

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

Form 10-Q

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2014
or
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to
Commission File Number 001-34832

INTRALINKS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
Incorporation or organization)

150 East 42nd Street
8th Floor
New York, New York

(Address of principal executive offices)

20-8915510

(I.R.S. Employer
Identification Number)

10017

(Zip Code)

(212) 543-7700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at May 2, 2014
Common Stock, par value \$0.001 per share	56,329,141

INTRALINKS HOLDINGS, INC
QUARTERLY REPORT ON FORM 10-Q
For the three months ended March 31, 2014

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CORPORATE INFORMATION AND FORWARD-LOOKING STATEMENTS

Our Corporate Information

Our business was incorporated in Delaware as “Intralinks, Inc.” in June 1996. In June 2007, we completed a merger, or the Merger, pursuant to which Intralinks, Inc. became a wholly-owned subsidiary of TA Indigo Holding Corporation, a newly-formed Delaware corporation owned by TA Associates, Inc., which is now part of TA Associates Management, L.P. and certain other stockholders of Intralinks, Inc., including Rho Capital Partners, Inc. and former and current officers and employees of Intralinks, Inc. The Merger was accounted for under the purchase accounting method in accordance with accounting principles generally accepted in the United States of America, or GAAP. In 2010, we changed the name of TA Indigo Holding Corporation to “Intralinks Holdings, Inc.” Unless otherwise stated in this Quarterly Report on Form 10-Q (also referred to as this Quarterly Report or this Form 10-Q) or the context otherwise requires, references to “Intralinks,” “we,” “us,” “our,” the “Company” and similar references refer to Intralinks Holdings, Inc. and its subsidiaries.

Intralinks®, Intralinks Connect™, Intralinks DealNexus™, Intralinks Dealspace™, Intralinks Debtspace™, Intralinks Fundspace™, Intralinks Studyspace™, Intralinks VIA™ and other trademarks of Intralinks appearing in this Quarterly Report are the property of Intralinks. Other trademarks or service marks that may appear in this Quarterly Report are the property of their respective holders. Solely for convenience, the trademarks and trade names in this Quarterly Report are referred to without the ®, ™ and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

Forward-Looking Statement Safe Harbor

Some of the statements in this Quarterly Report constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to our operations and are based on our current expectations, estimates and projections. Words such as “may,” “will,” “could,” “would,” “should,” “anticipate,” “predict,” “potential,” “continue,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “goals,” “in our view” and similar expressions are used to identify these forward-looking statements. The forward-looking statements included in this Quarterly Report include, but are not limited to, statements about our internal control over financial reporting, our results of operations and financial condition and our plans, strategies and developments. Forward-looking statements are only predictions and, as such, are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events or our future financial performance that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. Many of the reasons for these differences include changes that occur in our continually changing business environment and other important factors. These risks, uncertainties and other factors are more fully described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 of Part I of this Form 10-Q and under the heading “Risk Factors” in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the Securities and Exchange Commission, or the SEC, on March 13, 2014. You are strongly encouraged to read those sections carefully as the occurrence of the events described therein and elsewhere in this report could materially harm our business. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these statements speak only as of the date they were made and, except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

INTRALINKS HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)
(unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,609	\$ 50,540
Accounts receivable, net of allowances of \$3,120 and \$3,152, respectively	42,663	38,322
Investments	25,677	34,886
Deferred taxes	11,017	12,148
Prepaid expenses	5,319	6,036
Restricted cash	2,442	2,442
Other current assets	4,983	4,576
Total current assets	133,710	148,950
Investments	8,508	—
Fixed assets, net	13,522	14,100
Capitalized software, net	33,571	32,341
Goodwill	215,869	215,869
Other intangibles, net	77,779	83,648
Other assets	4,968	1,054
Total assets	\$ 487,927	\$ 495,962
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,920	\$ 11,052
Current portion of long-term debt	937	209
Deferred revenue	45,982	44,651
Accrued expenses and other current liabilities	22,073	26,667
Total current liabilities	77,912	82,579
Long-term debt	78,485	75,004
Deferred taxes	12,947	16,989
Other long-term liabilities	5,431	5,289
Total liabilities	174,775	179,861
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Undesignated Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding	—	—
Common Stock, \$0.001 par value; 300,000,000 shares authorized; 56,304,083 and 56,054,484 shares issued and outstanding, respectively	56	56
Additional paid-in capital	431,753	429,549
Accumulated deficit	(118,093)	(112,714)
Accumulated other comprehensive loss	(564)	(790)
Total stockholders' equity	313,152	316,101
Total liabilities and stockholders' equity	\$ 487,927	\$ 495,962

The accompanying notes are an integral part of these Consolidated Financial Statements.

INTRALINKS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Share Data)
(unaudited)

	Three Months Ended March 31,	
	2014	2013
Revenue	\$ 59,241	\$ 55,021
Cost of revenue	17,002	15,566
Gross profit	42,239	39,455
Operating expenses:		
Sales and marketing	26,119	24,914
General and administrative	16,848	14,138
Product development	5,465	4,678
Total operating expenses	48,432	43,730
Loss from operations	(6,193)	(4,275)
Interest expense	960	1,122
Amortization of debt issuance costs	116	112
Other (income) expense, net	(191)	779
Net loss before income tax	(7,078)	(6,288)
Income tax benefit	(1,699)	(1,733)
Net loss	\$ (5,379)	\$ (4,555)
Net loss per common share		
Basic	\$ (0.10)	\$ (0.08)
Diluted	\$ (0.10)	\$ (0.08)
Weighted average number of shares		
Basic	55,580,116	54,913,773
Diluted	55,580,116	54,913,773

The accompanying notes are an integral part of these Consolidated Financial Statements.

INTRALINKS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In Thousands)
(unaudited)

	Three Months Ended March 31,	
	2014	2013
Net loss	\$ (5,379)	\$ (4,555)
Foreign currency translation adjustments, net of tax	226	(62)
Total other comprehensive income (loss), net of tax	226	(62)
Comprehensive loss	\$ (5,153)	\$ (4,617)

The accompanying notes are an integral part of these Consolidated Financial Statements.

INTRALINKS HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(unaudited)

	Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (5,379)	\$ (4,555)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,152	4,831
Amortization of intangible assets	5,869	5,844
Stock-based compensation expense	2,329	2,116
Deferred income tax benefit	(3,107)	(2,953)
Other, net	718	586
Changes in operating assets and liabilities:		
Accounts receivable	(4,601)	(1,141)
Prepaid expenses and other assets	498	44
Accounts payable	(2,340)	6,079
Accrued expenses and other liabilities	(4,429)	(4,110)
Deferred revenue	1,152	1,190
Net cash (used in) provided by operating activities	<u>(3,138)</u>	<u>7,931</u>
Cash flows from investing activities:		
Capitalized software development costs	(4,939)	(5,356)
Capital expenditures	(1,424)	(1,814)
Purchases of investments	(15,464)	(10,116)
Maturities of investments	15,972	7,500
Purchase of a cost method investment	(1,499)	—
Acquisitions	—	(602)
Net cash used in investing activities	<u>(7,354)</u>	<u>(10,388)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	79,200	—
Payments on long-term debt	(74,898)	(205)
Payments of outstanding financing arrangements	(148)	(347)
Payment of debt issuance costs	(2,716)	—
Exercise of stock options and issuance of common stock, net of withholding taxes	(127)	112
Net cash provided by (used in) financing activities	1,311	(440)
Effect of foreign exchange rate changes on cash and cash equivalents	250	(108)
Net decrease in cash and cash equivalents	(8,931)	(3,005)
Cash and cash equivalents at beginning of period	50,540	43,798
Cash and cash equivalents at end of period	<u>\$ 41,609</u>	<u>\$ 40,793</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

INTRALINKS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Intralinks Holdings, Inc. and its subsidiaries (collectively, the "Company"). The consolidated financial statements included in this report have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP" or "U.S. GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading.

The financial statements contained herein should be read in conjunction with the Company's audited consolidated financial statements and related notes to audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all normal and recurring adjustments necessary for a fair statement of the Company's consolidated financial condition, results of operations and changes in cash flows for the interim periods presented. The Company's historical results are not necessarily indicative of future operating results, and the results for the three months ended March 31, 2014 are not necessarily indicative of results to be expected for the full year or for any other period.

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

2. Summary of Significant Accounting Policies

Principles of Consolidation - The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries, prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period.

Significant estimates and assumptions made by management include the determination of the fair value of equity-based awards including estimated forfeitures of such awards, fair value of the Company's single reporting unit, valuation of intangible assets (and their related useful lives), fair value of financial instruments, certain components of the income tax provisions, including valuation allowances on the Company's deferred tax assets, accruals for certain compensation expenses, allowances for doubtful accounts and reserves for customer credits. The Company bases estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates.

Revenue Recognition - The Company derives revenue principally through fixed commitment contracts under which the Company provides customers various services, including access to the cloud-based Intralinks Platform, which includes the Company's Intralinks exchanges and Intralinks VIA, as well as the related customer support and other services. The Company's customers do not have a contractual right, or the ability, to take possession of the Intralinks software at any time during the hosting period, or contract with an unrelated third party to host the Intralinks software. Therefore, revenue recognition for the Company's services is not accounted for under specific guidance of the Financial Accounting Standards Board ("FASB") on software revenue recognition. The Company recognizes revenue for its services ratably over the contracted service period, provided that there is persuasive evidence of an arrangement; the service has been provided to the customer; collection is reasonably assured; the amount of fees to be paid by the customer is fixed or determinable; and the Company has no significant remaining obligation at the completion of the contracted term. In circumstances where the Company has a significant remaining obligation after completion of the initial contract term, revenue is recognized ratably over the extended service period. The Company's contracts do not contain general rights of return.

