

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 June 30, 2018

OR

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 001-35580



(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction of
incorporation or organization)**

20-2056195

**(I.R.S. Employer
Identification Number)**

**ServiceNow, Inc.
2225 Lawson Lane
Santa Clara, California 95054
(408) 501-8550**

(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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Emerging growth company ☐

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

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

As of June 30, 2018, there were approximately 177.9 million shares of the Registrant's Common Stock outstanding.

TABLE OF CONTENTS

		<u>Page</u>
	<u>PART I</u>	
Item 1.	<u>Financial Statements</u>	<u>1</u>
	<u>Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2018 and 2017</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017</u>	<u>3</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>4</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>48</u>
Item 4.	<u>Controls and Procedures</u>	<u>49</u>
	<u>PART II</u>	
Item 1.	<u>Legal Proceedings</u>	<u>50</u>
Item 1A.	<u>Risk Factors</u>	<u>50</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>64</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>64</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>64</u>
Item 5.	<u>Other Information</u>	<u>64</u>
Item 6.	<u>Exhibits</u>	<u>65</u>
	<u>Signatures</u>	

PART I

ITEM 1. FINANCIAL STATEMENTS

SERVICENOW, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands) (unaudited)

	June 30, 2018	December 31, 2017 *As Adjusted
Assets		
Current assets:		
Cash and cash equivalents	\$ 704,846	\$ 726,495
Short-term investments	1,044,812	1,052,803
Accounts receivable, net	367,598	437,051
Current portion of deferred commissions	119,068	109,643
Prepaid expenses and other current assets	115,305	95,959
Total current assets	2,351,629	2,421,951
Deferred commissions, less current portion	239,523	224,252
Long-term investments	304,629	391,442
Property and equipment, net	286,953	245,124
Intangible assets, net	87,726	86,916
Goodwill	143,007	128,728
Other assets	59,417	51,832
Total assets	\$ 3,472,884	\$ 3,550,245
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,656	\$ 32,109
Accrued expenses and other current liabilities	273,994	253,257
Current portion of deferred revenue	1,320,928	1,210,695
Current portion of convertible senior notes, net	211,463	543,418
Total current liabilities	1,837,041	2,039,479
Deferred revenue, less current portion	44,389	36,120
Convertible senior notes, net	645,668	630,018
Other long-term liabilities	54,076	65,884
Total liabilities	2,581,174	2,771,501
Stockholders' equity:		
Common stock	178	174
Additional paid-in capital	1,889,727	1,731,367
Accumulated other comprehensive (loss) income	(3,995)	5,767
Accumulated deficit	(994,200)	(958,564)
Total stockholders' equity	891,710	778,744
Total liabilities and stockholders' equity	\$ 3,472,884	\$ 3,550,245

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Revenues:				
Subscription	\$ 585,282	\$ 402,672	\$ 1,128,607	\$ 790,256
Professional services and other	45,774	45,586	91,671	86,773
Total revenues	631,056	448,258	1,220,278	877,029
Cost of revenues ⁽¹⁾ :				
Subscription	101,699	75,793	197,097	146,168
Professional services and other	51,466	46,335	99,541	92,044
Total cost of revenues	153,165	122,128	296,638	238,212
Gross profit	477,891	326,130	923,640	638,817
Operating expenses ⁽¹⁾ :				
Sales and marketing	310,869	222,393	594,570	426,132
Research and development	127,916	90,005	245,184	174,494
General and administrative	71,095	51,526	136,158	97,777
Total operating expenses	509,880	363,924	975,912	698,403
Loss from operations	(31,989)	(37,794)	(52,272)	(59,586)
Interest expense	(15,498)	(11,337)	(32,562)	(20,015)
Interest income and other income (expense), net	6,638	(8,485)	36,625	(756)
Loss before income taxes	(40,849)	(57,616)	(48,209)	(80,357)
Provision for (benefit from) income taxes	11,897	(1,812)	(6,085)	(3,039)
Net loss	\$ (52,746)	\$ (55,804)	\$ (42,124)	\$ (77,318)
Net loss per share - basic and diluted	\$ (0.30)	\$ (0.33)	\$ (0.24)	\$ (0.46)
Weighted-average shares used to compute net loss per share - basic and diluted	177,343,176	170,419,083	176,418,984	169,585,356
Other comprehensive income (loss):				
Foreign currency translation adjustments	\$ 6,992	\$ 14,351	\$ (1,443)	\$ 17,146
Unrealized gain (loss) on investments, net of tax	1,983	524	(1,085)	8,107
Other comprehensive income (loss), net of tax	8,975	14,875	(2,528)	25,253
Comprehensive loss	\$ (43,771)	\$ (40,929)	\$ (44,652)	\$ (52,065)

(1) Includes stock-based compensation as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Cost of revenues:				
Subscription	\$ 12,538	\$ 8,942	\$ 23,829	\$ 16,880
Professional services and other	8,342	7,617	15,903	14,492
Sales and marketing	57,069	42,287	109,151	80,688
Research and development	33,780	22,731	62,378	44,532
General and administrative	23,831	16,489	45,640	31,343

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2018	2017 *As Adjusted
Cash flows from operating activities:		
Net loss	\$ (42,124)	\$ (77,318)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	68,618	52,407
Amortization of deferred commissions	64,304	43,086
Amortization of debt discount and issuance costs	32,562	20,015
Stock-based compensation	256,901	187,935
Deferred income tax	(30,926)	(4,751)
Gain on marketable equity securities	(19,257)	—
Repayments of convertible senior notes attributable to debt discount	(87,557)	—
Other	(1,707)	(2,014)
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	65,940	55,186
Deferred commissions	(92,995)	(69,947)
Prepaid expenses and other assets	2,040	(3,606)
Accounts payable	(2,632)	(7,860)
Deferred revenue	131,089	133,416
Accrued expenses and other liabilities	31,720	(10,216)
Net cash provided by operating activities	375,976	316,333
Cash flows from investing activities:		
Purchases of property and equipment	(88,362)	(69,103)
Business combinations, net of cash and restricted cash acquired	(24,940)	(21,537)
Purchases of other intangibles	(10,850)	(6,170)
Purchases of investments	(379,913)	(358,590)
Sales of investments	39,975	77,968
Maturities of investments	453,156	221,949
Net cash used in investing activities ⁽¹⁾	(10,934)	(155,483)
Cash flows from financing activities:		
Net proceeds from borrowings on convertible senior notes	—	772,127
Repayments of convertible senior notes attributable to principal	(271,185)	—
Proceeds from issuance of warrants	—	54,071
Purchases of convertible note hedges	—	(128,017)
Repurchases and retirement of common stock	—	(55,000)
Proceeds from employee stock plans	61,419	40,892
Taxes paid related to net share settlement of equity awards	(154,531)	(87,349)
Payments on financing obligations	(576)	(2,560)
Net cash (used in) provided by financing activities	(364,873)	594,164
Foreign currency effect on cash, cash equivalents and restricted cash ⁽¹⁾	(7,505)	18,040
Net (decrease) increase in cash, cash equivalents and restricted cash ⁽¹⁾	(7,336)	773,054
Cash, cash equivalents and restricted cash at beginning of period ⁽¹⁾	727,829	401,932
Cash, cash equivalents and restricted cash at end of period ⁽¹⁾	\$ 720,493	\$ 1,174,986
Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 704,846	\$ 1,173,457
Current portion of restricted cash included in prepaid expenses and other current assets	5,971	1,529
Non-current portion of restricted cash included in other assets	9,676	—
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 720,493	\$ 1,174,986
Non-cash investing and financing activities:		
Benefit from 2018 Note Hedges	\$ 467,176	\$ —
Property and equipment included in accounts payable and accrued expenses	25,027	16,030
Financing obligation for purchases of other intangibles	—	2,110

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

- (1) During the three months ended December 31, 2017, we adopted Accounting Standards Update 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash,” which requires that amounts generally described as restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Accordingly, we have recast our prior period condensed consolidated statement of cash flows to conform to the current presentation. The impact of the adoption for the six months ended June 30, 2017 is not material.

See accompanying notes to condensed consolidated financial statements

SERVICENOW, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Unless the context requires otherwise, references in this report to “ServiceNow,” the “Company,” “we,” “us,” and “our” refer to ServiceNow, Inc. and its consolidated subsidiaries.

(1) Description of the Business

ServiceNow is a leading provider of enterprise cloud computing solutions that define, structure, manage and automate services for global enterprises. We help our customers improve service quality and reduce costs while scaling and automating their businesses. We typically deliver our software via the Internet as a service, through an easy-to-use, consumer product-like interface, which means it can be easily configured and rapidly deployed. In a minority of cases, we deploy our software on-premises at a customer data center to support a customer’s unique regulatory or security requirements.

(2) Summary of Significant Accounting Policies

Basis of Presentation

Effective January 1, 2018, we adopted the Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” as discussed further below in this Note 2. All amounts and disclosures set forth in this Form 10-Q have been updated to comply with the new standards, including previously reported amounts, which are labeled “as adjusted” in these condensed consolidated financial statements and related notes. Certain prior period amounts reported in our condensed consolidated financial statements and notes thereto have been reclassified to conform to the current period presentation.

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the SEC) regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary under GAAP for fair statement of results for the interim periods presented have been included. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or for other interim periods or future years. The condensed consolidated balance sheet as of December 31, 2017 is derived from audited financial statements as adjusted to reflect the impact of the full retrospective adoption of Topic 606; however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 28, 2018.

Principles of Consolidation

The condensed consolidated financial statements have been prepared in conformity with GAAP, and include our accounts and the accounts of our wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Such management estimates and assumptions include, but are not limited to, the stand-alone selling price (SSP) for each distinct performance obligation included in customer contracts with multiple performance obligations, the period of benefit for deferred commissions, the fair value of assets acquired and liabilities assumed for business combinations, stock-based compensation expenses, the assessment of the useful life and recoverability of our property and equipment, goodwill and identifiable intangible assets, and legal contingencies. Actual results could differ from those estimates.

New Accounting Pronouncements Adopted in 2018

Stock-based Compensation

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-07, “Compensation—Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting,” which is intended to reduce cost and complexity and to improve financial reporting for nonemployee share-based payments. Currently, the accounting requirements for nonemployee and employee share-based payment transactions are significantly different. This standard expands the scope of Topic 718 to include share-based payments issued to nonemployees for goods or services, aligning the accounting for share-based payments to nonemployees and employees. This standard is effective for our fiscal year beginning January 1, 2019 and early adoption is permitted. We early adopted this new standard effective January 1, 2018, and the adoption of this standard did not have a material impact on our condensed consolidated financial statements. As this standard was adopted on a prospective basis as of January 1, 2018, the adoption of this standard did not impact our previously reported financial statements for periods ended on or prior to December 31, 2017. The adoption of this standard did not impact our previously reported financial statements for the three months ended March 31, 2018 and 2017.

Income Taxes

In February 2018, the FASB issued ASU No. 2018-02, “Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” which provides entities the option to reclassify tax effects stranded in accumulated other comprehensive income as a result of the 2017 Tax Cuts and Jobs Act (the Tax Act) to retained earnings. This standard is effective for our fiscal year beginning January 1, 2019 and early adoption is permitted. We early adopted this new standard effective January 1, 2018, with an immaterial amount of cumulative effect adjustment recorded to our accumulated deficit as of January 1, 2018. As this standard was adopted on a modified prospective basis as of January 1, 2018, the adoption of this standard did not impact our previously reported financial statements for periods ended on or prior to December 31, 2017.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which allows us to record provisional amounts for the 2017 Tax Cuts and Jobs Act (the Tax Act) during a measurement period not to extend beyond one year of the enactment date, with further clarifications made recently with the issuance of ASU 2018-05. Through June 30, 2018, we did not have any significant adjustments to our provisional amounts. In light of the enactment of the Tax Act, we are assessing whether to change our indefinite reinvestment assertion, in which we consider earnings from our foreign operations to be indefinitely reinvested outside of the United States. Under guidance issued by the SEC, we are required to complete our assessment by the end of the measurement period described above. We will continue our analysis of these provisional amounts, which remain subject to change during the measurement period. We anticipate further guidance on accounting interpretations from the FASB and application of the law from the Department of Treasury. We expect to reach a final determination within the measurement period described above.

In October 2016, the FASB issued ASU 2016-16, “Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory,” which includes a revision of the accounting for the income tax consequences of intra-entity transfers of assets other than inventory to reduce the complexity in accounting standards. We adopted this new standard as of January 1, 2018 with an immaterial amount of cumulative effect adjustment recorded to our accumulated deficit as of January 1, 2018. As this standard was adopted on a modified prospective basis as of January 1, 2018, the adoption of this standard did not impact our previously reported financial statements for periods ended on or prior to December 31, 2017.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities,” which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, with further clarifications made more recently. This new standard requires equity securities to be measured at fair value with changes in fair value recognized through net income, which results in greater variability in our net income. We adopted these new standards as of January 1, 2018 with a cumulative-effect adjustment, net of tax of \$7.2 million recorded to our accumulated deficit as of January 1, 2018. This adjustment relates to the unrealized gain on our marketable equity securities as of December 31, 2017, which was previously included in accumulated other comprehensive income (loss) on our condensed consolidated balance sheet. As part of the adoption, we elected to apply the measurement alternative for our non-marketable equity investments that do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The adoption of these standards did not result in an adjustment for our non-marketable equity investments as our measurement alternative election requires adjustments to be recorded only on a prospective basis. As these standards were adopted on a modified prospective basis as of January 1, 2018, the adoption of these standards did not impact our previously reported financial statements for periods ended on or prior to December 31, 2017.

Revenue from Contracts with Customers

In May 2014, the FASB issued Topic 606, which supersedes the prior revenue recognition standard (Topic 605). Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. In addition, this standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Topic 606 also includes Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, which requires the deferral of incremental costs of obtaining a contract with a customer.

The Topic 606 standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application (modified retrospective method). We adopted the requirements of Topic 606 as of January 1, 2018, utilizing a full retrospective method. The most significant impact of the standard relates to the timing of revenue recognition related to our on-premises offerings, in which we grant customers the right to deploy our software on the customer’s own servers without significant penalty, the accounting for incremental costs to obtain a contract, and the classification of proceeds for Knowledge and other user forums as a reduction in sales and marketing expenses instead of as professional services and other revenues. The adoption of Topic 606 resulted in changes to our accounting policies for revenue recognition, unbilled receivables, deferred commissions, deferred revenue and customer deposits as detailed below.

Under Topic 606, for our on-premises offerings, the requirement to have vendor specific objective evidence (VSOE) for undelivered elements was eliminated. As a result, for all periods presented, we have recognized as subscription revenues a portion of the sales price upon delivery of the software, compared to the prior practice under Topic 605 of recognizing the entire sales price ratably over an estimated subscription period due to the lack of VSOE. To the extent the amounts recognized as subscription revenues have not been billed, the revenues are primarily recorded as “unbilled receivables.” In addition, refundable amounts associated with customer contracts are recorded as “customer deposits.”

In addition, under Topic 606, for all periods presented, we have deferred all incremental commission costs to obtain customer contracts, including indirect costs that are not tied to a specific contract, for both our on-premises offerings and our cloud-based subscription offerings. On initial contracts and contracts for increased purchases with existing customers (expansion contracts), these costs are primarily amortized over a period of benefit that we have determined to be five years. On renewal contracts, these costs are amortized over the renewal term. Additionally, for our on-premises offerings, consistent with the recognition of subscription revenue for on-premises offerings as described above, a portion of the commission cost is expensed upfront when the on-premises offering is made available. Our prior practice under Topic 605 was to defer only direct and incremental commission costs to obtain a contract and amortize those costs over the contract term, which is generally 12 to 36 months, for both our on-premises offerings and our cloud-based subscription offerings.

The direct effect on income taxes resulting from the full retrospective adoption of the above-mentioned changes to revenues and commission expenses resulted in a cumulative income tax expense of \$23.3 million recorded in the prior periods through December 31, 2017. The indirect tax benefit of Topic 606 on income taxes associated with intercompany adjustments of \$23.1 million, or \$0.13 per basic and diluted share for the six months ended June 30, 2018, was recorded in the first quarter of adoption during the three months ended March 31, 2018.

The table below provides specified line items from our condensed consolidated balance sheet (i) as previously reported and (ii) as adjusted to reflect the impact of the full retrospective adoption of Topic 606 (in thousands):

	Year Ended December 31, 2017	
	As Previously Reported	As Adjusted
Assets		
Accounts receivable, net	\$ 434,895	\$ 437,051
Current portion of deferred commissions	118,690	109,643
Prepaid expenses and other current assets	77,681	95,959
Deferred commissions, less current portion	85,530	224,252
Other assets	49,600	51,832
Liabilities		
Accrued expenses and other current liabilities	244,605	253,257
Current portion of deferred revenue	1,280,499	1,210,695
Deferred revenue, less current portion	39,884	36,120
Other long-term liabilities	43,239	65,884
Stockholder's equity		
Accumulated other comprehensive (loss) income	(889)	5,767
Accumulated deficit	(1,146,520)	(958,564)

The table below provides specified line items from our condensed consolidated statement of comprehensive loss (i) as previously reported and (ii) as adjusted to reflect the impact of the full retrospective adoption of Topic 606 (in thousands, except per share data):

	Three months ended June 30, 2017		Six months ended June 30, 2017	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted
Revenues:				
Subscription	\$ 411,007	\$ 402,672	\$ 787,142	\$ 790,256
Professional services and other	60,696	45,586	101,344	86,773
Total revenues	471,703	448,258	888,486	877,029
Cost of revenues:				
Professional services and other	45,892	46,335	91,964	92,044
Total cost of revenues	121,685	122,128	238,132	238,212
Gross profit	350,018	326,130	650,354	638,817
Operating expenses:				
Sales and marketing	247,224	222,393	459,310	426,132
Total operating expenses	388,755	363,924	731,581	698,403
Loss from operations	(38,737)	(37,794)	(81,227)	(59,586)
Interest income and other income (expense), net	(7,830)	(8,485)	(114)	(756)
Loss before income taxes	(57,904)	(57,616)	(101,356)	(80,357)
Provision for income taxes	(1,431)	(1,812)	(4,221)	(3,039)
Net loss	\$ (56,473)	\$ (55,804)	\$ (97,135)	\$ (77,318)
Net loss per share - basic and diluted	\$ (0.33)	\$ (0.33)	\$ (0.57)	\$ (0.46)
Weighted-average shares used to compute net loss per share - basic and diluted	170,419,083	170,419,083	169,585,356	169,585,356

The table below provides specified line items from our condensed consolidated statement of cash flows (i) as previously reported and (ii) as adjusted to reflect the impact of the full retrospective adoption of Topic 606 (in thousands):

	Six months ended June 30, 2017	
	As Previously Reported	As Adjusted
Cash flows from operating activities:		
Net loss	\$ (97,135)	\$ (77,318)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of deferred commissions	50,587	43,086
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	51,039	55,186
Deferred commissions	(61,287)	(69,947)
Prepaid expenses and other assets	(11,945)	(3,606)
Deferred revenue	145,662	133,416
Accrued expenses and other liabilities	(6,578)	(10,216)
Net cash provided by operating activities	316,149	316,333
Foreign currency effect on cash, cash equivalents and restricted cash	18,224	18,040

Updated Significant Accounting Policies

Revenue Recognition

We report our revenues in two categories: (i) subscriptions and (ii) professional services and other.

Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Subscription revenues

Subscription revenues are primarily comprised of subscription fees that give customers access to the ordered subscription service, related support and updates, if any, to the subscribed service during the subscription term. We recognize subscription revenues ratably over the contract term beginning on the commencement date of each contract, which is the date we make our services available to our customers. Our contracts with customers typically include a fixed amount of consideration, and are generally non-cancelable and without any refund-type provisions. We typically invoice our customers annually in advance for our subscription services upon execution of the initial contract or subsequent renewal, and our invoices are typically due within 30 days from the invoice date.

Subscription revenues also include revenues from our on-premises offerings in which we grant customers the right to deploy our subscription service on the customers' own servers without significant penalty. For these contracts, we account for the software element and the related support and updates separately as they are distinct performance obligations. Refer to the discussion below related to contracts with multiple performance obligations for further details. The transaction price is allocated to separate performance obligations on a relative SSP basis. Transaction price allocated to the software element is recognized upon delivery, which is when transfer of control of the software to the customer is complete. The transaction price allocated to the related support and updates are recognized ratably over the contract term.

Professional services and other revenues

Our professional services arrangements are primarily on a time-and-materials basis, and revenues on these arrangements are recognized as the services are delivered. We typically invoice our customers monthly in arrears for these professional services based on actual hours and expenses incurred, and our invoices are typically due within 30 days from the invoice date. Professional services revenues associated with fixed fee arrangements are recognized on a proportional performance basis. In instances where certain milestones are required to be met before revenues are recognized, we defer professional services revenues and the associated costs until milestone criteria have been met. Other revenues consist of fees from customer training delivered on-site or through publicly available classes.

Contracts with multiple performance obligations

We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. For these contracts, the transaction price is allocated to the separate performance obligations on a relative SSP basis. We determine SSP by considering the historical selling price of these performance obligations in similar transactions as well as other factors, including, but not limited to, competitive pricing of similar products, other software vendor pricing, industry publications and current pricing practices.

Unbilled Receivables

Unbilled receivables, which is a contract asset, represent subscription revenues that are recognized upon delivery of the software prior to being invoiced. Unbilled receivables are primarily presented under prepaid expenses and other current assets on our condensed consolidated balance sheets.

