GOLSEN JACK E
Form SC 13D/A
January 04, 2007
CUSIP NO. 5021600-10-4

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 32)

LSB INDUSTRIES, INC.

(Name of Issuer)

COMMON STOCK, PAR VALUE $.10

(Title of Class of Securities)

5021600-10-4

(CUSIP Number)

Jack E. Golsen
16 South Pennsylvania
Oklahoma City, Oklahoma 73107
(405) 235-4546

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

December 5, 2006

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of his Schedule 13D, and is filing this schedule because of ' '240.13d-1(e), 240.13d-1(f), or 240.13d-1(g) Rule 13d-1(b)(3) or (4), check the following box. [ ]

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. '240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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(1)	Names of Reporting Persons, I.R.S. Identification, No. of above Persons (entities only)	Jack E. Golsen
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organization	USA

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	432,362
	(8)	Shared Voting Power	3,436,781
	(9)	Sole Dispositive Power	432,362
	(10)	Shared Dispositive Power	3,436,781

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	3,869,143
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[X]
(13)	Percent of Class Represented by Amount in Row (11)	23.18%
(14)	Type of Reporting Person (See Instructions)	IN

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)	Sylvia H. Golsen
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	
(6)	Citizenship or Place of Organization	USA

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	-
	(8)	Shared Voting Power	3,436,781
	(9)	Sole Dispositive Power	-
	(10)	Shared Dispositive Power	3,436,781

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	3,436,781
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[X]
(13)	Percent of Class Represented by Amount in Row (11)	20.59%
(14)	Type of Reporting Person (See Instructions)	IN

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)		SBL Corporation
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) [ ] (b) [X]
(3)	SEC Use Only		
(4)	Source of Funds (See Instructions)		Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		
(6)	Citizenship or Place of Organization		Oklahoma
Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	-
	(8)	Shared Voting Power	2,598,034
	(9)	Sole Dispositive Power	-
	(10)	Shared Dispositive Power	2,598,034
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person		2,598,034
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		[X]
(13)	Percent of Class Represented by Amount in Row (11)		15.56%
(14)	Type of Reporting Person (See Instructions)		CO

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)		Golsen Petroleum Corporation
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) [ ] (b) [X]
(3)	SEC Use Only		
(4)	Source of Funds (See Instructions)		Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		
(6)	Citizenship or Place of Organization		Oklahoma
Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	-
	(8)	Shared Voting Power	396,758
	(9)	Sole Dispositive Power	-
	(10)	Shared Dispositive Power	396,758
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person		396,758
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		[ ]
(13)	Percent of Class Represented by Amount in Row (11)		2.38%
(14)	Type of Reporting Person (See Instructions)		CO

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)	Barry H. Golsen	
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) [ ] (b) [X]	
(3)	SEC Use Only		
(4)	Source of Funds (See Instructions)	PF	
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		
(6)	Citizenship or Place of Organization	USA	

Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	377,889
	(8)	Shared Voting Power	2,791,040
	(9)	Sole Dispositive Power	377,889
	(10)	Shared Dispositive Power	2,791,040

(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	3,168,929
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[X]
(13)	Percent of Class Represented by Amount in Row (11)	18.98%
(14)	Type of Reporting Person (See Instructions)	IN

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)		Steven J. Golsen
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) [ ] (b) [X]
(3)	SEC Use Only		
(4)	Source of Funds (See Instructions)		PF
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		
(6)	Citizenship or Place of Organization		USA
Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	295,165
	(8)	Shared Voting Power	2,663,488
	(9)	Sole Dispositive Power	295,165
	(10)	Shared Dispositive Power	2,663,488
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person		2,958,653
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		[X]
(13)	Percent of Class Represented by Amount in Row (11)		17.72%
(14)	Type of Reporting Person (See Instructions)		IN

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(1)	Names of Reporting Persons, I.R.S. Identification No. of above Persons (entities only)		Linda Golsen Rappaport
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) [ ] (b) [X]
(3)	SEC Use Only		
(4)	Source of Funds (See Instructions)		Not Applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		
(6)	Citizenship or Place of Organization		USA
Number of Shares Beneficially Owned by Each Reporting Person With:	(7)	Sole Voting Power	82,552
	(8)	Shared Voting Power	2,725,586
	(9)	Sole Dispositive Power	82,552
	(10)	Shared Dispositive Power	2,725,586
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person		2,808,138
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		[X]
(13)	Percent of Class Represented by Amount in Row (11)		16.82%
(14)	Type of Reporting Person (See Instructions)		IN

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Introduction

This Schedule 13D is reporting matters with respect to the group consisting of Jack E. Golsen, Sylvia H. Golsen, SBL Corporation ("SBL"), Golsen Petroleum Corporation ("GPC"), which is a wholly owned subsidiary of SBL, Barry H. Golsen, Steven J. Golsen and Linda Rappaport (together, the “Golsen Group”).

This statement constitutes Amendment No. 32 to the Schedule 13D dated October 7, 1985, as amended (the "Schedule 13D"), relating to the common stock, par value $.10 a share ("Common Stock") of LSB Industries, Inc. (the "Company"). All terms not otherwise defined herein shall have the meanings ascribed in the Schedule 13D.

This Amendment No. 32 is being filed as a result of a change in the facts contained in the Schedule 13D. The change is due to (a) the adoption of the 10B5-1 Sales Plan, dated December 5, 2006, between Jack Golsen, an individual, and Capital West Securities, Inc. (the "Broker"), providing for the sale of up to 25,000 shares of Common Stock, and (b) the adoption of the 10B5-1 Sales Plan, dated December 5, 2006, between Jack E. Golsen, Trustee of the Jack E. Golsen 1992 Revocable Trust, and the Broker, providing for the sale of up to 25,000 shares of Common Stock (together, the “10B5-1 Plans”).

In addition to the foregoing, reference is made to (a) Item 5(c) of this Amendment No. 32 for a disclosure of other transactions in the Common Stock that were effected by certain reporting persons during the past 60 days from the filing date of this Amendment No. 32 and (b) Item 6 of this Amendment No. 32 for other agreements relating to Company securities held by certain reporting persons.

Item1. Security and Issuer.
Item 1 of this Schedule 13D is unchanged.

Item 2. Identity and Background.
Item 2 of this Schedule 13D is unchanged.

Item 3. Source and Amount of Funds or Other Consideration.
As disclosed in Item 5(c), each of Barry H. Golsen and Steven J. Golsen acquired shares of Common Stock upon the exercise of Company incentive stock options using their personal funds.

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This Item 3 is not applicable to the other agreements and understandings described in Item 6 of this Amendment 32.

Item 4. Purpose of Transaction.

The reporting persons do not presently have any plans or proposals required to be reported under Item 4 of this Schedule 13D, except as described below.

10B5-1 Plans.

On December 5, 2006, certain of the reporting persons entered into the 10B5-1 Plans listed in the Introduction to this Amendment 32. The 10B5-1 Plans provide for the sale of up to an aggregate 50,000 shares of Common Stock in accordance with Rule 10B5-1 of the Exchange Act of 1934, as amended (the “Exchange Act”). Each of the 10B5-1 Plans contains the following terms, among others:

(a) each 10B5-1 Plan will terminate not later than the earlier of December 6, 2007, or the date that all shares of Common Stock covered by such 10B5-1 Plan have been sold in accordance with such plan;

(b) the sale price of Common Stock sold under each 10B5-1 Plan will be at a price per share (before selling expenses) at or above $0.15 below market price or $15.00, whichever is higher;

(c) all sales will be made on the American Stock Exchange; and

(d) sales of Common Stock under each 10B5-1 Plan will be made in the discretion of the Broker, subject to the terms and conditions of each 10B5-1 Plan.

Jayhawk Agreement.

See Item 6 of this Amendment No. 32 for a discussion of the Jayhawk Agreement, which is incorporated by reference in this Item 4.

Pledge Agreements.

See Item 6 of this Amendment No. 32 for a discussion of the two stock pledge agreements covering shares of Common Stock, which is incorporated by reference in this Item 4.

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Item 5. Interest in Securities of the Issuer.

(a) The following table sets forth as of the filing date of this Amendment 32 the aggregate number and percentage of the class of Common Stock of the Company identified pursuant to Item 1 beneficially owned by each person named in Item 2:

Person	Amount	Percent (10)
Jack E. Golsen	3,869,143 (1) (2) (6) (9)	23.18%
Sylvia H. Golsen	3,436,781 (1) (6) (7)	20.59%
SBL	2,598,034 (1) (9)	15.56%
GPC	396,758 (8) (9)	2.38%
Barry H. Golsen	3,168,929 (1) (3) (6)	18.98%
Steven J. Golsen	2,958,653 (1) (4) (6)	17.72%
Linda Golsen Rappaport	2,808,138 (1) (5) (6)	16.82%

(1) The amount shown includes (i) 1,512,099 shares held directly by SBL; (ii) 250,000 shares that SBL has the right to acquire upon the conversion of 1,000,000 shares of the Company's Series D Preferred owned of record by SBL; (iii) 400,000 shares that SBL has the right to acquire upon the conversion of 12,000 shares of the Company's Series B Preferred owned of record by SBL; (iv) 39,177 shares that SBL has the right to acquire upon the conversion of 9,050 shares of the Company's Class C, Series 2 Stock owned of record by SBL; and (v) 396,758 shares beneficially owned by SBL's wholly owned subsidiary, GPC, which includes (1) 133,333 shares that GPC has the right to acquire upon conversion of 4,000 shares of Series B Preferred owned of record by GPC, and (2) 175,325 shares that GPC has the right to acquire upon conversion of 40,500 shares of Class C, Series 2 Preferred owned of record by GPC. The relationship between Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen, Linda Golsen Rappaport, SBL, and GPC is described in more detail in paragraph (b) of this Item 5.

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(2) The amount shown includes (i) 25,000 shares held directly by Jack E. Golsen; (ii) 93,529 shares held indirectly by the Jack E. Golsen 1992 Revocable Trust; (iii) 4,000 shares that Jack E. Golsen has the right to acquire upon conversion of a promissory note, (iv) 133,333 shares that J. Golsen has the right to acquire upon the conversion of 4,000 shares of the Series B Preferred Stock owned of record by the Jack E. Golsen 1992 Revocable Trust; (v) 176,500 shares that Jack E. Golsen may acquire upon the exercise of Company nonqualified stock options; and (vi) 838,747 shares owned by the Sylvia H. Golsen 1992 Revocable Trust of which Sylvia H. Golsen is the trustee.

(3) The amount shown does not include (i) 533 shares that Barry Golsen's wife owns, in which Barry Golsen disclaims beneficial ownership and (ii) 89,440 shares owned of record by the Barry H. Golsen 1992 Trust, of which Barry H. Golsen is the primary beneficiary, but of which Barry H. Golsen has no voting or dispositive control. Such amount does include (a) 311,639 shares held directly by Barry H. Golsen; (b) 34,750 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (c) 30,704 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (d) 35,638 shares owned of record by the Adam Z. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (e) 28,638 shares owned of record by the Stacy L. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (f) 35,638 shares owned of record by the Michelle L. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (g) 27,638 shares owned of record by the Lori R. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; and (h) 66,250 shares which Barry H. Golsen may acquire upon exercise of nonqualified stock options.

(4) The amount shown does not include 84,440 shares owned of record by the Steven J. Golsen 1992 Trust, of which Steven J. Golsen is the primary beneficiary, but of which Steven J. Golsen has no voting or dispositive control. Such amount does include (i) 248,915 shares held directly by Steven J. Golsen; (ii) 34,750 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Steven J. Golsen is a Co-Trustee; (iii) 30,704 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Steven J. Golsen is a Co-Trustee; and (iv) 46,250 shares which Steven J. Golsen may acquire upon exercise of nonqualified stock options.

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(5) The amount shown does not include 70,200 shares that Mrs. Rappaport's husband owns and 185,000 shares which Mrs. Rappaport's husband may acquire upon exercise of nonqualified stock options of the Company, for which Mrs. Rappaport disclaims beneficial ownership. The amount shown does not include 89,440 shares owned of record by the Linda F. Rappaport 1992 Trust, of which Linda F. Rappaport is the primary beneficiary, but of which Linda F. Rappaport has no voting or dispositive control. Such amount does include (i) 82,552 shares held directly by Linda F. Rappaport;(ii) 35,638 shares owned of record by the Adam Z. Golsen Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (iii) 28,638 shares owned of record by the Stacy L. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (iv) 35,638 shares owned of record by the Michelle L. Golsen Trust No. J-1 of which Linda F. Rappaport is a Co-Trustee; and (v) 27,638 shares owned of record by the Lori R. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee.

(6) Jack E. Golsen and Sylvia H. Golsen each disclaims beneficial ownership of (i) the shares of Common Stock owned of record by Barry H. Golsen, the shares that Barry H. Golsen has the right to acquire under the Company's incentive stock options, and the shares considered beneficially owned by Barry H. Golsen as a result of his position as trustee of certain trusts; (ii) the shares owned of record by Steven J. Golsen, the shares that Steven J. Golsen has the right to acquire under the Company's incentive stock options, and the shares considered beneficially owned by Steven J. Golsen as a result of his position as trustee of certain trusts; and (iii) the shares owned of record by Linda Golsen Rappaport, and the shares considered beneficially owned by Linda Golsen Rappaport as a result of her position as a trustee of certain trusts. Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport disclaim beneficial ownership of the shares beneficially owned by Jack E. Golsen and Sylvia H. Golsen, except for shares beneficially owned by SBL and GPC.

(7) The amount shown does not include, and Sylvia H. Golsen disclaims beneficial ownership of the shares listed in footnote (2) above as beneficially owned by Jack E. Golsen (other than the 838,747 shares held by the Sylvia H. Golsen 1992 Revocable Trust of which Sylvia H. Golsen is trustee).

(8) The amount shown includes (i) 88,100 shares held directly by GPC, (ii) 133,333 shares that GPC has the right to acquire upon conversion of 4,000 shares of the Company's Series B Preferred Stock owned of record by GPC, and (iii) 175,325 shares that GPC has the right to acquire upon conversion of 40,500 shares of Class C, Series 2 Preferred owned of record by GPC. The relationship between Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen, Linda Golsen Rappaport, SBL, and GPC is described in more detail in paragraph (b) of this Item 5.

(9) Holders of the Series B Preferred are entitled to one vote per share, and holders of the Series D Preferred are entitled to .875 votes per share. Both vote together with holders of Common Stock. The holders of the Class C, Series 2 Preferred have no voting rights, except as required by law and except that such holders have the right to vote as a separate class to elect two directors, if the equivalent of six full quarterly dividends on the Class C, Series 2 Preferred are accrued and unpaid. This Class C, Series 2 Preferred voting right continues until all dividends due on such shares are paid in full. The amounts and percentages set forth in the table reflect only the voting power of Common Stock into which the Series B Preferred, the Class C, Series 2 Preferred, and the Series D Preferred are convertible.

(10) The percentage ownership of each reporting person is based on 16,693,961 shares of Common Stock outstanding, as of November 30, 2006. Shares of Common Stock of the Company not outstanding, but which may be acquired by a reporting person during the next 60 days under options, warrants, rights or conversion privileges, are considered to be outstanding only for the purpose of computing the percentage of the class for such reporting person, but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.

(b) The following table sets forth, as of the filing date of this Amendment 32 for each person and entity identified under paragraph (a), the number of shares of Common Stock as to which the person and entity has (1) the sole power to vote or direct the voting, (2) shared power to vote or direct the voting, (3) the sole power to dispose or to direct the disposition, or (4) shared power to dispose or to direct the disposition:

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Person or Entity	Sole Voting and Power of Disposition	Shared Voting and Power of Disposition
Jack E. Golsen	432,632 (1) (5) (12)	3,436,781 (2) (3) (5)
Sylvia H. Golsen	None	3,436,781 (2) (3) (11)
SBL	None	2,598,034 (2) (12)
GPC	None	396,758 (4) (12)
Barry H. Golsen	377,889 (6)	2,791,040 (2) (7)
Steven J. Golsen	295,165 (8)	2,663,488 (2) (9)
Linda Golsen Rappaport	82,552	2,725,586 (2) (10)

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(1) The amount shown includes (a) 25,000 shares held directly by Jack E. Golsen; (b) 93,529 shares held indirectly by the Jack E. Golsen 1992 Revocable Trust; (c) 4,000 shares that Jack E. Golsen has the right to acquire upon conversion of a promissory note; (d) 133,333 shares that J. Golsen has the right to acquire upon the conversion of 4,000 shares of the Series B Preferred Stock owned of record by him; and (e) 176,500 shares that Jack E. Golsen may acquire upon the exercise of nonqualified stock options.