In the normal course of business, the Company may agree to sales concessions with its customers. The Company maintains an allowance to reserve for potential credits issued to customers based on historical patterns of actual credits issued. Expenses associated with maintaining this reserve are recorded as a reduction to revenue, which the Company believes represents an accurate reflection of the underlying business activity for each reporting period and is in line with the requirement that all revenue recognized

INTRALINKS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

during the period is earned and realizable.

The Company offers services to customers through single-element and multiple-element arrangements, some of which contain offerings for optional services, including document scanning, data archiving and other professional services. In accordance with the FASB's guidance on multiple-deliverable arrangements, the Company has evaluated the deliverables in its arrangements to determine whether they represent separate units of accounting, specifically whether the deliverables have value to the Company's customers on a standalone basis. The Company has determined that the services delivered to customers under its existing arrangements generally represent a single unit of accounting. Revenue for optional services is recognized as delivered, or as completed, provided that the general revenue recognition criteria described above are met. The Company continues to evaluate the nature of the services offered to customers under its fixed commitment contracts, as well as its pricing practices, to determine if a change in policy regarding multiple-element arrangements and related disclosures is warranted in future periods.

Additionally, certain of the Company's customer contracts contain provisions for set-up and implementation services relating to the customer's use of the Intralinks Platform. The Company believes that these set-up and implementation services provide value to the customer over the entire period that the exchange is active, including renewal periods, and therefore the revenue related to these set-up types of services are recognized over the longer of the contract term or the estimated relationship life which, as of March 31, 2014, generally ranged from two to four years. The Company will continue to evaluate the length of the amortization period of the revenue related to set up and implementation fees to determine if a change in estimate is warranted in future periods.

During the three months ended March 31, 2014, there were no material changes to the Company's significant accounting policies from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

3. Investments and Fair Value Measurements

The Company has classified its investments in commercial paper and corporate securities as held-to-maturity and as such, has recorded them at amortized cost. Interest earned on these debt securities is included in "Other (income) expense, net" within the Consolidated Statements of Operations. The gross unrecognized holding gains and losses for the three months ended March 31, 2014 and 2013, respectively, were not material.

The following tables summarize these investments as of March 31, 2014 and December 31, 2013:

Security Type	Maturity from Date of Purchase	Consolidated Balance Sheet Classification	March 31, 2014
			Amortized Cost
			(In thousands)
Commercial Paper	176 to 269 Days	Investments (current)	\$ 6,795
Corporate Securities	229 to 364 Days	Investments (current)	18,882
Corporate Securities	469 to 724 Days	Investments (non-current)	8,508
Total			\$ 34,185

Security Type	Maturity from Date of Purchase	Consolidated Balance Sheet Classification	December 31, 2013
			Amortized Cost
			(In thousands)
Commercial Paper	176 to 269 Days	Investments (current)	\$ 6,791
Corporate Securities	229 to 354 Days	Investments (current)	28,095
Total			\$ 34,886

The fair value framework under the FASB's guidance requires the categorization of assets and liabilities into three levels based upon the assumptions used to measure the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3, if applicable, generally would require significant management judgment. The three levels for categorizing assets and liabilities under the fair value measurement requirements are as follows:

- Level 1: Fair value measurement of the asset or liability using observable inputs such as quoted prices in active markets for identical assets or liabilities;

INTRALINKS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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- Level 2: Fair value measurement of the asset or liability using inputs other than quoted prices that are observable for the applicable asset or liability, either directly or indirectly, such as quoted prices for similar (as opposed to identical) assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and
- Level 3: Fair value measurement of the asset or liability using unobservable inputs that reflect the Company's own assumptions regarding the applicable asset or liability.

All of the Company's investments that are measured at fair value are Level 1 assets for all periods presented.

The following table summarizes the assets measured at fair value on a recurring basis as of March 31, 2014:

	Total	Level 1	Level 2	Level 3
(In thousands)				
Asset:				
Money market funds as cash equivalents	\$ 10,710	\$ 10,710	\$ —	\$ —

The following table summarizes those assets measured at fair value on a recurring basis as of December 31, 2013:

	Total	Level 1	Level 2	Level 3
(In thousands)				
Asset:				
Money market funds as cash equivalents	\$ 5,031	\$ 5,031	\$ —	\$ —

4. Goodwill and Other Intangibles

Goodwill

At March 31, 2014, the Company had \$215.9 million of goodwill. Goodwill is assessed for impairment annually as of October 1 or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The goodwill impairment test is based on the Company's single operating segment and reporting unit structure. No goodwill impairment was identified in any of the periods presented.

At March 31, 2014, other intangibles consisted of the following:

	Definite – Lived Intangible Assets		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(In thousands)			
Customer relationships	\$ 141,973	\$ (96,296)	\$ 45,677
Developed technology	132,642	(107,087)	25,555
Trade name	14,629	(8,284)	6,345
Non-compete agreements	1,039	(837)	202
Total	\$ 290,283	\$ (212,504)	\$ 77,779

At December 31, 2013, other intangibles consisted of the following:

INTRALINKS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

	Definite – Lived Intangible Assets		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In thousands)		
Customer relationships	\$ 141,973	\$ (92,750)	\$ 49,223
Developed technology	132,642	(105,096)	27,546
Trade name	14,629	(7,980)	6,649
Non-compete agreements	1,039	(809)	230
Total	\$ 290,283	\$ (206,635)	\$ 83,648

The Company has not identified indicators of impairment for any of the definite-lived intangible assets through March 31, 2014.

Total intangible amortization expense is classified in each of the operating expense categories as follows:

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Cost of revenue	\$ 1,989	\$ 1,988
Sales and marketing	3,548	3,547
General and administrative	332	309
Total	\$ 5,869	\$ 5,844

At March 31, 2014, amortization expense on an annual basis for the succeeding five years is as follows:

	Amount
	(In thousands)
2014 remaining	\$ 17,602
2015	23,470
2016	23,387
2017	11,386
2018	1,249
Thereafter	685
Total	\$ 77,779

5. Fixed Assets

Fixed assets consisted of the following at March 31, 2014 and December 31, 2013:

	March 31,	December 31,
	2014	2013
	(In thousands)	
Computer equipment and software	\$ 31,057	\$ 30,605
Furniture, fixtures and office equipment	3,199	3,222
Leasehold improvements	7,445	6,884
Total fixed assets	41,701	40,711
Less: Accumulated depreciation and amortization	(28,179)	(26,611)
Fixed assets, net	\$ 13,522	\$ 14,100

INTRALINKS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Depreciation expense is classified in each of the operating expense categories as follows:

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Cost of revenue	\$ 824	\$ 671
Sales and marketing	276	218
General and administrative	273	195
Product development	211	193
Total	\$ 1,584	\$ 1,277

6. Capitalized Software

Capitalized software consisted of the following at March 31, 2014 and December 31, 2013:

	March 31,	December 31,
	2014	2013
	(In thousands)	
Capitalized software	\$ 102,276	\$ 96,478
Less: Accumulated amortization	(68,705)	(64,137)
Capitalized software, net	\$ 33,571	\$ 32,341

Total amortization expense is classified in each of the operating expense categories as follows:

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Cost of revenue	\$ 4,379	\$ 3,340
Sales and marketing	48	43
General and administrative	141	171
Total	\$ 4,568	\$ 3,554

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following at March 31, 2014 and December 31, 2013:

	March 31,	December 31,
	2014	2013
	(In thousands)	
Salaries, commissions and related expenses	\$ 9,011	\$ 15,601
Other accrued expenses	13,062	11,066
Total accrued expenses and other current liabilities	\$ 22,073	\$ 26,667

8. Income Tax

The Company's effective tax rate for the three month period ended March 31, 2014 was 24.01%. This effective tax rate differs from the U.S. Federal statutory tax rate due primarily to stock-based compensation expenses for ("ISOs") and the Company's 2010

INTRALINKS HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Employee Stock Purchase Plan ("2010 ESPP") that are not tax-deductible, non-deductible executive compensation, foreign income taxes and state and local income taxes, offset by state research and development tax credits and tax benefits from ISO disqualifications.

The Company's effective tax rate for the three month period ended March 31, 2013 was 27.56%. This effective tax rate differs from the U.S. Federal statutory tax rate due primarily to stock-based compensation expenses for ISOs and the Company's 2010 ESPP that are not tax-deductible, foreign income taxes and state and local income taxes, offset by federal and state research and development tax credits and tax benefits from ISO disqualifications.

In 2013, the Company concluded an audit by the U.S. Internal Revenue Service ("IRS") of its U.S. Federal income tax returns for the years ended December 31, 2006 through 2009. The Company has received Notice of Proposed Adjustments for 2006, 2007 and 2008 from the IRS disallowing \$58.3 million of foreign branch losses on the basis that they constitute dual consolidated losses in the U.S. and the IRS is asserting that the Company is not entitled to reasonable cause relief for late election filings. The Company disagrees with the proposed adjustments and has filed an appeal. Management believes that it is more likely than not that the Company's position, with respect to these adjustments, will be sustained.

Unrecognized tax benefits totaled \$4.2 million and \$3.9 million at March 31, 2014 and December 31, 2013, respectively. Management does not expect that the balance of unrecognized tax benefits will significantly increase or decrease over the next twelve months. If recognized, unrecognized tax benefits of \$3.6 million and \$3.4 million at March 31, 2014 and December 31, 2013, respectively, would favorably impact the effective income tax rate.

The Company's tax reserves for uncertain tax positions of \$4.5 million (including interest and penalties of \$0.3 million) are included within "Other long-term liabilities" on the March 31, 2014 Consolidated Balance Sheet.

