
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 29, 2014

THE RUBICON PROJECT, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36384
(Commission
File Number)

20-8881738
(IRS Employer
Identification No.)

12181 Bluff Creek Drive, Fourth Floor
Los Angeles, CA
(Address of Principal Executive Offices)

90094
(Zip Code)

Registrant's telephone number, including area code: (310) 207-0272

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On July 29, 2014, The Rubicon Project, Inc. issued a press release announcing financial results for its fiscal quarter ended June 30, 2014. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

99.1 Press release dated July 29, 2014.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE RUBICON PROJECT, INC.

Date: July 29, 2014

By: /s/ Todd Tappin

Todd Tappin

Chief Operating Officer and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated July 29, 2014.



Rubicon Project Announces Record Second Quarter Financial Results

- Second quarter revenue was \$28.3 million, up 49% year-over-year
- Second quarter managed revenue¹ was \$153.5 million, up 36% year-over-year
- Second quarter adjusted EBITDA² was \$2.7 million, up 27% year-over-year
- Second quarter non-GAAP earnings per share² was breakeven
- Second quarter RTB managed revenue¹ grew 75% year over year

LOS ANGELES, California – July 29, 2014 – The Rubicon Project, Inc. (NYSE: RUBI), a leader in advertising automation with one of the industry’s largest independent real-time trading platforms for the buying and selling of advertising, today reported financial results for the second quarter ended June 30, 2014.

“We closed another record quarter, exceeding expectations with revenue growth accelerating to 49% and reporting a positive adjusted EBITDA.” said Frank Addante, CEO and Chief Product Architect of Rubicon Project. “Our managed revenue from RTB grew 75% year-over-year, we released video into private beta and took a huge leap in mobile. With the addition of InMobi, we now power the world’s largest mobile native advertising exchange.”

Q2 2014 Financial Results:

- **Revenue** was \$28.3 million for the second quarter of 2014, an increase of 49% from \$19.0 million for the second quarter of 2013.
- **Adjusted EBITDA²** was \$2.7 million for the second quarter of 2014 compared to \$2.1 million for the second quarter of 2013.
- **Net loss** was \$9.4 million for the second quarter of 2014 compared to a net loss of \$2.1 million for the second quarter of 2013.
- **Net loss per share attributable to common stockholders** was \$0.29 for the second quarter of 2014, based on 32.3 million weighted-average shares outstanding. This compares to a net loss per share of \$0.28 for the second quarter of 2013, which was based on 11.4 million weighted-average shares outstanding.
- **Non-GAAP earnings per share²** was breakeven for the second quarter of 2014, based on 33.2 million non-GAAP weighted-average shares outstanding. This compares to a non-GAAP earnings per share of \$0.01 for the second quarter 2013, which was based on 26.1 million non-GAAP weighted-average shares outstanding.

Key Operational Measures:

- **Managed revenue**¹ was \$153.5 million for the second quarter of 2014, an increase of 36% from \$112.7 million for the second quarter of 2013.
- **Take rate**¹ was 18.4% for the second quarter of 2014, compared to 16.9% for the second quarter of 2013.

Guidance:

As of July 29, 2014, the Company is providing guidance as follows:

For the third quarter of 2014, the Company expects:

- Revenue between \$28.5 million and \$29.5 million;
- Adjusted EBITDA² loss between \$3.5 million and \$2.5 million; and
- Non-GAAP loss per share² between \$0.20 and \$0.17 based on approximately 33.7 million non-GAAP weighted-average shares outstanding.

For the full year ending December 31, 2014, the Company expects:

- Revenue between \$117 million and \$119 million;
- Adjusted EBITDA² between negative and positive \$1.0 million; and
- Non-GAAP loss per share² between \$0.41 and \$0.34 based on approximately 32.0 million non-GAAP weighted-average shares outstanding.

The non-GAAP weighted-average shares outstanding used in the guidance for the third quarter and full year non-GAAP loss per share include the 6.4 million shares issued in the initial public offering from April 7, the date the IPO closed.

¹ Managed revenue and take rate are operational measures. Managed revenue represents advertising spending transacted on our platform and would represent our revenue if we were to record our revenue on a gross basis instead of a net basis. Take rate represents our share of managed revenue.

² Adjusted EBITDA and non-GAAP earnings (loss) per share are non-GAAP financial measures. Please see the discussion in the section called “Key Operational and Non-GAAP Financial Measures” and the reconciliations included at the end of this earnings release.