(2) See footnote (1) under paragraph (a) of this Item 5.

(3) The amount shown includes 838,747 shares of Common Stock owned by the Sylvia H. Golsen 1992 Revocable Trust of which Sylvia H. Golsen is trustee.

(4) See footnote (8) under paragraph (a) of this Item 5.

(5) See footnote (6) under paragraph (a) of this Item 5.

(6) The amount shown includes (a) 311,639 shares held directly by Barry H. Golsen; and (b) 66,250 shares which Barry H. Golsen may acquire upon exercise of nonqualified stock options of the Company.

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(7) The amount shown does not include 89,440 shares owned of record by the Barry H. Golsen 1992 Trust, of which Barry H. Golsen has no voting or dispositive power and 533 shares that Barry Golsen's wife owns in which Barry Golsen disclaims beneficial ownership. Such amount does include (a) 34,750 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (b) 30,704 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (c) 35,638 shares owned of record by the Adam Z. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (d) 28,638 shares owned of record by the Stacy L. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; (e) 35,638 shares owned of record by the Michelle L. Golsen Trust No. J-1, of which Barry H. Golsen is a Co-Trustee; and (f) 27,638 shares owned of record by the Lori R. Rappaport Trust No. J-1, of which Barry H. Golsen is a Co-Trustee.

(8) The amount shown includes (a) 248,915 shares held directly by Steven J. Golsen; and (b) 46,250 shares which Steven J. Golsen may acquire upon exercise of nonqualified stock options of the Company.

(9) The amount shown does not include 84,440 shares owned of record by the Steven J. Golsen 1992 Trust, of which Steven J. Golsen has no voting or dispositive power. Such amount includes (a) 34,750 shares owned of record by the Amy G. Rappaport Trust No. J-1, of which Steven J. Golsen is a Co-Trustee; and (b) 30,704 shares owned of record by the Joshua B. Golsen Trust No. J-1, of which Steven J. Golsen is a Co-Trustee.

(10) The amount shown does not include 70,200 shares that Mrs. Rappaport's husband owns and 185,000 shares which Mrs. Rappaport's husband may acquire upon exercise of nonqualified stock options of the Company, for which Mrs. Rappaport disclaims beneficial ownership. The amount shown does not include 89,440 shares owned of record by the Linda F. Rappaport 1992 Trust, of which Linda F. Rappaport is the primary beneficiary, but of which Linda F. Rappaport has no voting or dispositive control. Such amount does include (i) 35,638 shares owned of record by the Adam Z. Golsen Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (ii) 28,638 shares owned of record by the Stacy L. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee; (iii) 35,638 shares owned of record by the Michelle L. Golsen Trust No. J-1, of which Linda F. Rappaport is a

Co-Trustee; and (iv) 27,638 shares owned of record by the Lori R. Rappaport Trust No. J-1, of which Linda F. Rappaport is a Co-Trustee.

(11) See footnotes (6) and (7) under paragraph (a) of this Item 5.

(12) See footnote (9) under paragraph (a) of this Item 5.

SBL is wholly owned by Sylvia H. Golsen (40% owner), Barry H. Golsen (20% owner), Steven J. Golsen (20% owner) and Linda Golsen Rappaport (20% owner). GPC is a wholly owned subsidiary of SBL. The directors and executive officers of SBL and GPC are Jack E. Golsen, Sylvia H. Golsen, Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport. Barry H. Golsen, Steven J. Golsen and Linda Golsen Rappaport are the children of Jack E. and Sylvia H. Golsen, husband and wife.

(c) During the past 60 days from the filing date of this report, the following reporting persons effected transactions in the Common Stock, as follows:

(i) On November 20, 2006, Barry H. Golsen acquired 8,750 shares of Common Stock from the Company upon the exercise of Company incentive stock options for an aggregate exercise price of $26,250 or $3.00 per share; and

(ii) On November 29, 2006, Steven J. Golsen acquired 8,750 shares of Common Stock from the Company upon the exercise of Company incentive stock options for an aggregate exercise price of $26,250 or $3.00 per share.

(d) See Item 6 below.

(e) Not applicable.

Item 6. Contracts, Agreements, Underwritings or Relationships With Respect to Securities of the Issuer.

Item 6 of the Schedule 13D is unchanged, except as set forth below.

10B5-1 Plans.

The reporting persons who have entered into the 10B5-1 Plans listed in the Introduction to this Amendment No. 32 have authorized Capital West Securities, Inc. to sell, in the aggregate, up to 50,000 shares of Common Stock pursuant to the terms of their respective 10B5-1 Plans. See Item 4 of this Amendment No. 32 for a description of certain terms of the 10B5-1 Plans, which description is qualified in its entirety by reference to the terms of the 10B5-1 Plan attached as Exhibit 99.20 to this Amendment No. 32.

Jayhawk Agreement.

On November 10, 2006, the Company entered into an Agreement (the "Agreement") with Kent C. McCarthy, Jayhawk Capital Management, L.L.C., Jayhawk Institutional Partners, L.P., and Jayhawk Investments, L.P. (collectively, the "Jayhawk Group"). The Agreement provides that if the Company undertakes, in its sole discretion, within one year from the date of the Agreement, a tender or exchange offer for the Company's $3.25 Convertible Exchangeable Class C Preferred Stock, Series 2 (the "Series 2 Preferred"), the Jayhawk Group will (a) tender or exchange an aggregate total of only 180,450 shares of the Series 2 Preferred owned by the Jayhawk Group and (b) waive their rights to all accrued and unpaid dividends on the Series 2 Preferred tendered or exchanged.

The obligations of the Jayhawk Group described in the foregoing clauses (a) and (b) are subject to certain conditions, including: (i) the consideration to be paid for each share tendered or exchanged is to be 7.4 shares of Common Stock, (ii) the Board of Directors of the Company shall have received an opinion that the tender or exchange offer and the consideration therefor is fair to the stockholders of the Company, (iii) the approval by the holders of the Common Stock and Series 2 Preferred of certain amendments to the Certificate of Designations of the Series 2 Preferred as described below and, if required by the rules of the AMEX, the approval by the holders of the Common Stock of the issuance of the shares of Common Stock pursuant to the transaction; and (iv) the Golsen Group shall only exchange or tender 26,467 shares of the 49,550 shares of Series 2 Preferred beneficially owned by them. As of December 22, 2006, based on the Form 4 Statements of Changes in Beneficial Ownership filed by members of the Jayhawk Group, the Jayhawk Group is the beneficial and record of 344,800 shares of Series 2 Preferred. Such ownership represents the power to vote approximately 69% of the total votes held by all holders of Series 2 Preferred, which is sufficient to approve the amendments to the certificate of Designation of the Series 2 Preferred described below on behalf of the Series 2 Preferred.

The Agreement also provides that the Jayhawk Group agrees to vote its shares of Common Stock and Series 2 Preferred to amend the Certificate of Designations of the Series 2 Preferred to (a) allow the Company to acquire shares of its Common Stock for a period of five years from the date of completion of the tender or exchange offer, without the approval of the holders of the Series 2 Preferred, notwithstanding that accrued and unpaid dividends may exist with respect to the Series 2 Preferred, and (b) provide that the existing right of the holders of Series 2 Preferred to elect two directors to the Company’s Board of Directors when dividends on the Series 2 Preferred are unpaid may be exercised only if and so long as at least 140,000 shares of Series 2 Preferred remain issued and outstanding.

The Certificate of Designations of the Series 2 Preferred currently prohibits the Company from purchasing, redeeming or otherwise acquiring any shares of Common Stock or other securities ranking junior to the Series 2 Preferred as to dividends and rights upon liquidation and provides that when dividends on the Series 2 Preferred are in arrears and unpaid in an amount equal to at least six quarterly dividends the Series 2 Preferred holders have the exclusive right to vote for and elect two additional directors during period the dividends remain in arrears.

The foregoing is a summary of the material terms of the Agreement. The above discussion is qualified in its entirety by reference to the Agreement, a copy of which is filed herewith as Exhibit 99.19 to this Amendment No. 32. The Jayhawk Agreement was previously disclosed by the Company in its Form 8-K, filed with the Securities and Exchange Commission (“SEC”) on November 14, 2006, as amended by the Form 8-K/A, filed with the SEC on November 21, 2006.

<u>Pledge Agreements</u>.
On April 12, 2006, SBL Corporation (“SBL”) pledged 420,000 shares of Common Stock pursuant to a Commercial Pledge Agreement, dated the same date (the “Pledge Agreement”) to secure a promissory note, dated the same date, from First Industries Capital Corporation, a subsidiary of GPC, to The Bank of Union. The promissory note has an original principal amount of approximately $2,800,000 and a maturity date of April 17, 2009. In addition to standard default and similar provisions

contained in the Security Agreement, The Bank of Union retains the right to all dividends paid in connection with the collateral. The 420,000 shares pledged pursuant to the Pledge Agreement are also pledged under the Security Agreement, dated March 14, 2002 with The Bank of Union, which is included as Exhibit 99.15 to this Amendment 32. The total number of shares of Common Stock pledged by members of the Golsen Group to The Bank of Union is 420,000.

On July 5, 2006, the Sylvia H. Golsen Trust, of which Sylvia H. Golsen is trustee, pledged 370,000 shares of Common Stock pursuant to a Security Agreement, dated the same date (the “Security Agreement”) to secure a promissory note, dated the same date, from SBL to Bank of the West. The promissory note was issued to refinance an existing loan with Bank of the West. The promissory note has an original principal amount of $1,300,000 and a maturity date of July 5, 2013. In addition to standard default provisions contained in the Security Agreement, Bank of the West retains the right to all dividends paid in connection with the collateral. The Security Agreement replaces a prior Security Agreement, dated December 19, 2005, pursuant to which Sylvia H. Golsen pledged 370,000 shares to secure the prior loan.

Item 7. Materials to be Filed as Exhibits.

24.1 Powers of Attorney executed by Barry H. Golsen, Steven J. Golsen, and Linda Golsen Rappaport are filed as Exhibit 6 to Amendment No. 3 to the Schedule 13D and are incorporated herein by reference.

99.1 Agreement of the reporting persons as to joint filing of this Schedule 13D, is filed as Exhibit 7 to Amendment No. 3 to the Schedule No. 13D and is incorporated herein by reference.

99.2 Convertible Note between the Company and Jack E. Golsen filed as Exhibit (a) to the original Schedule 13D and is incorporated herein by reference.

99.3 Issuer's Proxy Statement dated July 14, 1986 setting forth the terms of the Company's Series B 12% Cumulative Convertible Preferred Stock is filed as Exhibit 1 to Amendment No. 1 to the Schedule 13D and is incorporated herein by reference.

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99.4 Stacy L. Rappaport Trust No. J-1, is filed as Exhibit 14 to Amendment No. 13 to the Schedule 13D and is incorporated herein by reference. The Joshua B. Golsen Trust No. J-1, Adam Z. Golsen Trust No. J-1, Amy G. Rappaport Trust No. J-1, Lori R. Rappaport Trust No. J-1 and Michelle L. Golsen Trust No. J-1 are substantially similar to the Stacy L. Rappaport Trust No. J-1, except for the names of the trustees, and copies of the same will be supplied to the Commission upon request.

99.5 Barry H. Golsen 1992 Trust is filed as Exhibit 15 to Amendment No. 16 to the Schedule 13D and is incorporated herein by reference. The Steven J. Golsen 1992 Trust and Linda F. Rappaport 1992 Trust are substantially similar to the Barry H. Golsen 1992 Trust, and copies of the same will be supplied to the Commission upon request.

99.6 Agreement of Sylvia H. Golsen as to joint filing of this Schedule 13D is filed as Exhibit 15 to Amendment No. 18 and is incorporated herein by reference.

99.7 Agreement of SBL Corporation as to the joint filing of this Schedule 13D is filed as Exhibit 19 to Amendment No. 23, and is incorporated herein by reference.

99.8 Shareholder's Agreement, effective December 1, 1995, between Sylvia Golsen and SBL Corporation is filed as Exhibit 22 to Amendment No. 24 and is incorporated herein by reference.

99.9 Shareholder's Agreement, effective December 1, 1995, among Jack E. Golsen, Sylvia Golsen and SBL Corporation is filed as Exhibit 23 to Amendment No. 24 and is incorporated herein by reference.

99.10 Shareholder's Agreement, effective December 1, 1995, among Barry H. Golsen, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.

99.11 Shareholder's Agreement, effective December 1, 1995, among Steven J. Golsen, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.

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99.12 Shareholder's Agreement, effective December 1, 1995, among Linda F. Rappaport, Sylvia Golsen and SBL Corporation. The Shareholder's Agreement is substantially similar to the Shareholder's Agreement filed as Exhibit 23 to Amendment No. 24, and a copy of the same will be supplied to the Commission upon request.

99.13 Security Agreement, dated December 12, 2003, executed by SBL Corporation in favor of Bank of the West, is attached as Exhibit 99.18 to Amendment No. 28 and is incorporated herein by reference.

99.14 Security Agreement, dated December 12, 2003, executed by Linda F. Rappaport in favor of Bank of the West, is attached as Exhibit 99.19 to Amendment No. 28 and is incorporated herein by reference.

99.15 Security Agreement, dated March 14, 2002, between the Bank of Union (the “Bank”), Golsen Petroleum Corporation, SBL corporation, Jack E. Golsen, Jack E. Golsen Trust, Sylvia H. Golsen, and Sylvia H. Golsen Trust (the “Pledgors”), is listed as Exhibit 99.17 of Amendment No. 29 to this Schedule 13D and is incorporated herein by reference.

99.16 Security Agreement, dated May 10, 2004, executed by the Linda F. Rappaport Trust in favor of Bank of the West.

99.17 Security Agreement, dated July 5, 2006, executed by the Sylvia H. Golsen Trust in favor of Bank of the West.

99.18 Commercial Pledge Agreement, dated April 12, 2006, executed by SBL Corporation in favor of The Bank of Union.

99.19 Agreement, dated November 10, 2006, between the Company and Kent C. McCarthy, Jayhawk Capital Management, L.L.C., Jayhawk Institutional Partners, L.P., and Jayhawk Investments, L.P.

99.20 10B5-1 Sales Plan, dated December 5, 2006, between Jack Golsen and Capital West Securities, Inc. (the "Broker") covering the sale of up to 25,000 shares of Company Common Stock. A substantially similar 10B5-1 Sales Plans was entered into on December 5, 2006, by Jack E. Golsen, Trustee of the Jack E. Golsen Revocable Trust covering the sale of up to 25,000 shares of Company Common Stock, a copy of which will be provided to the Commission upon request.

CUSIP NO. 5021600-10-4

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: December 29, 2006.

/s/ Jack E. Golsen ______*
Jack E. Golsen

GOLSEN PETROLEUM CORPORATION

By: /s/ Jack E. Golsen ______*
Jack E. Golsen, President

/s/ Jack E. Golsen ______ *
Barry H. Golsen

/s/ Jack E. Golsen ______*
Steven J. Golsen

/s/ Jack E. Golsen _____ *
Linda Golsen Rappaport

*Executed by Jack E. Golsen pursuant to Power of Attorney

/s/ Sylvia H. Golsen ______*
Sylvia H. Golsen

SBL CORPORATION

By: /s/ Jack E. Golsen ______*
Jack E. Golsen, President

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an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;

an acquisition may result in a delay or reduction of customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;

we may encounter difficulties in, or may be unable to, successfully sell any acquired products;

an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;

challenges inherent in effectively managing an increased number of employees in diverse locations;

the potential strain on our financial and managerial controls and reporting systems and procedures;

potential known and unknown liabilities associated with an acquired company;

our use of cash to pay for acquisitions would limit other potential uses for our cash;

if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;

the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;

to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease; and

managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

In addition, the recent global financial crisis which included, among other things, significant reductions in available capital and liquidity from banks and other providers of credit and substantial reductions or fluctuations in equity and currency values worldwide, may make it difficult for us to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

Governmental export or import controls could limit our ability to compete in foreign markets and subject us to liability if we violate them.