9. Debt

Long-term debt consisted of the following at March 31, 2014 and December 31, 2013:

	March 31, 2014	December 31, 2013
	(In thousands)	
Term Loan Credit Facility	\$ 80,000	\$ —
Term Loan Credit Facility original issue discount	(787)	—
First Lien Credit Agreement (the "Prior Credit Facility")	—	74,898
Other financing arrangements	209	315
Less: current portion (Term Loan Credit Facility)	(800)	—
Less: current portion (Other financing arrangements)	(137)	(209)
Total long-term debt	<u>\$ 78,485</u>	<u>\$ 75,004</u>

Based on available market information, the estimated fair value of the Company's long-term debt was \$78.5 million and \$75.0 million as of March 31, 2014 and December 31, 2013, respectively. These fair value measurements were determined using Level 2 observable inputs, as defined in Note 3. The estimated fair value of the Company's other financing arrangements approximates the carrying value at each reporting period.

Term Loan and Revolving Credit Facility

On February 24, 2014, the Company refinanced all the outstanding indebtedness under its Prior Credit Facility with the proceeds of its new Term Loan Credit Facility and Revolving Credit Facility, or collectively, the Credit Facilities. The term loan provides for an \$80.0 million, 5-year term loan. The term loan bears interest at LIBOR, with a 2.00% floor plus 5.25% per annum, for an effective interest rate of 7.25%. There is a 0.25% principal payment due on the last day of each quarter, commencing on June 30, 2014, with the balance due in a final installment on February 24, 2019.

The Company's Revolving Credit Facility provides for commitments of up to \$10.0 million for general corporate purposes, working capital, certain investments, acquisitions and letters of credit. Revolving loan drawings are subject to a further cap based on the Company's borrowing base which is equal to 85% of its eligible accounts receivable, minus customary reserves established by the Company's lender. Revolving loans bear interest at the Eurodollar rate plus 2.50%. In addition, the Company pays a commitment

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fee in arrears on the first business day of each fiscal quarter of 0.50% on the average daily unused balance under the Revolving Credit Facility. The Revolving Credit Facility matures and the commitments thereunder terminate on the earlier of February 24, 2019 and the date that is six months prior to the maturity date of the Term Loan Credit Facility. Available borrowings under the Revolving Credit Facility are reduced by any outstanding letters of credits issued on behalf of the Company under this facility. As of March 31, 2014, the Company had \$0.8 million in outstanding letters of credit issued under its Revolving Credit Facility.

Debt issuance costs of approximately \$2.7 million related to the Term Loan Credit Facility were deferred and are being amortized over the term of the loan. At March 31, 2014, unamortized debt issuance costs of \$0.5 million and \$2.1 million were recorded within "Other current assets" and "Other assets (non-current)," respectively, on the Consolidated Balance Sheet.

Each of the Company's Credit Facilities is secured by liens on substantially all of the Company's assets. The Company's Revolving Credit Facility is secured by a first lien on cash, accounts receivable and certain other liquid collateral and a second lien on other assets. The Company's Term Loan Credit Facility is secured by a second lien on cash, accounts receivable and certain other liquid collateral and a first lien on other assets.

The Credit Facilities include covenants that restrict certain activities by the Company, as well as require the Company to comply with certain financial ratios such as a Consolidated Net Leverage Ratio and a springing Fixed Charge Coverage Ratio, as these terms are defined in the agreements governing the Credit Facilities. The agreements governing the Credit Facilities also contain other affirmative and negative covenants with which the Company is required to comply. The Company was in compliance with these covenants as of March 31, 2014.

Prior Credit Facility

The Prior Credit Facility provided for term loans in the aggregate principal amount of \$135.0 million and included a requirement for mandatory prepayments based on annual excess free cash flow. Term loans under the First Lien Credit Agreement, as amended, bore interest at the higher of the Eurodollar Rate (as defined in the credit agreement) or 1.50%, plus 4.50% per annum. At December 31, 2013 the interest rate on the Prior Credit Facility was 6.00%.

Obligations previously covered by the Company's revolving line of credit, which were primarily related to the Company's operating lease agreements for its various office locations, were replaced under a separate cash collateralized facility under which the Company originally provided the bank with \$2.5 million and they provided certain of the Company's landlords with separate letters of credit for each location. The cash collateral balance is \$2.4 million at March 31, 2014. This facility expires on June 3, 2014 and as such is classified as current restricted cash on the Company's Consolidated Balance Sheet.

10. Employee Stock Plans

Stock-based compensation expense is measured at the grant date, based on the fair value of the award and recognized as expense over the requisite service period, net of an estimated forfeiture rate. The Company maintains several stock-based compensation plans, which are more fully described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

In February 2014, the Company granted 175,000 restricted stock units to its CEO, Ronald Hovsepian, pursuant to the Company's 2010 Equity Incentive Plan. Vesting of this award is based upon the achievement of specified stock performance and service thresholds. The Company performed a Monte-Carlo simulation to calculate the award's fair value of \$1.3 million. During the first quarter of 2014, the Company recognized \$0.1 million of stock-based compensation expense related to this award.

Total stock-based compensation expense related to all of the Company's stock awards was included in operating expense categories, as follows:

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Cost of revenue	\$ 178	\$ 168
Sales and marketing	365	310
General and administrative	1,478	1,317
Product development	308	321
Total	<u>\$ 2,329</u>	<u>\$ 2,116</u>

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The following table provides the computation of basic and diluted net loss per share:

	Three Months Ended March 31,	
	2014	2013
Numerator:		
Net loss (in thousands)	\$ (5,379)	\$ (4,555)
Denominator:		
Weighted-average shares used to compute basic net loss per share	55,580,116	54,913,773
Effect of potentially dilutive securities:		
Options to purchase common stock	—	—
Unvested shares of restricted stock awards	—	—
Unvested shares of restricted stock units	—	—
Weighted-average shares used to compute diluted net loss per share	55,580,116	54,913,773
Net loss per share:		
Basic	\$ (0.10)	\$ (0.08)
Diluted	\$ (0.10)	\$ (0.08)

The following outstanding options to purchase Common Stock, unvested shares under restricted stock awards and unvested shares issuable upon settlement of restricted stock units were excluded from the computation of diluted net loss per share for the periods presented as their effect would have been anti-dilutive:

	Three Months Ended March 31,	
	2014	2013
Options to purchase common stock	5,033,698	5,462,504
Unvested shares of restricted stock awards	538,087	584,296
Unvested shares of restricted stock units	1,538,084	1,077,466

12. Related Party Transactions

Affiliates of one of our largest stockholders, TA Associates, L.P., are also customers of the Company. These affiliates made payments to the Company in connection with their purchase of services using the Intralinks platform. Revenue generated from these affiliates of TA Associates, L.P. for the three months ended March 31, 2014 and 2013 totaled \$0.1 million and \$0.1 million, respectively. Amounts due from affiliates of TA Associates, L.P. at March 31, 2014 were nominal.

13. Commitments and Contingencies**Legal Proceedings**

In the ordinary course of business, the Company and its subsidiaries are subject to various claims, charges, disputes, litigation and regulatory inquiries and investigations. These matters, if resolved adversely against the Company, may result in monetary damages, fines and penalties or require changes in business practices. The Company is not currently aware of any pending or threatened material claims, charges, disputes, litigation and regulatory inquiries and investigations except as follows:

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Securities Class Action. On December 5, 2011, the Company became aware of a purported class action lawsuit filed in the U.S. District Court for the Southern District of New York (the "SDNY" or the "Court") against the Company and certain of its current and former executive officers. The initial complaint (the "Wallace Complaint") alleges that the defendants made false and misleading statements or omissions about the Company's business prospects, financial condition and performance in violation of the Securities Exchange Act of 1934, as amended. The plaintiff seeks unspecified compensatory damages for the purported class of purchasers of the Company's common stock during the period from February 17, 2011 through November 10, 2011 (the "Allegation Period"). On December 27, 2011, a second purported class action complaint, which makes substantially the same claims as, and is related to, the Wallace Complaint, was filed in the SDNY against the Company and certain of its current and former executive officers seeking similar unspecified compensatory damages for the Allegation Period. On April 3, 2012, the Court consolidated the actions and appointed Plumbers and Pipefitters National Pension Fund as lead plaintiff, and also appointed lead counsel in the consolidated action ("Consolidated Class Action"). On June 15, 2012, the lead plaintiff filed an amended complaint ("Consolidated Class Action Complaint"), that in addition to the original allegations made in the Wallace Complaint, alleges that the Company, certain of its current and former officers and directors, and the underwriters in Intralinks' April 6, 2011 stock offering issued a registration statement and prospectus in connection with the offering that contained untrue statements of material fact or omitted material information required to be stated therein in violation of the Securities Act of 1933, as amended. The defendants filed their motions to dismiss on July 31, 2012. On May 8, 2013, the Court issued an opinion dismissing claims based on certain allegations in the complaint, but otherwise denied defendants' motions to dismiss. On June 28, 2013, defendants filed their answers to the Consolidated Class Action Complaint. On October 15, 2013, the Court entered the parties' pretrial scheduling stipulation. In December 2013, the parties served each other with document requests and discovery is ongoing. On February 18, 2014, lead plaintiff filed its motion for class certification. Pursuant to an amended scheduling order entered by the Court on April 18, 2014, the defendants' opposition to class certification is due by June 13, 2014, and lead plaintiff's reply is due by July 18, 2014. Completion of summary judgment briefing is scheduled for July 13, 2015. The Company believes that these claims are without merit and intends to defend this lawsuit vigorously.