Deferred Commissions

Deferred commissions are the incremental selling costs that are associated with acquiring customer contracts and consist of sales commissions paid to our sales force and referral fees paid to independent third-parties. On initial and expansion contracts, commissions and referral fees are primarily deferred and amortized over a period of benefit that we have determined to be five years. On renewal contracts, commissions are deferred and amortized over the renewal term. Additionally, for our on-premises offerings, consistent with the recognition of subscription revenue for on-premises offerings, a portion of the commission cost is expensed upfront when the on-premises offering is made available. We determine the period of benefit by taking into consideration our customer contracts, our technology life cycle and other factors. We include amortization of deferred commissions in sales and marketing expense in our condensed consolidated statements of comprehensive income (loss). There was no impairment loss in relation to the costs capitalized for all periods presented.

Deferred revenue

Deferred revenue, which is a contract liability, consists primarily of payments received in advance of revenue recognition from our contracts with customers and is recognized as the revenue recognition criteria are met. Once our services are available to customers, we record amounts due in accounts receivable and in deferred revenue. To the extent we bill customers in advance of the billing period commencement date, the accounts receivable and corresponding deferred revenue amounts are netted to zero on our condensed consolidated balance sheets, unless such amounts have been paid as of the balance sheet date.

Customer deposits

Customer deposits primarily relate to payments received from customers which could be refundable pursuant to the terms of the contract and are presented under “accrued expenses and other current liabilities” on our condensed consolidated balance sheets.

Strategic investments

Our strategic investments consist of debt and non-marketable equity investments in privately-held companies in which we do not have a controlling interest or significant influence. Debt investments in privately-held companies are classified as available-for-sale and are recorded at their estimated fair value with changes in fair value recorded through accumulated other comprehensive income (loss). We have elected to apply the measurement alternative for equity investments that do not have readily determinable fair values, measuring them at cost, less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. An impairment loss is recorded when event or circumstance indicates a decline in value has occurred. We include these strategic investments in “Other assets” on the consolidated balance sheets.

New Accounting Pronouncements Pending Adoption

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income (GILTI) provisions of the Tax Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of subsidiary foreign corporations. We are currently evaluating the impact of the Tax Act and this guidance on our condensed consolidated financial statements and have not yet elected an accounting policy to either recognize deferred taxes for basis differences expected to reverse as GILTI or to record GILTI as period costs if and when incurred.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. This new standard is effective for our interim and annual periods beginning January 1, 2020. We are currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which requires lessees to generally recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets, and to recognize on the income statement the expenses in a manner similar to current practice. This new standard, including related amendments subsequently issued by the FASB, is effective for our interim and annual periods beginning January 1, 2019, and early adoption is permitted. We are in the process of implementing changes to our existing systems and processes in conjunction with a review of existing vendor agreements and do not plan to early adopt this new standard. We currently anticipate that the adoption of this standard will have a material impact on our condensed consolidated balance sheets given that we had operating lease commitments in excess of \$700 million as of June 30, 2018. The present value of these lease commitments will be recognized as right-of-use assets and lease liabilities at the later to occur of (i) the adoption date of January 1, 2019 or (ii) the time we take possession of the leased asset. However, we do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated statements of comprehensive income (loss) since the expense recognition under this new standard will be similar to current practice.

(3) Investments

Marketable Securities

The following is a summary of our available-for-sale investment securities, excluding marketable equity securities and those securities classified within cash and cash equivalents on the condensed consolidated balance sheets (in thousands):

	June 30, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 253,519	\$ —	\$ (1)	\$ 253,518
Corporate notes and bonds	954,783	42	(4,146)	950,679
Certificates of deposit	32,742	2	—	32,744
U.S. government agency securities	113,166	—	(666)	112,500
Total available-for-sale securities	<u>\$ 1,354,210</u>	<u>\$ 44</u>	<u>\$ (4,813)</u>	<u>\$ 1,349,441</u>

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 258,348	\$ 1	\$ (5)	\$ 258,344
Corporate notes and bonds	1,006,302	26	(3,084)	1,003,244
Certificates of deposit	33,084	—	—	33,084
U.S. government agency securities	129,494	—	(638)	128,856
Total available-for-sale securities	<u>\$ 1,427,228</u>	<u>\$ 27</u>	<u>\$ (3,727)</u>	<u>\$ 1,423,528</u>

As of June 30, 2018, the contractual maturities of our available-for-sale investment securities, excluding securities classified within cash and cash equivalents on the condensed consolidated balance sheets, did not exceed 36 months. The fair values of these securities, by remaining contractual maturity, are as follows (in thousands):

	June 30, 2018
Due within 1 year	\$ 1,044,812
Due in 1 year through 5 years	304,629
Total	<u>\$ 1,349,441</u>

The following table shows the fair values and the gross unrealized losses of our available-for-sale investment securities, classified by the length of time that the securities have been in a continuous unrealized loss position, and aggregated by investment types, excluding those securities classified as cash and cash equivalents on the condensed consolidated balance sheets (in thousands):

June 30, 2018						
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	\$ 14,931	\$ (1)	\$ —	\$ —	\$ 14,931	\$ (1)
Corporate notes and bonds	850,411	(3,990)	74,722	(156)	925,133	(4,146)
U.S. government agency securities	79,733	(537)	32,767	(129)	112,500	(666)
Total	<u>\$ 945,075</u>	<u>\$ (4,528)</u>	<u>\$ 107,489</u>	<u>\$ (285)</u>	<u>\$ 1,052,564</u>	<u>\$ (4,813)</u>

December 31, 2017						
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	\$ 14,809	\$ (5)	\$ —	\$ —	\$ 14,809	\$ (5)
Corporate notes and bonds	819,113	(2,703)	141,874	(381)	960,987	(3,084)
U.S. government agency securities	106,301	(593)	22,555	(45)	128,856	(638)
Total	<u>\$ 940,223</u>	<u>\$ (3,301)</u>	<u>\$ 164,429</u>	<u>\$ (426)</u>	<u>\$ 1,104,652</u>	<u>\$ (3,727)</u>

As of June 30, 2018, we had a total of 366 available-for-sale securities, excluding those securities classified within cash and cash equivalents on the consolidated balance sheet in an unrealized loss position. There were no impairments considered “other-than-temporary” as it is more likely than not we will hold the securities until maturity or a recovery of the cost basis.

Marketable Equity Securities

As of December 31, 2017, we had marketable equity securities of \$20.7 million. During the six months ended June 30, 2018, we sold these securities for total proceeds of \$40.0 million, and we recognized net gains of \$0.8 million and \$19.3 million for the three and six months ended June 30, 2018, respectively. These gains resulted from our adoption of ASU 2016-01 as we began to record changes in stock price fluctuations of our marketable equity securities through net income, even prior to the sale of these securities. Upon our sale of these securities during the three months ended June 30, 2018, the previously unrealized gain became realized. During the six months ended June 30, 2017, prior to the adoption of ASU 2016-01, we recognized \$12.2 million of unrealized gains on our marketable equity securities offset by \$4.5 million of tax effect through accumulated other comprehensive loss on our condensed consolidated balance sheet. Refer to Note 2 for further details on ASU 2016-01.

Strategic Investments

As of June 30, 2018 and December 31, 2017, the total amount of equity investments in privately-held companies included in other assets on our condensed consolidated balance sheets was \$4.8 million. We have not recorded any adjustments resulting from observable price changes or impairment charges for any of our equity investments in privately-held companies.

The fair value of our debt investments in privately-held companies included within our strategic investments is \$1.0 million as of June 30, 2018 and December 31, 2017. These investments are recorded at fair value using significant unobservable inputs or data in an inactive market and the valuation requires our judgment due to the absence of quoted prices in active markets and inherent lack of liquidity and are categorized accordingly as Level 3 in the fair value hierarchy.

(4) Fair Value Measurements

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis at June 30, 2018 (in thousands):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 176,304	\$ —	\$ 176,304
Commercial paper	—	173,604	173,604
Corporate notes and bonds	—	6,598	6,598
Short-term investments:			
Commercial paper	—	253,518	253,518
Corporate notes and bonds	—	678,619	678,619
Certificates of deposit	—	29,844	29,844
U.S. government agency securities	—	82,831	82,831
Long-term investments:			
Corporate notes and bonds	—	272,060	272,060
Certificates of deposit	—	2,900	2,900
U.S. government agency securities	—	29,669	29,669
Total	\$ 176,304	\$ 1,529,643	\$ 1,705,947

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis at December 31, 2017 (in thousands):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 282,507	\$ —	\$ 282,507
Commercial paper	—	100,456	100,456
Corporate notes and bonds	—	50,437	50,437
Short-term investments:			
Commercial paper	—	258,344	258,344
Corporate notes and bonds	—	688,316	688,316
Certificates of deposit	—	17,950	17,950
U.S. government agency securities	—	67,476	67,476
Marketable equity securities	20,717	—	20,717
Long-term investments:			
Corporate notes and bonds	—	314,928	314,928
Certificates of deposit	—	15,134	15,134
U.S. government agency securities	—	61,380	61,380
Total	\$ 303,224	\$ 1,574,421	\$ 1,877,645

We determine the fair value of our security holdings based on pricing from our service providers and market prices from industry-standard independent data providers. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs) or pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs), such as yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures.

See Note 3 for the fair value measurement of our debt investments in privately-held companies, Note 8 for the fair value measurement of our derivative contracts and Note 11 for the fair value measurement of our convertible senior notes.

(5) Business Combinations

During the six months ended June 30, 2018, we completed acquisitions of two privately-held companies, Parlo, Inc. and VendorHawk, Inc., for an aggregate of approximately \$25.1 million in cash. In allocating the aggregate purchase price based on the estimated fair values, we recorded a total of \$18.1 million of goodwill, \$9.0 million of developed technology intangible assets (to be amortized over estimated useful lives of five years) and \$2.2 million of deferred tax liabilities.

During the six months ended June 30, 2017, we completed acquisitions of two privately-held companies, Qlue, Inc. and DxContinuum, Inc., for an aggregate of approximately \$21.6 million in cash. In allocating the aggregate purchase price based on the estimated fair values, we recorded a total of \$16.2 million of goodwill, \$9.0 million of developed technology intangible assets (to be amortized over estimated useful lives of five years) and \$3.6 million of deferred tax liabilities.

The excess of purchase consideration over the fair value of net tangible and identifiable assets acquired was recorded as goodwill. We believe the goodwill balance associated with these business combinations represents the synergies expected from expanded market opportunities when integrating the acquired developed technologies with our offerings. Goodwill arising from these business combinations is not deductible for income tax purposes.

The results of operations of these business combinations have been included in our condensed consolidated financial statements from their respective dates of purchase. These business combinations did not have a material impact on our condensed consolidated financial statements, and therefore historical and pro forma disclosures have not been presented. Aggregate acquisition-related costs of \$0.7 million and \$1.4 million for the six months ended June 30, 2018 and 2017, respectively, are included in general and administrative expenses in our condensed consolidated statements of comprehensive loss.

(6) Goodwill and Intangible Assets

Goodwill balances are presented below (in thousands):

	Carrying Amount
Balance as of December 31, 2017	\$ 128,728
Goodwill acquired	18,063
Foreign currency translation adjustments	(3,784)
Balance as of June 30, 2018	\$ 143,007

Intangible assets consist of the following (in thousands):

	June 30, 2018	December 31, 2017
Developed technology	\$ 110,473	\$ 102,349
Patents	35,130	31,030
Other	650	1,575
Total intangible assets	146,253	134,954
Less: accumulated amortization	(58,527)	(48,038)
Net carrying amount	\$ 87,726	\$ 86,916

Apart from the business combinations described in Note 5, we acquired \$4.1 million and \$6.2 million of intangible assets in patents during the six months ended June 30, 2018 and 2017, respectively. The weighted-average useful life for the patents acquired was approximately 10 years.

Amortization expense for intangible assets for the three months ended June 30, 2018 and 2017 was approximately \$6.1 million and \$4.8 million, respectively, and for the six months ended June 30, 2018 and 2017 was approximately \$11.8 million and \$9.5 million, respectively.

The following table presents the estimated future amortization expense related to intangible assets held at June 30, 2018 (in thousands):

Years Ending December 31,		
2018	\$	12,791
2019		24,686
2020		14,952
2021		12,558
2022		9,101
Thereafter		13,638
Total future amortization expense	\$	87,726

(7) Property and Equipment

Property and equipment, net, consists of the following (in thousands):

	June 30, 2018	December 31, 2017
Computer equipment	\$ 391,524	\$ 326,378
Computer software	53,894	46,413
Leasehold and other improvements	63,561	56,232
Furniture and fixtures	39,814	38,789
Building	6,744	7,084
Construction in progress	15,673	5,341
	571,210	480,237
Less: accumulated depreciation	(284,257)	(235,113)
Total property and equipment, net	\$ 286,953	\$ 245,124

Construction in progress consists primarily of building, leasehold and other improvements and in-process software development costs. Depreciation and amortization expense for the three months ended June 30, 2018 and 2017 was \$29.2 million and \$22.2 million, respectively, and for the six months ended June 30, 2018 and 2017 was approximately \$56.8 million and \$42.6 million, respectively.

(8) Derivative Contracts

We conduct business on a global basis in multiple foreign currencies, subjecting us to foreign currency risk. In order to manage certain exposures to currency fluctuations, we initiated a limited hedging program beginning in the three months ended March 31, 2018 by entering into foreign currency derivative contracts with maturities of 12 months or less to hedge a portion of our net outstanding monetary assets and liabilities.

These derivative contracts include spot and forward contracts entered into with various counterparties, and are not designated as hedging instruments under applicable accounting guidance. As such, all changes in the fair value of these derivative contracts are recorded in Interest income and other income (expense), net on the condensed consolidated statements of comprehensive loss. These derivative contracts are intended to offset the foreign currency gains or losses associated with the underlying monetary assets and liabilities, and changes in the related derivative assets and liabilities balances are classified as operating activities.

These derivative contracts expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the arrangement. We mitigate this credit risk by transacting with major financial institutions with high credit ratings and entering into master netting arrangements, which permit net settlement of transactions with the same counterparty. While the contract or notional amount is often used to express the volume of foreign currency derivative contracts, the amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations under the agreements exceed the obligations of the Company to the counterparties. We are not required to pledge, and are not entitled to receive, cash collateral related to these derivative instruments. We do not enter into derivative contracts for trading or speculative purposes.

As of June 30, 2018, we had derivative contracts with total notional values of \$851.0 million, which are not designated as hedge instruments. Our foreign currency contracts are classified within Level 2 because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates. The fair values of these outstanding derivative contracts as of June 30, 2018 were as follows (in thousands):

	Condensed Consolidated Balance Sheet Location	June 30, 2018
Derivative Assets:		
Foreign currency derivative contracts	Prepaid expenses and other current assets	\$ 14,676
Derivative Liabilities		
Foreign currency derivative contracts	Accrued expenses and other current liabilities	\$ 844

(9) Deferred Revenue and Performance Obligations

Revenues recognized during the six months ended June 30, 2018 from amounts included in deferred revenue as of December 31, 2017 are \$825.0 million. Revenues recognized during the six months ended June 30, 2018 from performance obligations satisfied or partially satisfied in previous periods were not material.

Transaction Price Allocated to the Remaining Performance Obligations

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenues in future periods. We applied the practical expedient in accordance with Topic 606 to exclude the amounts related to professional services contracts that are on a time-and-material basis, which typically have a remaining duration of one year or less. In addition, we elected to apply the practical expedient to not disclose the transaction price allocated to remaining performance obligations for all periods presented before January 1, 2018, the date of our initial adoption of Topic 606.

As of June 30, 2018, the total remaining non-cancelable performance obligations under our contracts with customers was approximately \$4.0 billion, and we expect to recognize revenues on approximately 50% of these remaining performance obligations over the following 12 months, with the balance to be recognized thereafter.

(10) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	June 30, 2018	December 31, 2017 *As Adjusted
Taxes payable	\$ 30,927	\$ 25,617
Bonuses and commissions	70,104	84,972
Accrued compensation	51,827	45,428
Other employee related liabilities	47,762	44,284
Other	73,374	52,956
Total accrued expenses and other current liabilities	\$ 273,994	\$ 253,257

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

(11) Convertible Senior Notes

In May and June 2017, we issued an aggregate of \$782.5 million of 0% convertible senior notes (the 2022 Notes), which are due June 1, 2022 unless earlier converted or repurchased in accordance with their terms. In November 2013, we issued \$575.0 million of 0% convertible senior notes (the 2018 Notes, and together with the 2022 Notes, the Notes), which are due November 1, 2018 unless earlier converted or repurchased in accordance with their terms. The Notes do not bear interest, and we cannot redeem the Notes prior to maturity.

The Notes are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

Upon conversion of the Notes, we may choose to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock upon settlement. We currently intend to settle the principal amount of the Notes with cash.

	Convertible Date	Initial Conversion Price per Share	Initial Conversion Rate per \$1,000 Par Value	Initial Number of Shares
2022 Notes	February 1, 2022	\$ 134.75	7.42 shares	5,806,936
2018 Notes	July 1, 2018	\$ 73.88	13.54 shares	7,783,023

Holders of the Notes may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding February 1, 2022 and July 1, 2018, for the 2022 Notes and 2018 Notes, respectively (each, a Convertible Date), only under the following circumstances:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day (in each case, the Conversion Condition); or
- during the five-business day period after any five-consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of the Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day; or
- upon the occurrence of specified corporate events.

On or after the applicable Convertible Date, a holder may convert all or any portion of its Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date regardless of the foregoing conditions, and such conversions will settle upon the applicable maturity date. Upon settlement, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, pursuant to our election.

The conversion price will be subject to adjustment in some events. Holders of the Notes who convert their Notes in connection with certain corporate events that constitute a “make-whole fundamental change” are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a corporate event that constitutes a “fundamental change,” holders of the Notes may require us to purchase with cash all or a portion of the Notes upon the occurrence of a fundamental change, at a purchase price equal to 100% of the principal amount of the respective Notes plus any accrued and unpaid special interest, if any.

In accounting for the issuance of the Notes, we separated the Notes into liability and equity components. The carrying cost of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes. The difference between the principal amount of the Notes and the proceeds allocated to the liability component, or the debt discount, is amortized to interest expense using the effective interest method over the term of the respective Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

In accounting for the transaction costs related to the issuance of the Notes, we allocated the total amount incurred to the liability and equity components based on their relative fair values. Transaction costs attributable to the liability component are being amortized to interest expense over the respective terms of the Notes, and transaction costs attributable to the equity component were netted with the equity component of the Notes in stockholders’ equity. The Notes consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Liability component:		
Principal:		
2022 Notes	\$ 782,500	\$ 782,500
2018 Notes	216,252	574,994
Less: debt issuance cost and debt discount, net of amortization		
2022 Notes	(136,832)	(152,482)
2018 Notes	(4,789)	(31,576)
Net carrying amount	<u>\$ 857,131</u>	<u>\$ 1,173,436</u>
	2022 Notes	2018 Notes
Equity component recorded at issuance:		
Note	\$ 162,039	\$ 155,319
Issuance cost	(2,148)	(3,257)
Net amount recorded in equity	<u>\$ 159,891</u>	<u>\$ 152,062</u>

The Conversion Condition for the 2022 Notes was met for the quarter ended June 30, 2018, and therefore, our 2022 Notes became convertible at the holders' option beginning on July 1, 2018 through September 30, 2018. Through the filing date, we have not received any conversion requests for our 2022 Notes. The Conversion Condition for the 2018 Notes was met for the quarters ended June 30, 2017, September 30, 2017, December 31, 2017 and March 31, 2018, respectively. Therefore, the 2018 Notes became convertible at the holders' option beginning on July 1, 2017 and continued to be convertible at the holders' option through June 30, 2018. Any conversion requests received subsequent to June 30, 2018, will be settled on the maturity date, which is November 1, 2018.

During the six months ended June 30, 2018, we paid cash to settle \$358.7 million principal amount of the 2018 Notes and recorded a loss on early note conversions of \$3.9 million. The loss on early note conversions for the three months ended June 30, 2018 was \$3.1 million. As a result of the settlements, we also recorded a \$6.0 million net reduction to additional paid-in capital, reflecting \$473.2 million fair value adjustments to the conversion option, settled offset by a \$467.2 million benefit from the 2018 Note Hedges (as defined below).

For statement of cash flow presentation, we bifurcated the \$358.7 million paid during the six months ended June 30, 2018 into two components: the portion of the repayment attributable to debt discount is classified as cash outflows from operating activities, and the portion of the repayment attributable to the principal is classified as cash outflows from financing activities.

Based on additional conversion requests we have received through June 30, 2018, we expect to settle in cash an aggregate of \$54.4 million in principal amount of the 2018 Notes during the third quarter of 2018. For conversions received on or after the July 1, 2018 Convertible Date for the 2018 Notes, the remaining principal amount of the 2018 Notes of \$161.8 million will be settled on the maturity date, which is November 1, 2018.