Conference Call Information:

The company will host a conference call on July 29, 2014 at 2:00 PM (PT) / 5:00 PM (ET) to discuss the second quarter, 2014 financial results of operations. The conference call can be accessed at (877) 201-0168 (U.S.) or (647) 788-4901 (International), conference ID# 71843116. The call will also be broadcast simultaneously at <http://investor.rubiconproject.com>. Following completion of the call, a recorded replay of the webcast will be available on Rubicon Project's website. Additional investor information can be accessed at <http://investor.rubiconproject.com>.

About The Rubicon Project, Inc.

Rubicon Project pioneered advertising automation. Its technology platform provides leading user reach and is used by hundreds of the world's premium publishers and applications to connect with top brands around the globe. A company driven by innovation, Rubicon Project has engineered the Advertising Automation Cloud, one of the largest real-time cloud and Big Data computing systems, processing trillions of transactions within milliseconds each month.

Headquartered in Los Angeles, Rubicon Project has offices worldwide. Learn more at RubiconProject.com. Twitter: [@RubiconProject](https://twitter.com/RubiconProject).

Note: The Rubicon Project and the Rubicon Project logo are registered service marks of The Rubicon Project, Inc. All other marks mentioned are the property of their respective owners.

Forward-Looking Statements

This press release and management's answers to questions during our earnings call may contain forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "design," "anticipate," "estimate," "predict," "potential," "plan" or the negative of these terms, and similar expressions. Forward-looking statements may include, but are not limited to, our belief that we took a huge leap into mobile and that we power the world's largest mobile native advertising exchange, our guidance and other statements concerning our anticipated performance, including revenue, margin, cash flow, balance sheet, and profit expectations; development of our technology; introduction of new offerings; scope of client relationships; business mix; sales growth; client utilization of our offerings; market conditions and opportunities; and operational measures including managed revenue, paid impressions, average CPM, and take rate. These statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. These risks include, but are not limited to: our ability to grow rapidly and to manage our growth effectively; our ability to develop innovative new technology and remain a market leader; our ability to attract and retain buyers and sellers and increase our business with them; our ability to use our solution to purchase and sell higher value advertising and to expand the use of our solution by buyers and sellers utilizing evolving digital media platforms, including mobile and video; our ability to introduce new solutions and bring them to market in a timely manner; our ability to maintain a supply of advertising inventory from sellers; our limited operating history and history of losses; our ability to continue to expand into new geographic markets; the effects of increased competition in our market and our ability to compete effectively;

the effects of seasonal trends on our results of operations; costs associated with defending intellectual property infringement and other claims; our ability to attract and retain qualified employees and key personnel; our ability to consummate future acquisitions of or investments in complementary companies or technologies; our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and consumer privacy; and our ability to develop and maintain our corporate infrastructure, including our finance and information technology systems and controls. We discuss many of these risks and additional factors that could cause actual results to differ materially from those anticipated by our forward-looking statements under the captions “Risk Factors” and “Management Discussion and Analysis of Financial Condition and Results of Operations” in our periodic reports filed with the Securities and Exchange Commission. Additional information will also be set forth in other filings we make from time to time with the SEC. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this press release. Unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made. Given these uncertainties, investors should not place undue reliance on these forward-looking statements. Investors should read this press release and the documents that we reference in this press release and have filed with the Securities and Exchange Commission completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Key Operational and Non-GAAP Financial Measures

Rubicon Project’s management evaluates and makes operating decisions using various operational and financial measures.

Operational Measures

Managed revenue is an operational measure that represents the advertising spending transacted on our platform, and would represent our revenue if we were to record our revenue on a gross basis instead of a net basis. Managed revenue does not represent revenue reported in accordance with generally accepted accounting principles in the United States (“GAAP”). We review managed revenue for internal management purposes to assess market share and scale. Many companies in our industry record revenue on a gross basis, so tracking our managed revenue allows us to compare our results to the results of those companies. Our managed revenue is influenced by the volume and characteristics of paid impressions, and average CPM.

Take rate is an operational measure that represents our share of managed revenue. We review take rate for internal management purposes to assess the development of our marketplace with buyers and sellers. Our take rate can be affected by a variety of factors, including the terms of our arrangements with buyers and sellers active on our platform in a particular period, the scale of a buyer’s or seller’s activity on our platform, product mix, the implementation of new products, platforms and solution features, and the overall development of the digital advertising ecosystem.