Dixon Derivative Action. On December 28, 2011, a shareholder derivative complaint was filed in the SDNY against the Company and certain of its current and former directors. The complaint (the "Dixon Action") alleged that the defendants breached their fiduciary duties by causing the Company to issue materially false and misleading statements about the Company's business prospects, financial condition and performance during the same Allegation Period alleged in the Consolidated Class Action Complaint. Plaintiff has voluntarily dismissed the Dixon Action without receipt of any compensation. On January 28, 2014, the Court approved the stipulation of dismissal.

Horbal Derivative Action. On April 16, 2012, a shareholder derivative complaint (the "Horbal Action") was filed in the Supreme Court of the State of New York in New York County ("New York State Court") against the Company and certain of its current and former directors and officers. The complaint alleges that the defendants breached their fiduciary duties by causing the Company to issue materially false and misleading statements about the Company's business operations and financial condition during the same Allegation Period alleged in the Consolidated Class Action Complaint. On April 24, 2012, one of the director defendants removed the Horbal Action to the SDNY and, on May 22, 2012, the plaintiff moved to remand the case to New York State Court. On March 11, 2013, the SDNY granted plaintiff's motion to remand, and the case is currently pending in New York State Court. On June 6, 2013, the parties filed a stipulation with the New York State Court agreeing to stay all proceedings in the Horbal Action, including discovery, until ninety days after the SDNY issues a scheduling order in the Consolidated Class Action. On January 13, 2014, the parties filed a stipulation with the New York State Court agreeing to work together on a schedule for defendants' time to answer, move against or otherwise respond to the complaint or an amended complaint. On May 1, 2014, the parties signed a stipulation, which they plan to file with the New York State Court, agreeing that the plaintiff will file an amended complaint or designate the current complaint as operative within four weeks after the filing of the stipulation. Any response to the complaint or amended complaint will be filed within four weeks after that date. The Company believes the claims in the Horbal Action are without merit and intends to defend this lawsuit vigorously.

Levine Shareholder Demand Letter/Complaint. The Company received a shareholder demand letter, dated May 16, 2013, demanding that the Company's Board take action to remedy alleged breaches of fiduciary duty by current and former directors and officers of the Company. These alleged breaches are based on the same alleged misconduct in the complaints in the Horbal and Consolidated Class Actions. The letter specifically demands that the Company's Board undertake an independent internal investigation into the alleged breaches and commence a civil action against each of the allegedly breaching current and former directors and officers. On June 26, 2013, the Company's Board created a Demand Committee to conduct an investigation into the allegations in the Levine demand letter. On December 13, 2013, the shareholder filed a derivative complaint (the "Levine Action") in New York State Court against the Company and certain of its current and former directors and officers. The Levine Action alleges that since the Company's

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Board has not responded substantively to the shareholder's demand letter in over six months, this has resulted in an improper "functional refusal" of the demand. The Levine Action makes substantially the same claims as, and is related to, the Horbal and Consolidated Class Actions. It alleges, among other things, that the defendants breached their fiduciary duties by making materially false and misleading statements related to the strength of the Company's business and customer satisfaction. On March 27, 2014, counsel for the Demand Committee sent a letter to shareholder's counsel stating that, after thorough investigation of the allegations in the demand letter, the Board concluded that taking any or all of the demanded actions would not serve the best interests of the Company and its shareholders, and voted unanimously to reject the demand. The Company believes the claims in the Levine Action are without merit and intends to defend this lawsuit vigorously.

14. Subsequent Event

On April 19, 2014, the Company acquired all of the outstanding shares of docTrackr, Inc., an innovative provider of document security solutions, for \$10.0 million in cash. The Company is in the process of completing the purchase price allocation related to this transaction and the acquired assets and assumed liabilities will be recorded by the Company at their estimated fair values.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. The following discussion and analysis should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as well as our reports on Form 8-K and other publicly available information.

Executive Overview

Intralinks is a leading global provider of Software-as-a-Service, or SaaS, solutions for secure content management and collaboration within and among organizations. Our cloud-based solutions enable organizations to control, track, search, exchange and collaborate on time-sensitive information inside and outside the firewall, all within a secure and easy-to-use environment. Our customers rely on our cost-effective solutions to manage large amounts of electronic information, accelerate information intensive business processes, reduce time to market, optimize critical information workflow, meet regulatory and risk management requirements and collaborate with business counterparties in a secure, auditable and compliant manner. We help our customers eliminate many of the inherent risks and inefficiencies of using email, fax, courier services and other existing solutions to collaborate and exchange information.

At our founding in 1996, we introduced cloud-based collaboration for the debt capital markets industry and, shortly thereafter, extended our solutions to merger and acquisition transactions. Today, we service enterprise and governmental agencies across a variety of industries, including financial services, pharmaceutical, manufacturing, biotechnology, consumer, energy, telecommunications, industrial, legal, agriculture, insurance, real estate and technology, which use our solutions for the secure management and online exchange of information within and among organizations. Across all of our principal markets, we help transform a wide range of slow, expensive and information-intensive tasks into streamlined, efficient and real-time business processes.

We deliver our solutions through a multi-tenant SaaS architecture in which a single instance of our software serves all of our customers. We sell our solutions directly through a field team with industry-specific expertise and an inside sales team, and indirectly through a customer referral network and channel partners. During the three months ended March 31, 2014, we generated \$59.2 million in revenue, 41.4% of which was derived from sales across 76 countries outside of the United States.

In April 2013, we broadly launched Intralinks VIA, a secure and scalable SaaS solution for enterprise content sharing and collaboration within and beyond the corporate firewall. Designed for business collaboration in a wide variety of markets and industries, Intralinks VIA enables users to sync, share and revoke access or 'unshare' files, work efficiently on group projects, and manage content wherever it travels. In addition, in January 2014, we announced the broad availability of Intralinks VIA Enterprise, a new version of our Intralinks VIA product that incorporates advanced capabilities of the Intralinks platform previously available in our Connect product. With Intralinks VIA Enterprise, customers can manage the full life cycle of content, both inside and across the enterprise boundary, from ad hoc creation and editing through structured storage and publication through final archiving and disposal.

Further, in April 2013, we announced the acquisitions of PE-Nexus and MergerID, which we combined in September 2013 to create DealNexus, an online platform for the deal making community that brings together qualified M&A professionals with matching deal criteria and opportunities. The DealNexus platform offers a low-cost and confidential way for deal makers to market deals broadly and then find and engage the best buyers or capital partners.

In April 2014, we announced the acquisition of docTrackr, Inc. and its leading digital rights management technology. With this acquisition, we will be able to offer plug-in free digital rights management across our platform.

Throughout 2013 and continuing into 2014, we are making enhancements and improvements in our infrastructure based on the operational assessments we conducted during 2012; we are continuing a redesign of our sales model, focusing on improving marketing and demand generation, implementing our high-velocity inside sales model and sales specialization in our enterprise sales force; we are following the Agile development methodology; and we are focusing on our program of intellectual property protection and on generating and identifying a significant number of innovations.

Key Metrics

We evaluate our operating and financial performance using various performance indicators, as well as against the macroeconomic trends affecting the demand for our solutions in our principal markets. We also monitor relevant industry performance, including the mergers and acquisitions, or M&A, market globally and transactional activity in the debt capital markets, or DCM, to provide insight into the success of our sales activities as compared to our peers and to estimate our market share in each of our principal markets.

Our management relies on the key performance indicators set forth below to help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies. We discuss revenue under “Results of Operations” and net cash provided by operating activities under “Liquidity and Capital Resources.” Other measures of our performance, including Non-GAAP adjusted gross profit, Non-GAAP adjusted gross margin, Non-GAAP adjusted operating income, Non-GAAP adjusted net income, Non-GAAP adjusted EBITDA, Non-GAAP adjusted EBITDA margin, and free cash flow are defined and discussed under “Non-GAAP Financial Measures” below.

	Three Months Ended March 31,	
	2014	2013
Consolidated Statement of Operations Data:		
	(In thousands)	
Revenue	\$ 59,241	\$ 55,021
Non-GAAP adjusted gross profit	\$ 44,406	\$ 41,611
<i>Non-GAAP adjusted gross margin</i>	<i>75.0%</i>	<i>75.6%</i>
Non-GAAP adjusted operating income	\$ 2,005	\$ 3,685
Non-GAAP adjusted net income	\$ 694	\$ 1,037
Non-GAAP adjusted EBITDA	\$ 8,157	\$ 8,516
<i>Non-GAAP adjusted EBITDA margin</i>	<i>13.8%</i>	<i>15.5%</i>
Consolidated Statement of Cash Flows Data:		
Net cash (used in) provided by operating activities	\$ (3,138)	\$ 7,931
Free cash flow	\$ (9,501)	\$ 761

Non-GAAP Financial Measures

This Form 10-Q includes information about certain financial measures that are not prepared in accordance with generally accepted accounting principles in the United States, or GAAP or U.S. GAAP, including non-GAAP adjusted gross profit and non-GAAP adjusted gross margin, non-GAAP adjusted operating income, non-GAAP adjusted net income, non-GAAP adjusted EBITDA and non-GAAP adjusted EBITDA margin and free cash flow. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similar measures presented by other companies.