We consider the fair value of the Notes at June 30, 2018 to be a Level 2 measurement. The estimated fair values of the Notes at June 30, 2018 and December 31, 2017 based on the closing trading price per \$100 of the Notes were as follows (in thousands):

	June 30, 2018	December 31, 2017
2022 Notes	\$ 1,056,375	\$ 897,778
2018 Notes	\$ 502,470	\$ 1,015,554

As of June 30, 2018, the remaining life of the 2022 Notes and 2018 Notes are 47 months and 4 months, respectively. The following table sets forth total interest expense recognized related to the Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Amortization of debt issuance cost				
2022 Notes	\$ 380	\$ 122	\$ 756	\$ 122
2018 Notes	409	473	907	940
Amortization of debt discount				
2022 Notes	7,493	2,388	14,894	2,388
2018 Notes	7,216	8,354	16,005	16,565
Total	\$ 15,498	\$ 11,337	\$ 32,562	\$ 20,015
Effective interest rate of the liability component				
2022 Notes		4.75%		
2018 Notes		6.50%		

Note Hedges

To minimize the impact of potential economic dilution upon conversion of the Notes, we entered into convertible note hedge transactions (the 2022 Note Hedge and 2018 Note Hedge, respectively, and collectively, the Note Hedges) with certain investment banks, with respect to our common stock concurrently with the issuance of the 2022 Notes and 2018 Notes.

	Purchase (in thousands)	Shares
2022 Note Hedge	\$ 128,017	5,806,936
2018 Note Hedge	\$ 135,815	7,783,023

The Note Hedges cover shares of our common stock at a strike price per share that corresponds to the initial conversion price of the respective Notes, subject to adjustment, and are exercisable upon conversion of the Notes. If exercised, we may elect to receive cash, shares of our common stock, or a combination of cash and shares. We have accounted for the aggregate amount of purchase price for the Note Hedges as a reduction to additional paid-in capital. The Note Hedges will expire upon the maturity of the Notes. The Note Hedges are intended to reduce the potential economic dilution upon conversion of the Notes in the event that the fair value per share of our common stock at the time of exercise is greater than the conversion price of the Notes. The Note Hedges are separate transactions and are not part of the terms of the Notes. Holders of the Notes will not have any rights with respect to the Note Hedges. The Note Hedges do not impact earnings per share, as they were entered into to offset any dilution from the Notes.

During the six months ended June 30, 2018, the Note Hedge counterparties paid \$467.2 million in cash to holders of the 2018 Notes from the exercise of a portion of the 2018 Note Hedges. As of June 30, 2018, 2,927,122 shares remain subject to the 2018 Note Hedge due to early conversions that have occurred through June 30, 2018.

Warrants

	Proceeds (in thousands)	Shares	Strike Price	First Expiration Date
2022 Warrants	\$ 54,071	5,806,936	\$ 203.40	September 1, 2022
2018 Warrants	\$ 84,525	7,783,023	\$ 107.46	February 1, 2019

Separately, we entered into warrant transactions with certain investment banks, whereby we sold warrants to acquire, subject to adjustment, the number of shares of our common stock shown in the table above (the 2022 Warrants and 2018 Warrants, respectively, and collectively, the Warrants). If the average market value per share of our common stock for the reporting period, as measured under the Warrants, exceeds the strike price of the respective Warrants, such Warrants would have a dilutive effect on our earnings per share to the extent we report net income. According to the terms of each of the Warrants, the Warrants will be automatically exercised over a 60 trading day period beginning on the first expiration date of the respective Warrants as set forth above. The Warrants are separate transactions and are not remeasured through earnings each reporting period. The Warrants are not part of the Notes or Note Hedges, and have been accounted for as part of additional paid-in capital.

Based on the stock price as of June 30, 2018, we expect to issue additional shares in the first half of 2019 upon the exercise of the 2018 Warrants. As the warrants will be net share settled, the number of shares we will issue depends on the stock price over a 60 trading day period beginning on the first expiration date of the 2018 Warrants, which is February 1, 2019. Based on the stock price as of June 30, 2018, the number of shares to be issued upon exercise of the 2018 Warrants would be approximately 2.9 million.

(12) Accumulated Other Comprehensive (Loss) Income

The components of accumulated other comprehensive (loss) income, net of tax, consist of the following (in thousands):

	June 30, 2018	December 31, 2017 *As Adjusted
Foreign currency translation adjustment	\$ 803	\$ 2,246
Net unrealized (loss) gain on investments, net of tax ⁽¹⁾	(4,798)	3,521
Accumulated other comprehensive (loss) income	<u>\$ (3,995)</u>	<u>\$ 5,767</u>

(1) The net unrealized loss on investments as of June 30, 2018 includes a cumulative-effect adjustment, net of tax of \$7.2 million resulting from our adoption of ASU 2016-01. See Note 2 for further details.

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Reclassification adjustments out of accumulated other comprehensive (loss) income into net loss were immaterial for all periods presented.

(13) Stockholders' Equity

Common Stock

Under our restated certificate of incorporation, we were authorized to issue 600,000,000 shares of common stock as of June 30, 2018. Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. As of June 30, 2018, we had 177,945,946 shares of common stock outstanding and had reserved shares of common stock for future issuance as follows:

	June 30, 2018
Stock plans:	
Options outstanding	2,169,490
RSUs ⁽¹⁾	12,113,962
Shares of common stock available for future grants:	
2012 Equity Incentive Plan ⁽²⁾	31,722,900
2012 Employee Stock Purchase Plan ⁽²⁾	10,948,982
Total shares of common stock reserved for future issuance	<u>56,955,334</u>

(1) Represents the number of shares issuable upon settlement of outstanding RSUs and performance-based RSUs, assuming 100% of the target number of shares are issuable for the 2018 performance-based RSUs, as discussed under the section entitled "RSUs" in Note 14.

(2) Refer to Note 14 for a description of these plans.

During the six months ended June 30, 2018 and 2017, we issued a total of 3,670,082 shares and 3,822,126 shares, respectively, from stock option exercises, vesting of restricted stock units (RSUs), net of shares withheld to satisfy employee payroll taxes, and purchases from our 2012 Employee Stock Purchase Plan.

(14) Equity Awards

We currently have two equity incentive plans, our 2005 Stock Option Plan (the 2005 Plan) and our 2012 Equity Incentive Plan (the 2012 Plan). Our 2005 Plan was terminated in connection with our initial public offering in 2012 but continues to govern the terms of outstanding stock options that were granted prior to the termination of the 2005 Plan. We no longer grant equity awards pursuant to our 2005 Plan.

Our 2012 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, RSUs, performance-based stock awards and other forms of equity compensation (collectively, equity awards). In addition, the 2012 Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other equity awards may be granted to employees, including officers, as well as directors and consultants. The share reserve may increase to the extent outstanding stock options under the 2005 Plan expire or terminate unexercised. The share reserve also automatically increases on January 1 of each year until January 1, 2022, by up to 5% of the total number of shares of common stock outstanding on December 31 of the preceding year as determined by our board of directors. On January 1, 2018, 8,713,793 shares of common stock were automatically added to the 2012 Plan pursuant to the provision described in the preceding sentence.

Our 2012 Employee Stock Purchase Plan (the 2012 ESPP) authorizes the issuance of shares of common stock pursuant to purchase rights granted to our employees. The price at which common stock is purchased under the 2012 ESPP is equal to 85% of the fair market value of our common stock on the first or last day of the offering period, whichever is lower. Offering periods are six months long and begin on February 1 and August 1 of each year. The number of shares of common stock reserved for issuance automatically increases on January 1 of each year until January 1, 2022, by up to 1% of the total number of shares of common stock outstanding on December 31 of the preceding year as determined by our board of directors. On January 1, 2018, 1,742,758 shares of common stock were automatically added to the 2012 ESPP pursuant to the provision described in the preceding sentence.

Stock Options

A summary of the stock option activity for the six months ended June 30, 2018 is as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2017	3,369,732	\$ 38.43		
Exercised	(621,330)	27.83		\$ 77,936
Canceled	(61,168)	68.12		
Outstanding at March 31, 2018	2,687,234	40.21		
Exercised	(486,160)	18.02		\$ 73,805
Canceled	(31,584)	74.84		
Outstanding at June 30, 2018	2,169,490	44.67	5.62	\$ 277,264
Vested and expected to vest as of June 30, 2018	2,156,223	\$ 44.49	5.61	\$ 275,954
Vested and exercisable as of June 30, 2018	1,547,973	\$ 29.47	4.50	\$ 221,355

Aggregate intrinsic value represents the difference between the estimated fair value of our common stock and the exercise price of outstanding in-the-money options. The total fair value of stock options vested during the six months ended June 30, 2018 was \$8.0 million.

As of June 30, 2018, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately \$16.2 million. The weighted-average remaining vesting period of unvested stock options at June 30, 2018 was 2.78 years.

RSUs

A summary of RSU activity for the six months ended June 30, 2018 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (Per Share)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2017	11,403,341	\$ 81.50	
Granted	4,078,322	151.13	
Vested	(1,854,662)	73.94	\$ 281,822
Forfeited	(348,849)	87.01	
Outstanding at March 31, 2018	13,278,152	103.80	
Granted	377,766	173.35	
Vested	(1,288,135)	71.70	\$ 226,722
Forfeited	(253,821)	99.79	
Outstanding at June 30, 2018	12,113,962	109.43	\$ 2,089,295

RSUs granted to employees under the 2012 Plan generally vest over a four-year period. As of June 30, 2018, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs was approximately \$976.5 million and the weighted-average remaining vesting period was 3.03 years.

Included in the RSU activity table above are RSUs with both service and performance-based vesting criteria that were granted to certain employees. The number of shares eligible to vest for the performance-based RSUs (PRSUs) will depend upon achievement of a corporate performance metric, with level of achievement determined by the Leadership Development and Compensation Committee of our Board of Directors in January of the year following the grant. The ultimate number of shares eligible to vest for PRSUs range from 0% to 180% of the target number of shares depending on achievement relative to the performance metric over the applicable period. The eligible shares subject to PRSUs granted during the six months ended June 30, 2018 will vest 33% in February 2019 and continue to vest quarterly for the remaining two subsequent years, contingent on each holder's continuous status as a service provider on the applicable vesting dates. The PRSUs shown in the table above reflect the number of shares that would be eligible to vest at 100% of target performance, in the case of PRSUs for which achievement has not yet been determined, and reflect adjustments for over- or under- achievement, in the case of PRSUs for which achievement has already been determined. We recognized \$37.3 million and \$18.0 million of stock-based compensation expense, net of actual and estimated forfeitures, associated with PRSUs on a graded vesting basis during the six months ended June 30, 2018 and 2017, respectively.

(15) Net Loss Per Share

Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effects of dilutive shares of common stock, which are comprised of outstanding stock options, RSUs, ESPP obligations, the Notes and the Warrants. The dilutive potential shares of common stock are computed using the treasury stock method or the as-if converted method, as applicable. The effects of outstanding stock options, RSUs, ESPP obligations, Notes and Warrants are excluded from the computation of diluted net income (loss) per share in periods in which the effect would be antidilutive.

The following tables present the calculation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Numerator:				
Net loss	\$ (52,746)	\$ (55,804)	\$ (42,124)	\$ (77,318)
Denominator:				
Weighted-average shares outstanding - basic and diluted	177,343,176	170,419,083	176,418,984	169,585,356
Net loss per share - basic and diluted	\$ (0.30)	\$ (0.33)	\$ (0.24)	\$ (0.46)

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Potentially dilutive securities that are not included in the calculation of diluted net loss per share because doing so would be antidilutive are as follows:

	June 30,	
	2018	2017
Common stock options	2,169,490	4,992,394
Restricted stock units	12,113,962	13,270,087
ESPP obligations	243,685	286,176
2018 convertible senior notes	2,927,122	7,783,023
Warrants related to the issuance of 2018 convertible senior notes	7,783,023	7,783,023
2022 convertible senior notes	5,806,933	5,806,936
Warrants related to the issuance of 2022 convertible senior notes	5,806,933	5,806,936
Total potentially dilutive securities	36,851,148	45,728,575

(16) Income Taxes

We compute our provision for income taxes by applying the estimated annual effective tax rate to year-to-date loss from recurring operations and adjust the provision for discrete tax items recorded in the period.

Our effective tax rate was (29)% and 13% for the three and six months ended June 30, 2018, which was lower than the U.S. federal statutory tax rate of 21%. For the three months ended June 30, 2018, the lower tax rate was primarily attributable to our loss from operations. For the six months ended June 30, 2018, the lower tax rate was primarily attributable to the one-time indirect effect of Topic 606 on income taxes associated with intercompany adjustments offset by our loss from operations.

Our effective tax rate was 3% and 4% for the three and six months ended June 30, 2017, which was lower than the U.S. federal statutory tax rate of 34%. The lower tax rate was primarily attributable to our loss from operations, the foreign tax rate differential, a release of the valuation allowance in connection with an acquisition and excess tax benefits of stock-based compensation.

We are subject to taxation in the United States and foreign jurisdictions. As of June 30, 2018, our tax years 2004 to 2017 remain subject to examination in most jurisdictions.

There are differing interpretations of tax laws and regulations, and as a result, disputes may arise with tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions. We periodically evaluate our exposures associated with our tax filing positions. We believe that adequate amounts have been reserved for any adjustments that may ultimately result from these examinations, and we do not anticipate a significant impact to our gross unrecognized tax benefits within the next 12 months related to these years. Although the timing of the resolution, settlement, and closure of any audit is highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits could significantly change in the next 12 months. However, given the number of years that remain subject to examination, we are unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits.

(17) Commitments and Contingencies

Operating Leases and Other Contractual Commitments

For some of our offices and data centers, we have entered into non-cancelable operating lease agreements with various expiration dates. Future minimum payments under our non-cancelable operating leases and other contractual commitments outstanding as of June 30, 2018 are presented in the table below (in thousands):

	Operating Leases	Purchase Obligations ⁽¹⁾	Other	Total
Years Ending December 31,				
Remainder of 2018	\$ 22,608	\$ 21,407	\$ 419	\$ 44,434
2019	48,833	38,702	837	88,372
2020	47,756	28,927	871	77,554
2021	46,351	12,360	888	59,599
2022	49,784	5,877	888	56,549
Thereafter	572,052	4,461	370	576,883
Total	\$ 787,384	\$ 111,734	\$ 4,273	\$ 903,391

(1) Consists of future minimum payments under non-cancelable purchase commitments primarily related to data center and IT operations and sales and marketing activities. Not included in the table above are certain purchase commitments related to our future annual Knowledge user conferences and other customer or sales conferences. If we were to cancel these contractual commitments as of June 30, 2018, we would have been obligated to pay cancellation penalties of approximately \$16.4 million in aggregate.

In addition to the amounts above, the repayment of our 2022 Notes with an aggregate principal amount of \$782.5 million is due on June 1, 2022, and the repayment of our remaining 2018 Notes with an aggregate principal amount of \$216.3 million is due on November 1, 2018. Refer to Note 11 for further information regarding our Notes.

In addition to the obligations in the table above, approximately \$13.7 million of unrecognized tax benefits have been recorded as liabilities as of June 30, 2018. It is uncertain as to if or when such amounts may be settled.

Legal Proceedings

From time to time, we are party to litigation and other legal proceedings in the ordinary course of business. While the results of any litigation or other legal proceedings are uncertain, management does not believe the ultimate resolution of any pending legal matters is likely to have a material adverse effect on our financial position, results of operations or cash flows, except for those matters for which we have recorded a loss contingency. We accrue for loss contingencies when it is both probable that we will incur the loss and when we can reasonably estimate the amount of the loss or range of loss.

Generally, our subscription agreements require us to defend our customers for third-party intellectual property infringement and other claims. Any adverse determination related to intellectual property claims or other litigation could prevent us from offering our services and adversely affect our financial condition and results of operations.

(18) Information about Geographic Areas and Products

Revenues by geographic area, based on the location of our users, were as follows for the periods presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
		*As Adjusted		*As Adjusted
North America ⁽¹⁾	\$ 413,259	\$ 306,159	\$ 800,732	\$ 600,014
EMEA ⁽²⁾	160,644	108,361	313,070	210,046
Asia Pacific and other	57,153	33,738	106,476	66,969
Total revenues	<u>\$ 631,056</u>	<u>\$ 448,258</u>	<u>\$ 1,220,278</u>	<u>\$ 877,029</u>

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Property and equipment, net by geographic area were as follows (in thousands):

	June 30, 2018	December 31, 2017
North America ⁽³⁾	\$ 185,522	\$ 164,040
EMEA ⁽²⁾	68,105	50,028
Asia Pacific and other	33,326	31,056
Total property and equipment, net	<u>\$ 286,953</u>	<u>\$ 245,124</u>

(1) Revenues attributed to the United States were approximately 94% of North America revenues for each of the three and six months ended June 30, 2018 and the six months ended June 30, 2017, and 95% of North America revenues for the three months ended June 30, 2017.

(2) Europe, the Middle East and Africa

(3) Property and equipment, net attributed to the United States were approximately 86% and 89% of property and equipment, net attributable to North America as of June 30, 2018 and December 31, 2017, respectively.

Subscription revenues consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
		*As Adjusted		*As Adjusted
Service management products	\$ 494,714	\$ 356,370	\$ 957,276	\$ 700,162
ITOM products	90,568	46,302	171,331	90,094
Total subscription revenues	<u>\$ 585,282</u>	<u>\$ 402,672</u>	<u>\$ 1,128,607</u>	<u>\$ 790,256</u>

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Our service management products include our platform, IT service management, IT business management, customer service management, HR service delivery and security operations, and are generally priced on a per user basis. Our IT operations management (ITOM) products are generally priced on a per node basis.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2017 included in the Annual Report on Form 10-K dated as of, and filed with the Securities and Exchange Commission (the SEC), on February 28, 2018 (File No. 001-35580). This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements are often identified by the use of words such as “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “estimate,” or “continue,” and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled “Risk Factors,” set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Our billings and free cash flow measures included in the sections entitled “—Key Business Metrics—Billings,” and “—Key Business Metrics—Free Cash Flow” are not presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business.

Overview

ServiceNow is a leading provider of enterprise cloud computing solutions that define, structure, manage and automate services for global enterprises. We help our customers improve service quality and reduce costs while scaling and automating their businesses.

We generally offer our services on an annual subscription fee basis, which includes access to the ordered subscription service and related support, including updates to the subscription service during the subscription term. We provide a scaled pricing model based on the duration of the subscription term, and we frequently extend discounts to our customers based on the volume of units purchased. We generate sales through our direct sales team and, to a lesser extent, indirectly through resale partners and third-party referrals. We also generate revenues from professional services and for training of customer and partner personnel. We generally bill our customers annually in advance for subscription services and monthly in arrears for our professional services as the work is performed.

A majority of our revenues come from large global enterprise customers. We continue to invest in the development of our services, infrastructure and sales and marketing to drive long-term growth. We increased our overall employee headcount to 7,150 as of June 30, 2018 from 5,571 as of June 30, 2017.

Key Business Metrics

Number of customers with ACV greater than \$1 million. We count the total number of customers with annualized contract value (ACV) greater than \$1 million as of the end of the period. We had 575 and 410 customers with ACV greater than \$1 million as of June 30, 2018 and 2017, respectively. For purposes of customer count, a customer is defined as an entity with a unique Dunn & Bradstreet Global Ultimate (GULT), Data Universal Numbering System (DUNS) number and an active subscription contract as of the measurement date. The DUNS number is a global standard for business identification and tracking. We make exceptions for holding companies, government entities and other organizations for which the GULT, in our judgment, does not accurately represent the ServiceNow customer. For example, while all U.S. government agencies roll up to “Government of the United States” under the GULT, we count each government agency that we contract with as a separate customer. Our customer count is subject to adjustments for acquisitions, spin-offs and other market activity. Previously disclosed number of customers with ACV greater than \$1 million as well as our average contract term calculations are restated to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was signed. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

G2K customer count. The Global 2000 (G2K) customer count is defined as the total number of G2K companies in our customer base as of the end of the period. The Forbes Global 2000 is an annual ranking of the top 2,000 public companies in the world by Forbes magazine. The ranking is based on a mix of four metrics: sales, profit, assets, and market value. The Forbes Global 2000 is updated annually in the second quarter of the calendar year. Current and prior period G2K customer counts are based on the most recent list comparability purposes. We also adjust the G2K count for acquisitions, spin-offs and other market activity. For example, we add a G2K customer when a G2K company that is not our customer acquires a company in our existing customer base that is not a G2K company. When we enter into a contract with a G2K parent company, or any of its related subsidiaries, or any combination of entities within a G2K company, we count only one G2K customer. We do not count further penetration into entities within a given G2K as a new customer in the G2K customer count. Our G2K customer count also excludes customers that have only purchased our Express product offering, which is our entry-level IT service management solution. Our G2K customer count does not include large private companies, government agencies and educational organizations, which represent a growing portion of our customer base. As a result, we expect our G2K customer count metric to become less relevant to our business over time. Our G2K customer count was 837 and 764 as of June 30, 2018 and 2017, respectively.

Average ACV per G2K customer. We calculate average ACV for our G2K customers by taking aggregate ACV from G2K customers as of the end of the period divided by the total number of G2K customers as of the end of the period. ACV is calculated based on the foreign exchange rate in effect at the time the contract was entered into, and as a result, foreign currency rate fluctuations could cause variability in the average ACV per G2K customer. Prior G2K customer counts used in calculating ACV per G2K customer are adjusted for the most recent Forbes Global 2000 list for comparability purposes. Our average ACV per G2K customer was approximately \$1.5 million and \$1.2 million as of June 30, 2018 and 2017, respectively.