Our products are subject to U.S. export controls, and we incorporate encryption technology into certain of our products. These products and the underlying technology may be exported only with the required export authorizations, including by license, a license exception or other appropriate government authorizations. U.S. export controls may require submission of an encryption registration, product classification and annual or semi-annual reports. Governmental regulation of encryption technology and regulation of imports or exports of encryption products, or our failure to obtain required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenues. Compliance with applicable regulatory requirements regarding the export of our products, including with respect to new releases of our software, may create delays in the introduction of our product releases in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export of our products to some countries altogether. 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. If we fail to comply with export and import regulations and such economic sanctions, we may be fined or other penalties could be imposed, including a denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, 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 or sell our products would likely adversely affect our business, financial condition and results of operations.

We may have additional tax liabilities, which could harm our business, operating results, financial condition and prospects.

Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm s-length basis, are challenged and successfully disputed by the tax authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and indirect tax on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. The tax authorities in the United States and other countries where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on the results of operations, financial position or cash flows.

Determining our income tax rate is complex and subject to uncertainty.

The computation of provision for income tax is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. Provision for income tax for interim quarters is based on a forecast of our U.S. and non-U.S. effective tax rates for the year, which includes forward looking financial projections, including the expectations of profit and loss by jurisdiction, and contains numerous assumptions. Various items cannot be accurately forecasted and future events may be treated as discrete to the period in which they occur. Our provision for income tax can be materially impacted, for example, by the geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and capacity to permanently reinvest foreign earnings, changes to our transfer pricing practices, tax deductions attributed to equity compensation and changes in our need for a valuation allowance for deferred tax assets. For these reasons, our actual income taxes may be materially different than our provision for income tax.

The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

Our international operations subject us to potentially adverse tax consequences.

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In December 2012, we more closely aligned our corporate structure with our international expansion, establishing a wholly-owned subsidiary in Ireland

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to provide order processing, technical and administrative support to all of our international operations, except for Canada and Japan, and transferring ownership of our Germany, Singapore and United Kingdom subsidiaries to this Irish entity. Such 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.

Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our results of operations and financial condition.

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. For example, we host our Tableau Online and Tableau Public products from a data center located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and results of operations, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, results of operations and financial condition. In addition, the facilities of significant customers or major strategic partners may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

The forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you our business will grow at similar rates, if at all.

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The forecasts in this prospectus relating to the expected growth in the business analytics software market may prove to be inaccurate. For more information regarding the forecasts of market growth included in this prospectus, see the section titled Market, Industry and Other Data.

Changes in financial accounting standards may cause adverse and unexpected revenue fluctuations and impact our reported results of operations.

A change in accounting standards or practices could harm our operating results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may harm our operating results or the way we conduct our business.

Risks Related to this Offering and Ownership of Our Class A Common Stock

Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors purchasing shares in this offering.

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. The market price of our common stock may fluctuate significantly in

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response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this Risk Factors section:

- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our Class A common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and abroad; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, results of operations, financial condition and cash flows.

Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock into the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

In addition, as of September 30, 2013, we had options outstanding that, if fully exercised, would result in the issuance of approximately 15,334,340 shares of Class A and Class B common stock. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares

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will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

As of September 30, 2013, the holders of approximately 21,100,000 shares of Class B common stock, without giving effect to the sale of shares in this offering by the selling stockholders, have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for Tableau or other stockholders.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may issue additional securities following the completion of this offering. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail 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.

The dual class structure of our common stock and the existing ownership of capital stock by our executive officers, directors and their affiliates have the effect of concentrating voting control with our executive officers, directors and their affiliates for the foreseeable future, which will limit the ability of our other investors to influence corporate matters.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of September 30, 2013, the holders of shares of Class B common stock collectively beneficially owned shares representing approximately 98.1% of the voting power of our outstanding capital stock. Our executive officers and directors and their affiliates, which include funds affiliated with New Enterprise Associates, collectively beneficially owned shares representing a substantial majority of the voting power of our outstanding capital stock as of that date. Consequently, the holders of Class B common stock, including our executive officers and directors and their affiliates, collectively control all matters submitted to our stockholders for approval. This concentrated control limits the ability of our other investors to influence corporate matters for the foreseeable future. For example, these stockholders control elections of directors, amendments of our certificate of incorporation or bylaws, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans, and approval of any merger or sale of assets for the foreseeable future. This control may adversely affect the market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term, which may include our executive officers and directors and their affiliates.

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We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company for up to five years, although we will cease to be an emerging growth company upon the earliest of (i) December 31, 2018, (ii) the last day of the first fiscal year in which our annual gross revenues are $1 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in non-convertible debt securities or (iv) the date on which we are deemed to be a large accelerated filer as defined in the Securities Exchange Act of 1934, or the Exchange Act. We cannot predict if investors will find our Class A common stock less attractive or our company less comparable to certain other public companies because we will rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future financial results may not be as comparable to the financial results of certain other companies in our industry that adopted such standards. If some investors find our common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

The requirements of being a public company may strain our resources, divert management s attention and affect our ability to attract and retain additional executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs and will make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we 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 adversely affect our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

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 may result in

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increased general and administrative expenses 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 differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

Being a public company and these new rules and regulations have made it more expensive for us to obtain 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 members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in our filings with the Securities and Exchange Commission, or SEC, our business and financial condition have become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and results of operations.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. If we fail to do so in a timely manner, or our internal control over financial reporting is not determined to be effective, this may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as early as the fiscal year ending December 31, 2014. 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 independent registered public accounting firm has issued an opinion on our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an accelerated filer or a large accelerated filer, each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is 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 express an opinion on the effectiveness of our internal control, 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, and we may be subject to investigation or sanctions by the SEC.

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We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our Class A or Class B common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of blank check preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any holder of at least 15% of our capital stock for a period of three years following the date on which the stockholder became a 15% stockholder.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled Prospectus Summary, Risk Factors, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify these statements by forward-looking words such as believe, may, will, estimate, continue, anticipate, intend, could, would, project, plan, expect or the negative or plural of these words or similar expressions. Thes forward-looking statements include, but are not limited to, statements concerning the following:

- the anticipated benefits associated with the use of our products;
- our ability to continue to increase adoption of our products by our existing customers;
- our ability to expand our customer base and the business analytics market;
- potential benefits associated with our land and expand business model, including potential for a degree of financial visibility;
- industry and technology trends;
- economic and financial conditions;
- future investments in our business, including in our technology, sales and marketing, and infrastructure;
- the efficacy of our sales and marketing efforts;
- our plans to continue to innovate and advance our products and bring them to market in a timely manner;
- our ability to effectively scale and adapt our technology;
- the effects of increased competition and our ability to compete effectively;
- our ability to effectively manage our growth;
- our plans to continue to expand internationally;
- our plans to continue to foster our user community and maintain our culture;

our ability to attract and retain qualified employees and key personnel;

our ability to maintain and expand our distribution channels and partner ecosystem;

our ability to maintain, protect and enhance our brand and intellectual property;

our financial performance, including our revenues, cost of revenues, gross profit and gross margin, operating expenses, ability to continue to generate positive cash flow and ability to sustain profitability;

the effects of seasonal trends on our results of operations;

trends with respect to our time to close transactions;

our ability to realize the intended tax benefits of our corporate structure and intercompany arrangements;

costs associated with defending intellectual property infringement and other claims;

our ability to comply with laws and regulations;

our plans for the Tableau Foundation;

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- our plans with respect to our customer conferences; and

- our future capital requirements and estimates regarding the sufficiency of our cash resources.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled Risk Factors. Moreover, we operate in a very competitive and rapidly changing environment. 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 prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, 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 prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and that we have also filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

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MARKET, INDUSTRY AND OTHER DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made based on such data and other similar sources and on our knowledge of the markets for our products. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled Risk Factors and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

The following reports described herein represent data, research opinion or viewpoints published as part of a syndicated subscription service by each of the respective publishers thereof and are not representations of fact. Such reports speak as of their respective original publication dates (and not as of the date of this prospectus) and the opinions expressed in such reports are subject to change without notice.

The industry publications, reports, surveys and forecasts containing the market and industry data cited in this prospectus are provided below:

1. IDC Digital Universe Study, sponsored by EMC Corporation, December 2012.

2. IDC, Market Analysis: Worldwide Business Analytics Software 2013-2017 Forecast and 2012 Vendor Shares, Doc# 241689, June 2013.

3. Forrester Research, Inc., Info Workers Will Erase The Boundary Between Enterprise and Consumer Technologies, August 30, 2012.

4. Forrester Research, Inc., Forrsights Workforce Employee Survey, Q4 2012.

5. Gartner, Inc., High-Tech Tuesday Webinar: BI and Analytics Market Trends, 2020 Vision, December 19, 2012.

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USE OF PROCEEDS

The selling stockholders are selling all of the shares of Class A common stock being sold in the offering, including any shares sold pursuant to the underwriters option to purchase additional shares. Accordingly, we will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders in this offering.

The principal purposes of this offering are to facilitate an orderly distribution of shares for the selling stockholders in the offering and to increase our public float.

MARKET PRICE OF CLASS A COMMON STOCK

Our Class A common stock has been listed on the New York Stock Exchange under the symbol DATA since May 17, 2013. Prior to that date, there was no public trading market for our Class A common stock. The following table sets forth for the periods indicated the high and low sales prices per share of our Class A common stock as reported on the New York Stock Exchange:

	High	Low
Year Ended December 31, 2013:		
Second Quarter (from May 17, 2013)	$ 59.88	$ 44.00
Third Quarter	77.74	51.99
Fourth Quarter (through November 1, 2013)	73.45	59.02

On November 1, 2013, the last reported sale price of our Class A common stock on the New York Stock Exchange was $59.52 per share. As of September 30, 2013, we had 128 holders of record of our Class A common stock and 151 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

DIVIDEND POLICY

We have never declared or paid, and do not anticipate declaring or paying, 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 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.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated financial and other data should be read in conjunction with the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations as well as our audited consolidated financial statements and related notes included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the years ended December 31, 2010, 2011 and 2012 and the consolidated balance sheets data as of December 31, 2011 and 2012 from our audited consolidated financial statements that are included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the years ended December 31, 2008 and 2009 and consolidated balance sheets data as of December 31, 2008, 2009 and 2010 from our audited consolidated financial statements that are not included in this prospectus. We have derived the unaudited consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the unaudited consolidated balance sheet data as of September 30, 2013 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Our unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results to be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands, except per share data)					(unaudited)	
Consolidated Statements of Operations Data:							
Revenues							
License	$ 8,769	$ 11,684	$ 24,223	$ 44,414	$ 89,883	$ 59,807	$ 101,895
Maintenance and services	4,428	6,446	9,938	17,946	37,850	26,120	49,086
Total revenues	13,197	18,130	34,161	62,360	127,733	85,927	150,981
Cost of revenues							
License	39	98	67	213	305	170	523
Maintenance and services	808	1,069	1,271	2,800	10,057	6,809	11,951
Total cost of revenues(1)	847	1,167	1,338	3,013	10,362	6,979	12,474
Gross profit	12,350	16,963	32,823	59,347	117,371	78,948	138,507
Operating expenses							
Sales and marketing(1)	5,658	7,920	16,440	30,363	62,333	39,125	83,426
Research and development(1)	3,469	4,019	9,734	18,387	33,065	22,706	42,514
General and administrative(1)	4,257	5,615	3,809	6,679	17,715	10,533	18,064
Total operating expenses	13,384	17,554	29,983	55,429	113,113	72,364	144,004
Operating income (loss)	(1,034)	(591)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net	119	5		(16)	(54)	(49)	(350)
Income (loss) before income tax expense (benefit)	(915)	(586)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)			102	523	2,777	4,052	(1,678)
Net income (loss)	$ (915)	$ (586)	$ 2,738	$ 3,379	$ 1,427	$ 2,483	$ (4,169)
Net income (loss) per share attributable to common stockholders:							
Basic	$ (0.03)	$ (0.02)	$ 0.03	$ 0.04	$ 0.00	$ 0.03	$ (0.09)
Diluted	$ (0.03)	$ (0.02)	$ 0.03	$ 0.04	$ 0.00	$ 0.03	$ (0.09)

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	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands, except per share data)					(unaudited)	
Weighted average shares used to compute net income (loss) per share attributable to common stockholders:							
Basic	32,053	31,495	32,163	33,008	33,744	33,676	47,093
Diluted	32,053	31,495	37,833	39,431	39,652	39,597	47,093

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands)						
Other Financial Data:							
Non-GAAP operating income (loss)	$ (855)	$ (120)	$ 3,478	$ 5,366	$ 11,005	$ 9,837	$ 4,036
Non-GAAP net income (loss)	(736)	(115)	3,376	4,792	6,854	5,333	4,062
Free cash flow	193	(286)	8,207	7,953	7,203	9,854	7,564

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

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands)					(unaudited)	
Cost of revenues	$ 12	$ 29	$ 18	$ 22	$ 107	$ 66	$ 291
Sales and marketing	68	204	256	565	1,394	933	3,506
Research and development	68	167	262	628	2,115	1,445	3,785
General and administrative	31	71	102	233	1,180	809	1,951
Total stock-based compensation expense	$ 179	$ 471	$ 638	$ 1,448	$ 4,796	$ 3,253	$ 9,533

	As of December 31,					As of September 30,
	2008	2009	2010	2011	2012	2013
	(in thousands)					(unaudited)
Consolidated Balance Sheets Data:						
Cash and cash equivalents	$ 13,820	$ 14,072	$ 22,611	$ 30,223	$ 39,302	$ 226,337
Working capital	10,502	9,982	13,193	17,181	24,231	202,720
Total assets	16,716	18,863	29,771	51,277	86,992	301,697
Total stockholders equity (deficit)	(8,544)	(8,598)	(4,890)	(277)	9,943	214,767

Non-GAAP Financial Results

We believe that the use of non-GAAP operating income (loss), non-GAAP net income (loss) and free cash flow is helpful to our investors. These measures, which we refer to as our non-GAAP financial measures, are not prepared in accordance with GAAP. We calculate non-GAAP operating income (loss) as operating income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. We calculate non-GAAP net income (loss) as net income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company s non-cash expenses,

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we believe that providing non-GAAP financial measures that exclude stock-based compensation expense and, in 2012, the expense associated with our funding of the Tableau Foundation allow for more meaningful comparisons between our operating results from period to period. We calculate free cash flow as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. 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 can be used for strategic opportunities, including investing in our business, making strategic acquisitions and strengthening our balance sheet. All of our non-GAAP financial measures are important tools for financial and operational decision making and for evaluating our own operating results over different periods of time.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. We urge our investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included below, and not to rely on any single financial measure to evaluate our business.