Management defines its non-GAAP financial measures as follows:

- Non-GAAP adjusted gross profit represents the corresponding GAAP measure adjusted to exclude, if applicable: (1) amortization of intangible assets and (2) stock-based compensation expense.
- Non-GAAP adjusted operating income represents the corresponding GAAP measure adjusted to exclude, if applicable: (1) amortization of intangible assets, (2) stock-based compensation expense, (3) impairment charges or asset write-offs and (4) costs related to public stock offerings.
- Non-GAAP adjusted net income represents the corresponding GAAP measure adjusted to exclude, if applicable: (1) amortization of intangible assets, (2) stock-based compensation expense, (3) impairment charges or asset write-offs, (4) costs related to debt repayments and (5) costs related to public stock offerings. The income tax expense included in non-GAAP adjusted net income is calculated using an estimated long-term effective tax rate.
- Non-GAAP adjusted EBITDA represents net loss adjusted to exclude, if applicable: (1) amortization of intangible assets, (2) depreciation and amortization, (3) stock-based compensation expense, (4) impairment charges or asset write-offs, (5) interest expense, (6) amortization of debt issuance costs, (7) other expense (income), net, (8) costs related to public stock offerings and (9) income tax (benefit) expense.
- Free cash flow represents net cash provided by operating activities less capitalized software development costs and capital expenditures.

Management believes that these non-GAAP financial measures, when viewed with our results under U.S. GAAP and the accompanying reconciliations, provide useful information about our period-over-period growth and provide additional information that is useful for evaluating our operating performance. In addition, free cash flow provides management with useful information for managing the cash needs of our business. Management also believes that these non-GAAP financial measures provide a more meaningful comparison of our operating results against those of other companies in our industry, as well as on a period-over-period basis, because these measures exclude items that are not representative of our operating performance, such as amortization of intangible assets and interest expense. Management believes that including these costs in our results of operations results in a lack of comparability between our operating results and those of our peers in the industry, the majority of which are not highly leveraged and do not have comparable amortization expense related to intangible assets. However, non-GAAP adjusted gross

profit, non-GAAP adjusted operating income, non-GAAP adjusted net income, non-GAAP adjusted EBITDA and free cash flow are not measures of financial performance under U.S. GAAP and, accordingly, should not be considered as substitutes for or superior to gross profit, loss from operations, net loss and net cash provided by operating activities as indicators of operating performance.

The table below provides reconciliations of U.S. GAAP financial measures to the non-GAAP financial measures discussed above:

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Gross profit	\$ 42,239	\$ 39,455
<i>Gross margin</i>	71.3%	71.7%
Cost of revenue – amortization of intangible assets	1,989	1,988
Cost of revenue – stock-based compensation expense	178	168
Non-GAAP adjusted gross profit	\$ 44,406	\$ 41,611
<i>Non-GAAP adjusted gross margin</i>	75.0%	75.6%
Loss from operations	\$ (6,193)	\$ (4,275)
Amortization of intangible assets	5,869	5,844
Stock-based compensation expense	2,329	2,116
Non-GAAP adjusted operating income	\$ 2,005	\$ 3,685
Net loss before income tax	\$ (7,078)	\$ (6,288)
Amortization of intangible assets	5,869	5,844
Stock-based compensation expense	2,329	2,116
Non-GAAP adjusted net income before tax	1,120	1,672
Non-GAAP income tax expense	426	635
Non-GAAP adjusted net income	\$ 694	\$ 1,037
Net loss	\$ (5,379)	\$ (4,555)
Depreciation and amortization	6,152	4,831
Amortization of intangible assets	5,869	5,844
Stock-based compensation expense	2,329	2,116
Interest expense	960	1,122
Amortization of debt issuance costs	116	112
Other (income) expense, net	(191)	779
Income tax benefit	(1,699)	(1,733)
Non-GAAP adjusted EBITDA	\$ 8,157	\$ 8,516
<i>Non-GAAP adjusted EBITDA margin</i>	13.8%	15.5%
Net cash (used in) provided by operating activities	\$ (3,138)	\$ 7,931
Capitalized software development costs	(4,939)	(5,356)
Capital expenditures	(1,424)	(1,814)
Free cash flow	\$ (9,501)	\$ 761

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us, on an ongoing basis, to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The following accounting estimates are viewed by management to be critical because they require significant judgment on the part of management. Management has discussed and reviewed the development, selection and disclosure of critical accounting estimates with our Audit Committee.

Among the estimates we review are those related to the determination of the fair value of equity-based awards, including estimated forfeitures of such awards, the fair value of our single reporting unit, valuation of intangible assets (and their related useful lives),

fair value of financial instruments, certain components of the income tax provisions, including valuation allowances on deferred tax assets, accruals for certain compensation expenses, allowances for doubtful accounts and reserves for customer credits. We base our estimates and assumptions on historical experience and on various other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from those estimates under different assumptions or conditions. Our financial results could be materially different if other methodologies were used or if management modified its assumptions.

During the three months ended March 31, 2014, there were no material changes to our significant accounting policies from those included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Revenue Recognition

We derive revenue principally through fixed commitment contracts under which we provide customers various services, including access to our cloud-based Intralinks Platform, which includes our Intralinks exchanges and our Intralinks VIA work streams, as well as the related customer support and other services.

We currently sell our services under service contracts that we categorize as either "subscription" or "transaction" arrangements, as follows:

- Subscription arrangements include those customer contracts with an initial term of 12 months or more that automatically renew for successive terms of at least 12 months. Because some long-term customers will not accept automatic renewal terms, we also consider among our subscription customers those whose contracts have been extended upon mutual agreement for at least one renewal term of at least 12 months. We believe subscription arrangements appeal mainly to customers that have integrated our service offerings into their business processes and plan to use our service offerings for a series of expected projects or on an ongoing basis. Subscription arrangements afford customers of our exchange products several benefits, including the ability to manage the creation, opening and closing of any number of exchanges at their convenience during the commitment period, and potentially lower pricing than they would generally be charged under a single-event contract.
- Transaction arrangements include those customer contracts with an initial term of less than 12 months. We also consider transaction customers to be those first-time customers whose contracts do not have an automatic renewal clause and who have not yet renewed their contracts by mutual agreement. We believe these types of arrangements appeal mainly to customers who have a single discrete project. Unlike subscription contracts, which generally renew for at least one year at a time, transaction contracts continue in effect after their initial term on a month-to-month basis until the customer terminates, often by closing the relevant exchange.

Revenue from both subscription and transaction contracts is recognized ratably over the contracted service period, provided that there is persuasive evidence of an arrangement, the service has been provided to the customer, collection is reasonably assured, the amount of fees to be paid by the customer is fixed or determinable and we have no significant remaining obligation at the completion of the contracted term. In circumstances where we have a significant remaining obligation after completion of the initial contract term, revenue is recognized ratably over the extended service period. Our contracts do not contain general rights of return.

Under most subscription arrangements for our exchange offering, an annual fixed commitment fee is determined based on the aggregate value of the expected number of exchanges required over the term, the type of exchanges expected to be opened, the number of users that are expected to access each exchange and the volume of data expected to be managed in the exchanges. We bill customers with annual commitment fees in advance, generally in four equal quarterly installments. Similarly, a transaction contract for a single project will have a fee covering services for the expected duration of the project, for which we generally bill customers in full, in advance, upon the commencement of the contract. Subscription and transaction fees billed in advance are recorded initially in accounts receivable and deferred revenue, until such time that the relevant revenue recognition criteria have been met, at which time the related amounts are included in revenue.

Annual subscription fees, as well as the fixed fees payable upfront under transaction contracts, are payable in full and are non-refundable regardless of actual usage of services. Similarly, while customers may close exchanges and cease using services, our contracts generally do not allow for cancellation or termination for convenience during the contract term. We reserve the right under subscription and transaction contracts to charge customers for loading data or adding users to exchanges in excess of their original usage estimates. Incremental fees for overages are billed monthly or quarterly in arrears and the related revenue is recognized ratably from the point that the overage is measured through the remaining contract term, or the remaining contract quarter, depending on the usage terms within the customer contract.

Our customers do not have a contractual right, or the ability, to take possession of the Intralinks software at any time during the hosting period, or to contract with an unrelated third party to host the Intralinks software. Therefore, revenue recognition for our services is not accounted for under the specific guidance of the Financial Accounting Standards Board, or the FASB, on software revenue recognition. We recognize revenue for our services ratably over the related service period, as described above.

We offer our services to customers through single-element and multiple-element arrangements, some of which contain offerings for optional services, including document scanning, data archiving and other professional services. In accordance with the FASB's guidance on multiple-deliverable arrangements, we have evaluated the deliverables in our arrangements to determine whether they represent separate units of accounting and, specifically whether the deliverables have value to our customers on a standalone basis. We have determined that the services delivered to customers under our existing arrangements generally represent a single unit of accounting. Revenue for optional services is recognized as delivered, or as completed, provided that the general revenue recognition criteria described above are met. We will continue to evaluate the nature of the services offered to customers under our fixed commitment contracts, as well as our pricing practices, to determine if a change in policy regarding multiple-element arrangements and related disclosures is warranted in future periods.

Additionally, certain of our contracts contain provisions for set-up, implementation and other professional services relating to the customer's use of our platform. We believe that these set-up, implementation and other professional services provide value to the customer over the entire period that the exchange is active, including renewal periods, and therefore the revenue related to these services is recognized over the longer of the contract term or the estimated relationship life. We continue to evaluate the length of the amortization period of the revenue related to set-up, implementation and other professional service fees, as we gain more experience with customer contract renewals.

In the normal course of business we may agree to sales concessions with our customers. We maintain an allowance to reserve for potential credits issued to customers based on historical patterns of actual credits issued. Expenses associated with maintaining this reserve are recorded as a reduction to revenue.

