in Exhibit 4.2).	8-K	001-36067	4.2	June 5, 2015
4.4	Indenture, dated as of June 2, 2015, between the Registrant and U.S. Bank National Association.	8-K	001-36067	4.3	June 5, 2015
4.5	Form of Global 1.625% Convertible Senior Note due 2035 (included in Exhibit 4.4).	8-K	001-36067	4.4	June 5, 2015
10.1†	Form of Indemnification Agreement between the Registrant and certain of its officers and directors.	S-1	333-190338	10.1	August 2, 2013
10.2†	Employee Incentive Plan.	S-1	333-190338	10.17	August 2, 2013
10.3†	Change of Control Severance Policy for Officers.	S-1/A	333-190338	10.27	August 21, 2013
10.4†	2004 Stock Option Plan, as amended, including form agreements under 2004 Stock Option Plan.	S-1	333-190338	10.5	August 2, 2013

Exhibit No.	Description of Exhibit	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.5†	2008 Stock Plan, as amended, including form agreements under 2008 Stock Plan.	S-1/A	333-190338	10.6	September 9, 2013
10.6†	2013 Equity Incentive Plan, including form agreements under 2013 Equity Incentive Plan.	S-1/A	333-193717	10.6	March 3, 2014
10.7†	2013 Employee Stock Purchase Plan, as amended and restated as of August 2, 2016.	10-Q	001-36067	10.1	November 4, 2016
10.8†	Mandiant Corporation 2011 Equity Incentive Plan, as amended, including form agreements under Mandiant Corporation 2011 Equity Incentive Plan.	S-1	333-193717	10.8	February 3, 2014
10.9†	Outside Director Compensation Policy, as amended and currently in effect.	10-Q	001-36067	10.2	May 4, 2017
10.10†	Offer Letter between the Registrant and David DeWalt, dated June 15, 2016.	8-K	001-36067	10.1	June 20, 2016
10.11†	Offer Letter between the Registrant and Enrique Salem, dated February 2, 2013.	S-1	333-190338	10.11	August 2, 2013
10.12†	Offer Letter between the Registrant and Ronald E. F. Codd, dated July 28, 2012.	S-1	333-190338	10.12	August 2, 2013
10.13†	Offer Letter between the Registrant and Kimberly Alexy, dated December 12, 2014.	8-K	001-36067	10.1	January 8, 2015
10.14†	Offer Letter between the Registrant and Stephen Pusey, dated June 12, 2015.	8-K	001-36067	10.1	June 17, 2015
10.15†	Offer Letter between the Registrant and Robert E. Switz, dated September 11, 2017.	8-K	001-36067	10.1	September 13, 2017
10.16†	Offer Letter between the Registrant and Alexa King, dated August 1, 2013.	S-1/A	333-190338	10.16	August 21, 2013
10.17†	Offer Letter, between the Registrant and Kevin Mandia, dated December 24, 2013.	8-K	001-36067	10.1	January 2, 2014
10.18†	Offer Letter between the Registrant and Travis Reese, dated June 27, 2016	10-Q	001-36067	10.3	August 5, 2016
10.19†	Offer Letter between the Registrant and Michael Berry, dated August 25, 2015.	8-K	001-36067	10.1	September 8, 2015
10.20†	Offer Letter between the Registrant and William Robbins, dated October 31, 2016.	10-K	001-36067	10.21	February 24, 2017
10.21*†	Offer Letter between the Registrant and Frank Verdecanna, dated February 20, 2018.				
10.22†	Key Employee Non-Competition Agreement, dated as of December 30, 2013, by and between Kevin Mandia and the Registrant.	8-K	001-36067	10.3	January 2, 2014
10.23†	Key Employee Non-Competition Agreement, dated as of December 30, 2013, by and between Travis Reese and the Registrant.	10-Q	001-36067	10.4	August 5, 2016
10.24†	Transition Agreement between the Registrant and Michael J. Berry, dated as of February 2, 2017.	8-K	001-36067	10.1	February 2, 2017

Exhibit No.	Description of Exhibit	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.25	Lease, dated as of August 4, 2016, by and between the Registrant and 601 McCarthy Owner, LLC.	8-K	001-36067	10.1	August 16, 2016
10.26*	First Amendment, dated as of December 1, 2016, to the Lease dated as of August 4, 2016 by and between the Registrant and 601 McCarthy Owner, LLC.				
10.27*	Second Amendment, dated as of October 19, 2017, to the Lease dated as of August 4, 2016 by and between the Registrant and 601 McCarthy Owner, LLC.				
10.28††	Flextronics Design and Manufacturing Services Agreement, dated as of September 28, 2012, by and between the Registrant and Flextronics Telecom Systems, Ltd.	S-1/A	333-190338	10.19	September 9, 2013
10.29	Amendment to Flextronics Design and Manufacturing Services Agreement, effective as of August 1, 2013, by and among the Registrant, FireEye Ireland Limited and Flextronics Telecom Systems, Ltd.	10-Q	001-36067	10.3	November 5, 2014
10.30	Design Statement of Work A-1 to Flextronics Design and Manufacturing Services Agreement, dated December 4, 2013, by and among the Registrant, FireEye Ireland Limited and Flextronics Telecom Systems, Ltd.	10-Q	001-36067	10.4	November 5, 2014
10.31	Purchase Agreement, dated May 27, 2015, among the Registrant and Morgan Stanley & Co. LLC and J.P. Morgan Securities LLC, as representatives of the several Initial Purchasers named in Schedule I thereto	8-K	001-36067	10.1	May 29, 2015
10.32	Forward Stock Purchase Transaction, dated May 27, 2015, between the Registrant and Morgan Stanley & Co. LLC.	8-K	001-36067	10.2	May 29, 2015
10.33	Forward Stock Purchase Transaction, dated May 27, 2015, between the Registrant and Morgan Stanley & Co. LLC.	8-K	001-36067	10.3	May 29, 2015
21.1*	List of subsidiaries of the Registrant.				
23.1*	Consent of Deloitte & Touche LLP, independent registered public accounting firm.				
24.1*	Power of Attorney.	10-K	001-36067	24.1	February 23, 2018
31.1*	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer.				
31.2*	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer.				
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				