Financial Measures

This press release includes information relating to adjusted EBITDA and non-GAAP earnings (loss) per share, which are financial measures that have not been prepared in accordance with GAAP. These non-GAAP financial measures are used by our management and board of directors, in addition to our GAAP results, to understand and evaluate our operating performance and trends, to prepare and approve our annual budget, and to develop short- and long-term operational plans. Management believes that these non-GAAP financial measures provide useful information about our core operating results and thus are appropriate to enhance the overall understanding our past financial performance and our prospects for the future.

These non-GAAP financial measures are not intended to be considered in isolation from, as substitutes for, or as superior to, the corresponding financial measures prepared in accordance with GAAP. Adjusted EBITDA and non-GAAP earnings (loss) per share eliminate the impact of items that we do not consider indicative of our core operating performance and operating performance on a per share basis. You are encouraged to evaluate these adjustments, and review the reconciliation of these non-GAAP measures to their most comparable GAAP financial measures, and the reasons we consider them appropriate. It is important to note that the particular items we exclude from, or include in, our non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies. See “Reconciliation of net loss to adjusted EBITDA” and “Calculation of net loss attributable to common stockholders to non-GAAP earnings (loss) per share” included as part of this press release.

We define adjusted EBITDA as net loss adjusted for stock-based compensation expense, depreciation and amortization, interest income or expense, change in fair value of pre-IPO convertible preferred stock warrant liabilities, and other income or expense, which mainly consists of foreign exchange gains and losses, certain other non-recurring income or expenses such as acquisition and related costs, and provision for income taxes. We believe adjusted EBITDA is useful to investors in evaluating our operating performance for the following reasons:

- adjusted EBITDA is widely used by investors and securities analysts to measure a company’s operating performance without regard to items such as stock-based compensation expense, depreciation and amortization, interest income or expense, change in fair value of preferred stock warrant liabilities, foreign exchange gains and losses, certain other non-recurring income or expense such as acquisition and related costs, and provision for income taxes that can vary substantially from company to company depending upon their financing, capital structures and the method by which assets were acquired;
- our management uses adjusted EBITDA in conjunction with GAAP financial measures for planning purposes, including the preparation of our annual operating budget, as a measure of operating performance and the effectiveness of our business strategies, and in communications with our board of directors concerning our financial performance;
- adjusted EBITDA may sometimes be considered by the compensation committee of our board of directors in connection with the determination of compensation for our executive officers; and
- adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period-to-period comparisons of operations, and facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

Although adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. These limitations include:

- stock-based compensation is a non-cash charge and is and will remain an element of our long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period;

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- depreciation and amortization are non-cash charges, and the assets being depreciated or amortized will often have to be replaced in the future; adjusted EBITDA does not reflect any cash requirements for these replacements;
 - adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs, capital expenditures or contractual commitments, and therefore may not reflect periodic increases in capital expenditures;
 - adjusted EBITDA does not reflect cash requirements for income taxes and the cash impact of other income or expense; and
 - other companies may calculate adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, we also consider other financial measures, including net loss.

Non-GAAP earnings (loss) per share is calculated by dividing non-GAAP net income (loss) by non-GAAP weighted-average shares outstanding. Non-GAAP net income (loss) is equal to net loss attributable to common stockholders excluding the change in fair value of preferred stock warrant liabilities, cumulative preferred stock dividends, stock-based compensation, acquisition and related items expense, foreign currency gains and losses, and amortization of intangible assets. The Non-GAAP weighted-average shares outstanding used to calculate non-GAAP earnings (loss) per share assume the net exercise of a preferred stock warrant and the conversion of each share of convertible preferred stock to one half share of common stock in connection with our initial public offering as if they had occurred at the beginning of each respective period presented, include the 6.4 million shares issued in our initial public offering from April 7, 2014, the date our IPO closed, and include the net exercise of a common stock warrant that occurred during the second quarter of 2014. The non-GAAP weighted-average shares outstanding used in our guidance for the third quarter and full year non-GAAP earnings (loss) per share include the 6.4 million shares issued in our initial public offering from April 7, the date our IPO closed. We believe non-GAAP earnings (loss) per share is useful to investors in evaluating our ongoing operational performance and our trends on a per share basis by taking into consideration all preferred stock ownership on an as-converted basis, and also facilitates comparison of our financial results on a per share basis with other companies, many of which present a similar non-GAAP measure. However, a potential limitation of our use of non-GAAP earnings (loss) per share is that other companies may define non-GAAP earnings (loss) per share differently, which may make comparison difficult. This measure may also exclude expenses that may have a material impact on our reported financial results. Because of these limitations, we also consider the comparable GAAP financial measure of net loss attributable to common stockholders.