Deferred revenue represents the billed but unearned portion of existing contracts for services to be provided. Deferred revenue does not include the unbilled portion of existing contractual commitments of our customers. Accordingly, our deferred revenue balance does not represent the total contract value of outstanding arrangements. Amounts that have been invoiced but not yet collected are recorded as revenue or deferred revenue, as appropriate, and are included in our accounts receivable balances. Deferred revenue that will be recognized during the subsequent 12-month period is classified as "Deferred revenue," with the remaining portion as non-current deferred revenue as a component of "Other long-term liabilities" on the Consolidated Balance Sheets.

Goodwill — At March 31, 2014, we had \$215.9 million of goodwill. Goodwill is assessed for impairment annually as of October 1 or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The goodwill impairment test is based on our single operating segment and reporting unit structure. No goodwill impairment was identified in any of the periods presented.

In 2011, the FASB issued authoritative guidance which gives entities the option to qualitatively assess whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the entity elects to perform a qualitative assessment and concludes it is not more likely than not that the fair value of the reporting unit is less than its carrying value, no further assessment of that reporting unit's goodwill is necessary; otherwise goodwill must be tested for impairment using a two-step process. The first step involves a comparison of the estimated fair value of an entity's reporting unit to its carrying value, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying value of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying value to measure the amount of impairment, if any. If the carrying value of a reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess.

The process of evaluating the potential impairment of goodwill is highly subjective and requires significant judgment. When performing the quantitative analysis, we utilize valuation techniques consistent with the market approach and income approach to measure fair value for purposes of impairment testing. An estimate of fair value can be affected by many assumptions, requiring that management make significant judgments in arriving at these estimates, including the expected operational performance of our business in the future, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use to estimate future cash flows - including sales growth, pricing of our services, market penetration, competition, technological obsolescence, fair value of net operating loss carryforwards and discount rates - are consistent with our internal planning. Significant changes in these estimates and the related assumptions, changes in market capitalization, or changes in qualitative factors affecting us in the future, could result in an impairment charge related to our goodwill.

Results of Operations

The following table sets forth Consolidated Statements of Operations data as a percentage of total revenues.

	Three Months Ended March 31,	
	2014	2013
Revenue	100.0 %	100.0 %
Cost of revenue	28.7 %	28.3 %
Gross profit	71.3 %	71.7 %
Operating expenses:		
Sales and marketing	44.1 %	45.3 %
General and administrative	28.4 %	25.7 %
Product development	9.2 %	8.5 %
Total operating expenses	81.8 %	79.5 %
Loss from operations	(10.5)%	(7.8)%
Interest expense	1.6 %	2.0 %
Amortization of debt issuance costs	0.2 %	0.2 %
Other (income) expense, net	(0.3)%	1.4 %
Net loss before income tax	(11.9)%	(11.4)%
Income tax benefit	(2.9)%	(3.1)%
Net loss	(9.1)%	(8.3)%

Comparison of the Three Months Ended March 31, 2014 and 2013

Revenue

Total revenue was \$59.2 million for the three months ended March 31, 2014, up \$4.2 million or 7.7% from \$55.0 million for the three months ended March 31, 2013, primarily due to a 22.0% increase in M&A revenue.

	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)	% Revenue	
	2014	2013			Three Months Ended March 31,	
					2014	2013
	(In thousands)					
M&A	\$ 29,648	\$ 24,306	\$ 5,342	22.0 %	50.0%	44.2%
Enterprise	22,543	23,937	(1,394)	(5.8)%	38.1%	43.5%
DCM	7,050	6,778	272	4.0 %	11.9%	12.3%
Total revenue	\$ 59,241	\$ 55,021	\$ 4,220	7.7 %	100%	100%

M&A — The results for the three months ended March 31, 2014 reflect an increase in M&A revenue of \$5.3 million, or 22.0%, as compared to the three months ended March 31, 2013. The increase in M&A revenue reflects a higher volume of strategic business transactions, which led to market share gains in each of the geographic regions in which we operate.

Enterprise — The results for the three months ended March 31, 2014 reflect a decrease in Enterprise revenue of \$1.4 million, or 5.8%, as compared to the three months ended March 31, 2013, due primarily to the continued repositioning of our Enterprise offerings.

DCM — The results for the three months ended March 31, 2014 reflect an increase in DCM revenue of \$0.3 million, or 4.0%, as compared to the three months ended March 31, 2013. The increase in DCM revenue primarily reflects a higher volume of loan syndication transactions during the first quarter of 2014.

We believe our revenue growth will be driven, barring unforeseen circumstances, by our ongoing investments in our platform and in enhanced service offerings such as our Intralinks VIA offering, by improving our mid-market M&A advisory firm coverage, by expanding our focus on underrepresented geographies and by increasing our overall market share in our strategic transactions business. We believe that our continued investments in our platform, services and operational infrastructure will allow us to serve a greater number of clients more efficiently, including those with larger-scale requirements.

Cost of Revenue and Gross Profit

	Three Months Ended March 31,		Increase	% Increase
	2014	2013		
	(In thousands)			
Cost of revenue	\$ 17,002	\$ 15,566	\$ 1,436	9.2%
Gross profit	\$ 42,239	\$ 39,455	2,784	7.1%
<i>Gross margin</i>	71.3%	71.7%	(0.4)%	

Cost of revenue for the three months ended March 31, 2014 increased \$1.4 million, or 9.2%, as compared to the three months ended March 31, 2013, largely due to a \$1.0 million increase in amortization of capitalized software related to the enhancement of our service offerings, as well as an increase in employee related expenses of \$0.4 million primarily due to higher salaries for our client services personnel. Gross margin decreased 0.4% due to an increase in cost of revenue of \$1.4 million partially offset by an increase in revenue of \$4.2 million primarily due to the growth in M&A revenue.

Operating Expenses

Total operating expenses for the three months ended March 31, 2014 increased by \$4.7 million, or 10.8%, as compared to the three months ended March 31, 2013.

	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2014	2013		
	(In thousands)			
Sales and marketing	\$ 26,119	\$ 24,914	\$ 1,205	4.8%
General and administrative	16,848	14,138	2,710	19.2%
Product development	5,465	4,678	787	16.8%
Total operating expenses	\$ 48,432	\$ 43,730	\$ 4,702	10.8%

Sales and Marketing — The results for the three months ended March 31, 2014 reflect an increase in sales and marketing expense of \$1.2 million, or 4.8%, as compared to the three months ended March 31, 2013, driven by (i) increases in salaries, commission and related expense of \$1.0 million primarily from increased headcount and (ii) increased travel and entertainment expenses of \$0.5 million primarily related to the timing of our annual sales conference which took place in the first quarter of 2014 as opposed to the third quarter of 2013. These increases were partially offset by a decrease in marketing expense of \$0.3 million, primarily due to the launch of Intralinks VIA and our new corporate branding in the first quarter of 2013.

General and Administrative — The results for the three months ended March 31, 2014 reflect an increase in general and administrative expense of \$2.7 million, or 19.2%, as compared to the three months ended March 31, 2013, driven by increases in (i) professional fees of \$1.0 million due, in part, to transaction costs associated with the acquisition of docTrackr and other strategic initiatives; (ii) employee compensation related expense of \$0.7 million, primarily due to an increase in salaries as a result of increased headcount and an increase in stock-based compensation expense due to an increase in equity awards granted to key employees; and (iii) software maintenance and licensing fees of \$0.5 million in support of enhancements to our IT infrastructure.

Product Development — The results for the three months ended March 31, 2014 reflect an increase in product development expense of \$0.8 million, or 16.8%, as compared to the three months ended March 31, 2013, driven by a lesser percentage of product development costs being capitalized in 2014 primarily due to the launch of Intralinks VIA in 2013, which incurred a significant amount of capitalizable development costs in the prior year.

Total product development costs are comprised of both capitalized software and product development expense.

	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2014	2013		
	(In thousands)			
Capitalized software	\$ 5,798	\$ 5,356	\$ 442	8.3%
Product development expense	5,465	4,678	787	16.8%
Total product development costs	\$ 11,263	\$ 10,034	\$ 1,229	12.2%

The increase in total product development costs of \$1.2 million, or 12.2%, is largely due to an increase in consulting fees due to the continued development of our Intralinks platform.

Non-Operating Expenses

	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2014	2013		
	(In thousands)			
Interest expense	\$ 960	\$ 1,122	\$ (162)	(14.4)%
Amortization of debt issuance costs	\$ 116	\$ 112	\$ 4	3.6 %
Other (income) expense, net	\$ (191)	\$ 779	\$ 970	124.5 %

Interest Expense — Interest expense for the three months ended March 31, 2014 decreased by \$0.2 million, or 14.4% as compared to the three months ended March 31, 2013. Excluding capitalized interest of \$0.4 million in 2014, interest expense increased \$0.2 million or 18.3%, due to higher average debt balance outstanding and a higher interest rate related to the refinancing of our credit facility in February 2014.

Other (Income) Expense, Net — Other (income) expense, net for the three months ended March 31, 2014 and March 31, 2013 primarily related to foreign currency transaction (gains) and losses, respectively.

Income Tax Benefit

Our effective tax rates for the three months ended March 31, 2014 and 2013 of 24.01% and 27.56%, respectively, differ from the U.S Federal statutory tax rate primarily due to stock-based compensation expenses for incentive stock options (“ISOs”) and our employee stock purchase plan (“ESPP”), which are not tax-deductible, as well as foreign income taxes and state and local income taxes, partially offset by research and development tax credits and tax benefits from ISO disqualifications.