The following table reflects the reconciliation of operating income (loss) to non-GAAP operating income (loss):

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands)						
Operating income (loss)	$ (1,034)	$ (591)	$ 2,840	$ 3,918	$ 4,258	$ 6,584	$ (5,497)
Excluding:							
Stock-based compensation expense	179	471	638	1,448	4,796	3,253	9,533
Funding of the Tableau Foundation					1,951		
Non-GAAP operating income (loss)	$ (855)	$ (120)	$ 3,478	$ 5,366	$ 11,005	$ 9,837	$ 4,036

The following table reflects the reconciliation of net income (loss) to non-GAAP net income (loss):

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
	(in thousands)						
Net income (loss)	$ (915)	$ (586)	$ 2,738	$ 3,379	$ 1,427	$ 2,483	$ (4,169)
Excluding:							
Stock-based compensation expense, net of tax	179	471	638	1,413	4,207	2,850	8,231
Funding of the Tableau Foundation, net of tax					1,220		
Non-GAAP net income (loss)	$ (736)	$ (115)	$ 3,376	$ 4,792	$ 6,854	$ 5,333	$ 4,062

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The following table reflects the reconciliation of net cash provided by operating activities to free cash flow:

	Year Ended December 31,					Nine Months Ended September 30,	
	2008	2009	2010	2011	2012	2012	2013
				(in thousands)			
Net cash provided by operating activities	$ 721	$ 491	$ 10,376	$ 12,883	$ 14,239	$ 15,315	$ 19,079
Less: Purchases of property and equipment	528	777	2,169	4,930	7,036	5,461	11,515
Free cash flow	$ 193	$ (286)	$ 8,207	$ 7,953	$ 7,203	$ 9,854	$ 7,564

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the section titled Risk Factors.

Overview

Our mission is to help people see and understand data. Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value. Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We currently offer four products, Tableau Desktop, a self-service analytics product for anyone with data, Tableau Server, a business intelligence platform for organizations, Tableau Online, a cloud-based hosted version of Tableau Server, and Tableau Public, a free cloud-based platform for analyzing and sharing public data.

We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. We were founded in January 2003 and we introduced Tableau Desktop in December 2003, our first version of Tableau Server in March 2007, our first version of Tableau Public in February 2010 and our first version of Tableau Online in July 2013. Building on our foundational technology innovations, we have released eight major versions of our software, each expanding and improving our products capabilities. Our most recent release, Tableau 8.0, includes several new features including Web and mobile authoring, free form dashboards, forecasting, integration with enterprise applications such as salesforce.com and Google Analytics and application programming interfaces, or APIs.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. As of September 30, 2013, we had over 15,000 customer accounts located in over 100 different countries. We define a customer account as a purchaser of our products. Customer accounts are typically organizations. In some cases, organizations will have multiple groups purchasing our software, which we count as discrete customer accounts. As of September 30, 2013, we had more than 13,500 customers. When we calculate the number of customers, we consolidate customer accounts that are affiliated with the same parent organization.

Our distribution strategy is based on a land and expand business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. To facilitate rapid adoption of our products, we provide fully-functional free trial versions of our products on our website and have created a simple pricing model. After an initial trial or purchase, which is often made to target a specific business need at a grassroots level within an organization, the use of our products often spreads across departments, divisions and geographies, via word-of-mouth, discovery of new use cases and our sales efforts.

We generate revenues primarily in the form of license fees and related maintenance and services fees. License revenues reflect the revenues recognized from sales of licenses to new customer accounts and additional licenses to existing customer accounts. License fees include perpetual, term and subscription license fees. Perpetual licenses comprised more than 90% of our license revenues for the year ended December 31, 2012. Maintenance and services revenues reflect the revenues recognized from fees paid for maintenance services (including support and unspecified upgrades and enhancements when and if they are available) and, to a lesser extent, for training and professional services that help our customers maximize the benefits from using our products. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a license, a customer also typically purchases one year of maintenance service and has the opportunity to purchase maintenance service annually thereafter. We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

Our direct sales approach includes inside sales teams and field sales teams. We also sell our products through indirect sales channels including technology vendors, resellers, original equipment manufacturers, or OEMs, and independent software vendors, or ISVs. We view these partners as an extension of our team, playing an integral role in our growth. As of September 30, 2013, less than 10% of our sales team focused on indirect sales channels. We plan to continue to invest in our partner programs to help us enter and grow in new markets while complementing our direct sales efforts. Sales through indirect channels have historically varied from quarter to quarter, and comprised less than 25% of total revenues for the years ended December 31, 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013.

With approximately 19% of our total revenues from customers located outside the United States and Canada in the nine months ended September 30, 2013, we believe there is significant opportunity to expand our international business. Our products currently support eight languages and we are aggressively expanding our direct sales force and indirect sales channels outside the United States. In addition to our presence in Australia, Canada, England and France, in 2012, we opened sales offices in Germany, Japan and Singapore. In December 2012, we more closely aligned our corporate structure with our international expansion, establishing a wholly-owned subsidiary in Ireland to provide order processing, technical and administrative support to all of our international operations, except for Canada and Japan, and transferring ownership of our Germany, Singapore and United Kingdom subsidiaries to this Irish entity. We expect this corporate structure to result in a higher near-term effective tax rate while providing worldwide tax efficiencies in the long term. We intend to invest in further expanding our worldwide footprint.

Our quarterly results reflect seasonality in the sale of our products and services. Historically, we believe a pattern of increased license sales in the fourth fiscal quarter as a result of industry buying patterns has positively impacted total revenues in that period, which has resulted in low or negative sequential revenue growth in the first quarter as compared to the prior quarter.

We have been growing rapidly in recent periods. Our total revenues for the years ended December 31, 2010, 2011 and 2012 were $34.2 million, $62.4 million and $127.7 million, respectively. Our total revenues for the nine months ended September 30, 2012 and 2013 were $85.9 million and $151.0 million, respectively. We increased the total number of customer accounts that had purchased our products from 5,300 as of December 31, 2010 to over 15,000 as of September 30, 2013. During these periods, we significantly increased the size of our workforce, particularly in our sales and marketing and research and development organizations, expanded internationally and invested in our operational infrastructure to support our growth. Our full-time employee base grew from 188 as of December 31, 2010 to 1,039 as of September 30, 2013. As a result of our significant investments in growth, our net income did not grow in a manner commensurate with our total revenues. Our net income for the years ended December 31, 2010, 2011 and 2012 was $2.7 million, $3.4 million and $1.4 million, respectively. Our net income (loss) for the nine months ended September 30, 2012 and 2013 was $2.5 million and $(4.2) million, respectively.

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Factors Affecting Our Performance

We believe that our performance and future success are dependent upon a number of factors, including our ability to continue to expand and further penetrate our customer base, innovate and enhance our products, and invest in our infrastructure. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must successfully address. See the section titled Risk Factors.

Investment in Expansion and Further Penetration of Our Customer Base

Our performance depends on our ability to continue to attract new customers and to increase adoption of our products within our existing customers, both domestically and internationally. Our ability to increase adoption amongst existing customers is particularly important in light of our land and expand business model. We believe the existing market for business analytics software is underserved. We believe that we have an addressable market that is substantially larger than the market for traditional business analytics software. As a result, we believe we have the opportunity to substantially expand our customer base and to increase adoption of our products within and across our existing customers.

In order to expand and further penetrate our customer base, we have made and plan to continue to make significant investments in expanding our direct sales teams and indirect sales channels, and increasing our brand awareness. We plan to continue to significantly increase the size of our sales and marketing team domestically and internationally, particularly in the near term. We also intend to expand our online and offline marketing efforts to increase our brand awareness.

Investment in Innovation and Advancement of Our Products

Our performance is also significantly dependent on the investments we make in our research and development efforts, and in our ability to continue to innovate, improve functionality, adapt to new technologies or changes to existing technologies, and allow our customers to analyze data from a large and expanding range of data stores. We have recently been focusing on a cloud offering and in July 2013 we released Tableau Online, a cloud-based version of Tableau Server. We intend to continue to invest in product innovation and leadership, including hiring top technical talent, focusing on core technology innovation and maintaining an agile organization that supports rapid release cycles.

Investment in Infrastructure

We have made and expect to continue to make substantial investments in our infrastructure in connection with enhancing and expanding our operations domestically and internationally. For example, in December 2012, we invested in a reorganization of our corporate structure to more closely align it with our international expansion, including the establishment of a wholly-owned subsidiary in Ireland. Also in 2012, we opened sales offices in Germany, Japan and Singapore. We expect to continue to open new sales offices internationally and domestically. Our international expansion efforts have resulted and will result in increased costs and are subject to a variety of risks, including those associated with communication and integration problems resulting from geographic dispersion and language and cultural differences, and compliance with laws of multiple countries. Moreover, the investments we have made and will make in our international organization may not result in our expected benefits. In addition, if Tableau Online is commercially successful, we expect to make additional investments in related infrastructure such as server farms, data centers, network bandwidth and technical operations personnel; however, we currently expect to rely on our current cash on hand and cash generated from our operations to fund these investments. These costs could adversely affect our operating results. We also expect to make additional investments in our infrastructure as we continue to transition to operation as a public company.

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Mix and Timing of Sales

Our land and expand business model results in a wide variety of sales transaction sizes, ranging from a single Tableau Desktop order of $1,000-$2,000 to Tableau Desktop and Tableau Server orders of over $1.0 million. As we have continued to invest in our sales team and product capabilities, the number of individual sales orders over $100,000 has increased from 111 in 2011 to 239 in 2012. The time it takes to close a transaction, defined as the time between when a sales opportunity is entered in our customer relationship management system until when a related license agreement is signed with the customer, generally varies with the size of the transaction. Excluding renewals, in recent periods, our transactions over $100,000 have generally taken over three months to close, whereas transactions of less than $100,000 have generally taken fewer than three months to close.

Certain Key Financial Metrics

The following table summarizes certain of our key financial metrics:

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
Non-GAAP operating income	$ 3,478	$ 5,366	$ 11,005	$ 9,837	$ 4,036
Non-GAAP net income	3,376	4,792	6,854	5,333	4,062
Free cash flow	8,207	7,953	7,203	9,854	7,564

Non-GAAP Operating Income (Loss)

Non-GAAP operating income is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. Non-GAAP operating income increased substantially from 2010 to 2012 as a result of increased domestic and international demand for our products and services from new and existing customers, offset in part by increased operating expenses attributable to increased headcount. Non-GAAP operating income decreased for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, as a result of increased operating expenses attributable to increased headcount, offset in part by increased domestic and international demand for our products and services from new and existing customers. For more information about non-GAAP operating income and a reconciliation of non-GAAP operating income to operating income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled Selected Consolidated Financial and Other Data Non-GAAP Financial Results.

Non-GAAP Net Income

Non-GAAP net income is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. Non-GAAP net income increased from 2010 to 2012 as a result of increases in non-GAAP operating income, offset in part by increases in our provision for income taxes. Non-GAAP income decreased for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, as a result of increased operating expenses attributable to increased headcount, offset in part by increased domestic and international demand for our products and services from new and existing customers and a tax benefit in the nine months ended September 30, 2013 compared to a provision in the nine months ended September 30, 2012. For more information about non-GAAP net income and a reconciliation of non-GAAP net income to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled Selected Consolidated Financial and Other Data Non-GAAP Financial Results.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. Although net cash provided by operating activities increased from $10.4 million in 2010 to $14.2 million in 2012, free cash flow decreased during that period as a result of significant increases in purchases of property and equipment from 2010 to 2012 to support our increased headcount and build-out of operational infrastructure. Free cash flow decreased for the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012 as a result of significant increases in purchases of property and equipment to support our increased headcount and build-out of operational infrastructure. For more information about free cash flow and a reconciliation of free cash flow to net cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled Selected Consolidated Financial and Other Data Non-GAAP Financial Results.

Components of Operating Results

Revenues

License revenues. License revenues consist of the revenues recognized from sales of licenses to new customers and additional licenses to existing customers. More than 90% of our license revenues for the year ended December 31, 2012 and for the nine months ended September 30, 2013 resulted from perpetual licenses, under which we generally recognize the license fee portion of the arrangement upfront, assuming all revenue recognition criteria are satisfied. In each of the past three years, as well as in each of the nine month periods ended September 30, 2012 and 2013, our existing customer accounts in aggregate have generated at least as much perpetual license revenues as they had in the previous year. In the future, we expect this buying pattern to moderate with the continued growth of our customer base. In addition, a small number of customers have purchased term or subscription licenses, under which we recognize the license fee ratably, on a straight-line basis, over the term of the license. For example, we sell licenses for Tableau Online, which we introduced in July 2013, on a subscription basis. To date, we have not derived a significant amount of revenues from term or subscription licenses.

Maintenance and services revenues. Maintenance and services revenues consist of revenues from maintenance agreements and, to a lesser extent, professional services and training. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a perpetual license, a customer also typically purchases one year of maintenance, and has the opportunity to purchase maintenance annually thereafter. We currently charge approximately 25% of the price of the perpetual license for each year of maintenance service, although this price may vary with regard to large enterprise sales. We measure the aggregate perpetual license maintenance renewal rate for our customers in a 12-month period of time, based on a dollar renewal rate for contracts expiring during that time period. Our maintenance renewal rate is measured three months after the 12-month period ends to account for late renewals. Our aggregate maintenance renewal rate for each of the 12-month periods ended December 31, 2011 and 2012 and June 30, 2013 has been over 90%.

When a term or subscription license is purchased, maintenance service is typically bundled with the license for the term of the license period. Customers with maintenance agreements are entitled to

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receive support and unspecified upgrades and enhancements if and when they become available during the maintenance term. We recognize the revenues associated with maintenance agreements ratably, on a straight-line basis, over the associated maintenance term. In arrangements involving a term or subscription license, we recognize both the license and maintenance revenues ratably, on a straight-line basis, over the contract term. Term and subscription license revenues are included in License revenues on our consolidated statement of operations. We also have a professional services organization focused on both training and assisting our customers to fully leverage the use of our products. We recognize the revenues associated with these professional services on a time and materials basis as we deliver the services or provide the training.

We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

Cost of Revenues

Cost of license revenues. Cost of license revenues primarily consists of referral fees paid to third parties. For Tableau Online, cost of license revenues is calculated through an allocation of shared costs, which was immaterial for the period ended September 30, 2013.

Cost of maintenance and services revenues. Cost of maintenance and services revenues includes salaries, benefits and stock-based compensation expense associated with our technical support and services organization, as well as allocated overhead. Allocated overhead includes overhead costs for depreciation of equipment, facilities (consisting of leasehold improvements and rent) and technical operations (including costs for compensation of our personnel and costs associated with our infrastructure). We recognize expenses related to our technical support and services organization as they are incurred. We expect the cost of maintenance and services revenues to increase as a percentage of maintenance and services revenues due to increased investment in our technical support and services organization to support our expanding customer base.

We expect that the cost of revenues will increase as a percentage of total revenues as we expand our technical support capabilities worldwide and seek to expand our product and service offerings.

Gross Profit and Gross Margin

Gross profit is total revenues less total cost of revenues. Gross margin is gross profit expressed as a percentage of total revenues. We expect that our gross margin may fluctuate from period to period as a result of changes in product and services mix, direct and indirect sales mix and the introduction of new products by us or our competitors.

Operating Expenses

Our operating expenses are classified into three categories: sales and marketing, research and development, and general and administrative. For each category, the largest component is personnel costs, which include salaries, employee benefit costs, bonuses, commissions, as applicable, and stock-based compensation expense.

Sales and marketing. Sales and marketing expenses primarily consist of personnel-related costs attributable to our sales and marketing personnel, commissions earned by our sales personnel, marketing, travel and facility related costs and allocated overhead. We expect sales and marketing

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expenses to significantly increase, in absolute dollars, for the remainder of 2013 as compared to 2012 primarily due to our planned growth in our sales and marketing organization, both domestically and internationally. We expect sales and marketing expenses to be our largest category of operating expenses as we continue to expand our business.

Research and development. Research and development expenses primarily consist of personnel-related costs attributable to our research and development personnel and allocated overhead. We have devoted our product development efforts primarily to develop new products, incorporate additional features, improve functionality and adapt to new technologies or changes to existing technologies. We expect that our research and development expenses will continue to increase, in absolute dollars, for the remainder of 2013 as compared to 2012 as we increase our research and development headcount to further strengthen our software and invest in the development of our products.

General and administrative. General and administrative expenses primarily consist of personnel-related costs attributable to our executive, finance, legal, human resources and administrative personnel, legal, accounting and other professional services fees, other corporate expenses and allocated overhead. In 2012, general and administrative expenses included cash and stock-based expenses associated with our funding of the Tableau Foundation. We have recently incurred additional expenses due to expanding our operations and in connection with our initial public offering, and will continue to incur additional expenses associated with being a publicly traded company, including higher legal, corporate insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and other regulations. We also expect that general and administrative expenses will continue to increase, in absolute dollars, for the remainder of 2013 as compared to 2012 as we further expand our operations, particularly internationally.