Renewal rate. We calculate our renewal rate by subtracting our attrition rate from 100%. Our attrition rate for a period is equal to the ACV from customers lost during the period, divided by the sum of (i) the total ACV from all customers that renewed during the period, excluding changes in price or users, and (ii) the total ACV from all customers lost during the period. Accordingly, our renewal rate is calculated based on ACV and is not based on the number of customers that have renewed. Further, our renewal rate does not reflect increased or decreased purchases from our customers to the extent such customers are not lost customers. A lost customer is a customer that did not renew an expiring contract and that, in our judgment, will not be renewed. Typically, a customer that reduces its subscription upon renewal is not considered a lost customer. However, in instances where the subscription decrease represents the majority of the customer's ACV, we may deem the renewal as a lost customer. For our renewal rate calculation, we define a customer as an entity with a separate production instance of our service and an active subscription contract as of the measurement date, instead of an entity with a unique GULT or DUNS number. Our renewal rate was 98% for each of the three months ended June 30, 2018 and 2017 and six months ended June 30, 2018, and 97% for the six months ended June 30, 2017. As our renewal rate is impacted by the timing of renewals, which could occur in advance of, or subsequent to the original contract end date, period-to-period comparison of renewal rates may not be meaningful.

Total backlog. Total backlog consists of unbilled backlog, deferred revenue and customer deposits. Unbilled backlog is an operational measure representing future unearned revenue amounts believed to be firm that are to be invoiced under our existing agreements and are not included in the deferred revenue or customer deposits on our consolidated balance sheets. In our previous Annual Reports on Form 10-K, we referred to unbilled backlog as "backlog." We believe total backlog is a useful measure of customer adoption of our services.

As of June 30, 2018, our total backlog was \$4.2 billion, of which \$2.8 billion was unbilled backlog and \$1.4 billion was deferred revenue and customer deposits. Of this total backlog, we expect to recognize approximately 50% in revenues over the 12 months following June 30, 2018, with the balance to be recognized thereafter.

As of December 31, 2017, our total backlog was \$3.8 billion, of which \$2.5 billion was unbilled backlog and \$1.3 billion was deferred revenue and customer deposits, which reflects the impact of the full retrospective adoption of Topic 606. For the disclosure of unbilled backlog prior to the adoption of Topic 606, see the section entitled "Business" in our Annual Report on Form 10-K for the year ended December 31, 2017 filed on February 28, 2018.

We expect total backlog to fluctuate due to a number of factors, including the timing, duration and size of customer contracts, the mix of cloud and on-premises offerings and foreign exchange rate fluctuations.

Billings. We define billings, a non-GAAP financial measure, as revenues recognized plus the change in total unbilled receivables, deferred revenue and customer deposits as presented on the condensed consolidated statements of cash flows. Prior to adopting Topic 606 on January 1, 2018, we had defined billings in previous filings as revenues recognized plus the change in total deferred revenue as presented on the condensed consolidated statements of cash flows. Our current definition better aligns with Topic 606, which became effective for our interim and annual periods beginning January 1, 2018. Refer to Note 2 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding Topic 606.

A calculation of billings is provided below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017 *As Adjusted	% Change	2018	2017 *As Adjusted	% Change
	(dollars in thousands)			(dollars in thousands)		
Billings:						
Total revenues	\$ 631,056	\$ 448,258	41 %	\$ 1,220,278	\$ 877,029	39 %
Change in total deferred revenue, unbilled receivables and customer deposits ⁽¹⁾	34,810	49,349	(29)%	134,974	140,049	(4)%
Total billings	<u>\$ 665,866</u>	<u>\$ 497,607</u>	34 %	<u>\$ 1,355,252</u>	<u>\$ 1,017,078</u>	33 %

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

(1) As presented on or derived from our condensed consolidated statements of cash flows.

Billings consists of amounts invoiced for subscription contracts with existing customers, renewal contracts, contracts for increased purchases with existing customers (expansion contracts), contracts with new customers, and contracts for professional services and training. Factors that may cause our billings results to vary from period to period include the following:

- **Billings duration.** While we typically bill customers annually for our subscription services, customers sometimes request, and we accommodate, billings with durations less than or greater than the typical 12-month term.
- **Contract start date.** From time to time, we enter into contracts with a contract start date in the future, and we exclude these amounts from billings as these amounts are not included in our consolidated balance sheets, unless such amounts have been paid as of the balance sheet date.
- **Foreign currency exchange rates.** While a majority of our billings have historically been in U.S. Dollars, an increasing percentage of our billings in recent periods has been in foreign currencies, particularly the Euro and British Pound Sterling.
- **Timing of contract renewals.** While customers typically renew their contracts at the end of the contract term, from time to time customers may do so either before or after the scheduled expiration date. For example, in cases where we are successful in selling additional products or services to an existing customer, a customer may decide to renew its existing contract early to ensure that all its contracts expire on the same date. In other cases, prolonged negotiations or other factors may result in a contract not being renewed until after it has expired.

While we believe billings is a useful leading indicator regarding the performance of our business, due to the factors described above, an increase or decrease in new or renewed subscriptions in a reporting period may not have an immediate impact on billings for that reporting period.

To facilitate greater year-over-year comparability in our billings results, we disclose the impact that foreign currency rate fluctuations and fluctuations in billings duration had on our billings. The impact of foreign currency rate fluctuations is calculated by translating the current period results for entities reporting in currencies other than U.S. Dollars into U.S. Dollars at the average exchange rates in effect during the prior period presented, rather than the actual exchange rates in effect during the current period. The impact of fluctuations in billings duration is calculated by replacing the portion of multi-year billings in excess of 12 months during the current period with the portion of multi-year billings in excess of 12 months during the prior period presented. Notwithstanding the adjustments described above, the comparability of billings results from period to period remains subject to the impact of variations in the dollar value of contracts with future start dates and the timing of contract renewals, for which no adjustments have been presented.

Foreign currency rate fluctuations had a favorable impact of \$16.4 million and \$46.0 million on billings for the three and six months ended June 30, 2018, respectively. Changes in billings duration had a favorable impact of \$0.6 million for the three months ended June 30, 2018 and an unfavorable impact of \$1.4 million for the six months ended June 30, 2018.

We have historically experienced seasonality in terms of when we enter into customer agreements for our services. We sign a significantly higher percentage of agreements with new customers, as well as renewal agreements with existing customers, in the fourth quarter of each year. The increase in customer agreements for the fourth quarter is primarily a result of the terms of our commission plans to incentivize our direct sales force to meet their annual quotas by December 31 and large enterprise account buying patterns typical in the software industry, which are driven primarily by the expiration of annual authorized budgeted expenditures. Furthermore, we usually sign a significant portion of these agreements during the last month, and often the last two weeks, of each quarter. This seasonality in the timing of entering into customer contracts is sometimes not immediately apparent in our billings, due to the fact that we typically exclude cloud-offering contracts with a future start date from our billings. Similarly, this seasonality is reflected to a much lesser extent, and sometimes is not immediately apparent in our revenues, due to the fact that we recognize subscription revenues from our cloud offerings over the term of the license agreement, which is generally 12 to 36 months. Although these seasonal factors are common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Free cash flow. We define free cash flow, a non-GAAP financial measure, as GAAP net cash provided by operating activities reduced by purchases of property and equipment. Purchases of property and equipment are otherwise included in cash used in investing activities under GAAP. We believe information regarding free cash flow provides useful information to investors because it is an indicator of the strength and performance of our business operations. However, our calculation of free cash flow may not be comparable to similar measures used by other companies. In addition, free cash flow is impacted by the timing of collections and disbursements, including the timing of capital expenditures. We have historically seen higher collections in the quarter ended March 31 due to seasonality in timing of entering into customer contracts in the quarter ended December 31. A calculation of free cash flow is provided below:

	Six Months Ended June 30,		
	2018	2017	% Change
	(dollars in thousands)		
Free cash flow:			
Net cash provided by operating activities	\$ 375,976	\$ 316,333	19%
Purchases of property and equipment	(88,362)	(69,103)	28%
Free cash flow ⁽¹⁾	\$ 287,614	\$ 247,230	16%

(1) Free cash flow for the six months ended June 30, 2018 includes the effect of \$87.6 million relating to the repayments of convertible senior notes attributable to debt discount.

Average contract term. We calculate the average contract term for new customers, expansion contracts, and renewals based on the terms of those contracts entered into during the period weighted by their ACV. The average new customer contract term was 35 months and 34 months for the three months ended June 30, 2018 and 2017, respectively, and 36 months and 34 months for the six months ended June 30, 2018 and 2017, respectively. The average expansion contract term was 26 months and 28 months for the three months ended June 30, 2018 and 2017, respectively, and 26 months and 27 months for the six months ended June 30, 2018 and 2017, respectively. The average renewal contract term was 29 months and 28 months for the three months ended June 30, 2018 and 2017, respectively, and 28 months and 27 months for the six months ended June 30, 2018 and 2017, respectively.

Components of Results of Operations

Revenues

Subscription revenues. Subscription revenues are primarily comprised of fees that give customers access to the ordered subscription service, and related support and updates, if any, to the subscription service during the subscription term. Pricing includes multiple instances, hosting and support services, data backup and disaster recovery services, as well as future updates, when and if available, offered during the subscription term. We typically invoice our customers for subscription fees in annual increments upon execution of the initial contract or subsequent renewal. Our contracts are generally non-cancelable during the subscription term, though a customer can terminate for breach if we materially fail to perform.

Professional services and other revenues. Professional services revenues consist of fees associated with professional services. Our arrangements for professional services are primarily on a time-and-materials basis. We generally invoice our professional services monthly in arrears based on actual hours and expenses incurred. Other revenues primarily consist of fees from customer training delivered on-site or through publicly available classes. Typical payment terms require our customers to pay us within 30 days of invoice.

We generate sales directly through our sales team and, to a lesser extent, through our resale partners. Revenues from our direct sales organization represented 84% and 89% of our total revenues for the three months ended June 30, 2018 and 2017, respectively, and 85% and 90% for the six months ended June 30, 2018 and 2017, respectively. We make sales to our resale partners at a discount and record those revenues at the discounted price when all revenue recognition criteria have been met. From time to time, other third parties provide us referrals for which we pay a referral fee. We include revenues associated with these referrals as part of revenues from our direct sales organization. Referral fees paid to these third parties are generally 10% of the customer's net new ACV. We include these fees in sales and marketing expense.

Allocation of Overhead Costs

Overhead costs associated with office facilities, IT and certain depreciation related to infrastructure that is not dedicated for customer use or research and development use are allocated to cost of revenues and operating expenses based on headcount.

Cost of Revenues

Cost of subscription revenues. Cost of subscription revenues consists primarily of expenses related to hosting our services and providing support to our customers. These expenses are comprised of data center capacity costs, which include facility costs associated with our data centers as well as interconnectivity between data centers, depreciation related to our infrastructure hardware equipment dedicated for customer use, amortization of intangible assets and personnel-related costs directly associated with data center operations and customer support, including salaries, benefits, bonuses and stock-based compensation and allocated overhead.

Cost of professional services and other revenues. Cost of professional services and other revenues consists primarily of personnel-related costs directly associated with our professional services and training departments, including salaries, benefits, bonuses and stock-based compensation, the costs of contracted third-party partners, travel expenses and allocated overhead.

Professional services are performed directly by our services team, as well as by contracted third-party partners. Fees paid to third-party partners are primarily recognized as cost of revenues as the professional services are delivered. Cost of revenues associated with our professional services engagements contracted with third-party partners as a percentage of professional services and other revenues was 19% and 21% for the three months ended June 30, 2018 and 2017, respectively, and 19% and 22% for the six months ended June 30, 2018 and 2017, respectively.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses directly associated with our sales and marketing staff, including salaries, benefits, bonuses, commissions and stock-based compensation. Sales and marketing expenses also include third-party referral fees, expenses offset by proceeds related to our annual Knowledge user conference, other marketing program expenses, which include events other than Knowledge, and costs associated with purchasing advertising and marketing data, and allocated overhead.

Research and Development

Research and development expenses consist primarily of personnel-related expenses directly associated with our research and development staff, including salaries, benefits, bonuses and stock-based compensation and allocated overhead. Research and development expenses also include data center capacity costs, costs associated with outside services contracted for research and development purposes, amortization of intangible assets and depreciation of infrastructure hardware equipment that is used solely for research and development purposes.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses for our executive, finance, legal, human resources, facilities and administrative personnel, including salaries, benefits, bonuses and stock-based compensation, external legal, accounting and other professional services fees, other corporate expenses, amortization of intangible assets and allocated overhead.

Provision for Income Taxes

Provision for income taxes consists of federal, state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our U.S. deferred tax assets as of June 30, 2018. We consider all available evidence, both positive and negative, including but not limited to earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets in assessing the extent to which a valuation allowance should be applied against our U.S. deferred tax assets.

Results of Operations

To enhance comparability, the following table sets forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	*As Adjusted		*As Adjusted	
	(in thousands)		(in thousands)	
Revenues:				
Subscription	\$ 585,282	\$ 402,672	\$ 1,128,607	\$ 790,256
Professional services and other	45,774	45,586	91,671	86,773
Total revenues	631,056	448,258	1,220,278	877,029
Cost of revenues ⁽¹⁾ :				
Subscription	101,699	75,793	197,097	146,168
Professional services and other	51,466	46,335	99,541	92,044
Total cost of revenues	153,165	122,128	296,638	238,212
Gross profit	477,891	326,130	923,640	638,817
Operating expenses ⁽¹⁾ :				
Sales and marketing	310,869	222,393	594,570	426,132
Research and development	127,916	90,005	245,184	174,494
General and administrative	71,095	51,526	136,158	97,777
Total operating expenses	509,880	363,924	975,912	698,403
Loss from operations	(31,989)	(37,794)	(52,272)	(59,586)
Interest expense	(15,498)	(11,337)	(32,562)	(20,015)
Interest income and other income (expense), net	6,638	(8,485)	36,625	(756)
Loss before income taxes	(40,849)	(57,616)	(48,209)	(80,357)
Provision for (benefit from) income taxes	11,897	(1,812)	(6,085)	(3,039)
Net loss	\$ (52,746)	\$ (55,804)	\$ (42,124)	\$ (77,318)

(1) Stock-based compensation included in the statements of operations above was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	*As Adjusted		*As Adjusted	
	(in thousands)		(in thousands)	
Cost of revenues:				
Subscription	\$ 12,538	\$ 8,942	\$ 23,829	\$ 16,880
Professional services and other	8,342	7,617	15,903	14,492
Sales and marketing	57,069	42,287	109,151	80,688
Research and development	33,780	22,731	62,378	44,532
General and administrative	23,831	16,489	45,640	31,343
Total stock-based compensation	\$ 135,560	\$ 98,066	\$ 256,901	\$ 187,935

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

The following table sets forth our results of operations as a percentage of total revenues for the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Revenues:				
Subscription	93 %	90 %	92 %	90 %
Professional services and other	7	10	8	10
Total revenues	100	100	100	100
Cost of revenues ⁽¹⁾ :				
Subscription	16	17	16	17
Professional services and other	8	10	8	10
Total cost of revenues	24	27	24	27
Gross profit	76	73	76	73
Operating expenses ⁽¹⁾ :				
Sales and marketing	49	49	49	49
Research and development	20	20	20	20
General and administrative	11	11	11	11
Total operating expenses	80	80	80	80
Loss from operations	(5)	(8)	(4)	(7)
Interest expense	(2)	(2)	(3)	(2)
Interest income and other income (expense), net	1	(2)	4	—
Loss before income taxes	(6)	(12)	(3)	(9)
Provision for (benefit from) income taxes	2	—	—	—
Net loss	(8)%	(12)%	(3)%	(9)%

(1) Stock-based compensation included in the statements of operations above as a percentage of revenues was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Cost of revenues:				
Subscription	2%	2%	2%	2%
Professional services and other	1	2	1	2
Sales and marketing	9	9	9	9
Research and development	5	5	5	5
General and administrative	4	4	4	4
Total stock-based compensation	21%	22%	21%	22%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Comparison of the Three Months Ended June 30, 2018 and 2017

Revenues

	Three Months Ended June 30,		
	2018	2017	
	*As Adjusted		% Change
	(dollars in thousands)		
Revenues:			
Subscription	\$ 585,282	\$ 402,672	45%
Professional services and other	45,774	45,586	—%
Total revenues	<u>\$ 631,056</u>	<u>\$ 448,258</u>	41%
Percentage of revenues:			
Subscription	93%	90%	
Professional services and other	7%	10%	
Total	<u>100%</u>	<u>100%</u>	

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Subscription revenues increased \$182.6 million during the three months ended June 30, 2018 compared to the same period in the prior year, driven by increased purchases by existing customers and an increase in our customer count. Included in subscription revenues is \$31.6 million and \$7.8 million of revenues recognized upfront from the delivery of software associated with our on-premises offering during the three months ended June 30, 2018 and 2017, respectively. We expect subscription revenues to grow in absolute dollars and as a percentage of total revenues for the year ending December 31, 2018 compared to the year ended December 31, 2017 as we continue to add new customers and existing customers increase their usage of our products. Our expectations for revenues, cost of revenues and operating expenses for the remainder of 2018 are based on foreign exchange rates as of June 30, 2018.

Subscription revenues consist of the following:

	Three Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Service management products	\$ 494,714	\$ 356,370	39%
ITOM products	90,568	46,302	96%
Total subscription revenues	\$ 585,282	\$ 402,672	45%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Our service management products include our platform, IT service management, IT business management, customer service management, HR service delivery and security operations, and are generally priced on a per user basis. Our ITOM products are generally priced on a per node basis.

Professional services and other revenues increased \$0.2 million during the three months ended June 30, 2018 compared to the same period in the prior year.

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 35% and 32% of total revenues for the three months ended June 30, 2018 and 2017, respectively. As a result, the general weakening of the U.S. Dollar relative to other major foreign currencies (primarily the Euro and British Pound Sterling) from the three months ended June 30, 2017 to the three months ended June 30, 2018 had a favorable impact on our revenues. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three months ended June 30, 2018 at the exchange rates in effect for the three months ended June 30, 2017 rather than the actual exchange rates in effect during the period, our reported subscription revenues would have been \$14.3 million lower. The impact from the foreign currency movements from the three months ended June 30, 2017 to the three months ended June 30, 2018 is not material to professional services and other revenues.

Cost of Revenues and Gross Profit Percentage

	Three Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 101,699	\$ 75,793	34%
Professional services and other	51,466	46,335	11%
Total cost of revenues	\$ 153,165	\$ 122,128	25%
Gross profit (loss) percentage:			
Subscription	83 %	81 %	
Professional services and other	(12)%	(2)%	
Total gross profit percentage	76 %	73 %	
Gross profit	\$ 477,891	\$ 326,130	
Headcount (at period end)			
Subscription	1,065	837	27%
Professional services and other	602	566	6%
Total headcount	1,667	1,403	19%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Cost of subscription revenues increased \$25.9 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$8.7 million in personnel-related costs excluding stock-based compensation, an increase of \$3.6 million in stock-based compensation and an increase of \$2.6 million in overhead expenses. Depreciation expense increased \$5.1 million, primarily due to purchases of infrastructure hardware equipment for our data centers and expenses associated with software, IT services, technical support increased \$1.9 million. In addition, data center capacity costs increased \$1.7 million due to the addition of new data centers and the expansion of existing data centers.

Our subscription gross profit percentage was 83% and 81% for the three months ended June 30, 2018 and 2017, respectively. We expect our cost of subscription revenues to increase in absolute dollar terms for the year ending December 31, 2018 compared to the year ended December 31, 2017 as we provide subscription services to more customers and increase usage within our customer instances. We expect our subscription gross profit percentage to improve slightly for the year ending December 31, 2018 compared to the year ended December 31, 2017 as we continue to leverage the investments we have made in our existing data center infrastructure. To the extent future acquisitions are consummated, our cost of subscription revenues may increase due to additional non-cash charges associated with the amortization of intangible assets acquired.

Cost of professional services and other revenues increased \$5.1 million during the three months ended June 30, 2018 as compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$4.0 million in personnel-related costs excluding stock-based compensation.

Our professional services and other gross loss percentage increased to 12% for the three months ended June 30, 2018, from 2% for the three months ended June 30, 2017, primarily due to stock-based compensation and other personnel-related costs increasing at a higher rate than professional services and other revenues as we invest in specialized resources to support our newer products.

The impact from the foreign currency movements from the three months ended June 30, 2017 to the three months ended June 30, 2018 is not material to cost of revenues.

Sales and Marketing

	Three Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Sales and marketing	\$	310,869	\$ 222,393	40%
Percentage of revenues		49%	49%	
Headcount (at period end)		2,763	2,185	26%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Sales and marketing expenses increased \$88.5 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount that resulted in an increase of \$37.4 million in personnel-related costs excluding stock-based compensation and commissions, an increase of \$14.8 million in stock-based compensation and an increase of \$7.2 million in overhead expenses. Commissions and third-party referral fees increased \$12.6 million, and amounted to 6% and 5% of subscription revenues for the three months ended June 30, 2018 and 2017, respectively. Expenses related to our annual Knowledge user conference, net of proceeds, increased \$6.8 million due to a 21% year-over-year increase in registrations. Other marketing program expenses, which include events other than Knowledge, and costs associated with purchasing advertising and market data, increased \$6.5 million during the three months ended June 30, 2018 compared to the same period in the prior year. Outside service costs increased \$3.2 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our sales and marketing functions.

The general weakening of the U.S. Dollar relative to other major foreign currencies from the three months ended June 30, 2017 to the three months ended June 30, 2018 had an unfavorable impact on our sales and marketing expenses. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three months ended June 30, 2018 at the exchange rates in effect for the three months ended June 30, 2017 rather than the actual exchange rates in effect during the period, our reported sales and marketing expenses would have been \$3.5 million lower.