Cash Flows

	March 31,	
	2014	2013
	(In thousands)	
Cash and cash equivalents	\$ 41,609	\$ 40,793

	Three Months Ended March 31,	
	2014	2013
	(In thousands)	
Net cash (used in) provided by operating activities	\$ (3,138)	\$ 7,931
Net cash used in investing activities	(7,354)	(10,388)
Net cash provided by (used in) financing activities	1,311	(440)
Effect of foreign exchange rate changes on cash and cash equivalents	250	(108)
Net decrease in cash and cash equivalents	\$ (8,931)	\$ (3,005)

Operating Activities

Net cash used in operating activities during the three months ended March 31, 2014 was \$3.1 million, as a result of a net decrease in our operating assets and liabilities of \$9.7 million, partially offset by \$6.6 million in cash generated from results of operations, after adjusting for non-cash items. The net decrease in operating assets and liabilities consisted primarily of: (i) a decrease of \$4.4 million in accrued expenses and other liabilities primarily related to payment of bonus and commissions related to 2013, (ii) an increase of \$4.6 million in accounts receivable related, in part, to increased billings and (iii) a decrease of \$2.3 million in accounts payable due to the timing of payments, partially offset by (iv) an increase of \$1.2 million in deferred revenue. Additionally, net cash provided by operating activities during the three months ended March 31, 2014 consisted of a net loss of \$5.4 million plus adjustments for non-cash items including (a) depreciation and amortization of \$6.2 million, (b) amortization of intangible assets of \$5.9 million and (c) stock-based compensation expense of \$2.3 million, partially offset by (d) a reduction in net deferred tax liability of \$ 3.1 million.

Net cash provided by operating activities during the three months ended March 31, 2013 was \$7.9 million, as a result of \$5.9 million in cash generated from results of operations, after adjusting for non-cash items, and a net increase in our operating assets and liabilities of \$2.0 million. The net increase in operating assets and liabilities primarily consisted of: (i) an increase of \$6.1 million of accounts payable due to the timing of payments and (ii) a \$1.2 million increase in deferred revenue, partially offset by (a) a decrease of \$4.1 million in accrued expenses and other liabilities primarily driven by bonus, commissions and severance payments related to 2012, and (b) an increase of \$1.1 million in accounts receivable. Additionally, net cash provided by operating activities during the three months ended March 31, 2013 consisted of a net loss of \$4.6 million plus adjustments for non-cash items including (a) amortization of intangible assets of \$5.8 million, (b) depreciation and amortization of \$4.8 million, (c) stock-based compensation expense of \$2.1 million, partially offset by (d) a reduction in net deferred tax liability of \$3.0 million.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2014 and 2013 was \$7.4 million and \$10.4 million, respectively. During the three months ended March 31, 2014 and 2013, purchases of investments of \$15.5 million and \$10.1 million, respectively, consisted of corporate securities and commercial paper and maturities of investments of \$16.0 million and \$7.5 million, respectively. During the three months ended March 31, 2014, we purchased a minority interest in a privately held company for \$1.5 million which was accounted for under the cost method. Cash used in investing activities related to capital expenditures for infrastructure during the three months ended March 31, 2014 and 2013 was \$1.4 million and \$1.8 million, respectively.

Investments in capitalized software development costs for the three months ended March 31, 2014 and 2013 were \$4.9 million and \$5.4 million, respectively. We anticipate capital expenditures and investments in our software development may increase in future periods, in line with our growth strategy.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2014 of \$1.3 million includes \$79.2 million in net proceeds related to the Term Loan Credit Facility of which \$74.9 million was used to refinance all the outstanding indebtedness under our Prior Credit Facility and \$2.7 million was used to pay debt issuance costs related to the Term Loan Credit Facility.

Net cash used in financing activities for the three months ended March 31, 2013 of \$0.4 million includes \$0.3 million of repayments of outstanding finance arrangements, \$0.2 million of payments on long-term debt, primarily offset by \$0.1 million of proceeds from exercise of stock options and issuance of common stock, net of withholding taxes.

Cash paid for interest, net of capitalized interest during the three months ended March 31, 2014 and 2013 was \$0.4 million and \$1.1 million, respectively.

Covenants

The borrowings under the Term Loan Credit Facility and the Revolving Credit Facility (collectively, the "Credit Facilities") that we entered into on February 24, 2014 are subject to certain affirmative and negative covenants, both financial and non-financial. These covenants include the timely submission of unqualified audited financial statements to the lender, as well as customary restrictions on certain activities, including the following, which are subject to lender approval, with certain exceptions:

- incurring additional indebtedness other than in the normal course of business;
- creating liens or other encumbrances on our assets;
- engaging in merger or acquisition transactions;
- making investments; and
- entering into asset sale agreements or paying dividends or making distributions on and repurchasing our stock.

The Term Loan Credit Facility requires us to comply with a Consolidated Net Leverage Ratio (as defined under the Term Loan Credit Facility). The Consolidated Net Leverage Ratio must be less than or equal to 3.25 to 1.00 as of the last day of each fiscal quarter through March 31, 2015 and less than or equal to 3.00 to 1.00 as of the last day of each fiscal quarter ending thereafter through the maturity date. For purposes of testing our Consolidated Net Leverage Ratio, we are permitted to net from our outstanding total indebtedness up to \$20.0 million of our cash and cash equivalents.

The Revolving Credit Facility includes a springing Fixed Charge Coverage Ratio (as defined in the Revolving Credit Facility), which we must comply with any time our cash and cash equivalents held in deposit or securities accounts subject to a lien in favor of our revolving loan lenders falls below \$10.0 million or if an Event of Default (as defined in the Revolving Credit Facility) occurs (in either case, a “Fixed Charge Coverage Trigger Event”). The Fixed Charge Coverage Ratio is tested as of the last day of the fiscal quarter preceding the Fixed Charge Coverage Trigger Event and as of the last day of each subsequent fiscal quarter during the Fixed Charge Coverage Compliance Period (as defined in the Revolving Credit Facility). The Fixed Charge Coverage Ratio must be greater than or equal to 1.05 to 1 as of the last day of each fiscal quarter through March 31, 2015 and greater than or equal to 1.10 to 1 as of the last day of each fiscal quarter ending thereafter through the maturity date.

We were in compliance with all of our financial and non-financial covenants as of March 31, 2014. The agreements governing our credit facilities also contain customary events of default, including, but not limited to, cross-defaults among these agreements. Although we currently expect to remain in compliance with these existing covenants, any breach of these covenants or a change in control could result in a default, and subsequent cross-defaults, under our credit agreements, which could cause all of the outstanding indebtedness to become immediately due and payable and terminate all commitments from our lenders to extend further credit.

Liquidity and Capital Resources

We currently use the net cash generated from operations to fund our working capital needs and our capital expenditure requirements. At March 31, 2014, we had \$41.6 million in cash and cash equivalents, \$34.2 million in investments, and \$42.7 million in accounts receivable, net of allowance for doubtful accounts and credit reserve. We believe that we have sufficient cash resources to continue operations for at least the next 12 to 24 months.

If the credit markets were to experience a period of disruption, as has happened in the past, it could adversely affect our access to financing, as well as our revenue growth (due to our customer base in the DCM and M&A markets). Additionally, if the national or global economy or credit market conditions in general were to deteriorate, it is possible that those changes could adversely affect our credit ratings, which, among other things, could have a material adverse effect on our ability to obtain external financing or to refinance our existing indebtedness.

Our corporate credit ratings and rating agency outlooks as of March 31, 2014 are summarized in the table below.

Rating Agency	Rating	Outlook
Moody's	B2	Stable
Standard & Poor's	B+	Stable

Credit rating agencies review their ratings periodically, and therefore the credit rating assigned to us by each agency may be subject to revision at any time. Factors that can affect our credit ratings include changes in our operating performance, the economic environment, our financial position, conditions in any of our principal markets and changes in our business strategy. If weak financial market conditions or competitive dynamics cause any of these factors to deteriorate, we could see a reduction in our corporate credit rating.

Contractual Obligations and Commitments

The following table sets forth, as of March 31, 2014, certain significant cash obligations that will affect our future liquidity:

	Total	Less than 1 year	1 – 3 Years	3 – 5 Years	More than 5 years
	(In thousands)				
Long-term debt, including current portion	\$ 80,209	\$ 937	\$ 1,672	\$ 77,600	\$ —
Interest on long-term debt	29,445	6,564	11,808	11,073	—
Operating leases	46,425	6,205	11,238	9,931	19,051
Third-party hosting commitments	6,927	3,839	3,088	—	—
Other contractual commitments (including interest)	226	151	75	—	—
Total	\$ 163,232	\$ 17,696	\$ 27,881	\$ 98,604	\$ 19,051

Long-Term Debt and Interest on Long-Term Debt

Interest on long-term debt consists of interest payments on the Term Loan Credit Facility through its maturity date, February 24, 2019, based on the amount of debt outstanding and the March 31, 2014 interest rate of 7.25%, representing a 2.00% floor, plus a 5.25% spread.

Other Financing Arrangements

In June 2011, we entered into a financing arrangement in the amount of \$1.2 million for third-party software, including financing costs of \$0.1 million to be repaid over a 50 month period ending in July 2015. In December 2011, we entered into a second financing arrangement for licensing and support of internal systems in the amount of \$0.2 million that was repaid over a 25 month period that ended in January 2014.

Operating Leases and Third-party Hosting Commitments

Our principal executive office in New York, New York occupies 43,304 square feet that is subject to a lease agreement that expires in July 2021. In addition, we have a facility in Charlestown, Massachusetts that occupies 36,557 square feet under a lease that expires in December 2015. Further, in March 2014, we entered into a lease for 51,325 square feet of office space in Waltham, Massachusetts. The term of this lease is expected to commence in July 2014 and continue until it expires in October 2024.

We also maintain space in Amsterdam, London, Paris, Chicago, São Paulo, Frankfurt, Singapore, Tokyo, Hong Kong, Sydney, Miami and San Francisco for our sales and services activities. We believe that our facilities are adequate for our current needs. However, we may obtain additional office space to house additional services personnel in the near future, and we may require other additional office space as our business grows.