Other Income (Expense), Net

Other income (expense), net consists primarily of gains and losses on foreign currency transactions and interest income on our cash and cash equivalents balances.

Income Tax Expense (Benefit)

Our income taxes are based on the amount of our taxable income and enacted federal, state and foreign tax rates, as adjusted for allowable credits and deductions. Our provision for income taxes consists of federal, state and foreign taxes. As of December 31, 2012, we had fully utilized all available federal net operating loss and research and development tax credits.

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our corporate structure and intercompany arrangements align with the international expansion of our business activities. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions. If such a disagreement were to occur, and our positions were not sustained, we could be required to pay additional taxes, interest and penalties, resulting in higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

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Our income tax provision may be significantly affected by changes to our estimates for taxes in jurisdictions in which we operate and other estimates utilized in determining our global effective tax rate. Actual results may also differ from our estimates based on changes in tax laws and economic conditions. Such changes could have a substantial impact on the income tax provision and effective income tax rate.

In addition, we are subject to the continuous examinations of our income tax returns by different tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Common Stock Fair Value Reassessment

The initial public offering price range of our Class A common stock was in excess of the previously determined fair values of our common stock. As a result, we retrospectively reassessed the historical assumptions used in our determination of the fair value of our common stock for option awards made since December 2012, as well as to the common shares donated to the Tableau Foundation on December 31, 2012. This reassessment resulted in revisions to our previously issued financial statements. For further information, see Offering Price and Fair Value Reassessment on page 78 and Note 13 to our consolidated financial statements on pages F-27 and F-28.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenues for those periods. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
				(unaudited)	
Consolidated Statements of Operations Data:					
Revenues					
License	$ 24,223	$ 44,414	$ 89,883	$ 59,807	$ 101,895
Maintenance and services	9,938	17,946	37,850	26,120	49,086
Total revenues	34,161	62,360	127,733	85,927	150,981
Cost of revenues					
License	67	213	305	170	523
Maintenance and services	1,271	2,800	10,057	6,809	11,951
Total cost of revenues	1,338	3,013	10,362	6,979	12,474
Gross profit	32,823	59,347	117,371	78,948	138,507
Operating expenses					
Sales and marketing	16,440	30,363	62,333	39,125	83,426
Research and development	9,734	18,387	33,065	22,706	42,514
General and administrative	3,809	6,679	17,715	10,533	18,064
Total operating expenses	29,983	55,429	113,113	72,364	144,004
Operating income (loss)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net		(16)	(54)	(49)	(350)
Income (loss) before income tax expense (benefit)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)	102	523	2,777	4,052	(1,678)

Net income (loss)	$ 2,738	$ 3,379	$ 1,427	$ 2,483	$ (4,169)

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	Year Ended December 31, 2010	2011	2012	Nine Months Ended September 30, 2012	2013
			(as a percentage of total revenues)	(unaudited)	
Consolidated Statements of Operations Data:					
Revenues					
License	70.9%	71.2%	70.4%	69.6%	67.5%
Maintenance and services	29.1	28.8	29.6	30.4	32.5
Total revenues	100.0	100.0	100.0	100.0	100.0
Cost of revenues					
License	0.2	0.3	0.2	0.2	0.4
Maintenance and services	3.7	4.5	7.9	7.9	7.9
Total cost of revenues	3.9	4.8	8.1	8.1	8.3
Gross profit	96.1	95.2	91.9	91.9	91.7
Operating expenses					
Sales and marketing	48.1	48.7	48.8	45.5	55.2
Research and development	28.5	29.5	25.9	26.4	28.2
General and administrative	11.2	10.7	13.9	12.3	12.0
Total operating expenses	87.8	88.9	88.6	84.2	95.4
Operating income (loss)	8.3	6.3	3.3	7.7	(3.7)
Other income (expense), net	0.0	0.0	0.0	(0.1)	(0.2)
Income (loss) before income tax expense (benefit)	8.3	6.3	3.3	7.6	(3.9)
Income tax expense (benefit)	0.3	0.9	2.2	4.7	(1.1)
Net income (loss)	8.0%	5.4%	1.1%	2.9%	(2.8)%

Comparison of Nine Months Ended September 30, 2012 and 2013

Revenues

	Nine Months Ended September 30, 2012	2013	% Change
	(dollars in thousands)		
Revenues			
License	$ 59,807	$ 101,895	70.4%
Maintenance and services	26,120	49,086	87.9%
Total revenues	$ 85,927	$ 150,981	75.7%

	Nine Months Ended September 30, 2012	2013
	(as a percentage of total revenues)	
Revenues		
License	69.6%	67.5%
Maintenance and services	30.4	32.5
Total revenues	100.0%	100.0%

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Total revenues increased $65.1 million from $85.9 million in the nine months ended September 30, 2012 to $151.0 million in the nine months ended September 30, 2013, with 70% and 88% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to increased demand for our products and services from new and existing customers. For example, we added over 4,000 customer accounts in the nine months ended September 30, 2013. License revenues increased $42.1 million from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our investment in our products and in our sales and marketing efforts. The substantial majority of our license revenues was attributable to sales of perpetual licenses. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements resulting from the growth of our customer base. Total revenues derived from our customer accounts outside of the United States and Canada increased, as a percentage of total revenues, from 16% for the nine months ended September 30, 2012 to 19% for the nine months ended September 30, 2013.

Cost of Revenues and Gross Margin

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2013	% Change
	(dollars in thousands)		
Cost of revenues			
License	$ 170	$ 523	207.6%
Maintenance and services	6,809	11,951	75.5%
Total cost of revenues	$ 6,979	$ 12,474	78.7%

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2013
Gross Margin		
License	99.7%	99.5%
Maintenance and services	73.9%	75.7
Total gross margin	91.9%	91.7%

Total cost of revenues increased $5.5 million from $7.0 million in the nine months ended September 30, 2012 to $12.5 million in the nine months ended September 30, 2013. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The $5.1 million increase in cost of maintenance and services revenues from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 was primarily related to an increase in compensation expense of $3.1 million due to increased headcount, $1.1 million in facilities and allocated overhead costs and $0.6 million in additional travel costs. Our total number of technical support and services headcount increased from 69 employees as of September 30, 2012 to 95 employees as of September 30, 2013. Total gross margin remained relatively flat in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012.

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Operating Expenses

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2013	% Change
	(dollars in thousands)		
Operating expenses			
Sales and marketing	$ 39,125	$ 83,426	113.2%
Research and development	22,706	42,514	87.2%
General and administrative	10,533	18,064	71.5%
Total operating expenses	$ 72,364	$ 144,004	99.0%

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2013
	(as a percentage of total revenues)	
Operating expenses		
Sales and marketing	45.5%	55.2%
Research and development	26.4	28.2
General and administrative	12.3	12.0
Total operating expenses	84.2%	95.4%

Sales and Marketing

Sales and marketing expenses increased $44.3 million from $39.1 million in the nine months ended September 30, 2012 to $83.4 million in the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of $31.0 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally, as well as commissions on increased customer orders. Our total number of sales and marketing headcount increased from 254 employees as of September 30, 2012 to 459 employees as of September 30, 2013. The remainder of the increase was primarily attributable to a $5.4 million increase in facilities and allocated overhead cost, $4.1 million in additional marketing costs and $3.3 million in additional travel costs.

Research and Development

Research and development expenses increased $19.8 million from $22.7 million in the nine months ended September 30, 2012 to $42.5 million in the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of $16.6 million resulting from increased headcount as part of our focus on further developing and enhancing our products and $2.6 million in facilities and allocated overhead costs. Our total number of research and development headcount increased from 168 employees as of September 30, 2012 to 297 employees as of September 30, 2013.

General and Administrative

General and administrative expenses increased $7.6 million from $10.5 million for the nine months ended September 30, 2012 to $18.1 million for the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of $3.5 million resulting from increased headcount to support our overall growth. Our total number of general and administrative headcount increased from 47 employees as of September 30, 2012 to 70 employees as of September 30, 2013. The remainder of the increase was primarily attributable to $3.1 million in accounting, legal, insurance and recruiting expenses to support growth in our business as well as costs associated with becoming a public company.

Other Income (Expense), Net

	Nine Months Ended September 30, 2012	2013
	(in thousands)	
Other income (expense), net	$ (49)	$ (350)

Other income (expense), net increased due to expenses associated with foreign currency exchange transactions.

Income Tax Expense (Benefit)

	Nine Months Ended September 30, 2012	2013
	(dollars in thousands)	
Income tax expense (benefit)	$ 4,052	$ (1,678)
Effective tax rate	62.0%	28.7%
Period specific items	$	$ (1,148)

For the nine months ended September 30, 2013, our effective tax rate was 28.7% inclusive of a $(1.1) million net favorable period-specific item primarily related to the retroactive reinstatement of the U.S. research and development credit. For the nine months ended September 30, 2012, our effective tax rate was 62.0%.

Comparison of Years Ended December 31, 2010, 2011 and 2012

Revenues

	Year Ended December 31, 2010	2011	2012	2010 to 2011 % change	2011 to 2012 % change
	(dollars in thousands)				
Revenues					
License	$ 24,223	$ 44,414	$ 89,883	83.4%	102.4%
Maintenance and services	9,938	17,946	37,850	80.6%	110.9%
Total revenues	$ 34,161	$ 62,360	$ 127,733	82.5%	104.8%

	Year Ended December 31, 2010	2011	2012
	(as a percentage of total revenues)		
Revenues			
License	70.9%	71.2%	70.4%
Maintenance and services	29.1	28.8	29.6
Total revenues	100.0%	100.0%	100.0%

Year ended December 31, 2012 compared to year ended December 31, 2011. Total revenues increased $65.4 million from $62.4 million in 2011 to $127.7 million in 2012, with 102% and 111% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to the increased demand for our products and services from new and existing customers. For example, our total customer accounts increased 41% from approximately 7,700 customer accounts as of December 31, 2011 to approximately 11,000 customer accounts as of

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December 31, 2012. License revenues increased $45.5 million year over year as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our investment in our products and in our sales and marketing efforts, which increased significantly in 2012 compared to 2011, as further described below. In 2012, more than 90% of our license revenues resulted from perpetual licenses. Of the revenues from perpetual license sales recognized in 2012, 36% was attributable to perpetual license sales to new customer accounts gained in 2012 and 64% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2011. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements. Total revenues derived from our customer accounts outside of the United States and Canada, increased slightly as a percentage of total revenues, from 16% in 2011 to 17% in 2012.

Year ended December 31, 2011 compared to year ended December 31, 2010. Total revenues increased $28.2 million from $34.2 million in 2010 to $62.4 million in 2011, with 83% and 81% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to increased demand for our products and services from existing and new customers. For example, our total number of customer accounts increased 45% from approximately 5,300 customer accounts as of December 31, 2010 to approximately 7,700 customer accounts as of December 31, 2011. License revenues increased $20.2 million year over year as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our continued investment in our products and in our sales and marketing efforts, which increased significantly in 2011 compared to 2010, as further described below. The majority of our license revenues were attributable to sales of perpetual licenses. Of the revenues from perpetual license sales recognized in 2011, 41% was attributable to perpetual license sales to new customer accounts gained in 2011 and 59% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2010. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements. Total revenues derived from customer accounts outside of the United States and Canada, increased slightly as a percentage of total revenues, from 15% in 2010 to 16% in 2011.

Cost of Revenues and Gross Margin

	Year Ended December 31,			2010 to 2011	2011 to 2012
	2010	2011	2012	% change	% change
	(dollars in thousands)				
Cost of revenues					
License	$ 67	$ 213	$ 305	217.9%	43.2%
Maintenance and services	1,271	2,800	10,057	120.3%	259.2%
Total cost of revenues	$ 1,338	$ 3,013	$ 10,362	125.2%	243.9%

	Year Ended December 31,		
	2010	2011	2012
	(as a percentage of revenues)		
Gross margin			
License	99.7%	99.5%	99.7%
Maintenance and services	87.2%	84.4%	73.4%
Total gross margin	96.1%	95.2%	91.9%

Year ended December 31, 2012 compared to year ended December 31, 2011. Total cost of revenues increased $7.3 million from $3.0 million in 2011 to $10.4 million in 2012. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The $7.3 million increase in cost of maintenance and services revenues from 2011 to 2012 was

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primarily related to an increase in compensation expense of $4.1 million due to increased headcount, $1.6 million in facilities and allocated overhead costs and $0.8 million in professional service fees. Our total number of technical support and services headcount increased from 25 employees as of December 31, 2011 to 76 employees as of December 31, 2012. Total gross margin decreased by approximately three percentage points from 2011 to 2012 primarily due to increased investment in our technical support and services organization for personnel and other costs to support our expanded customer base.

Year ended December 31, 2011 compared to year ended December 31, 2010. Total cost of revenues increased $1.7 million from $1.3 million in 2010 to $3.0 million in 2011. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The $1.5 million increase in cost of maintenance and services revenues from 2010 to 2011 was primarily related to $0.6 million in facilities and allocated overhead expense as well as an increase in compensation and associated overhead expense of $0.5 million due to increased headcount. Our total number of technical support and services headcount increased from 11 employees as of December 31, 2010 to 25 employees as of December 31, 2011. Total gross margin decreased by approximately one percentage point from 2010 to 2011 primarily due to increased investment in our technical support and services organization for personnel and other costs to support our expanded customer base.

Operating Expenses

	Year Ended December 31, (dollars in thousands)			2010 to 2011	2011 to 2012
	2010	2011	2012	% change	% change
Operating expenses					
Sales and marketing	$ 16,440	$ 30,363	$ 62,333	84.7%	105.3%
Research and development	9,734	18,387	33,065	88.9%	79.8%
General and administrative	3,809	6,679	17,715	75.3%	165.2%
Total operating expenses	$ 29,983	$ 55,429	$ 113,113	84.9%	104.1%

	Year Ended December 31, (as a percentage of total revenues)		
	2010	2011	2012
Operating expenses			
Sales and marketing	48.1%	48.7%	48.8%
Research and development	28.5	29.5	25.9
General and administrative	11.2	10.7	13.9
Total operating expenses	87.8%	88.9%	88.6%

Sales and Marketing

Year ended December 31, 2012 compared to year ended December 31, 2011. Sales and marketing expenses increased $32.0 million from $30.4 million in 2011 to $62.3 million in 2012. This increase was primarily due to an increase in compensation expense of $22.2 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally, as well as commissions on increased customer orders. Our sales and marketing headcount increased from 137 employees as of December 31, 2011 to 321 employees as of December 31, 2012. The remainder of the increase was primarily attributable to $3.0 million in additional marketing costs, $2.9 million in additional travel and entertainment costs, and $2.4 million in additional facilities and allocated overhead costs in 2012 as compared to 2011.

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Year ended December 31, 2011 compared to year ended December 31, 2010. Sales and marketing expenses increased $13.9 million from $16.4 million in 2010 to $30.4 million in 2011. This increase was primarily due to an increase in compensation expense of $8.5 million resulting from increased sales headcount as we expanded our sales organization, as well as commissions on increased customer orders. Our sales and marketing headcount increased from 74 employees as of December 31, 2010 to 137 employees as of December 31, 2011. The remainder of the increase was primarily attributable to $2.1 million additional marketing costs, $1.9 million in facilities and allocated overhead costs and $0.9 million for additional travel and entertainment costs in 2011 as compared to 2010.

Research and Development

Year ended December 31, 2012 compared to year ended December 31, 2011. Research and development expenses increased $14.7 million from $18.4 million in 2011 to $33.1 million in 2012. This increase was primarily due to an increase in compensation expenses of $12.2 million resulting from increased headcount as part of our focus on further developing and enhancing our products and $1.9 million in facilities and allocated overhead costs. Our research and development headcount increased from 108 employees as of December 31, 2011 to 205 employees as of December 31, 2012.