Exhibit No.	Description of Exhibit	Incorporated by Reference Form	File No.	Exhibit	Filing Date
101.INS*	XBRL Instance Document.				
101.SCH*	XBRL Taxonomy Extension Schema Document.				
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.				
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.				

* Filed herewith.

** Furnished herewith.

\+ The schedules and other attachments to this exhibit have been omitted. The Registrant agrees to furnish a copy of any omitted schedules or attachments to the SEC upon request.

† Indicates a management contract or compensatory plan or arrangement.

†† Portions of this exhibit have been granted confidential treatment by the Securities and Exchange Commission.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

Allowance for doubtful accounts receivable	Balance at beginning of period	Charged to cost and expenses	Write-offs, net of recoveries	Balance at end of period
Year ended December 31, 2015	$ 586	$1,342	$ 93	$2,021
Year ended December 31, 2016	2,021	$1,560	$(1,991)	1,590
Year ended December 31, 2017	$1,590	$2,019	$(1,106)	$2,503

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 28, 2018.

FIREEYE, INC.

By: /s/ FRANK E. VERDECANNA

Frank E. Verdecanna

Executive Vice President, Chief Financial Officer and Chief Accounting Officer

(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
* Kevin R. Mandia	Chief Executive Officer and Director *(Principal Executive Officer)*	February 28, 2018
/S/ FRANK E. VERDECANNA Frank E. Verdecanna	Executive Vice President, Chief Financial Officer and Chief Accounting Officer *(Principal Financial and Accounting Officer)*	February 28, 2018
* Kimberly Alexy	Director	February 28, 2018
* Ronald E. F. Codd	Director	February 28, 2018
* Stephen Pusey	Director	February 28, 2018
* Enrique Salem	Director	February 28, 2018
* Robert E. Switz	Director	February 28, 2018

*By: /S/ FRANK E. VERDECANNA

Frank E. Verdecanna, by Power of Attorney

CORPORATE AND STOCKHOLDER INFORMATION

Executive Officers

Kevin R. Mandia
Chief Executive Officer

Alexa King
Executive Vice President,
General Counsel and
Secretary

Travis M. Reese
President

William T. Robbins
Executive Vice President
of Worldwide Sales

Frank E. Verdecanna
Executive Vice President,
Chief Financial Officer and
Chief Accounting Officer

Board of Directors

Enrique Salem[1]
Chairman of the Board of
FireEye, Inc.

Managing Director,
Bain Capital Ventures

Kevin R. Mandia
Chief Executive Officer,
FireEye, Inc.

Kimberly Alexy[2,3]
Principal,
Alexy Capital Management

Ronald E. F. Codd[1, 2,3]
Independent Business Consultant

Stephen Pusey[1]
Former Group Chief Technology Officer,
Vodafone Group Plc

Robert E. Switz[2]
Former President and
Chief Executive Officer,
ADC Telecomunications, Inc.

Corporate Headquarters

FireEye, Inc.
601 McCarthy Blvd.
Milpitas, CA 95035

Legal Counsel

Wilson Sonsini Goodrich & Rosati, PC
Palo Alto, California

Independent Auditors

DELOITTE & TOUCHE LLP
San Jose, California

Transfer Agent and Registrar

American Stock Transfer
& Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
www.astfinancial.com

help@astfinancial.com
tel: 718.921.8124
800.937.5449

[1] Compensation Committee member

[2] Audit Committee member

[3] Nominating and Corporate Governance Committee member

Stock Information

FireEye common stock is listed on The NASDAQ Global Select Market under the symbol FEYE.

Investor Relations

FireEye welcomes investor interest and maintains a section on its website with investor information, including press releases, stock data, SEC filings, and access to quarterly webcasts. Investors may subscribe to automated email alerts for press releases, events and SEC filings through the site.

Website: investors.FireEye.com
Email: investor.relations@fireeye.com

Annual Stockholders' Meeting

The annual meeting of stockholders will be held at 11 a.m. Pacific Time on June 7, 2018 at

FireEye, Inc.
601 McCarthy Blvd.
Milpitas, CA 95035

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FireEye is the intelligence-led security company. Working as a seamless, scalable extension of customer security operations, FireEye offers a single platform that blends innovative security technologies, nation-state grade threat intelligence, and world-renowned Mandiant® consulting. With this approach, FireEye eliminates the complexity and burden of cyber security for organizations struggling to prepare for, prevent, and respond to cyber attacks. FireEye has over 6,600 customers across 67 countries, including more than 45% of the Forbes Global 2000.

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