We have historically seen an increase in marketing expenses in the quarter ended June 30, and a corresponding decrease in marketing expenses in the quarter ended September 30 due to the net expenses incurred for our annual Knowledge user conference. We expect sales and marketing expenses to increase in absolute dollar terms for the year ending December 31, 2018 compared to the year ended December 31, 2017, but remain relatively flat as a percentage of total revenues as we continue to expand our direct sales force, increase our marketing activities, grow our international operations and build brand awareness.

Research and Development

	Three Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Research and development	\$ 127,916	\$ 90,005	42%
Percentage of revenues	20%	20%	
Headcount (at period end)	1,675	1,216	38%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Research and development expenses increased \$37.9 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$19.1 million in personnel-related costs excluding stock-based compensation, an increase of \$11.0 million in stock-based compensation and an increase of \$5.0 million in overhead expenses.

The impact from the foreign currency movements from the three months ended June 30, 2017 to the three months ended June 30, 2018 is not material to research and development expenses.

We expect research and development expenses to increase in absolute dollar terms for the year ending December 31, 2018 compared to the year ended December 31, 2017, but remain relatively flat as a percentage of total revenues as we continue to improve the existing functionality of our services, develop new applications to fill market needs and enhance our core platform.

General and Administrative

	Three Months Ended June 30,			
	2018		2017	
			*As Adjusted	% Change
	(dollars in thousands)			
General and administrative	\$	71,095	\$ 51,526	38%
Percentage of revenues		11%	11%	
Headcount (at period end)		1,045	767	36%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

General and administrative expenses increased \$19.6 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$10.6 million in personnel-related costs excluding stock-based compensation and an increase of \$7.3 million in stock-based compensation. Outside service costs increased \$1.5 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our administrative function.

The impact from the foreign currency movements from the three months ended June 30, 2017 to the three months ended June 30, 2018 is not material to general and administrative expenses.

We expect general and administrative expenses to increase in absolute dollar terms for the year ending December 31, 2018 compared to the year ended December 31, 2017 as we continue to hire people, but remain relatively flat as a percentage of total revenues.

Stock-based Compensation

	Three Months Ended June 30,				
	2017				
	2018	*As Adjusted		% Change	
	(dollars in thousands)				
Cost of revenues:					
Subscription	\$	12,538	\$	8,942	40%
Professional services and other		8,342		7,617	10%
Sales and marketing		57,069		42,287	35%
Research and development		33,780		22,731	49%
General and administrative		23,831		16,489	45%
Total stock-based compensation	\$	135,560	\$	98,066	38%
Percentage of revenues		21%		22%	

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Stock-based compensation increased \$37.5 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount and increased weighted-average grant date fair value of stock awards.

Stock-based compensation is inherently difficult to forecast due to fluctuations in our stock price. Based upon our stock price as of June 30, 2018, we expect stock-based compensation to increase in absolute dollar terms for the year ending December 31, 2018 compared to the year ended December 31, 2017 as we continue to issue stock-based awards to our employees, but remain relatively flat as a percentage of total revenues.

Interest Expense

	Three Months Ended June 30,		
	2018	2017	% Change
	(dollars in thousands)		
Interest expense	\$ (15,498)	\$ (11,337)	37%
Percentage of revenues	2%	2%	

Interest expense increased \$4.2 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to the increase in the aggregate amount of convertible debt and associated amortization expense of debt discount and issuance costs related to the 2022 Notes issued in May and June 2017.

Interest Income and Other Income (Expense), net

	Three Months Ended June 30,			% Change	
	2017				
	2018	*As Adjusted			
	(dollars in thousands)				
Interest income	\$	7,483	\$	3,419	119 %
Foreign currency exchange gain (loss), net of derivative contracts		783		(11,849)	(107)%
Gain on marketable equity securities		802		—	NM
Loss on early note conversions		(3,093)		—	NM
Other		663		(55)	NM
Interest and other income (expense), net	\$	6,638	\$	(8,485)	(178)%
Percentage of revenues		1%		(2)%	

NM - Not meaningful.

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Interest income and other income (expense), net increased \$15.1 million during the three months ended June 30, 2018 compared to the same period in the prior year, primarily due to an increase of \$12.6 million from fluctuations in foreign currency exchange rates. Our foreign currency exchange exposures were largely mitigated by the derivative contracts we have entered into during the three months ended June 30, 2018 compared to the same period in the prior year. The increase in interest income and other income (expense), net is also due to an increase of \$4.1 million of interest income due to higher cash and investment balances and higher yields on our invested balances for the three months ended June 30, 2018, partially offset by a \$3.1 million loss recorded on early note conversions.

In order to manage certain exposures to currency fluctuations, we initiated a limited hedging program beginning in the three months ended March 31, 2018 by entering into foreign currency derivative contracts with maturities of 12 months or less to hedge a portion of our net outstanding monetary assets and liabilities. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements.

Provision for (Benefit from) Income Taxes

	Three Months Ended June 30,				
	2018	2017			
		*As Adjusted		% Change	
	(dollars in thousands)				
Loss before income taxes	\$	(40,849)	\$	(57,616)	(29)%
Provision for (benefit from) income taxes		11,897		(1,812)	NM
Effective tax rate		(29)%		3%	

NM - Not meaningful.

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Our effective tax rate was (29)% for the three months ended June 30, 2018 compared to 3% for the three months ended June 30, 2017, primarily due to a change in the mix of income or losses in jurisdictions with different tax rates and our loss from operations.

We continue to maintain a full valuation allowance on our federal and state deferred tax assets, and the significant components of the tax expense recorded are current cash taxes in various jurisdictions. The cash tax expenses are impacted by each jurisdiction's individual tax rates, laws on timing of recognition of income and deductions, and availability of net operating losses and tax credits. Given the full valuation allowance and sensitivity of current cash taxes to local rules, we expect that our effective tax rate could fluctuate significantly on a quarterly basis and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Net Loss

	Three Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Net loss	\$ (52,746)	\$ (55,804)	(5)%
Percentage of revenues	(8)%	(12)%	

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Net loss decreased \$3.1 million during the three months ended June 30, 2018 compared to the same period in the prior year. We expect to continue to incur a GAAP loss for the year ending December 31, 2018 due to increased costs and expenses, including non-cash charges associated with equity awards, amortization of purchased intangibles from business combinations and other expenses.

Comparison of the Six Months Ended June 30, 2018 and 2017

Revenues

	Six Months Ended June 30,		
	2018	2017	
	*As Adjusted		% Change
	(dollars in thousands)		
Revenues:			
Subscription	\$ 1,128,607	\$ 790,256	43%
Professional services and other	91,671	86,773	6%
Total revenues	<u>\$ 1,220,278</u>	<u>\$ 877,029</u>	39%
Percentage of revenues:			
Subscription	92%	90%	
Professional services and other	8%	10%	
Total	<u>100%</u>	<u>100%</u>	

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Subscription revenues increased \$338.4 million during the six months ended June 30, 2018 compared to the same period in the prior year, driven by increased purchases by existing customers and an increase in our customer count. Included in subscription revenues is \$56.1 million and \$38.8 million of revenues recognized upfront from the delivery of software associated with our on-premises offering during the six months ended June 30, 2018 and 2017, respectively.

Subscription revenues consist of the following:

	Six Months Ended June 30,			% Change
	2018	2017	*As Adjusted	
	(dollars in thousands)			
Service management products	\$ 957,276	\$ 700,162		37%
ITOM products	171,331	90,094		90%
Total subscription revenues	<u>\$ 1,128,607</u>	<u>\$ 790,256</u>		43%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Our Service Management solutions include ServiceNow Platform, IT Service Management, IT Business Management, Customer Service, Human Resources and Security Operations, which have similar features and functions and are generally priced on a per user basis. Our IT Operations Management solutions, which improve visibility, availability and agility of enterprise services, are generally priced on a per node basis.

Professional services and other revenues increased \$4.9 million during the six months ended June 30, 2018 compared to the same period in the prior year, due to an increase in services provided to our growing customer base.

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 34% and 32% of total revenues for the six months ended June 30, 2018 and 2017, respectively. As a result, the general weakening of the U.S. Dollar relative to other major foreign currencies (primarily the Euro and British Pound Sterling) from the six months ended June 30, 2017 to the six months ended June 30, 2018 had a favorable impact on our revenues. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the six months ended June 30, 2018 at the exchange rates for the six months ended June 30, 2017 rather than the actual exchange rates in effect during the period, our subscription revenues would have been \$37.5 million lower and our reported professional services and other revenues would have been \$3.4 million lower.

Cost of Revenues and Gross Profit Percentage

	Six Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 197,097	\$ 146,168	35%
Professional services and other	99,541	92,044	8%
Total cost of revenues	<u>\$ 296,638</u>	<u>\$ 238,212</u>	25%
Gross profit (loss) percentage:			
Subscription	83 %	82 %	
Professional services and other	(9)%	(6)%	
Total gross profit percentage	76 %	73 %	
Gross profit	\$ 923,640	\$ 638,817	
Headcount (at period end)			
Subscription	1,065	837	27%
Professional services and other	602	566	6%
Total headcount	<u>1,667</u>	<u>1,403</u>	19%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Cost of subscription revenues increased \$50.9 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$18.0 million in personnel-related costs excluding stock-based compensation, an increase of \$6.9 million in stock-based compensation and an increase of \$5.3 million in overhead expenses. Depreciation expense increased \$10.0 million primarily due to purchases of infrastructure hardware equipment for our data centers and expenses associated with software, IT services and technical support increased \$4.0 million. In addition, data center capacity costs increased \$2.7 million due to the addition of new data centers and the expansion of existing data centers, amortization of intangibles increased \$1.8 million as a result of acquisitions and outside services increased \$1.2 million due to an increase in contractors to support our subscription revenues.

Our subscription gross profit percentage was 83% and 82% for the six months ended June 30, 2018 and 2017, respectively, due to improved data center utilization and economies of scale.

Cost of professional services and other revenues increased \$7.5 million during the six months ended June 30, 2018 as compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$6.8 million in personnel-related costs excluding stock-based compensation and an increase of \$1.4 million in stock-based compensation.

Our professional services and other gross loss percentage increased to 9% for the six months ended June 30, 2018, from 6% for the six months ended June 30, 2017, primarily due to stock-based compensation and other personnel-related costs increasing at a higher rate than professional services and other revenues as we invest in specialized resources to support our newer products.

The general weakening of the U.S. Dollar relative to other major foreign currencies from the six months ended June 30, 2017 to the six months ended June 30, 2018 had an unfavorable impact on our cost of revenues. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the six months ended June 30, 2018 at the exchange rates for the six months ended June 30, 2017 rather than the actual exchange rates in effect during the period, our cost of subscription revenues would have been \$3.3 million lower and our cost of professional services and other revenues would have been \$2.2 million lower.

Sales and Marketing

	Six Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Sales and marketing	\$	594,570	\$ 426,132	40%
Percentage of revenues		49%	49%	
Headcount (at period end)		2,763	2,185	26%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Sales and marketing expenses increased \$168.4 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount that resulted in an increase of \$74.5 million in personnel-related costs excluding stock-based compensation and commissions, an increase of \$28.5 million in stock-based compensation and an increase of \$14.9 million in overhead expenses. Commissions and third-party referral fees increased \$20.4 million and amounted to 6% and 5% of subscription revenues for six months ended June 30, 2018 and 2017. Outside services increased \$8.0 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our sales and marketing functions. Marketing program expenses, which include events other than Knowledge, and costs associated with purchasing advertising and market data, increased \$14.8 million during the six months ended June 30, 2018 compared to the same period in the prior year. Expenses related to our annual Knowledge user conference, net of proceeds increased \$6.8 million due to a 21% year-over-year increase in registrations.

The general weakening of the U.S. Dollar relative to other major foreign currencies from the six months ended June 30, 2017 to the six months ended June 30, 2018 had an unfavorable impact on our sales and marketing expenses. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the six months ended June 30, 2018 at the exchange rates in effect for the six months ended June 30, 2017 rather than the actual exchange rates in effect during the period, our sales and marketing expenses would have been \$10.4 million lower.

Research and Development

	Six Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Research and development	\$	245,184	\$ 174,494	41%
Percentage of revenues		20%	20%	
Headcount (at period end)		1,675	1,216	38%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Research and development expenses increased \$70.7 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$38.2 million in personnel-related costs excluding stock-based compensation, an increase of \$17.8 million in stock-based compensation and an increase \$10.1 million in overhead expenses. Research and development expenses also increased \$1.5 million due to depreciation of infrastructure hardware equipment that is used solely for research and development purposes.

The impact from the foreign currency movements from the six months ended June 30, 2017 to the six months ended June 30, 2018 is not material to research and development expenses.

General and Administrative

	Six Months Ended June 30,				
	2018	2017			
		*As Adjusted		% Change	
	(dollars in thousands)				
General and administrative	\$	136,158	\$	97,777	39%
Percentage of revenues		11%		11%	
Headcount (at period end)		1,045		767	36%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

General and administrative expenses increased \$38.4 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$20.3 million in personnel-related costs excluding stock-based compensation and an increase of \$14.3 million in stock-based compensation. Outside service costs increased \$3.7 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our administrative function.

The impact from the foreign currency movements from the six months ended June 30, 2017 to the six months ended June 30, 2018 is not material to general and administrative expenses.

Stock-based Compensation

	Six Months Ended June 30,		
	2018	2017	
		*As Adjusted	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 23,829	\$ 16,880	41%
Professional services and other	15,903	14,492	10%
Sales and marketing	109,151	80,688	35%
Research and development	62,378	44,532	40%
General and administrative	45,640	31,343	46%
Total stock-based compensation	\$ 256,901	\$ 187,935	37%
Percentage of revenues	21%	22%	

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Stock-based compensation increased \$69.0 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to increased headcount and increased weighted-average grant date fair value of stock awards.

Interest Expense

	Six Months Ended June 30,		
	2018	2017	% Change
	(dollars in thousands)		
Interest expense	\$ (32,562)	\$ (20,015)	63%
Percentage of revenues	3%	2%	

Interest expense increased \$12.5 million during the six months ended June 30, 2018 compared to the same period in the prior year, due to the increase in the aggregate amount of convertible debt and associated amortization expense of debt discount and issuance costs related to the 2022 Notes issued in May and June 2017.

Interest Income and Other Income (Expense), net

	Six Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Interest income	\$	14,582	\$ 6,122	138 %
Foreign currency exchange gain (loss), net of derivative contracts		5,777	(6,801)	(185)%
Gain on marketable equity securities		19,257	—	NM
Loss on early note conversions		(3,877)	—	NM
Other		886	(77)	NM
Interest and other income (expense), net	\$	36,625	\$ (756)	NM
Percentage of revenues		4%	—%	

NM - Not meaningful.

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Interest income and other income (expense), net increased \$37.4 million during the six months ended June 30, 2018 compared to the same period in the prior year, primarily due to \$19.3 million of realized gains relating to changes in the market value of our marketable equity securities resulting from the adoption of ASU 2016-01. Refer to Note 2 for further details. Interest income and other income (expense), net also increased \$12.6 million due to fluctuations in foreign currency exchange rates, net of the effect of our foreign currency derivative contracts, and interest income increased \$8.5 million due to higher cash and investment balances and higher yields on our invested balances for the six months ended June 30, 2018, partially offset by a \$3.9 million loss recorded on early note conversions.

Benefit from Income Taxes

	Six Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Loss before income taxes	\$	(48,209)	\$ (80,357)	(40)%
Benefit from income taxes		(6,085)	(3,039)	100 %
Effective tax rate		13%	4%	

NM - Not meaningful.

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Our effective tax rate was 13% for the six months ended June 30, 2018 compared to 4% for the six months ended June 30, 2017, primarily due to the one-time indirect tax benefit of Topic 606 on income taxes associated with intercompany adjustments offset by our loss from operations.

Net Loss

	Six Months Ended June 30,			
	2018	2017		
		*As Adjusted		% Change
	(dollars in thousands)			
Net loss	\$	(42,124)	\$	(77,318) (46)%
Percentage of revenues		(3)%		(9)%

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Net loss decreased \$35.2 million for the six months ended June 30, 2018 compared to the same period in the prior year due to the adoption of Topic 606 which required us to record a one-time indirect tax benefit of \$23.1 million and a \$19.3 million in realized gain on marketable equity investments that we sold during the six months ended June 30, 2018.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, investments, and cash generated from operations. As of June 30, 2018, our principal sources of liquidity were \$1.7 billion in cash and cash equivalents and short-term investments, of which \$240.7 million represented cash held by foreign subsidiaries and \$231.5 million was denominated in currencies other than U.S. Dollar. In addition, we had \$304.6 million in long-term investments that provide additional capital resources. We do not anticipate that we will need funds generated from foreign operations to fund our domestic operations.

The price of our common stock was greater than or equal to 130% of the conversion price of the 2022 Notes for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of the quarter ended June 30, 2018. Therefore, the 2022 Notes became convertible at the holders' option beginning on July 1, 2018 and continue to be convertible at the holders' option through September 30, 2018. Through the filing date, we have not received any conversion requests for our 2022 Notes.

The price of our common stock was greater than or equal to 130% of the conversion price of the 2018 Notes for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of the quarter ended June 30, 2017, September 30, 2017, December 31, 2017, and March 31, 2018, respectively. Therefore, the 2018 Notes became convertible at the holders' option beginning on July 1, 2017 and continued to be convertible at the holders' option through June 30, 2018.

During the six months ended June 30, 2018, we paid cash to settle \$358.7 million principal amount of the 2018 Notes and recorded a loss on early note conversions of \$3.9 million. As a result of the settlements, we also recorded a \$6.0 million reduction to additional paid-in capital, reflecting fair value adjustments to the conversion option settled offset by the benefit of the 2018 Note Hedge. Based on additional conversion requests we have received through June 30, 2018, we expect to settle in cash an aggregate of \$54.4 million in principal amount of the 2018 Notes during the third quarter of 2018. For conversion requests received on or after the July 1, 2018 Convertible Date for the 2018 Notes, the remaining principal amount of the 2018 Notes of \$161.8 million will be settled in cash on the maturity date, which is November 1, 2018.

Based on the stock price as of June 30, 2018, we expect to issue additional shares in the first half of 2019 upon the exercise of the 2018 Warrants. The number of shares to be issued depends on the stock price over a 60 trading day period beginning on the first expiration date of the 2018 Warrants, which is February 1, 2019. Because exercises of the 2018 Warrants will be net share settled, there will not be an impact on our liquidity. Refer to Note 11 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

As disclosed in Item 5 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, on May 3, 2018 we entered into agreements with respect to the extension of the lease and expansion of our existing headquarters located in Santa Clara, California. Under these agreements, we expect to incur aggregate incremental additional payments of \$453.7 million over the terms of the agreements through February 28, 2035. Refer to Note 17 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information regarding future minimum payments under our non-cancelable operating leases.

We anticipate our current cash and cash equivalents balance and cash generated from operations will be sufficient to meet our liquidity needs, including the repayment of our Notes, expansion of data centers, lease obligations, expenditures related to the growth of our headcount and the acquisition of fixed assets, intangibles, and investments in office facilities, to accommodate our growth for at least the next 12 months. Whether these resources are adequate to meet our liquidity needs beyond that period will depend on our growth, operating results, cash utilized for acquisitions and/or debt retirements if any are consummated, and the capital expenditures required to meet possible increased demand for our services. If we require additional capital resources to grow our business at any time in the future, we may seek to finance our operations from the current funds available or seek additional equity or debt financing.

	Six Months Ended June 30,	
	2018	2017 *As Adjusted
	(dollars in thousands)	
Net cash provided by operating activities	\$ 375,976	\$ 316,333
Net cash used in investing activities	(10,934)	(155,483)
Net cash (used in) provided by financing activities	(364,873)	594,164
Net (decrease) increase in cash, cash equivalents and restricted cash, net of foreign currency effect on cash, cash equivalents and restricted cash	(7,336)	773,054

*As adjusted to reflect the impact of the full retrospective adoption of Topic 606. See Note 2 for further details.

Operating Activities

Cash provided by operating activities mainly consists of our net loss adjusted for certain non-cash items such as repayments of convertible senior notes attributable to debt discount, depreciation and amortization, amortization of premiums on investments, amortization of deferred commissions, amortization of issuance cost and debt discount, stock-based compensation and changes in operating assets and liabilities during the year.

Net cash provided by operating activities was \$376.0 million for the six months ended June 30, 2018 compared to \$316.3 million for the six months ended June 30, 2017. The increase in operating cash flow was primarily due to a decrease in net loss of \$35.2 million. The remaining change was due to an increase in non-cash adjustments to reconcile net loss to net cash provided by operations and the favorable impact on operating cash flow from changes in operating assets and liabilities.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2018 was \$10.9 million compared to \$155.5 million for the six months ended June 30, 2017. The decrease in cash used in investing activities was mainly due to a \$171.9 million decrease in net purchases of investments, partially offset by a \$19.3 million increase in capital expenditures related to purchases of infrastructure hardware equipment to support the expansion of our data centers as well as investments in leasehold improvements, furniture and equipment to support our headcount growth, a \$4.7 million increase in purchase of other intangibles and a \$3.4 million increase in business combinations.

Financing Activities

Net cash used in financing activities was \$364.9 million for the six months ended June 30, 2018 compared to net cash provided by financing activities of \$594.2 million for the six months ended June 30, 2017. During the six months ended June 30, 2017, we had \$698.2 million in net proceeds from issuance of the 2022 Notes and the related note hedge and warrant transactions, and used \$55.0 million in cash to repurchase shares of our common stock. During the six months ended June 30, 2018, we had additional financing cash outflows of \$271.2 million relating to the repayments of the 2018 Notes attributable to principal and \$67.2 million increase in taxes paid related to net share settlement of equity awards, offset by a \$20.5 million increase in proceeds from employee equity plans.