Year ended December 31, 2011 compared to year ended December 31, 2010. Research and development expenses increased $8.7 million from $9.7 million in 2010 to $18.4 million in 2011. This increase was primarily due to an increase in compensation expenses of $7.0 million resulting from increased headcount as part of our focus on further developing and enhancing our products and $1.1 million in facilities and allocated overhead costs. Our research and development headcount increased from 61 employees as of December 31, 2010 to 108 employees as of December 31, 2011.

General and Administrative

Year ended December 31, 2012 compared to year ended December 31, 2011. General and administrative expenses increased $11.0 million from $6.7 million in 2011 to $17.7 million in 2012. This increase was primarily attributable to an increase in compensation expenses of $4.4 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased from 36 employees as of December 31, 2011 to 59 employees as of December 31, 2012. The increase was also attributable to $1.8 million in accounting, legal and recruiting expenses to support growth in our business, $1.2 million in facilities and allocated overhead costs, and additional costs incurred in preparation for our initial public offering. The remainder of the increase was primarily related to the establishment of a donor-advised charitable foundation operating as the Tableau Foundation.

Year ended December 31, 2011 compared to year ended December 31, 2010. General and administrative expenses increased $2.9 million from $3.8 million in 2010 to $6.7 million in 2011. This increase was primarily due to an increase in compensation expenses of $1.4 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased from 19 employees as of December 31, 2010 to 36 employees as of December 31, 2011. The remainder of the increase was primarily attributable to professional services fees of $0.7 million related primarily to the use of independent contractors.

Other Income (Expense), Net

	Year Ended December 31,		
	2010	2011	2012
	(dollars in thousands)		
Other income (expense), net	$	$ (16)	$ (54)

Other income (expense), net increased due to expenses associated with foreign currency exchange transactions.

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Provision for Income Taxes

	Year Ended December 31,			2010 to 2011	2011 to 2012
	2010	2011	2012	% change	% change
		(dollars in thousands)			
Provision for income taxes	$ 102	$ 523	$ 2,777	412.7%	431.0%
Effective income tax rate	3.6%	13.4%	66.1%	272.2%	393.3%

Year ended December 31, 2012 compared to year ended December 31, 2011. Our provision for income taxes and effective income tax rate both increased from 2011 to 2012, as a result of the release of the valuation allowance in 2011, increased non-deductible stock-based compensation expense in 2012 and the expiration of the federal research and development tax credit at the end of 2011. The provision for income tax also increased as a result of the growth in net income before provision for income taxes in 2012. As of December 31, 2012, we had fully utilized all available federal net operating loss and research and development tax credits.

Year ended December 31, 2011 compared to year ended December 31, 2010. For periods prior to 2011, we had established a full valuation allowance on our net deferred income tax assets. This valuation allowance was released in 2011. Our provision for income taxes increased due to the increase in pre-tax income and as a result of our release of the valuation allowance on our deferred income tax assets.

Quarterly Results of Operations

The following tables set forth selected unaudited quarterly statements of operations data for the eleven quarters ended September 30, 2013, as well as the percentage that each line item represents of total revenues. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which include only normal recurring adjustments, necessary for the fair statement of our consolidated results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. Our quarterly results of operations will vary in the future. These quarterly operating results are not necessarily indicative of our operating results for any future period.

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	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	Three Months Ended (in thousands)										
Consolidated Statements of Operations Data:											
Revenues											
License	$ 7,266	$ 9,574	$ 10,286	$ 17,288	$ 17,456	$ 20,239	$ 22,112	$ 30,076	$ 26,426	$ 33,518	$ 41,951
Maintenance and services	3,310	4,095	4,677	5,864	7,229	8,877	10,014	11,730	13,592	16,366	19,128
Total revenues	10,576	13,669	14,963	23,152	24,685	29,116	32,126	41,806	40,018	49,884	61,079
Cost of revenues											
License	6	94	37	76	56	93	21	135	176	110	237
Maintenance and services	464	633	763	940	1,615	2,406	2,788	3,248	3,374	4,236	4,341
Total cost of revenues(1)	470	727	800	1,016	1,671	2,499	2,809	3,383	3,550	4,346	4,578
Gross profit	10,106	12,942	14,163	22,136	23,014	26,617	29,317	38,423	36,468	45,538	56,501
Operating expenses											
Sales and marketing(1)	5,036	6,268	7,495	11,564	10,577	12,983	15,565	23,208	23,673	27,565	32,189
Research and development(1)	3,681	4,374	4,969	5,363	6,725	7,493	8,488	10,359	12,941	14,135	15,438
General and administrative(1)	1,350	1,447	1,832	2,050	2,915	3,340	4,278	7,182	5,601	6,118	6,345
Total operating expenses	10,067	12,089	14,296	18,977	20,217	23,816	28,331	40,749	42,215	47,818	53,972
Operating income (loss)	$ 39	$ 853	$ (133)	$ 3,159	$ 2,797	$ 2,801	$ 986	$ (2,326)	$ (5,747)	$ (2,280)	2,529
Other income (expense), net	(5)		(12)	1	(11)	(16)	(22)	(5)	(53)	(119)	(177)
Income (loss) before income tax expense (benefit)	34	853	(145)	3,160	2,786	2,785	964	(2,331)	(5,800)	(2,399)	2,352
Income tax expense (benefit)	28	42	16	437	1,729	1,726	597	(1,275)	(1,765)	176	(89)
Net income (loss)	$ 6	$ 811	$ (161)	$ 2,723	$ 1,057	$ 1,059	$ 367	$ (1,056)	$ (4,035)	$ (2,575)	$ 2,441

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

	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	Three Months Ended (in thousands)										
Cost of revenues	$ 5	$ 6	$ 5	$ 6	$ 15	$ 23	$ 28	$ 41	$ 73	$ 105	$ 113
Sales and marketing	102	151	151	161	265	318	350	461	819	1,245	1,442
Research and development	121	169	166	172	426	488	531	670	1,035	1,277	1,473
General and administrative	42	56	58	77	245	276	288	371	572	677	702
Total stock-based compensation expense	$ 270	$ 382	$ 380	$ 416	$ 951	$ 1,105	$ 1,197	$ 1,543	$ 2,499	$ 3,304	$ 3,730

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	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	Three Months Ended (as a percentage of total revenues)										
Revenues											
License	68.7%	70.0%	68.7%	74.7%	70.7%	69.5%	68.8%	71.9%	66.0%	67.2%	68.7%
Maintenance and services	31.3	30.0	31.3	25.3	29.3	30.5	31.2	28.1	34.0	32.8	31.3
Total revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenues											
License	0.1	0.7	0.2	0.3	0.2	0.3	0.1	0.3	0.4	0.2	0.4
Maintenance and services	4.3	4.6	5.1	4.1	6.6	8.3	8.6	7.8	8.5	8.5	7.1
Total cost of revenues	4.4	5.3	5.3	4.4	6.8	8.6	8.7	8.1	8.9	8.7	7.5
Gross profit	95.6	94.7	94.7	95.6	93.2	91.4	91.3	91.9	91.1	91.3	92.5
Operating expenses											
Sales and marketing	47.6	45.9	50.1	49.9	42.8	44.6	48.4	55.5	59.2	55.3	52.7
Research and development	34.8	32.0	33.2	23.2	27.2	25.7	26.4	24.8	32.3	28.3	25.3
General and administrative	12.8	10.6	12.3	8.9	11.9	11.5	13.4	17.2	14.0	12.3	10.4
Total operating expenses	95.2	88.5	95.6	82.0	81.9	81.8	88.2	97.5	105.5	95.9	88.4
Operating income (loss)	0.4	6.2	(0.9)	13.6	11.3	9.6	3.1	(5.6)	(14.4)	(4.6)	4.1
Other income (expense), net	(0.1)		(0.1)				(0.1)		(0.1)	(0.2)	(0.2)
Income (loss) before income tax expense (benefit)	0.3	6.2	(1.0)	13.6	11.3	9.6	3.0	(5.6)	(14.5)	(4.8)	3.9
Income tax expense (benefit)	0.2	0.3	0.1	1.8	7.0	6.0	1.9	(3.1)	(4.4)	0.4	(0.1)
Net income (loss)	0.1%	5.9%	(1.1)%	11.8%	4.3%	3.6%	1.1%	(2.5)%	(10.1)%	(5.2)%	4.0%

	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	Three Months Ended (in thousands)										
Other Financial Data:											
Non-GAAP operating income (loss)(1)	$ 309	$ 1,235	$ 247	$ 3,575	$ 3,748	$ 3,906	$ 2,183	$ 1,168	$ (3,248)	$ 1,024	$ 6,259
Non-GAAP net income (loss)(2)	274	1,183	209	3,126	1,885	2,025	1,423	1,521	(1,808)	316	5,554
Free cash flow(3)	(1,346)	1,356	1,493	6,450	2,849	1,888	5,117	(2,651)	1,167	2,141	4,256

(1) Non-GAAP operating income (loss) is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, in the quarter ended December 31, 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. For more information about non-GAAP operating income (loss), see the section titled Selected Consolidated Financial and Other Data Non-GAAP Financial Results.

(2) Non-GAAP net income (loss) is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, in the quarter ended December 31, 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. For more information about non-GAAP net income (loss), see the section titled Selected Consolidated Financial and Other Data Non-GAAP Financial Results.

(3) Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less net cash used in investing activities for purchases of property and equipment. For more information about free cash flow, see the section titled Selected Consolidated Financial and

Other Data Non-GAAP Financial Results.

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The following table reflects the reconciliation of operating income (loss) to non-GAAP operating income (loss):

	Three Months Ended										
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	(in thousands)										
Operating income (loss)	$ 39	$ 853	$ (133)	$ 3,159	$ 2,797	$ 2,801	$ 986	$ (2,326)	$ (5,747)	$ (2,280)	$ 2,529
Excluding:											
Stock-based compensation expense	270	382	380	416	951	1,105	1,197	1,543	2,499	3,304	3,730
Funding of the Tableau Foundation								1,951			
Non-GAAP operating income (loss)	$ 309	$ 1,235	$ 247	$ 3,575	$ 3,748	$ 3,906	$ 2,183	$ 1,168	$ (3,248)	$ 1,024	$ 6,259

The following table reflects the reconciliation of net income (loss) to non-GAAP net income (loss):

	Three Months Ended										
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	(in thousands)										
Net income (loss)	$ 6	$ 811	$ (161)	$ 2,723	$ 1,057	$ 1,059	$ 367	$ (1,056)	$ (4,035)	$ (2,575)	$ 2,441
Excluding:											
Stock-based compensation expense, net of tax	268	372	370	403	828	966	1,056	1,357	2,227	2,891	3,113
Funding of the Tableau Foundation, net of tax								1,220			
Non-GAAP net income (loss)	$ 274	$ 1,183	$ 209	$ 3,126	$ 1,885	$ 2,025	$ 1,423	$ 1,521	$ (1,808)	$ 316	$ 5,554

The following table reflects the reconciliation of net cash provided by (used in) operating activities to free cash flow:

	Three Months Ended										
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
	(in thousands)										
Net cash provided by (used in) operating activities	$ (216)	$ 3,220	$ 2,352	$ 7,527	$ 4,448	$ 3,525	$ 7,342	$ (1,076)	$ 4,205	$ 5,447	$ 9,427
Less: Purchases of property and equipment	1,130	1,864	859	1,077	1,599	1,637	2,225	1,575	3,038	3,306	5,171
Free cash flow	$ (1,346)	$ 1,356	$ 1,493	$ 6,450	$ 2,849	$ 1,888	$ 5,117	$ (2,651)	$ 1,167	$ 2,141	$ 4,256

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Seasonality and Quarterly Trends

Seasonality. Our quarterly results reflect seasonality in the sale of our products and services. Historically, we believe a pattern of increased license sales in the fourth fiscal quarter as a result of seasonal buying patterns has positively impacted total revenues in that period, which has resulted in low or negative sequential revenue growth in the first quarter as compared to the prior quarter. For example, our total revenues in the first quarter of 2013 decreased when compared to total revenues for the fourth quarter of 2012. We expect this seasonality to continue in future years and beyond. Such seasonality has resulted in a decrease in quarterly revenues from the fourth quarter of a fiscal year to the first quarter of the subsequent fiscal year. Our gross margins and operating income (losses) have also been affected by these historical trends because the majority of our expenses are relatively fixed in the short term. In addition, sales and marketing expenses typically increase towards the end of the year with respect to year-end commissions and to the timing of our U.S. Tableau Customer Conference, which was held in the fourth quarter of 2011 and 2012 and in the third quarter of 2013.

We may have backlog consisting of product license orders that have not yet been fulfilled or invoiced, or maintenance and service orders that have not yet been performed. Historically, our backlog has varied from quarter to quarter and has been immaterial to our total revenues.

Quarterly revenues. Our quarterly revenues increased sequentially quarter over quarter for substantially all periods presented above, reflecting increased demand for our products and services from new and existing customers. We cannot assure you that this pattern of sequential revenue growth will continue. As noted above, the seasonality of our business has resulted in total revenues for the first quarter of 2013 being less than total revenues for the fourth quarter of 2012. In addition, the placement of large customer orders can significantly impact our quarterly revenues, resulting in low sequential revenue growth or a sequential decrease in quarterly revenues. As a result, we believe that comparisons of revenues for a given quarter to revenues for the corresponding quarter in the prior fiscal year are generally more meaningful than comparisons of revenues for sequential quarters.

Quarterly cost of revenues. Our quarterly cost of revenues increased sequentially quarter over quarter for all periods presented above, primarily due to the increased cost of providing maintenance and services to our expanding customer base.

Quarterly operating expenses. Total operating expenses have increased sequentially quarter over quarter for all periods presented above, primarily due to the continued addition of personnel in connection with the expansion of our business. This addition of headcount has generally contributed to quarterly sequential increases in operating expenses.

Sales and marketing expenses generally increased sequentially quarter over quarter for the periods presented above, primarily due to increases in headcount-related expenses from continued hiring to support sales growth, increased marketing programs and increased commissions in alignment with sales growth. Sales and marketing expenses are typically higher during the second half of each year as the result of year-end sales commission and our U.S. Tableau Customer Conference, which was held in the fourth quarter of 2011 and 2012 and in the third quarter of 2013.

Research and development expenses increased sequentially quarter over quarter for all periods presented above, primarily due to increases in headcount-related expenses from continued hiring to develop and enhance our products.

General and administrative expenses increased sequentially quarter over quarter for all periods presented above, primarily due to increases in headcount-related expenses, as well as increased consulting and professional services fees related to accounting, legal and recruiting activities to

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support growth in our business, and additional costs incurred in preparation for our initial public offering. General and administrative expenses for the fourth quarter of 2012 include $2.0 million of expense for the funding of the Tableau Foundation.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through cash flows generated by operations and to a lesser extent the sale of preferred stock. In May 2013, we closed our initial public offering, in which we sold 6,230,000 shares of Class A common stock and the selling stockholders sold 3,200,000 shares of Class A common stock at an offering price of $31.00 per share. We received proceeds of $177.0 million from our initial public offering, net of underwriters discounts and commissions and offering expenses.

As of September 30, 2013, we had cash and cash equivalents totaling $226.3 million, net accounts receivable of $44.2 million and $202.7 million of working capital.

The following tables show our cash and cash equivalents and our cash flows from operating activities, investing activities and financing activities for the stated periods:

	As of December 31,		As of September 30,
	2011	2012	2013
		(in thousands)	
			(unaudited)
Cash and cash equivalents	$ 30,223	$ 39,302	$ 226,337

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
			(in thousands)		
				(unaudited)	
Net cash provided by operating activities	$10,376	$12,883	$14,239	$15,315	$19,079
Net cash used in investing activities	(2,169)	(4,930)	(7,036)	(5,461)	(11,515)
Net cash provided by (used in) financing activities	332	(341)	1,876	283	179,469
Effect of exchange rates					2
Net increase in cash and cash equivalents	$8,539	$7,612	$9,079	$10,137	$187,035

Cash and Cash Equivalents

As of September 30, 2013, our cash and cash equivalents were held for working capital purposes, a majority of which was held in cash deposits and money market funds. We intend to increase our capital expenditures to support the growth in our business and operations. We believe that our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our anticipated cash needs 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 research and development efforts, the continued expansion of sales and marketing activities, the introduction of new and enhanced software and services offerings, and the continued market acceptance of our products.