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THE RUBICON PROJECT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,688	\$ 29,956
Accounts receivable, net	91,174	94,722
Prepaid expenses and other current assets	5,159	4,141
TOTAL CURRENT ASSETS	202,021	128,819
Property and equipment, net	11,809	8,712
Internal use software development costs, net	10,069	7,204
Goodwill	1,491	1,491
Intangible assets, net	248	510
Other assets, non-current	1,490	3,151
TOTAL ASSETS	<u>\$ 227,128</u>	<u>\$ 149,887</u>
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 119,096	\$ 120,198
Debt and capital lease obligations, current portion	208	288
Other current liabilities	2,276	2,901
TOTAL CURRENT LIABILITIES	121,580	123,387
Debt and capital leases, net of current portion	—	3,893
Convertible preferred stock warrant liabilities	—	5,451
Other liabilities, non-current	1,471	996
TOTAL LIABILITIES	<u>123,051</u>	<u>133,727</u>
Commitments and contingencies		
Convertible preferred stock	—	52,571
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock	—	—
Common stock	—	—
Additional paid-in capital	181,463	25,532
Accumulated other comprehensive income	133	96
Accumulated deficit	(77,519)	(62,039)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>104,077</u>	<u>(36,411)</u>
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ 227,128</u>	<u>\$ 149,887</u>

THE RUBICON PROJECT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue	\$ 28,283	\$ 19,035	\$ 51,298	\$ 35,635
Expenses:				
Cost of revenue ¹	4,852	3,594	9,312	7,031
Sales and marketing ¹	10,296	6,167	19,323	12,362
Technology and development ¹	4,598	5,138	9,275	9,249
General and administrative ¹	15,653	5,726	26,973	10,360
Total expenses	<u>35,399</u>	<u>20,625</u>	<u>64,883</u>	<u>39,002</u>
Loss from operations	(7,116)	(1,590)	(13,585)	(3,367)
Other (income) expense:				
Interest expense, net	14	69	71	160
Change in fair value of preferred stock warrant liabilities	1,742	428	732	977
Foreign exchange (gain) loss, net	382	(45)	930	(350)
Total other (income) expense, net	<u>2,138</u>	<u>452</u>	<u>1,733</u>	<u>787</u>
Loss before income taxes	(9,254)	(2,042)	(15,318)	(4,154)
Provision for income taxes	112	63	162	113
Net loss	(9,366)	(2,105)	(15,480)	(4,267)
Cumulative preferred stock dividends	(70)	(1,059)	(1,116)	(2,104)
Net loss attributable to common stockholders	<u>\$ (9,436)</u>	<u>\$ (3,164)</u>	<u>\$ (16,596)</u>	<u>\$ (6,371)</u>
Basic and diluted net loss per share attributable to common stockholders	<u>\$ (0.29)</u>	<u>\$ (0.28)</u>	<u>\$ (0.74)</u>	<u>\$ (0.56)</u>
Basic and diluted weighted-average shares used to compute net loss per share attributable to common stockholders	<u>32,266</u>	<u>11,427</u>	<u>22,296</u>	<u>11,377</u>

1 Includes stock-based compensation expense as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Cost of revenue	\$ 57	\$ 22	\$ 88	\$ 40
Selling and marketing	700	223	1,277	563
Technology and development	424	419	727	787
General and administrative	5,918	850	7,485	1,628
Total stock-based compensation	<u>\$ 7,099</u>	<u>\$ 1,514</u>	<u>\$ 9,577</u>	<u>\$ 3,018</u>