Contractual Obligations and Commitments

Except as set forth in Note 17, Commitments and Contingencies, of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes outside the ordinary course of business in the contractual obligations and commitments disclosed in our Annual Report on 10-K for the year ended December 31, 2017.

Off-Balance Sheet Arrangements

During all periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Critical Accounting Policies and Significant Judgments and Estimates

Except for the accounting policies for revenue recognition and deferred commissions that were updated as a result of adopting Topic 606, there have been no changes to our critical accounting policies and estimates described in the Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 28, 2018, that have had a material impact on our condensed consolidated financial statements and related notes.

Revenue Recognition

We report our revenues in two categories: (i) subscriptions and (ii) professional services and other.

Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Subscription revenues

Subscription revenues are primarily comprised of subscription fees that give customers access to the ordered subscription service, related support and updates, if any, to the subscribed service during the subscription term. For our cloud services, we recognize subscription revenues ratably over the contract term beginning on the commencement date of each contract, the date we make our services available to our customers. Our contracts with customers typically include a fixed amount of consideration, and are generally non-cancelable and without any refund-type provisions. We typically invoice our customers annually in advance for our subscription services upon execution of the initial contract or subsequent renewal, and our invoices are typically due within 30 days from the invoice date.

Subscription revenues also include revenues from our on-premises offerings in which we grant customers the right to deploy our subscription service on the customers' own servers without significant penalty. For these contracts, we account for the software element and the related support and updates separately as they are distinct performance obligations (Refer to the discussion below related to contracts with multiple performance obligations for further details). The transaction price is allocated to separate performance obligations on a relative standalone selling price (SSP) basis. Transaction price allocated to the software element is recognized upon delivery, which is when transfer of control of the software to the customer is complete. The transaction price allocated to the related support and updates are recognized ratably over the contract term.

Professional services and other revenues

Our professional services arrangements are primarily on a time-and-materials basis, and revenues on these arrangements are recognized as the services are delivered. We typically invoice our customers monthly in arrears for these professional services based on actual hours and expenses incurred, and our invoices are typically due within 30 days from the invoice date. Professional

services revenues associated with fixed fee arrangements are recognized on a proportional performance basis. In instances where certain milestones are required to be met before revenues are recognized, we defer professional services revenues and the associated costs until milestone criteria have been met. Other revenues consist of fees from customer training delivered on-site or through publicly available classes.

Contracts with multiple performance obligations

We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. For these contracts, the transaction price is allocated to the separate performance obligations on a relative SSP basis. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Significant judgment is also involved in determining SSP by considering the historical selling price of these performance obligations in similar transactions as well as other factors, including, but not limited to, competitive pricing of similar products, other software vendor pricing, industry publications and current pricing practices.

Deferred Commissions

Deferred commissions are the incremental selling costs that are associated with acquiring customer contracts and consist of sales commissions paid to our sales force and referral fees paid to independent third-parties. On initial and expansion contracts, commissions and referral fees are primarily deferred and amortized over a period of benefit that we have determined to be five years. On renewal contracts, commissions are deferred and amortized over the renewal term. Additionally, for our on-premises offerings, consistent with the recognition of subscription revenue for on-premises offerings, a portion of the commission cost is expensed upfront when the on-premises offering is made available. The determination of the period of benefit requires significant judgment by taking into consideration our customer contracts, our technology life cycle and other factors. We include amortization of deferred commissions in sales and marketing expense in our condensed consolidated statements of comprehensive income (loss).

New Accounting Pronouncements Pending Adoption

The impact of recently issued accounting standards is set forth in Note 2, Summary of Significant Accounting Policies, of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Except as set forth below, there have been no material changes in our market risk as compared to the disclosures in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 28, 2018.

Foreign Currency Exchange Risk

In order to manage certain exposures to currency fluctuations, we initiated a limited hedging program beginning in the three months ended March 31, 2018 by entering into foreign currency derivative contracts to hedge a portion of our net outstanding monetary assets and liabilities.

These derivative contracts include spot and forward contracts entered into with various counterparties and are not designated as hedging instruments under applicable accounting standard. As such, all changes in the fair value of the derivative contracts are reported in Interest income and other income (expense), net in our consolidated statements of operations. These derivative contracts are intended to offset the foreign currency gains or losses associated with the underlying monetary assets and liabilities, and cash flows from such derivative contracts are classified as operating activities.

These derivative contracts expose us to credit risk to the extent that the counterparties may be unable to meet the terms of the arrangement. We mitigate this credit risk by transacting with major financial institutions with high credit ratings and entering into master netting arrangements, which permit net settlement of transactions with the same counterparty. While the contract or notional amount is often used to express the volume of foreign currency derivative contracts, the amounts potentially subject to credit risk are generally limited to the amounts, if any, by which the counterparties' obligations under the agreements exceed our obligations to the counterparties. We are not required to pledge, and are not entitled to receive, cash collateral related to these derivative instruments. We do not enter into derivative contracts for trading or speculative purposes. Refer to Note 8 in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Regulations under the Exchange Act require public companies, including our company, to maintain “disclosure controls and procedures,” which are defined in Rule 13a-15(e) and Rule 15d-15(e) to mean a company’s controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required or necessary disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer have concluded, based on the evaluation of the effectiveness of the disclosure controls and procedures by our management as of the end of the quarter covered by this Quarterly Report on Form 10-Q, that our disclosure controls and procedures were effective at the reasonable assurance level for this purpose.

Changes in Internal Control Over Financial Reporting

Regulations under the Exchange Act require public companies, including our company, to evaluate any change in our “internal control over financial reporting” as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. In connection with their evaluation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer did not identify any change in our internal control over financial reporting during the quarter covered by this Quarterly Report on Form 10-Q that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are party to litigation and other legal proceedings in the ordinary course of business. While the results of any litigation or other legal proceedings are uncertain, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Investing in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes, before making an investment decision. We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition, results of operations and future prospects. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

We expect our revenue growth rate to continue to decline, and we may incur losses in accordance with U.S. Generally Accepted Accounting Principles (GAAP) during future periods.

We have experienced significant revenue growth in prior periods; however, our revenue growth rate is declining, and we expect that it will continue to decline into the foreseeable future. We also expect our costs to increase in future periods as we continue to invest in our capacity to support anticipated growth. These investments may not result in increased revenues or growth in our business. Even if our revenues continue to increase, we may incur losses in accordance with GAAP during future periods due to increased costs such as non-cash charges associated with equity awards, business combinations and other expenses. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unforeseen or unpredictable factors that may result in increased costs. Furthermore, it is difficult to predict the size and growth rate of our market, customer demand for our products, customer adoption and renewal rates, and the entry of competitive products or the success of existing competitive products. As a result of these and other factors, we may not maintain profitability in the future, our gross margins may be negatively impacted, and our ability to generate cash flow from operations may be negatively impacted. If we fail to increase our revenues sufficiently to keep pace with our growing investments and other expenses, our business, operating results and growth prospects will be adversely affected.

If we or our third-party service providers suffer a cyber-security event, we may lose customers and incur significant liabilities, any of which would harm our business and operating results.

Our operations involve the storage, transmission and processing of our customers' confidential, proprietary and sensitive data, including personally identifiable information, protected health information and credit card and other financial information. While we have security measures in place designed to protect customer information and prevent data loss, these measures may be breached as a result of third-party actions, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise, and result in someone obtaining unauthorized access to our customers' data or our data, including our intellectual property and other confidential business information. Additionally, because we do not control our third-party service providers, or the processing of data by our third-party service providers, we cannot ensure the integrity or security of measures they take to protect customer information and prevent data loss. Moreover, computer malware, viruses and hacking, phishing and denial of service attacks by third parties have become more prevalent in our industry, and have occurred on our and our third-party service providers' systems in the past and may occur on these systems in the future. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until successfully launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We devote significant financial and personnel resources to implement and maintain security measures; however, as cyber-security threats develop, evolve, and grow more complex over time, it may be necessary to make significant further investments to protect data and infrastructure. A security breach suffered by us or our third-party service providers, an attack against our service availability or unauthorized access or loss of data could result in a disruption to our service, litigation, the triggering of indemnification and other contractual obligations, regulatory investigations, government fines and penalties, reputational damage, loss of sales and customers, mitigation and remediation expenses and other significant costs and liabilities. We do not have insurance sufficient to compensate us for the potentially significant losses that may result from security breaches.

If we do not accurately predict, prepare for, and respond promptly to rapidly evolving technological and market developments, our competitive position and business prospects may be harmed.

The markets in which we compete continue to evolve rapidly, and the pace of innovation will continue to accelerate, as cloud, mobile, workflow, consumer product-like user experiences, social, collaboration, machine learning, artificial intelligence, internet connected devices, robotic automation, security, cryptography, development tools and other digital technologies increasingly become the basis for customer purchases. At the same time, our customers and prospective customers are facing their own competitive imperatives to adopt digital technologies, resulting in the ongoing disruption of almost every sector of the global economy. Acquisitions, integrations and consolidation by and among companies in our industry may further accelerate changes in the markets in which we participate. Accordingly, to compete effectively in our rapidly changing markets, we must: identify and innovate in the right emerging technologies among the many in which we could make investments knowing that we cannot make substantial investments in all of them; accurately predict our customers' changing business needs; successfully deliver new platform technologies and products that meet these business needs; efficiently integrate with other technologies within our customers' digital environments; profitably market and sell new products in markets where our sales and marketing teams have less experience; and effectively deliver, either directly or through our ecosystem of partners, the business process planning, IT systems architecture planning, and product implementation services that our customers require to be successful. If we fail to meet any of these requirements, our competitive position and business prospects may be harmed.

Delays in the release of, or actual or perceived defects in, new or updated products may slow the adoption of our most recent technologies, reduce our ability to efficiently provide our services, decrease customer satisfaction, increase our vulnerability to cyber attacks, and adversely impact sales of additional products to our customers.

We must successfully continue to release new products and updates to existing products. The success of any release depends on a number of factors, including our ability to manage the risks associated with quality or other defects or deficiencies, delays in the timing of releases, and other complications that may arise during the early stages of introduction. If releases are delayed or if customers perceive that our releases contain bugs or other defects, customer adoption of our new products or updates may be adversely impacted, customer satisfaction may decrease, our ability to efficiently provide our services may be reduced, and our growth prospects may be harmed.

Various factors, including our customers' business, integration, migration and security requirements, or errors by us or our partners, may cause implementations of our products to be delayed, inefficient or otherwise unsuccessful.

Our business depends upon the successful implementation of our products by our customers. Increasingly, we, as well as our customers, rely on our network of partners to deliver implementation services, and there may not be enough qualified implementation partners available to meet customer demand. Further, various factors, including our customers' business, integration, migration and security requirements, or errors by us or our partners, may cause implementations to be delayed, inefficient or otherwise unsuccessful. For example, changes in the functional requirements of our customers, delays in timeline, or deviation from recommended best practices may occur during the course of an implementation project. As a result of these and other risks, we or our customers may incur significant implementation costs in connection with the purchase and implementation of our products. Some customer implementations may take longer than planned or fail to meet our customers' expectations, which may delay our ability to sell additional products or result in customers canceling or failing to renew their subscriptions before our products have been fully implemented. Unsuccessful, lengthy, or costly customer implementation and integration projects could result in claims from customers, harm to our reputation, and opportunities for competitors to displace our products, each of which could have an adverse effect on our business and operating results.

Disruptions or defects in our services could damage our customers' businesses, subject us to substantial liability and harm our reputation and financial results.

From time to time, we experience defects in our services, and new defects may be detected in the future. For example, we provide regular updates to our services, which frequently contain undetected defects when first introduced or released. Defects may also be introduced by our use of third-party software, including open source software. Disruptions may result from errors we make in delivering, configuring or hosting our services, or designing, installing, expanding or maintaining our cloud infrastructure. Disruptions in service can also result from incidents that are outside of our control, including denial of service attacks. We currently serve our customers primarily using equipment managed by us and co-located in third-party data center facilities operated by several different providers located around the world. These centers are vulnerable to damage or interruption from earthquakes, floods, fires, power loss and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, equipment failure and adverse events caused by operator error. Despite precautions taken at these facilities, problems at these facilities could result in lengthy interruptions in our services and the loss of customer data. In addition, our customers may use our services in ways that cause disruptions in service for other customers. Our customers use our services to manage important aspects of their own businesses, and our reputation and business will be adversely affected if our customers and potential customers believe our services are unreliable. Disruptions or defects in our services may reduce our revenues, cause us to issue credits or pay penalties, subject us to claims and litigation, cause our customers to delay payment or terminate or fail to renew their subscriptions, and adversely affect our ability to attract new customers. The occurrence of payment delays, or service credit, warranty, termination for material breach or other claims against us, could result in an increase in our bad debt expense, an increase in collection cycles for accounts receivable, an increase to our service level credit accruals or other increased expenses or risks of litigation. We do not have insurance sufficient to compensate us for the potentially significant losses that may result from claims arising from disruptions in our services.

Our operating results may vary significantly from period to period, and if we fail to meet the financial performance expectations of investors or securities analysts, the price of our common stock could decline substantially.

Our operating results may vary significantly from period to period as a result of various factors, some of which are beyond our control. For any quarterly or annual period, there is a risk that our financial performance will not meet the financial guidance we have previously given for that period, or that we may otherwise fail to meet the financial performance expectations of the securities analysts who issue reports on our company and our common stock price, or of investors in our common stock. There is also a risk that we may issue forward-looking financial guidance for a quarterly or annual period that fails to meet the expectations of such securities analysts or investors. If any of the foregoing occurs, for any reason either within or outside of our control, the price of our common stock could decline substantially and investors in our common stock could incur substantial losses. Some of the important factors that may cause our revenues, operating results and cash flows to vary widely, or cause our forward-looking financial guidance to fall below the expectations of such securities analysts or investors, include:

- our ability to attract new customers, retain and increase sales to existing customers, and satisfy our customers' requirements;
- changes in our mix of products and services, including changes in our mix of cloud and on-premises offerings;
- changes in foreign currency exchange rates and our ability to effectively hedge our foreign currency exposure;
- the rate of expansion and productivity of our sales force;
- the number of new employees added;
- the cost, timing and management effort for our development of new products and services;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional subscriptions, delay a prospective customer's purchasing decision, reduce the value of new subscription contracts or adversely affect renewal rates;
- the amount and timing of operating costs and capital expenditures related to the operation and expansion of our business;
- seasonality in terms of when we enter into customer agreements for our services;
- the length of the sales cycle for our services;
- changes to our management team;
- changes in our pricing policies, whether initiated by us or as a result of competition;
- significant security breaches, technical difficulties or interruptions of our services;
- new solutions, products or changes in pricing policies introduced by our competitors;
- changes in effective tax rates;
- changes in the average contract term of our customer agreements, changes in timing of renewals and changes in billings duration;
- changes in our renewal rates and expansion within our existing customers;
- the timing of customer payments and payment defaults by customers;
- extraordinary expenses such as litigation costs or damages, including settlement payments;

- the costs associated with acquiring new businesses and technologies and the follow-on costs of integration, including the tax effects of acquisitions;
- the impact of new accounting pronouncements, including the new revenue recognition standards that were effective for us beginning January 1, 2018 and the new leasing standard that will become effective on January 1, 2019;
- changes in laws or regulations impacting the delivery of our services;
- our ability to comply with privacy laws and regulations, including the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA);
- the amount and timing of equity awards and the related financial statement expenses; and
- our ability to accurately estimate the total addressable market for our products and services.

Changes in our effective tax rate could impact our financial results.

We are subject to income taxes in the United States and various foreign jurisdictions. We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods in which such outcome is determined. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses, the valuation of deferred tax assets and liabilities and the effects of acquisitions. Increases in our effective tax rate would reduce our profitability or in some cases increase our losses.

Additionally, our future effective tax rate could be impacted by changes in accounting principles or changes in U.S. federal, state or international tax laws or tax rulings. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. Many countries and organizations such as the Organization for Economic Cooperation and Development are actively considering changes to existing tax laws or have proposed or enacted new laws that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business. Any changes in federal, state or international tax laws or tax rulings may increase our worldwide effective tax rate and harm our financial position and results of operations.

In addition, we may be subject to income tax audits by tax jurisdictions throughout the world, many of which have not established clear guidance on the tax treatment of cloud computing companies. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

Uncertainties in the interpretation and application of the 2017 Tax Cuts and Jobs Act could materially affect our tax obligations and effective tax rate.

The 2017 Tax Cuts and Jobs Act (the Tax Act) was enacted on December 22, 2017, and significantly changes how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and affect our results of operations in the period issued.

The Tax Act requires complex computations not previously provided in U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the Tax Act and the accounting for such provisions require accumulation of information not previously required or regularly produced. As a result, we have provided a provisional estimate on the effect of the Tax Act in our financial statements for the year ended December 31, 2017. Our final analysis, which will be recorded in the period completed, may be different from our current provisional amounts and could materially affect our tax obligations and effective tax rate. Such analysis may be affected by additional regulatory guidance issued by the applicable tax authorities, clarifications in accounting treatment, additional analysis on the application of the law, and refined estimates in calculating the impact of the Tax Act. Refer to Note 2 in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on our provisional estimates on the effect of the Tax Act. Through June 30, 2018, we did not have any significant adjustments to our provisional amounts. The accounting for the tax effects of the Tax Act will be completed later in 2018.

Our financial results may be adversely affected by changes in accounting principles applicable to us.

We prepare our financial statements in accordance with GAAP, which are subject to interpretation or changes by the Financial Accounting Standards Board (FASB), the SEC and other bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future, which may have a significant effect on our financial results. For example, in May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers (Topic 606),” which became effective for our interim and annual periods beginning January 1, 2018. Topic 606 superseded nearly all prior revenue recognition standards under GAAP. Under the Topic 606 standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. Topic 606 has had a material impact on the timing of revenue and expense recognition for our contracts related to on-premises offerings and on our deferred commissions asset and the related amortization expense. Refer to Note 2 in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on Topic 606 and its impact on us. Adoption of this standard and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems and internal controls, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

Foreign currency exchange rate fluctuations could harm our financial results.

We conduct significant transactions, including revenue transactions and intercompany transactions, in currencies other than the U.S. Dollar or the functional operating currency of the transactional entities. In addition, our international subsidiaries maintain significant net assets that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of currencies relative to the U.S. Dollar may impact our consolidated revenues and operating results due to transactional and translational remeasurement that is reflected in our earnings. It is particularly difficult to forecast any impact from exchange rate movements, so there is risk that unanticipated currency fluctuations could adversely affect our financial results or cause our results to differ from investor expectations or our own guidance in any future periods. In addition, the June 23, 2016 referendum by British voters to exit the European Union adversely impacted global markets, including currencies, and resulted in a decline in the value of the British pound, as compared to the U.S. Dollar and other currencies. Volatility in exchange rates and global financial markets may continue due to a number of factors, including the continued negotiation of the United Kingdom’s exit from the European Union and the recent political and economic uncertainty globally.

We recently began using derivative instruments, such as foreign currency forwards, swaps and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements. Further, unanticipated changes in currency exchange rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a number of reasons, including our limited experience with these hedging contracts, we may not seek or be able to establish a perfect or effective correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss.

The markets in which we participate are intensely competitive, and if we do not compete effectively our business and operating results will be adversely affected.

The markets for our enterprise cloud solutions are rapidly evolving and highly competitive, with relatively low barriers to entry. As the market for service management matures, we expect competition to intensify. We compete primarily with large, well-established, enterprise application software vendors, in-house solutions, large integrated systems vendors, established and emerging cloud vendors and vendors of products and services for development operations. Many prospective customers have invested substantial personnel and financial resources to implement and integrate their current enterprise software into their businesses and therefore may be reluctant or unwilling to migrate away from their current solution to our enterprise cloud solutions. Many of our competitors and potential competitors are larger, have greater name recognition, longer operating histories, more established customer relationships, larger marketing budgets and greater resources than we do. Further, other potential competitors not currently offering competitive products may expand their services to compete with our services. Acquisitions, integrations and consolidation by and among other companies in our industry may allow potential competitors to offer integrated or bundled products, enhanced functionality, or other advantages, which may impact our competitive position. We have expanded the breadth of our services to include offerings in the markets for IT operations management, customer service management, security operations management, HR service delivery and use of our platform by developers of custom applications. As a result, we expect increasing competition from platform vendors and from application development vendors focused on these other markets. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards and customer requirements. In addition, some of our competitors offer their products or services at a lower price, which has resulted in pricing pressures. Larger competitors with more diverse product and service offerings may reduce the price of products or subscriptions that compete with ours or may bundle them with other products and subscriptions. We expect that smaller competitors and new entrants may accelerate pricing pressures, including in the IT service management market, which is our more mature offering and from which we derive the substantial majority of our revenues. For all of these reasons, we may not be able to compete successfully and competition could result in reduced sales, reduced margins, losses or the failure of our solutions to achieve or maintain market acceptance, any of which could harm our business.

Lawsuits against us by third-parties that allege we infringe their intellectual property rights could harm our business and operating results.

There is considerable patent and other intellectual property development activity in our industry. Many companies in our industry, including our competitors and other third parties, as well as non-practicing entities, own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims of patent infringement, misappropriation or other violations of intellectual property rights against us.