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Operating Activities

Net cash provided by operating activities was $19.1 million for the nine months ended September 30, 2013, as a result of a net loss of $4.2 million, offset by stock-based compensation expense and other non-cash charges of $14.2 million and a net change of $9.0 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a $19.5 million increase in deferred revenue and a $9.0 million increase in accounts payable and other accrued liabilities, partially offset by a $13.5 million increase in accounts receivable and a $3.5 million increase in income taxes receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts payable and other accrued liabilities was primarily related to the overall growth of the business. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in income taxes receivable was primarily related to our tax benefit in the nine months ended September 30, 2013.

Net cash provided by operating activities was $15.3 million for the nine months ended September 30, 2012, as a result of net income of $2.5 million, stock-based compensation expense and other non-cash charges of $6.0 million and a net change of $6.9 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a $11.8 million increase in deferred revenue and a $2.7 million increase in accounts payable and accrued liabilities, partially offset by a $7.1 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts payable and accrued liabilities was primarily related to the overall growth of the business. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales.

Net cash provided by operating activities was $14.2 million in the year ended December 31, 2012, as a result of net income of $1.4 million, which included depreciation, stock-based compensation expense and other non-cash charges of $9.4 million, and a net change of $3.3 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a $15.4 million increase in deferred revenue and a $8.2 million increase in accrued liabilities, partially offset by a $17.6 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in accrued liabilities was due to the growth in our business and increased headcount.

Net cash provided by operating activities was $12.9 million in the year ended December 31, 2011, as a result of net income of $3.4 million, which included depreciation, stock-based compensation expense and other non-cash charges of $3.9 million, and a net increase of $5.6 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a $10.5 million increase in deferred revenue and a $5.3 million increase in accounts payable and accrued liabilities, partially offset by a $9.4 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in accrued liabilities was due to the growth in our business and increased headcount.

Net cash provided by operating activities was $10.4 million in the year ended December 31, 2010, as a result of net income of $2.7 million, which included depreciation, stock-based compensation expense and other non-cash charges of $1.6 million, and a net increase of $6.0 million in our operating assets and liabilities. The net increase in our operating assets and liabilities was primarily attributable to a $3.8 million increase in deferred revenue and a $3.3 million increase in accounts payable and accrued liabilities, partially offset by a $1.1 million increase in accounts receivable. The increase in deferred revenue and accounts receivable was primarily due to increased sales. The increase in accrued liabilities was primarily due to the growth in our business and increased headcount.

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Investing Activities

Cash outflows for investing activities for the nine months ended September 30, 2012 and 2013 were $5.5 million and $11.5 million, respectively. The cash used was primarily attributable to capital expenditures to support the growth of our business, including hardware and software and office equipment and leasehold improvements.

Cash outflows for investing activities for the years ended December 31, 2010, 2011 and 2012 were $2.2 million, $4.9 million and $7.0 million, respectively. The cash used was primarily attributable to capital expenditures to support the growth of our business, including hardware and software and office equipment and leasehold improvements.

Financing Activities

Cash inflows from our financing activities for the nine months ended September 30, 2012 and 2013 were $0.3 million and $179.5 million, respectively. In the nine months ended September 30, 2013, cash provided by financing activities was primarily due to the $177.0 million net proceeds from our initial public offering. In addition for the nine months ended September 30, 2012 and 2013, cash provided by financing activities attributable to proceeds and tax benefits from the exercise of stock options was $0.3 million and $2.5 million, respectively.

Cash inflows (outflows) from our financing activities for the years ended December 31, 2010, 2011 and 2012 were $0.3 million, $(0.3) million and $1.9 million, respectively. The cash provided primarily was attributable to proceeds from the exercise of stock options. For 2011, cash outflows were attributable to cash paid to repurchase shares of our common stock and payments on capital lease obligations.

Commitments

Our principal commitments primarily consist of obligations under leases for office space. As of December 31, 2012, the future non-cancelable minimum lease payments under these obligations were as follows:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Operating lease obligations	$ 8,469	$ 3,261	$ 4,550	$ 658	$

Subsequent to December 31, 2012, we signed additional leases for office space. As of September 30, 2013, our future non-cancelable minimum operating lease payments are as follows:

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Operating lease obligations	$ 20,343	$ 1,213	$ 10,600	$ 5,866	$ 2,664

Off-Balance Sheet Arrangements

During the nine months ended September 30, 2012 and 2013 and the years ended December 31, 2010, 2011 and 2012, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements.

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Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management s judgments and estimates.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

Revenue Recognition

We generate revenues primarily in the form of software license fees and related maintenance and services fees. License fees include perpetual, term and subscription license fees. Maintenance and services primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available), training and professional services that are not essential to functionality of our software.

We recognize revenues when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the software or services have been delivered to the customer;
- the amount of fees to be paid by the customer is fixed or determinable; and
- the collection of the related fees is probable.

We use click-through end user license agreements, signed agreements and purchase orders as evidence of an arrangement. We deliver all of our software electronically. Electronic delivery occurs when we provide the customer with access to the software and license key via a secure portal. We assess whether the fee is fixed or determinable at the outset of the arrangement. We typically offer payment terms due 30 days from delivery of software. We assess collectability based on a number of factors such as collection history and creditworthiness of the customer. If we determine that collectability is not probable, revenues are deferred until collectability becomes probable, generally upon receipt of cash.

Substantially all of our software licenses are perpetual licenses sold in multiple-element arrangements that include maintenance and may also include professional services and training.

Vendor specific objective evidence, or VSOE, of the fair value is not available for these perpetual software licenses as they are never sold without maintenance. VSOE of the fair value generally exists for all undelivered elements and any services are not essential to the functionality of the delivered software. We account for delivered software licenses under the residual method.

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Maintenance agreements consist of fees for providing software updates on a when and if available basis and technical support for software products for an initial term, typically one year. We have established VSOE of the fair value of maintenance on perpetual licenses based on stated substantive renewal rates or the price when sold on a standalone basis. Stated renewal rates are considered to be substantive if they are at least 15% of the actual price charged for the software license. VSOE of the fair value for standalone sales is considered to have been established when a substantial majority of individual sales transactions within the previous 12-month period falls within a reasonably narrow range, which we have defined to be plus or minus 15% of the median sales price of actual standalone sales transactions.

License arrangements may include professional services and training. In determining whether professional services and training revenues should be accounted for separately from license revenues, we evaluate:

- whether such services are considered essential to the functionality of the software using factors such as the nature of the software products;
- whether they are ready for use by the customer upon receipt;
- the nature of the services, which typically do not involve significant customization to or development of the underlying software code;
- the availability of services from other vendors;
- whether the timing of payments for license revenues is coincident with performance of services; and
- whether milestones or acceptance criteria exist that affect the realizability of the software license fee.

Revenues related to training are billed on a fixed fee basis and accordingly recognized as training services are delivered. Payments received in advance of services performed are deferred and recognized when the related services are performed.

To date, professional services have not been considered essential to the functionality of the software. The VSOE of the fair value of our professional services and training is based on the price for these same services when they are sold separately. Revenues related to professional services and training are billed on a time and materials basis and, accordingly, are recognized as the services or training are performed.

When software is licensed for a specified term, fees for support and maintenance are generally bundled with the license fee over the entire term of the contract. In these cases, we do not have VSOE of the fair value for maintenance. Revenues related to term and subscription license fees are recognized ratably over the contract term beginning on the date the customer has access to the software license key and continuing through the end of the contract term.

We do not offer refunds and therefore have not recorded any sales return allowance for any of the periods presented. Upon a periodic review of outstanding accounts receivable, amounts that are deemed to be uncollectable are written off against the allowance for doubtful accounts.

We account for taxes collected from customers and remitted to governmental authorities on a net basis and exclude them from revenues.

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Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee and non-employee director stock option and restricted stock unit, or RSU, awards, is measured and recognized in the financial statements based on fair value. The fair value of each RSU is based on the number of shares granted and the closing price of our Class A common stock on the New York Stock Exchange on the date of grant. The fair value of each stock option award is determined at the date of grant by applying the Black-Scholes option pricing model. This model utilizes the estimated value of our underlying Class A common stock and Class B common stock at the measurement date, the expected or contractual term of the option, the expected volatility of our Class A common stock and Class B common stock, risk-free interest rates and expected dividend yield of our Class A common stock and Class B common stock. Measurement of stock-based compensation is subject to periodic adjustment as the underlying equity instruments vest. We recognize compensation expense for only the portion of awards expected to vest. Therefore, management applied an estimated forfeiture rate that was derived from historical employee termination behavior. If the actual number of forfeitures differs from the estimates, adjustments to stock-based compensation expense may be required in future periods.

All of our stock-based awards prior to our initial public offering were for Class B common stock. All stock-based awards made since the date of our initial public offering have been for Class A common stock. All references to common stock in this Stock-Based Compensation section are to our Class A common stock and Class B common stock, as applicable.

Key assumptions. Our Black-Scholes option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock (for periods prior to our IPO), the expected volatility of the price of our common stock, the expected term of the option, risk-free interest rates and the expected dividend yield of our common stock. 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 are estimated as follows:

Fair value of our common stock Prior to our initial public offering, because our stock was not publicly traded we estimated the fair value of our common stock, as discussed in Common stock valuations below. Upon the completion of our initial public offering, our common stock was valued by reference to the publicly-traded closing price of our Class A common stock on the New York Stock Exchange.

Expected volatility As we do not have a significant trading history for our common stock, the expected stock price volatility for our common stock was estimated by taking the average historic price volatility for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. 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.

Expected term The expected term represents the period that our stock-based awards are expected to be outstanding. As we do not have sufficient historical experience for determining the expected term of the stock option awards granted, we have based our actual experience adjusted for expected employee exercise activity.

Risk-free interest rate The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities similar to the expected term of the options for each option group.

Dividend yield We have never declared or paid any cash dividends and do not presently plan to pay cash dividends in the foreseeable future. Consequently, we used an expected dividend yield of zero.

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The following table presents the weighted-average assumptions used to estimate the fair value of options granted during the periods presented:

	Year Ended December 31, 2010	2011	2012	Nine Months Ended September 30, 2013 (unaudited)
Expected volatility	50.3%	52.1%	49.0%	46.8%
Expected term (in years)	5	5	5	5
Risk-free interest rate	1.79%	1.55%	0.69%	1.11%
Dividend yield	None	None	None	None

In addition to the assumptions used in the Black-Scholes option-pricing model, the amount of stock option expense we recognize in our consolidated statements of operations includes an estimate of stock option forfeitures. We estimate our forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. Changes in the estimated forfeiture rate can have a significant impact on our stock-based compensation expense as the cumulative effect of adjusting the rate is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in our financial statements.

Common stock valuations. Prior to our initial public offering, the fair value of the common stock underlying our stock options was determined by our board of directors, which intended all options granted to be exercisable at a price per share not less than the per share fair value of our common stock underlying those options on the date of grant. The valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. The assumptions we used in the valuation model were based on future expectations combined with management judgment. Because there had been no public trading market for our common stock, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the fair value of our common stock as of the date of each option grant, including the following factors:

- contemporaneous valuations performed by independent third-party specialists;
- the rights, preferences, and privileges of our convertible preferred stock relative to those of our common stock;
- lack of marketability of our common stock;
- actual operating and financial performance;
- our stage of development;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;

risk inherent to the development of our products and services;

trends and developments in our industry;

the market performance of comparable publicly traded companies;

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likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of our company given prevailing market conditions; and

U.S. and global economic and capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business generally using the income approach and the market comparable approach valuation methods. The income approach estimates value based on the expectation of future cash flows that a company will generate such as cash earnings, cost savings, tax deductions, and the proceeds from disposition of assets. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar lines of business as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

The market comparable approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. We selected other enterprise software public companies for the purposes of this approach based on their operational area of business intelligence software and similarity of business model, being primarily license-based rather than software-as-a-service. Our peer group companies were consistent from the beginning of 2012, other than the addition of a business intelligence enterprise software company that went public earlier in the year, which we added in the fourth quarter of 2012. While we believe that this group of comparable companies was appropriate, investors may not view this group of companies as similar enough to us. Therefore, had a different set of peer companies been used, a different valuation may have resulted. From the comparable companies, a representative market value multiple was determined based on the subject company s operating results to the value of the subject company. In our valuations, the multiple of the comparable companies was determined using a ratio of the market value of invested capital less cash to each of the trailing 12 month s total revenues and forecasted future total revenues. Each of these revenue multiples was weighted equally. As some of the comparable companies were significantly larger and had different rates of revenue growth and profitability than us, we generally selected multiples that were above the mean of these selected companies to make adjustment for our historical and expected higher rates of revenue growth.

In some cases, we also considered the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation determined pursuant to one of the methods described above or a straight-line calculation between the two valuation dates. This determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date.

Once we determined an equity value, we utilized the option-pricing method, or OPM, to allocate the equity value to each of our classes of stock. OPM values each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights, and strike prices of derivatives. This method is generally preferred when future outcomes are difficult to predict and dissolution or liquidation is not imminent. The estimated value based on the income and market approach is then discounted by a non-marketability factor, or DLOM, due to the fact that stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies, which impacts liquidity.

In connection with the preparation of our financial statements for the year ended December 31, 2012, we re-evaluated our estimate of fair value of our common stock for financial reporting purposes as a result of our rapidly improving financial performance and prospects, our evolving belief that an initial public offering was increasingly viable and the generally improving conditions in the capital markets in the fourth quarter of 2012. As a result of our re-evaluation, we determined that, solely for financial reporting purposes, the fair value of our common stock was higher than the fair market values determined in good faith by our board of directors for each of the option grant dates from February through September 2012. In our re-evaluation for financial reporting purposes, we re-assessed certain assumptions that were used in our contemporaneous valuations. As a result, we retroactively adjusted the fair value per common share as of each such grant date during 2012 based on the progress of our business at each relevant date.

We granted the following stock option awards between January 1, 2012 and the date of this prospectus:

Option Grant Dates	Number of Shares Subject to Options Granted	Common Stock Fair Value Per Common Share for Financial Reporting Purposes	Exercise Price	Intrinsic Value Per Underlying Common Share
February 29, 2012	3,000,440	$ 7.65	$ 7.17	$ 0.48
May 23, 2012	373,750	8.15	7.19	0.96
September 5, 2012	600,650	8.47	7.47	1.00
December 4, 2012	732,950	11.89	9.30	2.59
December 10, 2012	2,911,250	11.89	9.30	2.59
February 28, 2013	534,450	18.23	14.95	3.28
March 15, 2013	80,000	19.13	14.98	4.15
May 1, 2013	409,700	24.50	24.50	
May 16, 2013	231,200	31.00	31.00	
July 15, 2013	80,200	53.82	53.82	
August 15, 2013	6,000	65.17	65.17	

We granted the following RSU awards between January 1, 2012 and the date of this prospectus:

RSU Grant Dates	Number of Shares Subject to RSUs Granted	Common Stock Fair Value Per Common Share for Financial Reporting Purposes
July 15, 2013	60,100	$ 53.82
August 15, 2013	73,250	65.17

We believe we applied a reasonable valuation method to determine the stock option exercise prices on the respective stock option grant dates. A combination of factors led to changes in the fair value of our common stock. Certain of the significant factors considered by our board of directors to determine the fair value per share of our common stock for purposes of calculating stock-based compensation costs during this period included:

February 2012. On February 29, 2012, we granted stock options with an exercise price of $7.17 per share. During this period, the U.S. economy and overall financial markets continued to recover. We continued to experience revenue growth as our products gained more market awareness and market share. In the first quarter of 2012, we added a new member to our board of directors and a General Counsel to our management team. Our board of directors considered the financial performance and market conditions in determining the fair value of our common stock, concurrent with a contemporaneous third-party valuation of our common stock as of January 31, 2012 that was prepared using a combination of the market and income approach, each weighted at 50%. The market approach took into consideration the peer group revenue multiples. The mean peer group blended revenue multiple was 3.1x in February 2012. The blended revenue multiple selected was 5.5x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using a discount rate that reflected our then-current cost of capital. The discount rate applied to our cash flows was 14%. Our enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 25%. Our board of directors determined that no significant value-generating events had taken place between the January 31, 2012 valuation and the February 29, 2012 grant date. In connection with our preparation of the financial statements for the year ended December 31, 2012, for financial reporting purposes, we subsequently revised the valuation analysis of our common stock by reducing the DLOM from 25% to 20% and determined the fair value of our common stock to be $7.65 per share.