THE RUBICON PROJECT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Six Months Ended	
	June 30, 2014	June 30, 2013
OPERATING ACTIVITIES:		
Net loss	\$ (15,480)	\$ (4,267)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	5,053	4,101
Stock-based compensation	9,577	3,018
Loss on disposal of property and equipment, net	199	—
Change in fair value of preferred stock warrant liabilities	732	977
Unrealized foreign currency loss	121	482
Changes in operating assets and liabilities:		
Accounts receivable	3,760	2,125
Prepaid expenses and other assets	(791)	(408)
Accounts payable and accrued expenses	(1,637)	2,404
Other liabilities	(986)	1,761
Net cash provided by operating activities	<u>548</u>	<u>10,193</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(4,520)	(2,360)
Capitalized internal use software development costs	(4,449)	(1,191)
Change in restricted cash	100	(1,250)
Net cash used in investing activities	<u>(8,869)</u>	<u>(4,801)</u>
FINANCING ACTIVITIES:		
Proceeds from the issuance of common stock in initial public offering, net of underwriting discounts and commissions	89,733	—
Payments of initial public offering costs	(2,898)	—
Proceeds from exercise of stock options	1,070	218
Repayment of debt and capital lease obligations	(3,973)	(603)
Net cash provided by (used in) financing activities	<u>83,932</u>	<u>(385)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	121	(485)
CHANGE IN CASH AND CASH EQUIVALENTS	75,732	4,522
CASH—Beginning of period	29,956	21,616
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 105,688</u>	<u>\$ 26,138</u>
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:		
Capitalized assets financed by accounts payable and accrued expenses	\$ 1,043	\$ 1,375
Leasehold improvements paid by landlord	\$ 803	\$ —
Capitalized stock-based compensation	\$ 332	\$ 55
Conversion of preferred stock to common stock	\$ 52,571	\$ —
Reclassification of preferred stock warrant liabilities to additional-paid-in-capital	\$ 6,183	\$ —
Reclassification of deferred offering costs to additional-paid-in-capital	\$ 3,533	\$ —
Unpaid deferred offering costs in accounts payable and accrued expenses	\$ 139	\$ —

THE RUBICON PROJECT, INC.
KEY OPERATIONAL AND FINANCIAL MEASURES
(unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Operational Measures:				
Managed revenue (in thousands)	\$ 153,540	\$ 112,743	\$ 283,106	\$ 209,102
Take rate	18.4%	16.9%	18.1%	17.0%
Financial Measures:				
Revenue (in thousands)	\$ 28,283	\$ 19,035	\$ 51,298	\$ 35,635
Adjusted EBITDA (in thousands)	\$ 2,661	\$ 2,089	\$ 1,045	\$ 4,065

THE RUBICON PROJECT, INC.
RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
(In thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Financial Measure:				
Net loss	\$ (9,366)	\$ (2,105)	\$ (15,480)	\$ (4,267)
Add back (deduct):				
Depreciation and amortization expense	2,678	2,040	5,053	4,101
Stock-based compensation expense	7,099	1,514	9,577	3,018
Acquisition and related items	—	125	—	313
Interest expense, net	14	69	71	160
Change in fair value of preferred stock warrant liabilities	1,742	428	732	977
Foreign currency (gain) loss, net	382	(45)	930	(350)
Provision for income taxes	112	63	162	113
Adjusted EBITDA	<u>\$ 2,661</u>	<u>\$ 2,089</u>	<u>\$ 1,045</u>	<u>\$ 4,065</u>

THE RUBICON PROJECT, INC.
CALCULATION OF NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS TO NON-GAAP (EARNINGS) LOSS PER SHARE
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Calculation of non-GAAP earnings (loss) per share:				
Net loss attributable to common stockholders	\$ (9,436)	\$ (3,164)	\$ (16,596)	\$ (6,371)
Add back (deduct):				
Change in fair value of preferred stock warrant liabilities	1,742	428	732	977
Cumulative preferred stock dividends	70	1,059	1,116	2,104
Stock-based compensation	7,099	1,514	9,577	3,018
Acquisition and related items	—	125	—	313
Foreign currency (gain) loss, net	382	(45)	930	(350)
Amortization of intangible assets	118	264	261	576
Non-GAAP net income (loss)	<u>\$ (25)</u>	<u>\$ 181</u>	<u>\$ (3,980)</u>	<u>\$ 267</u>
Non-GAAP earnings (loss) per share	<u>\$ —</u>	<u>\$ 0.01</u>	<u>\$ (0.13)</u>	<u>\$ 0.01</u>
Non-GAAP weighted-average shares outstanding	<u>33,235</u>	<u>26,123</u>	<u>30,091</u>	<u>26,073</u>
Reconciliation of basic and diluted weighted-average shares used to compute net earnings (loss) per share attributable to common stockholders to non-GAAP weighted-average shares outstanding:				
Basic and diluted weighted-average shares used to compute net earnings (loss) per share attributable to common stockholders	32,266	11,427	22,296	11,377
Conversion of preferred stock, weighted-average	950	14,410	7,643	14,410
Conversion of net exercised preferred stock warrant, weighted-average	19	286	152	286
Non-GAAP weighted-average shares outstanding	<u>33,235</u>	<u>26,123</u>	<u>30,091</u>	<u>26,073</u>