Moreover, the patent portfolios of most of our competitors are larger than ours. This disparity may increase the risk that our competitors may sue us for patent infringement and may limit our ability to counterclaim for patent infringement or settle through patent cross-licenses. From time to time, our competitors or other third parties, including patent holding companies seeking to monetize patents they have purchased or otherwise obtained, may claim that we are infringing upon their intellectual property rights. For example, we recorded charges for aggregate legal settlements of \$270.0 million in our consolidated statement of comprehensive loss during the year ended December 31, 2016. The charge covers the fulfillment by us of all financial obligations under settlement agreements with BMC and HPE, with no remaining financial obligations under either settlement.

In any intellectual property litigation, regardless of the scope or merits of the claims at issue, we may incur substantial attorney's fees and other litigation expenses and, if the claims are successfully asserted against us and we are found to be infringing upon the intellectual property rights of others, we could be required to: pay substantial damages and make substantial ongoing royalty payments; cease offering our products and services; modify our products and services; comply with other unfavorable terms, including settlement terms; and indemnify our customers and business partners and obtain costly licenses on their behalf and refund fees or other payments previously paid to us. Further, upon expiration of the term of any third-party agreements that allow us to use their intellectual property, we may be unable to renew such agreements on favorable terms, if at all, in which case we may face intellectual property litigation. The mere existence of any lawsuit, or any interim or final outcomes, and the course of its conduct and the public statements related to it (or absence of such statements) by the courts, press, analysts and litigants, could be unsettling to our customers and prospective customers and could cause an adverse impact to our customer satisfaction and related renewal rates and cause us to lose potential sales, and could also be unsettling to investors or prospective investors in our common stock and could cause a substantial decline in the price of our common stock. Accordingly, any claim or litigation against us could be costly, time-consuming and divert the attention of our management and key personnel from our business operations and harm our financial condition and operating results.

Our intellectual property protections may not provide us with a competitive advantage, and defending our intellectual property may result in substantial expenses that harm our operating results.

Our success depends to a significant degree on our ability to protect our proprietary technology and our brand under a combination of patent and other intellectual property laws of the United States and other jurisdictions. Though we seek patent protection for our technology, we may not be successful in obtaining patent protection, and any patents acquired in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Any of our intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our services are available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. We may be required to spend significant resources to monitor and protect our intellectual property rights. We have initiated, and in the future may initiate, claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us, divert the efforts of our technical and management personnel and may result in counter-claims with respect to infringement of intellectual property rights by us. If we are unable to prevent third parties from infringing upon or misappropriating our intellectual property, or are required to incur substantial expenses in defending our intellectual property rights, our business and operating results may be adversely affected.

If we are unsuccessful in increasing our penetration of international markets or managing the risks associated with foreign markets, our business and operating results will be adversely affected.

Sales outside of North America represented approximately 35% and 32% of our total revenues for the three months ended June 30, 2018 and 2017, respectively, and 34% and 32% of our total revenues for the six months ended June 30, 2018 and 2017, respectively. Our business and future prospects depend on increasing our international sales as a percentage of our total revenues, and the failure to grow internationally will harm our business. Additionally, operating in international markets requires significant investment and management attention and will subject us to regulatory and economic risks that are different from those in the United States. We have made, and will continue to make, substantial investments in data centers and cloud computing infrastructure, sales, marketing, personnel and facilities as we enter and expand in new geographic markets. When we make these investments, it is typically unclear whether, and when, sales in the new market will justify our investments, and we may significantly underestimate the level of investment and time required to be successful, or whether we will be successful. Our rate of acquisition of new Global 2000 customers, a factor effecting our growth, has generally been lower in Africa, Asia, Eastern Europe, South America and other markets in which we are less established, as compared to North America, Australia and areas within Western Europe. An increasing proportion of the Global 2000 companies and large enterprise customers that are not yet our customers are located in emerging markets where we are less established. We have experienced, and may continue to experience, difficulties in some of our investments in geographic expansion, including in hiring qualified sales management personnel and managing foreign operations.

Risks inherent with international sales include without limitation:

- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, competition, privacy and data protection laws and regulations, including the GDPR;
- compliance by us and our business partners with international bribery and anti-corruption laws, including the UK Bribery Act and the Foreign Corrupt Practices Act;
- the risk that illegal or unethical activities of our business partners will be attributed to or result in liability to us;
- longer and potentially more complex sales cycles;
- longer accounts receivable payment cycles and other collection difficulties;
- tax treatment of revenues from international sources and changes to tax codes, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions;
- different pricing and distribution environments;
- foreign currency fluctuations, which may cause transactional and translational remeasurement losses;
- potential changes in international trade policies and agreements, including the adoption and expansion of trade restrictions or regulatory frameworks or business practices favoring local competitors;
- local business practices and cultural norms that may favor local competitors; and
- localization of our services, including translation into foreign languages and associated expenses.

If we are unable to manage these risks, if our required investments in these international markets are greater than anticipated, or if we are unsuccessful in increasing sales in emerging markets, our revenue growth rate, business and operating results will be adversely affected.

If we lose key employees or are unable to attract and retain the employees we need, our business and operating results will be adversely affected.

Our success depends largely upon the continued services of our management team, including our Chief Executive Officer, and many key individual contributors. From time to time, there may be changes in our management team resulting from the hiring or departure of executives. For example, in 2017, Frank Sloomman stepped down as our President and Chief Executive Officer, and John J. Donahoe was appointed as his successor. Such changes may result in a loss of institutional knowledge and cause disruptions to our business.

In the technology industry, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software and Internet-related solutions, as well as competition for sales executives and operations personnel. We may not be successful in attracting and retaining qualified personnel. We have from time to time experienced, and we may continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications, and may not be able to fill positions in desired geographic areas or at all. In particular, competition for experienced software and cloud computing infrastructure engineers in the San Francisco Bay area, San Diego, Seattle, London and Amsterdam, our primary operating locations, is intense. Our employees, including our executive officers, are employed by us on an “at-will” basis, which means they may terminate their employment with us at any time. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

Privacy laws and concerns, evolving regulation of cloud computing, cross-border data transfer restrictions, other foreign and domestic regulations and standards related to personal data and the Internet may adversely affect our business.

National and local governments or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting data privacy, the use of the Internet as a commercial medium, and data sovereignty requirements concerning the location of data centers that store and process data. Changing laws, regulations and standards applying to the collection, transfer, processing, storage or use of personal data could affect our customers’ ability to use and share data, potentially restricting our ability to store, process and share data with our customers in connection with providing our services, and in some cases, could impact our ability to offer our services in certain locations or our customers’ ability to deploy our services globally. For example, the European Union (EU) and United States agreed to a framework to facilitate the transfer of data from the EU to the United States, called Privacy Shield, but this new framework has been challenged by private parties and may face additional challenges by national regulators or private parties. Additionally, in 2016 the EU adopted the GDPR, which took effect on May 25, 2018 and established new requirements applicable to the handling of personal data. Further, laws such as the EU’s proposed e-Privacy Regulation are increasingly aimed at the use of personal information for marketing purposes, and the tracking of individuals’ online activities. In addition, in June 2018 the California Consumer Privacy Act (CCPA) was signed into law, which takes effect in January 2020 and broadly defines personal information and provides California consumers increased privacy rights and protections.

The costs of compliance with, and other burdens imposed by, the GDPR, the e-Privacy Regulation, the CCPA and other privacy laws, regulations and standards may cause us to incur substantial operational costs or require us to modify our data handling practices, may limit the use and adoption of our services and reduce overall demand for our services. In addition, non-compliance could result in proceedings against us by governmental entities or others, significant fines, and may otherwise adversely impact our business, financial condition and operating results.

In addition to government activity, privacy advocacy groups and other technology and industry groups have established or may establish various new, additional or different self-regulatory standards that may place additional burdens on us. Our customers may expect us to meet voluntary certifications or adhere to other standards established by third parties. If we are unable to maintain these certifications or meet these standards, it could reduce demand for our applications and adversely affect our business.

Because we generally recognize revenues from our subscription service over the subscription term, a decrease in new or renewed subscriptions during a reporting period may not be immediately reflected in our operating results for that period.

We generally recognize revenues from customers ratably over the terms of their subscriptions. As a result, most of the revenues we report in each period are derived from the recognition of deferred revenues relating to subscriptions entered into during previous periods. Consequently, a decrease in new or renewed subscriptions in any single reporting period will have a limited impact on our revenues for that period. In addition, our ability to adjust our cost structure in the event of a decrease in new or renewed subscriptions may be limited.

Further, a decline in new or renewed subscriptions in a given period will negatively affect our revenues in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of our services, and changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers are generally recognized over the applicable subscription term. Additionally, due to the complexity of certain of our customer contracts, the actual revenue recognition treatment required under Topic 606 will depend on contract-specific terms and may result in greater variability in revenues from period to period.

In addition, a decrease in new or renewed subscriptions in a reporting period may not have an immediate impact on billings for that period due to factors that may offset the decrease, such as an increase in billings duration, the dollar value of contracts with future start dates, or the dollar value of collections in the current period related to contracts with future start dates.

As we acquire or invest in companies and technologies, we may not realize the expected business or financial benefits and the acquisitions and investments may divert our management's attention and result in additional dilution to our stockholders.

We have acquired or invested in companies and technologies in the past as part of our business strategy and may continue to evaluate potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our service offerings, functionality or our ability to provide services in international locations, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies. Acquisitions and investments involve numerous risks, including:

- assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies;
- failing to achieve the expected benefits of the acquisition or investment;
- potential loss of key employees of the acquired company;
- inability to maintain relationships with customers and partners of the acquired business;
- unanticipated expenses related to acquired technology and its integration into our existing technology;
- potential adverse tax consequences;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- disruption to our business and diversion of management attention and other resources;
- potential financial and credit risks associated with acquired customers;
- dependence on acquired technologies or licenses for which alternatives may not be available to us without significant cost or complexity;
- in the case of foreign acquisitions, the challenges associated with integrating operations across different cultures and languages and any currency and regulatory risks associated with specific countries; and
- potential unknown liabilities associated with the acquired businesses.

In addition, we may have to pay cash, incur debt, or issue equity or equity-linked securities to pay for any future acquisitions, each of which could adversely affect our financial condition or the market price of our common stock. Furthermore, if we finance acquisitions by issuing equity or convertible or other debt securities or loans, our existing stockholders may be diluted, or we could face constraints related to the terms of and repayment obligation related to the incurrence of indebtedness that could affect the market price of our common stock. The occurrence of any of these risks could harm our business, operating results and financial condition.

A portion of our revenues are generated by sales to government entities and heavily regulated organizations, which are subject to a number of challenges and risks.

A portion of our sales are to governmental agencies. Additionally, many of our current and prospective customers, such as those in the financial services and health care industries, are highly regulated and may be required to comply with more stringent regulations in connection with subscribing to and implementing our services. Selling to these entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully complete a sale. Furthermore, engaging in sales activities to foreign governments introduces additional compliance risks specific to the Foreign Corrupt Practices Act, the UK Bribery Act and other similar statutory requirements prohibiting bribery and corruption in the jurisdictions in which we operate. Government and highly regulated entities often require contract terms that differ from our standard arrangements and impose compliance requirements that are complicated, require preferential pricing or “most favored nation” terms and conditions, or are otherwise time consuming and expensive to satisfy. If we undertake to meet special standards or requirements and do not meet them, we could be subject to increased liability from our customers or regulators. Even if we do meet them, the additional costs associated with providing our services to government and highly regulated customers could harm our margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our services to them and to grow or maintain our customer base.

Our use of open source software could harm our ability to sell our services and subject us to possible litigation.

Our products incorporate software licensed to us by third-party authors under open source licenses, and we expect to continue to incorporate open source software into other services in the future. We attempt to monitor our use of open source software in an effort to avoid subjecting our services to adverse licensing conditions. However, there can be no assurance that our efforts have been or will be successful. There is little or no legal precedent governing the interpretation of the terms of open source licenses, and therefore the potential impact of these terms on our business is uncertain and enforcement of these terms may result in unanticipated obligations regarding our services and technologies. For example, depending on which open source license governs open source software included within our services or technologies, we may be subjected to conditions requiring us to offer our services to users at no cost; make available the source code for modifications and derivative works based upon, incorporating or using the open source software; and license such modifications or derivative works under the terms of the particular open source license. Moreover, if an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal costs defending ourselves against such allegations, be subject to significant damages or be enjoined from the distribution of our services.

If we are unable to maintain effective internal control over financial reporting, the accuracy and timeliness of our financial reporting may be adversely affected.

The Sarbanes-Oxley Act requires us, among other things, to assess and report on the effectiveness of our internal control over financial reporting annually and disclosure controls and procedures quarterly. In addition, our independent registered public accounting firm is required to audit the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act annually. Our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Moreover, our testing, or the subsequent testing by our independent registered public accounting firm, may reveal material weaknesses. If material weaknesses are identified or we are not able to comply with the requirements of Section 404 in a timely manner, our reported financial results could be materially misstated or could subsequently require restatement, we could receive an adverse opinion regarding our internal control over financial reporting from our independent registered public accounting firm, we could be subject to investigations or sanctions by regulatory authorities and we could incur substantial expenses. New accounting principles, such as the new revenue recognition standards that became effective for us beginning January 1, 2018, require significant changes to our existing processes and controls. We may not be able to effectively implement system and process changes required for new standards on a timely basis. Any delays or failure to update our systems and processes could also lead to a material weakness.

Global economic conditions may harm our industry, business and results of operations.

We operate globally and as a result our business and revenues are impacted by global macroeconomic conditions. Global financial developments seemingly unrelated to us or the software industry may harm us. From time to time, the United States and other key international economies have been impacted by geopolitical instability, high levels of bad debt globally, falling demand for a variety of goods and services, high levels of persistent unemployment and wage and income stagnation in some geographic markets, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, international trade agreements, trade restrictions and overall uncertainty with respect to the economy. These conditions can arise suddenly and affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions, or affect renewal rates, all of which could harm our operating results. In addition, the effects, if any, of global financial conditions on our business can be difficult to distinguish from the effects on our business from product, pricing, and other developments in the markets specific to our products and our relative competitive strength. If we make incorrect judgments about our business for this reason our business and results of operations could be adversely affected.

Natural disasters and other events beyond our control could harm our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption by natural disasters, flooding, fire, power shortages, pandemics, terrorism, political unrest, telecommunications failure, vandalism, cyber-attacks, geopolitical instability, war, the effects of climate change (such as drought, wildfires, increased storm severity and sea level rise) and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers, could decrease demand for our services, and could cause us to incur substantial expense. Our insurance may not be sufficient to cover losses or additional expense that we may sustain in connection with any natural disaster. The majority of our research and development activities, corporate offices, information technology systems, and other critical business operations are located near major seismic faults in California and Washington. Customer data could be lost, significant recovery time could be required to resume operations and our financial condition and operating results could be adversely affected in the event of a major natural disaster or catastrophic event.

Risks Related to Our 0% Convertible Senior Notes Due 2022 (2022 Notes) and Our 0% Convertible Senior Notes Due 2018 (2018 Notes)

We may not have the ability to raise the funds necessary to settle conversions of the convertible senior notes in cash or to repurchase the convertible senior notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the convertible senior notes.

Holders of the 2022 Notes and 2018 Notes have the right to require us to repurchase all or a portion of their 2022 Notes and 2018 Notes upon the occurrence of a fundamental change (as defined in the indenture for each of the 2022 Notes and 2018 Notes, as applicable) at a repurchase price equal to 100% of the principal amount of the 2022 Notes and 2018 Notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, if a make-whole fundamental change (as defined in the indenture for each of the 2022 Notes and 2018 Notes, as applicable) occurs prior to the maturity date of the 2022 Notes or 2018 Notes, we will in some cases be required to increase the conversion rate for a holder that elects to convert its 2022 Notes or 2018 Notes in connection with such make-whole fundamental change. Upon conversion of the 2022 Notes or 2018 Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the 2022 Notes or 2018 Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the 2022 Notes or 2018 Notes surrendered therefor or pay cash with respect to the 2022 Notes or 2018 Notes being converted.

We and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our future debt instruments, some of which may be secured debt. We are not restricted under the terms of the indentures governing each of the 2022 Notes and 2018 Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that could have the effect of diminishing our ability to make payments on the 2022 Notes and 2018 Notes when due. Furthermore, the indentures for each of the 2022 Notes and 2018 Notes prohibit us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the 2022 Notes and 2018 Notes and their respective indentures. These and other provisions in each of the indentures could deter or prevent a third party from acquiring us even when the acquisition may be favorable to holders of the 2022 Notes and 2018 Notes.

In addition, our ability to repurchase or to pay cash upon conversion of the 2022 Notes or 2018 Notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase 2022 Notes or 2018 Notes at a time when the repurchase is required by each indenture or to pay cash upon conversion of the 2022 Notes or 2018 Notes as required by each indenture would constitute a default. A default under each indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under each indenture could constitute an event of default under any such agreements. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2022 Notes or 2018 Notes, or to pay cash upon conversion of the 2022 Notes or 2018 Notes.

The conditional conversion feature of the 2022 Notes and 2018 Notes may adversely affect our financial condition and operating results.

Prior to the business day immediately preceding February 1, 2022 and July 1, 2018, for the 2022 Notes and 2018 Notes, respectively, the holders of the 2022 Notes and 2018 Notes may elect to convert their notes during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to \$175.18, in the case of the 2022 Notes, or \$96.04, in the case of the 2018 Notes (in each case, the Conversion Condition). The Conversion Condition was met for the 2018 Notes during the three months ended June 30, 2017, September 30, 2017, December 31, 2017, and March 31, 2018, respectively. Accordingly, the 2018 Notes were convertible at the holders' option during each of the three months ended September 30, 2017, December 31, 2017, March 31, 2018, and June 30, 2018. During the six months ended June 30, 2018, we paid cash to settle \$358.7 million principal amount of the 2018 Notes. Based on additional conversion requests we received through June 30, 2018, we expect to settle in cash an aggregate of \$54.4 million in principal amount of the 2018 Notes during the third quarter of 2018. Conversion requests for the 2018 Notes received subsequent to June 30, 2018 for the remaining principal amount of \$161.8 million will be settled on the maturity date, which is November 1, 2018.

The Conversion Condition was met for the 2022 Notes during the three months ended June 30, 2018. Accordingly, the 2022 Notes will be convertible at the holders' option through the three months ending September 30, 2018. If one or more holders elect to convert their 2022 Notes in future periods, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we may settle all or a portion of our conversion obligation in cash, which could adversely affect our liquidity and result in a material adverse effect on our financial position, results of operations and cash flows. In addition, to the extent we receive conversion requests, we may also record a loss on early conversions of the 2022 Notes converted by noteholders based on the difference between the fair market value allocated to the liability component on the settlement date and the net carrying amount of the liability component and unamortized debt issuance on the settlement date.

The convertible note hedge and warrant transactions may affect the value of the 2022 Notes and 2018 Notes and our common stock.

In connection with the sale of the 2022 Notes and 2018 Notes, we entered into convertible note hedge (the 2022 Note Hedge and 2018 Note Hedge, respectively) transactions with certain financial institutions (option counterparties). We also entered into warrant transactions with the option counterparties pursuant to which we sold warrants for the purchase of our common stock (the 2022 Warrants and 2018 Warrants, respectively). The 2022 Note Hedge and 2018 Note Hedge transactions are expected generally to reduce the potential dilution upon any conversion of the 2022 Notes or 2018 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2022 Notes or 2018 Notes, as the case may be. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of our common stock exceeds the exercise price of the 2022 Warrants or 2018 Warrants, which is \$203.40 and \$107.46, respectively. Based on the stock price as of June 30, 2018, we expect to issue additional shares in the first half of 2019 upon the exercise of the 2018 Warrants. As the warrants will be net share settled, the number of shares we will issue depends on the stock price over a 60 trading day period beginning on the first expiration date of the 2018 Warrants, which is February 1, 2019. Based on the stock price as of June 30, 2018, the number of shares to be issued upon exercise of the 2018 Warrants would be approximately 2.9 million.

The option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions prior to the maturity of the 2022 Notes or 2018 Notes (and are likely to do so during any observation period related to a conversion of 2022 Notes or 2018 Notes, or following any repurchase of 2022 Notes or 2018 Notes by us on any fundamental change repurchase date (as defined in the indentures for the 2022 Notes and 2018 Notes) or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the 2022 Notes or 2018 Notes, which could affect note holders' ability to convert the 2022 Notes or 2018 Notes and, to the extent the activity occurs during any observation period related to a conversion of the 2022 Notes or 2018 Notes, it could affect the amount and value of the consideration that note holders will receive upon conversion of the 2022 Notes or 2018 Notes.

The potential effect, if any, of these transactions and activities on the market price of our common stock or the 2022 Notes or 2018 Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock and the value of the 2022 Notes and 2018 Notes (and as a result, the value of the consideration, the amount of cash and/or the number of shares, if any, that note holders would receive upon the conversion of any 2022 Notes or 2018 Notes) and, under certain circumstances, the ability of the note holders to convert the 2022 Notes or 2018 Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the 2022 Notes or 2018 Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the 2022 Note Hedge and 2018 Note Hedge transactions.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them may default under the 2022 Note Hedge or 2018 Note Hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

Risks Related to Ownership of Our Common Stock

The market price of our common stock has historically been and is likely to continue to be volatile and could subject us to litigation.