Our commitments to our third-party hosting provider expire in December 2015. Our hosting obligations are largely impacted by service expansion requirements in line with the growth of our business.

Uncertain Tax Positions

Our tax reserves for uncertain tax positions of \$4.5 million (including interest and penalties of \$0.3 million) are included within "Other long-term liabilities" on our Consolidated Balance Sheet as of March 31, 2014.

Unrecognized tax benefits totaled \$4.2 million and \$3.9 million at March 31, 2014 and December 31, 2013, respectively. We do not expect that the balance of unrecognized tax benefits will significantly increase or decrease over the next twelve months. We are not able to reasonably estimate when we would make any cash payments required to settle these liabilities beyond the next twelve months, but we do not believe that the ultimate settlement of our obligations will materially affect our liquidity.

Off-Balance Sheet Arrangements

We do not currently have, and did not have during the periods presented, any off-balance sheet arrangements (as defined under the rules promulgated by the SEC) such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, that are established for the purpose of facilitating financing transactions that are not required to be reflected on our Consolidated Balance Sheets.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting our company, see Item 7A: "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. Our exposure to related market risk has not materially changed from that disclosed in our Annual Report.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report.

Based upon this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Management believes that the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q are fairly presented in all material respects in accordance with GAAP, and our principal executive officer and principal financial officer have certified that they fairly present in all material respects our financial condition, results of operations and cash flows for each of the periods presented in this report.

Changes in Internal Control over Financial Reporting

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There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

In the ordinary course of business, the Company and its subsidiaries are subject to various claims, charges, disputes, litigation and regulatory inquiries and investigations. These matters, if resolved adversely against the Company, may result in monetary damages, fines and penalties or require changes in business practices. The Company is not currently aware of any pending or threatened material claims, charges, disputes, litigation and regulatory inquiries and investigations except as follows:

Securities Class Action. On December 5, 2011, we became aware of a purported class action lawsuit filed in the U.S. District Court for the Southern District of New York, or the SDNY or the Court, against us and certain of our current and former executive officers. The complaint, or the Wallace Complaint, alleges that the defendants made false and misleading statements or omissions about our business prospects, financial condition and performance in violation of the Securities Exchange Act of 1934, as amended. The plaintiff seeks unspecified compensatory damages for the purported class of purchasers of our common stock during the period from February 17, 2011 through November 10, 2011, or the Allegation Period. On December 27, 2011, a second purported class action complaint, which makes substantially the same claims as, and is related to, the Wallace Complaint, was filed in the SDNY against us and certain of our current and former executive officers seeking similar unspecified compensatory damages for the Allegation Period. On April 3, 2012, the Court consolidated the actions and appointed Plumbers and Pipefitters National Pension Fund as lead plaintiff, and also appointed lead counsel in the consolidated action, or the Consolidated Class Action. On June 15, 2012, the lead plaintiff filed an amended complaint that, in addition to the original allegations made in the Wallace Complaint, alleges that we, certain of our current and former officers and directors, and the underwriters in our April 6, 2011 stock offering issued a registration statement and prospectus in connection with the offering that contained untrue statements of material fact or omitted material information required to be stated therein in violation of the Securities Act of 1933, as amended. The defendants filed motions to dismiss the action on July 31, 2012. On May 8, 2013, the Court issued an opinion dismissing claims based on certain allegations in the complaint, but otherwise denied defendants' motions to dismiss. On June 28, 2013, defendants filed their answers to the Consolidated Class Action Complaint. On October 15, 2013, the Court entered the parties' pretrial scheduling stipulation. In December 2013, the parties served each other with document requests and discovery is ongoing. On February 18, 2014, lead plaintiff filed its motion for class certification. Pursuant to an amended scheduling order entered by the Court on April 18, 2014, the defendants' opposition to class certification is due by June 13, 2014, and lead plaintiff's reply is due by July 18, 2014. Completion of summary judgment briefing is scheduled for July 13, 2015. We believe that these claims are without merit and intend to defend these lawsuits vigorously.

Dixon Derivative Action. On December 28, 2011, a shareholder derivative complaint was filed in the SDNY against us and certain of our current and former directors. The complaint, or the Dixon Action, alleged that the defendants breached their fiduciary duties by causing us to issue materially false and misleading statements about our business prospects, financial condition and performance during the same Allegation Period alleged in the Consolidated Class Action Complaint. Plaintiff has voluntarily dismissed the Dixon Action without receipt of any compensation. On January 28, 2014, the Court approved the stipulation of dismissal.

Horbal Derivative Action. On April 16, 2012, a shareholder derivative complaint, or the Horbal Action, was filed in the Supreme Court of the State of New York in New York County, or the New York State Court, against us and certain of our current and former directors and officers. The complaint alleges that the defendants breached their fiduciary duties by causing us to issue materially false and misleading statements about our business operations and financial condition during the same Allegation Period alleged in the Consolidated Class Action Complaint. On April 24, 2012, one of the director defendants removed the Horbal Action to the SDNY and, on May 22, 2012, the plaintiff moved to remand the case to New York State Court. On March 11, 2013, the SDNY granted plaintiff's motion to remand, and the case is currently pending in New York State Court. On June 6, 2013, the parties filed a stipulation with the New York State Court agreeing to stay all proceedings in the Horbal Action, including discovery, until ninety days after the SDNY issues a scheduling order in the Consolidated Class Action. On January 13, 2014, the parties filed a stipulation with the New York State Court agreeing to work together on a schedule for defendants' time to answer, move against or otherwise respond to the complaint or an amended complaint. On May 1, 2014, the parties signed a stipulation, which they plan to file with the New York State Court, agreeing that the plaintiff will file an amended complaint or designate the current complaint as operative within four weeks after filing of the stipulation. Any response to the complaint or amended complaint will be filed within four weeks after that date. We believe the claims in the Horbal Action are without merit and intend to defend this lawsuit vigorously.

Levine Shareholder Demand Letter/Complaint. We received a shareholder demand letter, dated May 16, 2013, demanding that our board of directors, or the Board, take action to remedy alleged breaches of fiduciary duty by current and former directors and officers. These alleged breaches are based on the same alleged misconduct in the complaints in the Horbal and Consolidated Class Actions. The letter specifically demands that our Board undertake an independent internal investigation into the alleged breaches and commence a civil action against each of the allegedly breaching current and former directors and officers. On June 26, 2013, our Board created a Demand Committee to conduct an investigation into the allegations in the Levine demand letter. On December 13, 2013, the shareholder filed a derivative complaint, or the Levine Action, in New York State Court against us and certain of our current and former directors and officers. The Levine Action alleges that since our Board has not responded substantively to

the shareholder's demand letter in over six months, this has resulted in an improper "functional refusal" of the demand. The Levine Action makes substantially the same claims as, and is related to, the Horbal and Consolidated Class Actions. It alleges, among other things, that the defendants breached their fiduciary duties by making materially false and misleading statements related to the strength of our business and customer satisfaction. On March 27, 2014, counsel for the Demand Committee sent a letter to shareholder's counsel stating that, after thorough investigation of the allegations in the demand letter, our Board concluded that taking any or all of the demanded actions would not serve the best interests of our Company and shareholders, and voted unanimously to reject the demand. We believe the claims in the Levine Action are without merit and intend to defend this lawsuit vigorously.

ITEM 1A: RISK FACTORS

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which could materially affect our business, financial condition or future results. There are no material changes to the risk factors described in our Annual Report.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

(a) Exhibits required by Item 601 of Regulation S-K.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Lease Agreement, executed as of March 11, 2014 and dated as of March 3, 2014, by and between 404 Wyman LLC, as landlord, and Intralinks Holdings, Inc., as tenant (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 13, 2014).
10.2*^	Employment Agreement, dated as of March 30, 2012, by and between Intralinks Holdings, Inc. and Jose Almandoz.
31.1 *	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 *	Certification of Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document
101.SCH+	XBRL Taxonomy Extension Schema Document
101.CAL+	XBRL Taxonomy Calculation Linkbase Document
101.LAB+	XBRL Taxonomy Label Linkbase Document
101.PRE+	XBRL Taxonomy Presentation Linkbase Document
101.DEF+	XBRL Taxonomy Definitions Linkbase Document

* Filed herewith.

^ Indicates a management contract or compensation plan, contract or arrangement.

+ Attached as Exhibits 101 to this report are the following financial statements from our Quarterly Report on Form 10-Q for the three months ended March 31, 2014 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Cash Flows and (v) related notes to these financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

Date: May 9, 2014

INTRALINKS HOLDINGS, INC.

By: /s/ Ronald W. Hovsepian

Ronald W. Hovsepian

President and Chief Executive Officer

Date: May 9, 2014

By: /s/ Derek Irwin

Derek Irwin

Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Ronald W. Hovsepian, certify that:

- 1 I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2014 of Intralinks Holdings, Inc. (the "Registrant");
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- 4 The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5 The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 9, 2014

/s/ RONALD W. HOVSEPIAN

Ronald W. Hovsepian
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Derek Irwin, certify that:

- 1 I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2014 of Intralinks Holdings, Inc. (the "Registrant");
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
- 4 The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5 The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 9, 2014

/s/ DEREK IRWIN

Derek Irwin
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Intralinks Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronald W. Hovsepian, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2014

/s/ RONALD W. HOVSEPIAN

Ronald W. Hovsepian
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quaterly Report of Intralinks Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derek Irwin, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date: May 9, 2014

/s/ DEREK IRWIN

Derek Irwin
Chief Financial Officer