May 2012. On May 23, 2012, we granted stock options with an exercise price of $7.19 per share. During this period, we continued to see growth in the U.S. economy and improvement in the financial markets. We continued to experience revenue growth as our products gained more market awareness, generating $24.7 million in total revenues for the quarter ended March 31, 2012 as compared to $23.2 million for the quarter ended December 31, 2011. Our board of directors considered our recent performance and market conditions to help determine the value of our common stock and considered a contemporaneous third-party valuation of our common stock as of April 30, 2012 that was prepared using a combination of the market and income approaches, each weighted at 50%. The mean peer group blended revenue multiple increased slightly from 3.1x in February 2012 to 3.5x in May 2012. The blended revenue multiple selected was 5.3x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using a discount rate that reflected our then-current cost of capital. The discount rate applied to our cash flows was 14%. The enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 25%. Our board of directors determined that no significant value-generating events had taken place between the April 30, 2012 valuation and the May 23, 2012 grant date. In connection with our preparation of the financial statements for the year ended December 31, 2012, for financial reporting purposes, we subsequently revised the valuation analysis of our common stock by reducing the DLOM from 25% to 15% and determined the fair value of our common stock to be $8.15 per share.

September 2012. On September 5, 2012, we granted stock options with an exercise price of $7.47 per share. In the third quarter of 2012, we added a new independent member to our board of directors. Between May 2012 and September 2012, we continued to experience revenue growth as our products gained more market awareness even though the financial markets started to show some weakness. We generated $29.1 million in total revenues for the quarter ended June 30, 2012 as compared to $24.7 million for the quarter ended March 31, 2012. Our board of directors considered our recent performance and market conditions to help determine the value of our common stock and considered a contemporaneous third-party valuation of our common stock as of August 15, 2012 that was prepared using a combination of the market and income approach, each weighted at 50%. The mean peer group blended revenue multiple decreased slightly at 3.2x in September 2012 from 3.5x in May 2012. There was no increase in the aggregate valuations of the peer group companies during this period. The blended revenue multiple selected was 4.3x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using an appropriate discount rate that reflected our then current cost of capital. The discount rate applied to our cash flows was 17%. The enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 25%. In September 2012, we granted stock options with an exercise price of $7.47 per share. Our board of directors determined that no significant value-generating events had taken place between the August 15, 2012 valuation and the September 5, 2012 grant date. In connection with our preparation of the financial statements for the year ended December 31, 2012, for financial reporting purposes, we subsequently revised the valuation analysis of our common stock by reducing the DLOM from 25% to 15% and determined the fair value of our common stock to be $8.47 per share.

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December 2012. On December 4, 2012 and December 10, 2012, we granted stock options with an exercise price of $9.30 per share. In the fourth quarter of 2012, we added a new independent member to our board of directors. In addition, we began discussions with investment banks in preparation for a potential initial public offering of our Class A common stock. Our board of directors considered our recent financial performance, market conditions, changes in our business and the increased probability of an initial public offering in determining the fair value of our common stock. In addition, the board of directors considered a contemporaneous third-party valuation of our common stock as of November 15, 2012 that was prepared using a combination of the market and income approach, each weighted at 50%. The mean peer group blended revenue multiple increased from 3.2x in September 2012 to 3.6x in December 2012; however, the third quartile peer group blended revenue multiple decreased from 4.0x in September 2012 to 3.5x in December 2012. The blended revenue multiple selected was 4.2x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using a discount rate that reflected our then-current cost of capital. The discount rate applied to our cash flows was 16%. The enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 10%. The DLOM was reduced from prior periods due to the factors listed above moving towards a potential initial public offering. Our board of directors determined that no significant value-generating events had taken place between the November 15, 2012 valuation and the December 4, 2012 and December 10, 2012 grant dates.

As more fully described under Offering Price and Fair Value Reassessment below, on May 1, 2013, we retrospectively reassessed the fair value of our common stock for the December 4, 2012 and December 10, 2012 grants for financial reporting purposes to be $11.89 per share (after application of the 10% DLOM).

On December 31, 2012, we donated 150,000 shares of Class B common stock to fund the Tableau Foundation, a donor-advised charitable fund, pursuant to board of directors approval obtained on December 4, 2012. For financial reporting purposes, we considered our recent financial performance, generally improving overall market conditions in the capital markets, changes in our business and the increased probability of an initial public offering in determining the fair value of our common stock on December 31, 2012. Based on this evaluation, we determined that value-generating events had taken place between our December 10, 2012 stock option grant date and December 31, 2012, including our better than expected operating results and particularly strong revenue generation during that period. Consequently, continuing to apply the DLOM of 10% we utilized in connection with our grants made earlier that month and described above, we determined the fair value of our common stock to be $10.76 and recorded a corresponding stock-based expense of $1.6 million as of December 31, 2012. This value approximated the straight-line growth in our enterprise value from December 2012 to February 2013.

As more fully described under Offering Price and Fair Value Reassessment below, on May 1, 2013, we retrospectively reassessed the fair value of our common stock for the December 31, 2012 donation for financial reporting purposes to be $12.34 per share (after application of the 10% DLOM).

February 2013. On February 28, 2013, we granted stock options with an exercise price of $14.95 per share. We continued to make progress toward an initial public offering with the initial submission of our registration statement with the Securities and Exchange Commission in February 2013. In addition, our total revenues continued to grow in line with our expectations and we were named a business intelligence and analytics leader for the first time in a market research report by a third party research and advisory firm. During the period between this grant and our last option grant in December 2012, the U.S. economy continued to grow and capital markets continued to improve. Our board of directors considered our recent financial performance, market conditions and the increased probability of an initial public

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offering in determining the fair value of our common stock and considered a contemporaneous third-party valuation of our common stock as of February 22, 2013 that was prepared using a combination of the market and income approach, each weighted at 50%. The mean peer group blended revenue multiple was increased from 3.6x in December 2012 to 3.7x at February 2013. The blended revenue multiple selected was 4.6x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using a discount rate that reflected our then-current cost of capital. The discount rate applied to our cash flows was 13%. The enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 5%. The DLOM was reduced from prior periods due to the increased probability of an initial public offering. Our board of directors determined that no significant value-generating events had taken place between the February 22, 2013 valuation and the February 28, 2013 grant date.

As more fully described under Offering Price and Fair Value Reassessment below, on May 1, 2013, we retrospectively reassessed the fair value of our common stock for the February 28, 2013 grant for financial reporting purposes to be $18.23 per share (after application of the 5% DLOM).

March 2013. On March 15, 2013, we granted stock options with an exercise price of $14.98 per share. Our board of directors considered our recent financial performance and market conditions in determining the fair value of our common stock and considered a contemporaneous third-party valuation of our common stock as of March 13, 2013 that was prepared using a combination of the market and income approach, each weighted at 50%. The mean peer group blended revenue multiple increased from 3.7x at February 2013 to 3.8x at March 2013. The blended revenue multiple selected was 4.6x which, taking into consideration the forecast of our expected future financial performance, was above the upper quartile peer group revenue multiples. The income approach also took into consideration the forecast of our expected future financial performance, and then discounted it to a present value using a discount rate that reflected our then-current cost of capital. The discount rate applied to our cash flows was 13%. The enterprise value was determined using the market and income approach. Our common stock price derived from this valuation reflected a DLOM of 5%. Our board of directors determined that no significant value-generating events had taken place between the March 13, 2013 valuation and the March 15, 2013 grant date.

As more fully described under Offering Price and Fair Value Reassessment below, on May 1, 2013, we retrospectively reassessed the fair value of our common stock for the March 15, 2013 grant for financial reporting purposes to be $19.13 per share (after application of the 5% DLOM).

Offering Price and Fair Value Reassessment. In connection with a consultation with the underwriters, on May 1, 2013, we determined our estimated initial public offering price range would be $23.00 to $26.00 per share. Subsequently, after a series of meetings with potential investors that took place between May 6 and May 15, the pricing committee of our board of directors met with our managing underwriters and members of senior management and determined that, as a result of the level of interest in our proposed offering from potential investors, we should increase the anticipated initial public offering price range to $28.00 to $30.00 per share. We believe the difference between (1) the historical fair values of our common stock for the December 2012, February 2013 and March 2013 grants, as well as the December 2012 stock donation, as determined by our board of directors, and (2) the midpoint of the initial public offering price range on May 1, 2013 ($24.50 per share) is a result of the following factors:

- Differences in the valuation methodologies, assumptions and inputs used to inform the determination of an initial public offering price range compared to the valuation methodologies, assumptions and inputs used in the historical valuations considered by our board of directors.

The consideration of our growth prospects and then-recent financial, trading and market statistics of a set of high-growth technology companies, discussed between us and the underwriters as compared to the prior analysis applied and different set of comparable companies used by the prior valuation analysis. Overall, the companies considered in determining the initial public offering price range had significantly higher relative valuations than the comparable companies used in our board of directors historical valuation analysis.

The initial public offering price range necessarily assumed that the initial public offering had occurred and a public market for our common stock had been created, and therefore excluded any marketability or illiquidity discount for our common stock, which discounts were appropriately taken into account in our board of directors historical fair value determinations.

In light of the differences between the historical fair values of our common stock for then-recent grants and the initial public offering price range, in order to determine the appropriate stock-based expense for equity awards subsequent to December 1, 2012, on May 1, 2013 we retrospectively reassessed the assumptions used in our contemporaneous valuations that were used to assist our board of directors historically in its determination of the fair values for equity awards made in December 2012, February 2013 and March 2013, as well as the December 2012 stock donation. The reassessed common stock fair values for financial reporting purposes were determined using solely the market comparable approach as that was the similar approach used in connection with determining the initial public offering price range. However, given the fact that the high-growth public technology companies utilized in determining the initial public offering price range were the main factors that caused the differences between the historical fair values of our common stock for then-recent grants and the initial public offering price range, we revised our comparable company group in the market comparable approach to include nearly all of these additional high-growth technology companies.

As a consequence of this retrospective reassessment of the fair values for financial reporting purposes, we determined that the fair values of our common stock as of December 4, 2012, December 10, 2012, December 31, 2012, February 28, 2013 and March 15, 2013 are $11.89, $11.89, $12.34, $18.23 and $19.13 per share, respectively (following adjustment due to the applicable DLOMs). Incremental unrecognized stock-based compensation expense related to the retrospective reassessment of fair value totaled $7.7 million. We recorded incremental stock-based expense of approximately $0.3 million for the year ended December 31, 2012 and the three months ended March 31, 2013 and revised the financial statements for the year ended December 31, 2012 and the three months ended March 31, 2013 accordingly.

May 2013. On May 1, 2013, we granted stock options with an exercise price of $24.50 per share, the midpoint of the initial price range of our initial public offering. Our board of directors believed that the $24.50 amount reflected its then-current best estimate of the fair value of our common stock.

Stock Options and RSUs Granted Subsequent to our Initial Public Offering. For stock options and RSUs granted subsequent to our initial public offering, our compensation committee determined the fair value based on the closing price of our Class A common stock as reported on the New York Stock Exchange on the date of grant.

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with authoritative guidance for income taxes. Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and credit carryforwards if it is more likely than not that the tax benefits will be realized. We considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. If we determine we would not be able to realize all or part of our net deferred tax assets in the future, we record a valuation allowance on such net deferred tax assets with an offset to expense in the period such determination is made.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We are subject to income taxes in the United States and in numerous foreign jurisdictions. While we believe the positions we have taken are appropriate, we record reserves for taxes to address potential exposures involving tax positions that we believe could be challenged by taxing authorities. We record a benefit on a tax position when we determine that it is more likely than not that the position is sustainable upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions that are more likely than not to be sustained, we measure the tax position at the largest amount of benefit that has a greater than 50 percent likelihood of being realized when it is effectively settled. We review the tax reserves as circumstances warrant and adjust the reserves as events occur that affect our potential liability for additional taxes. We follow the applicable guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition with respect to tax positions. We reflect interest and penalties related to income tax liabilities as a component of income tax expense.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to financial market risks, primarily changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices.

Interest Rate Risk

We had cash and cash equivalents of $226.3 million as of September 30, 2013. We hold our cash and cash equivalents for working capital purposes. Our cash and cash equivalents are held in cash deposits and money market funds. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, would reduce future interest income.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. All of our revenues are generated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States and to a lesser extent in Europe and Asia. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. Currently, the portion of our results of operations and cash flows denominated in foreign currency is immaterial and therefore, the effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our consolidated financial statements. To date, we have not engaged in any foreign currency hedging strategies. As our international operations grow, we plan to generate revenues in foreign currencies and we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Inflation

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last three fiscal years. If our costs were to become subject to significant

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inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Recently Issued Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or Tax Credit Carryforward Exists,* or ASU 2013-11. ASU 2013-11 requires entities to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the tax law. ASU 2013-11 is effective for us in our first quarter of 2014 with earlier adoption permitted. We are currently evaluating the impact of our pending adoption of ASU 2013-11 on our consolidated financial statements.

As an emerging growth company, the JOBS Act allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dated for new or revised accounting standards that are applicable to public companies.

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BUSINESS

Overview

Our mission is to help people see and understand data.

Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value.

Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We aim to make our products easy to use, ubiquitous and as deeply-rooted in the workplace as spreadsheets are today.

Our software is designed for anyone with data and questions. We are democratizing the use of business analytics software by allowing people to access information, perform analysis and share results without assistance from technical specialists. By putting powerful, self-service analytical technology directly into the hands of people who make decisions with data, we seek to accelerate the pace of informed and intelligent decision making. This enables our customers to create better workplaces, with happier employees who are empowered to more fully express their ingenuity and creativity.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. Organizations employ our products in a broad range of use cases such as increasing sales, streamlining operations, improving customer service, managing investments, assessing quality and safety, studying and treating diseases, completing academic research, addressing environmental problems and improving education. Our products are flexible and capable enough to help a single user on a laptop analyze data from a simple spreadsheet, or to enable thousands of users across an enterprise to execute complex queries against massive databases.

Underpinning our innovative products is a set of technology advances that spans the domains of sophisticated computer graphics, human-computer interaction and high performance database systems. These technology innovations include VizQL and our Hybrid Data Architecture:

VizQL Our breakthrough visual query language, VizQL, translates drag-and-drop actions into data queries and then expresses that information visually. VizQL unifies the formerly disparate tasks of query and visualization and allows users to transform questions into pictures without the need for software scripts, chart wizards or dialogue boxes that inhibit speed and flexibility. This capability is designed to enable a more intuitive, creative and engaging experience for our users. VizQL can deliver dramatic gains in people s ability to see and understand data, and we believe it represents a foundational advancement in the field of analytics.

Hybrid Data Architecture Our Hybrid Data Architecture combines the power and flexibility of our Live Query and In-Memory Data Engines. Our Live Query Engine allows users to instantaneously connect to large volumes of data in its existing format and location, reducing the need for time-consuming data transformation processes that only technical specialists can perform. In addition, this capability allows customers to leverage investments in their existing data platforms and to capitalize on the capabilities of high performance databases. Our In-Memory Data Engine enables users to import large amounts of data into our own in-memory database. Using advanced algorithms and data compression techniques, our in-memory technology facilitates quick query responses on up to hundreds of millions of rows of data. Our Hybrid Data Architecture enables these data engines to work in harmony