



# NetSuite Announces Q2 Results

Raises Outlook for FY10

## NETSUITE ANNOUNCES RECORD SECOND QUARTER 2010 FINANCIAL RESULTS AND RAISES OUTLOOK FOR FISCAL YEAR 2010

Reports Record Revenue of US\$47.1 Million, 17% Growth over Prior Year

Recurring Revenue Grows 19% Year-over-Year to US\$39.8 Million

Reports Record Non-GAAP Operating Income and Non-GAAP Net Income

Reports Record Calculated Bookings, Increasing 23% Year-over-Year

Posts Quarterly Operating Cash Flow of US\$4.5 Million, a 234% Increase vs. Q209

SAN MATEO, Calif. August 5, 2010 NetSuite Inc. (NYSE: N), the industrys leading provider of cloud-based financials / ERP software suites, today announced operating results for its second quarter ended June 30, 2010.

Total revenue for the second quarter of 2010 was US\$47.1 million, representing a 17% increase over the prior year. Subscription and support revenue for the second quarter was US\$39.8 million, representing 19% growth over the prior year. Calculated bookings for the quarter reached US\$48.2 million, representing the highest quarterly total in the Companys history and growing 23% year-over-year. Calculated bookings is defined as the change in total deferred revenue plus revenue.

GAAP operating loss for the second quarter of 2010 was US\$7.0 million, compared to a GAAP operating loss of US\$5.0 million in the second quarter of 2009. On a GAAP basis, net loss for the second quarter of 2010 was US\$7.2 million, or US\$(0.11) per share, as compared to a net loss of US\$5.0 million, or US\$(0.08) per share in the second quarter of 2009.

Non-GAAP operating income for the second quarter of 2010 improved 219% year-over-year, growing to US\$2.2 million, as compared to non-GAAP operating income of US\$674,000 in the second quarter of 2009. Non-GAAP net income for the second quarter of 2010 was US\$1.9 million, or US\$0.03 per share, as compared to non-GAAP net income of US\$687,000, or US\$0.01 per share, for the second quarter of 2009.

NetSuites strong second quarter financial performance, driven by accelerating growth in bookings, revenue and profitability, is the result of broad acceptance by mid-sized organizations and divisions of large enterprises of our industry-leading ERP cloud computing suite, said Zach Nelson, CEO of NetSuite. We are raising our 2010 outlook substantially based on the accelerating adoption of NetSuites cloud computing applications by enterprises around the world.

### Conference Call

A replay of the conference call to discuss the company's second quarter 2010 financial results can be accessed by dialing +1 719-457-0820 and referencing passcode: 597-3245.

### About NetSuite

NetSuite Inc. is the industrys leading provider of cloud-based financials / ERP software suites. NetSuite enables companies to manage core key business operations in a single system, which includes accounting/ERP, customer relationship management (CRM), and Ecommerce. NetSuite's patent-pending "real-time dashboard" technology provides an easy-to-use view into up-to-date, role-specific business information. For more information about NetSuite, please visit [www.netsuite.com](http://www.netsuite.com).

### Cautionary Note Regarding Forward-Looking Statements

This press release and NetSuites scheduled conference call contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 relating to, among other things, expectations, plans, prospects and financial results for NetSuite, including, but not limited to, our expectations regarding our products, market demand, future earnings, revenue and market share growth. These forward-looking statements are based upon the current expectations and beliefs of NetSuite's management as of the date of this press release and conference call, and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. All forward-looking statements made in this press release and during the conference call are based on information available to the Company as of the date thereof, and NetSuite disclaims any obligation to update these forward-looking statements.

In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: the market for on-demand services may develop more slowly than expected or than it has in the past; continued adverse and unpredictable macro-economic conditions or reduced investments in on-demand applications and information technology spending; quarterly operating results may fluctuate more than expected; unexpected disruptions of service at the Company's data center may occur; a security breach may impact operations; risks associated with material defects or errors in the Company's software or the effect of undetected computer viruses could impact operations; the risk of technological developments and innovations by others; our ability to successfully identify other businesses and technologies for acquisition that will complement our business and the ability to successfully acquire and integrate those businesses and technologies; the risk of loss of power or disruption in Internet service; failure to manage growth; failure to protect and enforce our intellectual property rights; the ability to manage operations when faced with competitive pricing and marketing strategies by competitors or changing macro-economic conditions; the risk of losing key employees; the transition of Messrs. McGeever and Gill to their new roles within NetSuite; increased demands on employees and costs associated with operating as a public company; evolving government regulation of the Internet and Ecommerce; changes to current accounting rules; and general political or destabilizing events, including war, conflict or acts of terrorism; and other risks and uncertainties.

Customers who purchase our services should make sure the decisions are based on features that are currently available. Please be advised that any unreleased services or features from NetSuite referenced in today's discussion or other public statements are not currently available and may not be delivered on time or at all.

For a detailed discussion of these and other cautionary statements, please refer to the risk factors discussed in filings with the U.S. Securities and Exchange Commission ("SEC"), including but not limited to the Company's Quarterly Report on Form 10-Q filed on May 7, 2010, and any subsequently filed reports on Forms 10-Q, 10-K and 8-K. All documents are available through the SEC's Electronic Data Gathering Analysis and Retrieval system ("EDGAR") at [www.sec.gov](http://www.sec.gov) or NetSuite's Web site at [www.netsuite.com](http://www.netsuite.com).

#### Non-GAAP Financial Measures

The Company's stated results include certain non-GAAP financial measures, including non-GAAP operating income/(loss), net income/(loss), weighted average shares outstanding, and net income/(loss) per share. Non-GAAP operating income/(loss) and Non-GAAP net income/(loss) excludes expenses related to stock-based compensation expense, amortization of intangible assets and transaction costs for business combinations. Non-GAAP operating income/(loss) and Non-GAAP net income/(loss) excludes these expenses as they are often excluded by other companies to help investors understand the operational performance of their business, and in the case of stock-based compensation, can be difficult to predict. The Company believes these adjustments provide useful comparative information to investors.

The Company considers these non-GAAP financial measures to be important because they provide useful measures of the operating performance of the Company and are used by the Company's management for that purpose. In addition, investors often use measures such as these to evaluate the operating performance of a company. Non-GAAP results are presented for supplemental informational purposes only for understanding the Company's operating results. The non-GAAP results should not be considered a substitute for financial information presented in accordance with generally accepted accounting principles, and may be different from non-GAAP measures used by other companies.

A copy of this press release can be found on the Company's Investor Relations Web site at [www.netsuite.com/investors](http://www.netsuite.com/investors). The contents of the Web site are not incorporated by reference into this press release.

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