The trading price of our common stock has been, and is likely to continue to be, volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition, the trading prices of the securities of technology companies in general have been highly volatile, and the volatility in market price and trading volume of securities is often unrelated or disproportionate to the financial performance of the companies issuing the securities. Factors affecting the market price of our common stock, some of which are beyond our control, include:

- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to follow our common stock;
- announcements of new products, services or technologies, new applications or enhancements to services, strategic alliances, acquisitions, or other significant events by us or by our competitors;
- fluctuations in the valuation of companies perceived by investors to be comparable to us, such as high-growth or cloud companies;
- changes to our management team;
- trading activity by directors, executive officers and significant stockholders, or the perception in the market that the holders of a large number of shares intend to sell their shares;
- the size of our market float;

- the volume of trading in our common stock, including sales upon exercise of outstanding options or vesting of equity awards or sales and purchases of any common stock issued upon conversion of the 2022 Notes or 2018 Notes or in connection with the 2022 Note Hedge and 2022 Warrant transactions relating to the 2022 Notes, or 2018 Note Hedge and 2018 Warrant transactions relating to the 2018 Notes;
- the economy as a whole, market conditions in our industry, and the industries of our customers; and
- overall performance of the equity markets.

Following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, operating results, and financial condition.

We do not intend to pay dividends on our common stock, so any returns will be limited to changes in the value of our common stock.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our common stock may be prohibited or limited by the terms of any future debt financing arrangement. Any return to stockholders will therefore be limited to the increase, if any, of our stock price.

Provisions in our charter documents, Delaware law, our 2022 Notes and our 2018 Notes might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our restated certificate of incorporation and restated bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit the board of directors to establish the number of directors;
- provide that directors may only be removed "for cause" and only with the approval of 66 2/3% of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our restated bylaws; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings (though our restated bylaws have implemented stockholder proxy access).

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

Further, the fundamental change provisions of our 2022 Notes or 2018 Notes may delay or prevent a change in control of our company, because those provisions allow note holders to require us to repurchase such notes upon the occurrence of a fundamental change.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS
EXHIBIT INDEX

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
10.1	Third Amendment to Lease dated May 3, 2018, between the Registrant and SI 55, LLC	10-Q	001-35580	10.1	
10.2	Lease dated May 3, 2018, between the Registrant and SI 55, LLC	10-Q	001-35580	10.2	
10.3	Lease dated May 3, 2018, between the Registrant and SI 55, LLC	10-Q	001-35580	10.3	
10.4*	Confirmatory Employment Letter Agreement dated December 30, 2017, between the Registrant and Pat Wadors				X
10.5	Consulting Agreement dated June 18, 2018 between the Registrant and Frank Sloomman				X
10.6*	2012 Equity Incentive Plan, as amended June 19, 2018				X
10.7*	Form of Stock Option Award Agreement under 2012 Equity Incentive Plan, adopted as of April 23, 2018				X
10.8*	Form of Restricted Stock Unit Award Agreement under 2012 Equity Incentive Plan, adopted as of April 23, 2018				X
10.9*	Form of Subscription Agreement under 2012 Employee Stock Purchase Plan, adopted as of April 23, 2018				X
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X

* Indicates a management contract, compensatory plan or arrangement.

** The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

SERVICENOW, INC.

Date: August 8, 2018

By: /s/ John J. Donahoe
John J. Donahoe
President and Chief Executive Officer
(On behalf of the Registrant)

Date: August 8, 2018

By: /s/ Michael P. Scarpelli
Michael P. Scarpelli
Chief Financial Officer
(As Principal Financial and Accounting Officer)

December 30, 2017

Pat Wadors

Dear Pat:

This letter agreement (the “**Agreement**”) is entered into between you and ServiceNow, Inc. (the “**Company**”) and is effective as of the date set forth above (the “**Effective Date**”). The purpose of this Agreement is to confirm the current terms and conditions of your employment with the Company.

1. Position. You will continue to serve as the Company’s Chief Talent Officer reporting to the Company’s Chief Executive Officer (the “**CEO**”). You will have all of the duties, responsibilities and authority commensurate with the position. Your employment with the Company commenced on September 11, 2017 (your “**Start Date**”). Your office will be at the Company’s headquarters, currently located in Santa Clara, CA. You will be expected to devote your full working time and attention to the business of the Company.
2. Term. Subject to the terms of this Agreement, this Agreement will remain in effect for a period commencing on the Start Date and continuing until termination of your employment as set forth herein (the “**Employment Term**”).
3. Cash Compensation.
 - a. Base Salary. Your current annual base salary (the “**Base Salary**”) as of the Effective Date will be Three Hundred Twenty-Five Thousand Dollars (\$325,000), less required deductions and withholdings, payable in accordance with the Company’s normal payroll practices. Your Base Salary will be subject to adjustment by the Leadership Development and Compensation Committee of the Company’s Board of Directors (the “**Compensation Committee**”). Your Base Salary will be pro-rated for any partial years of employment during your Employment Term.
 - b. Sign-On Bonus. In the first payroll period following your Start Date, you received a one-time bonus payment of One Million Dollars (\$1,000,000) (the “**Sign-on Bonus**”), subject to clawback or repayment pursuant to Section 6 of this Agreement.
 - c. Target Bonus. During the Employment Term, you will be eligible to participate in our executive corporate bonus program. Your current annual bonus target is fifty-four percent (54%) of your Base Salary, which equals One Hundred Seventy-Five Thousand Dollars (\$175,000) for the applicable fiscal year (your “**Target Bonus**”). Whether you receive the Target Bonus, and the amount of any actual bonus amount awarded (your “**Actual Bonus**”), will be determined by the Compensation Committee in its sole discretion based in all cases upon the achievement of both Company and individual performance objectives as established by the Compensation Committee. To earn any Actual Bonus, you must be employed by the Company on the last day of the period to which such bonus relates and at the time bonuses are paid, except as otherwise provided herein. Your bonus participation will be subject to all the terms, conditions and restrictions of the applicable Company bonus plan, as amended from time to time. Your Actual Bonus for fiscal year 2017 will be pro rated based upon the number of days you are employed within each quarter during fiscal year 2017. The Actual Bonus shall be subject to required deductions and withholdings.

4. Benefits, Vacation & Expenses.

- a. You will be entitled to participate in all employee retirement, welfare, insurance, benefit and vacation programs of the Company as are in effect from time to time and in which other senior executives of the Company are eligible to participate, on the same terms as such other senior executives, pursuant to the governing plan documents.
- b. The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company.

5. Equity Awards.

- a. Prior Equity Awards. The Company has previously granted you equity awards under the Company's 2012 Equity Incentive Plan (the "**Equity Plan**"). Such awards will continue to be subject to their existing terms and any additional terms set forth in this Agreement.
 - i. New-Hire RSU. On September 17, 2017 (the "**Grant Date**"), you were granted a restricted stock unit award to acquire 77,417 shares of the Company's common stock (the "**New-Hire RSU**") under the Equity Plan (the "**Equity Plan**"). The New-Hire RSU will vest in equal quarterly installments over the twelve (12) quarters commencing August 17, 2017 (e.g., the first quarter of vesting shall occur on November 17, 2017); provided that, subject to Section 8 below, vesting will depend on your continued employment as Chief Talent Officer of the Company on the applicable time-based vesting dates, and remains subject to the terms and conditions of the Equity Plan and the restricted stock unit award agreement governing the New Hire RSU, and this Agreement. The New-Hire RSU is subject to clawback or repayment pursuant to Section 6 of this Agreement.
 - ii. Sign-On RSU. On the Grant Date, you were granted a restricted stock unit award to acquire such 17,204 shares of the Company's common stock (the "**Sign-On RSU**") under the Equity Plan. The Sign-On RSU will vest in full on August 17, 2018; provided that, subject to Section 8 below, vesting will depend on your continued employment as Chief Talent Officer of the Company on the applicable time-based vesting date, and remains subject to the terms and conditions of the Equity Plan, the restricted stock unit award agreement governing the Sign-On RSU, and this Agreement. The Sign-On RSU is subject to clawback or repayment pursuant to Section 6 of this Agreement.
 - iii. Initial PRSU. On the Grant Date, you were granted a performance-based restricted stock unit award to acquire 10,323 shares of the Company's common stock (the "**Initial PRSU**") under the Equity Plan. The Initial PRSU will be subject to the same performance metrics as the 2017 performance-based restricted stock units granted to other senior executives of the Company. The Initial PRSU shall have a one-year performance period ending December 31, 2017, and time-vest as follows: one third (1/3) of the shares that satisfy the performance metrics vesting on February 17, 2018, and the remaining two thirds (2/3) of the shares that satisfy the performance metrics vesting in equal quarterly installments over eight (8) subsequent quarters, with the first such quarter of vesting occurring on May 17, 2018. Subject to Section 8 below, vesting will depend on your continued employment as Chief Talent Officer of the Company on the applicable time-based vesting dates, and remains subject to the terms and conditions of the Equity Plan, the restricted stock unit award agreement governing the Initial PRSU, and this Agreement.

- b. Future Equity. You may be eligible for future equity grants as determined by and pursuant to the terms established by the Compensation Committee. The amount and performance metrics for subsequent performance-based restricted stock units will be determined by the Compensation Committee.

6. Clawback.

- a. The Sign-On Bonus and a dollar amount equal to the value of the Sign-On RSU shall be subject to clawback or repayment to the Company in full based upon (respectively): (i) the dollar amount of the Sign-On Bonus, and (ii) the closing price of the Company's common stock on the New York Stock Exchange on the vesting date for the Sign-On RSU, if you are terminated by the Company for Cause or you voluntarily resign without Good Reason, in either case before the second (2nd) anniversary of the Start Date.
- b. A dollar amount equal to the value of the New-Hire RSU shall be subject to clawback or repayment by you to the Company if you are terminated by the Company for Cause or you voluntarily resign without Good Reason, in either case: (i) before the third (3rd) anniversary of the Grant Date, in an amount equal to (A) twenty-five (25%) percent, multiplied by (B) the aggregate value of the vested shares of the Company's common stock subject to the New-Hire RSU, based upon the applicable closing prices of the Company's common stock on the New York Stock Exchange on each applicable vesting date, and (ii) on or after the third (3rd) anniversary of the Grant Date but before the fourth (4th) anniversary of the Grant Date (the "**Final Year**"), in an amount equal to (A) twenty-five (25%) percent, multiplied by (B) the quotient of the number of three (3) month periods in the Final Year that you were not employed by the Company for such entire three (3) month period divided by four (4), and (C) further multiplied by the aggregate value of the vested shares of the Company's common stock subject to the New-Hire RSU, based upon the applicable closing prices of the Company's common stock on the New York Stock Exchange on each applicable vesting date.
- c. In the event the clawback or repayment is triggered, you agree to repay any and all amounts due within ten (10) calendar days following the termination of your employment and you hereby authorize the Company to withhold such amount from any amounts owed to you by the Company, to the extent legally permitted. You further agree to execute any documents and/or agreements necessary at the time the clawback or repayment is triggered to authorize the Company to withhold such amount from any amounts owed to you by the Company, to the extent legally permitted.

7. Definitions. As used in this Agreement, the following terms have the following meanings.

- a. Cause. For purposes of this Agreement, "**Cause**" for the Company to terminate your employment hereunder shall mean the occurrence of any of the following events, as determined by the Company in its sole and absolute discretion:
 - i. your conviction of, or plea of nolo contendere to, any felony or any crime involving fraud, dishonesty or moral turpitude;
 - ii. your commission of or participation in a fraud or act of dishonesty against the Company that results in (or would reasonably be expected to result in) material harm to the business of the Company;
 - iii. your intentional, material violation of any contract or agreement between you and the Company or any statutory duty you owe to the Company or the improper disclosure of confidential information (as defined in the Company's standard confidentiality agreement);

- iv. your conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or would reasonably be expected to result in) material harm to the business of the Company;
- v. your material failure to perform the duties of your position as Chief Talent Officer;
- vi. your material failure to follow the Company's material policies; or
- vii. your failure to cooperate with the Company in any investigation or formal proceeding;

provided, however, that the action or conduct described in clauses (iii), (iv), (v), (vi) and (vii) above will constitute "Cause" only if such action or conduct continues after the Company has provided you with written notice thereof and thirty (30) days to cure the same if such action or conduct is curable.

- b. **Change in Control.** For purposes of this Agreement, "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events (excluding in any case transactions in which the Company or its successors issues securities to investors primarily for capital raising purposes):
 - i. the acquisition by a third party of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;
 - ii. a merger, consolidation or similar transaction following which the stockholders of the Company immediately prior thereto do not own at least fifty percent (50%) of the combined outstanding voting power of the surviving entity (or that entity's parent) in such merger, consolidation or similar transaction;
 - iii. the dissolution or liquidation of the Company; or
 - iv. the sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

Notwithstanding any of the foregoing, any transaction or transactions effected solely for purposes of changing the Company's domicile will not constitute a Change in Control pursuant to the foregoing definition.

- c. **COBRA.** For purposes of this Agreement, "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.
- d. **Code.** For purposes of this Agreement, "***Code***" means the Internal Revenue Code of 1986, as amended.
- e. **Disability.** For purposes of this Agreement, "***Disability***" shall have that meaning set forth in Section 22(e)(3) of the Code.
- f. **Good Reason.** For purposes of this Agreement, "***Good Reason***" for you to terminate your employment hereunder shall mean the occurrence of any of the following events without your consent:
 - i. any material diminution in your authority, duties or responsibilities as in effect immediately prior to such reduction or a material diminution in the authority, duties or responsibilities of the person or persons to whom you are required to report;

- ii. a material reduction by the Company in your annual Base Salary or Target Bonus, as initially set forth herein or as increased thereafter; *provided, however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual Base Salary or Target Bonus that is pursuant to a salary or bonus reduction program affecting substantially all of the employees of the Company or substantially all similarly situated executive employees and that does not adversely affect you to a greater extent than other similarly situated employees;
- iii. a relocation of your business office to a location that would increase your one-way commute distance by more than thirty-five (35) miles from the current location at which you performed your duties immediately prior to the relocation, except for required travel by you on the Company's business to an extent substantially consistent with your business travel obligations prior to the relocation;
- iv. you not being appointed as the most senior human resources officer of the parent entity of the Company or any successor company through a merger, reorganization or other restructuring; or
- v. failure of a successor entity to assume this Agreement;

provided, however, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to resign for Good Reason within ninety (90) days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily resign your employment within one hundred twenty (120) days following the end of the Cure Period.

8. Effect of Termination of Employment.

- a. Termination by the Company for Cause, Death or Disability or Voluntary Resignation without Good Reason. In the event your employment is terminated by the Company for Cause, your employment terminates due to your death or Disability (which termination may be implemented by written notice by the Company if you have a Disability), or you voluntarily resign your employment other than for Good Reason, you will be paid only: (i) any earned but unpaid Base Salary; (ii) except in the case of termination for Cause or voluntary resignation without Good Reason, the amount of any Actual Bonus earned and payable from a prior bonus period which remains unpaid by the Company as of the date of the termination of employment determined in good faith in accordance with customary practice, to be paid at the same time as bonuses are paid for that period to other eligible executives; (iii) other unpaid and then-vested amounts, including any amount payable to you under the specific terms of any agreements, plans or awards, including insurance and health and benefit plans in which you participate, unless otherwise specifically provided in this Agreement; and (iv) reimbursement for all reasonable and necessary expenses incurred by you in connection with your performance of services on behalf of the Company in accordance with applicable Company policies and guidelines, in each case as of the effective date of such termination of employment (the "**Accrued Compensation**").

- b. Termination without Cause or Voluntary Resignation for Good Reason, Absent a Change in Control. During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date, if the Company terminates your employment without Cause or you voluntarily resign your employment for Good Reason, in either case not in connection with a Change in Control (which is dealt with in Section 8(c) below), provided that (except with respect to the Accrued Compensation) you deliver to the Company a signed general release of claims in favor of the Company on the Company's standard form of release (the "**Release**") and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, you shall be entitled to:

- i. the Accrued Compensation; and
- ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;
- iii. a lump sum payment equal to fifty percent (50%) of your Actual Bonus for the then-current fiscal year based on: (x) actual achievement of Company performance objectives and (y) deemed 100% achievement of personal performance objectives, if any, less any quarterly payment previously paid, if any, subject to required deductions and withholdings and paid when annual bonuses are otherwise paid to active employees, but no later than March 15th of the year following the year in which the termination of employment occurs; and
- iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months.

Notwithstanding the foregoing, nothing in this Section 8 shall reduce your obligations under Section 3(b) or Section 6 of this Agreement.

- c. Termination without Cause or Resignation for Good Reason, in Connection with a Change in Control. During the time period from the Effective Date through the third (3rd) anniversary of the Effective Date, in the event a Change in Control occurs and if the Company terminates your employment without Cause or if you voluntarily resign your employment for Good Reason, in either case within the period beginning three (3) months before, and ending twelve (12) months following, such Change in Control; and provided that (except with respect to the Accrued Compensation) you deliver to the Company the signed Release and satisfy all conditions to make the Release effective within sixty (60) days following your termination of employment, then, (in lieu of any benefits pursuant to Section 8(b)), you shall be entitled to:

- i. the Accrued Compensation;
- ii. a lump sum payment equal to six (6) months of your then-current Base Salary, less required deductions and withholdings;
- iii. a lump sum payment equal to fifty percent (50%) of your Target Bonus for the then-current fiscal year less any quarterly payment previously paid, if any, subject to required deductions and withholdings;
- iv. a payment of the COBRA premiums (or reimbursement to you of such premiums) for continued health coverage for you and your dependents for a period of six (6) months; and

- v. immediate acceleration of one hundred percent (100%) of the number of then-unvested shares subject to equity grants, unless otherwise provided (and to the extent specified) by the terms of such grants.

Notwithstanding the foregoing, nothing in this Section 8 shall reduce your obligations under Section 3(b) or Section 6 of this Agreement.

- d. Miscellaneous. For the avoidance of doubt, the benefits payable pursuant to Sections 8(b) through (c) are mutually exclusive and not cumulative. All lump sum payments provided in this Section 8 shall be made no later than the 60th day following your termination of employment (unless explicitly provided otherwise above). In addition, Sections 8(b) and 8(c) and the benefits conferred therein shall expire and terminate on the third (3rd) anniversary of the Effective Date. Notwithstanding anything to the contrary in this Agreement, (i) any reference herein to a termination of your employment is intended to constitute a “separation from service” within the meaning of Section 409A of the Code, and Section 1.409A-1(h) of the regulations promulgated thereunder, and shall be so construed, and (ii) no payment will be made or become due to you during any period that you continue in a role with the Company that does not constitute a separation from service, and will be paid once you experience a “separation from service” from the Company within the meaning of Section 409A of the Code. In addition, notwithstanding anything to the contrary in this Agreement, upon a termination of your employment, you agree to resign prior to the time you deliver the Release from all positions you may hold with the Company and any of its subsidiaries or affiliated entities at such time, and no payment will be made or become due to you until you resign from all such positions, unless requested otherwise by the Board.
9. Parachute Payments. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute “parachute payments” within the meaning of Section 280G of the Code and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then, at your discretion, your severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following manner: first a pro-rata reduction of (i) cash payments subject to Section 409A of the Code as deferred compensation and (ii) cash payments not subject to Section 409A of the Code, and second a pro rata cancellation of (i) equity-based compensation subject to Section 409A of the Code as deferred compensation and (ii) equity-based compensation not subject to Section 409A of the Code, with equity all being reduced in reverse order of vesting and equity not subject to treatment under Treasury regulation 1.280G- Q & A 24(c) being reduced before equity that is so subject. Unless the Company and you otherwise agree in writing, any determination required under this Section shall be made in writing by the Company’s independent public accountants (the “**Accountants**”), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Accountants shall deliver to the Company and you sufficient documentation for you to rely on it for purpose of filing your tax returns. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

10. Section 409A. To the extent (i) any payments to which you become entitled under this Agreement, or any agreement or plan referenced herein, in connection with your termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) you are deemed at the time of such termination of employment to be a “specified” employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from the date of your “separation from service” (as such term is at the time defined in regulations under Section 409A of the Code) with the Company; or (ii) the date of your death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to you, including (without limitation) the additional twenty percent (20%) tax for which you would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to you or your beneficiary in one lump sum (without interest).

Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement), and each installment thereof, are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A.

11. At Will Employment. Employment with the Company is for no specific period of time. Your employment with the Company continues to be “at will,” meaning that either you or the Company may terminate your employment at any time, with or without cause, and with or without advance notice. Any contrary representations that may have been made to you are superseded by this Agreement. This is the full and complete agreement between you and the Company on this term. Although your compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).
12. Confidential Information and Other Company Policies. You will continue to be bound by and comply fully with your existing At Will Employment, Confidential Information and Invention Assignment Agreement (the “*CIIA*”) as well as the insider trading policy, code of conduct, and any other policies and programs adopted by the Company regulating the behavior of its employees, as such policies and programs may be amended from time to time to the extent the same are not inconsistent with this Agreement, unless you consent to the same at the time of such amendment.

13. Company Records and Confidential Information.

- a. Records. All records, files, documents and the like, or abstracts, summaries or copies thereof, relating to the business of the Company or the business of any subsidiary or affiliated companies, which the Company or you prepare or use or come into contact with, will remain the sole property of the Company or the affiliated or subsidiary company, as the case may be, and will be promptly returned upon termination of employment.
- b. Confidentiality. You acknowledge that you have acquired and will acquire knowledge regarding confidential, proprietary and/or trade secret information in the course of performing your responsibilities for the Company, and you further acknowledge that such knowledge and information is the sole and exclusive property of the Company. You recognize that disclosure of such knowledge and information, or use of such knowledge and information, to or by a competitor could cause serious and irreparable harm to the Company.

14. Indemnification. You and the Company will enter into the form of indemnification agreement provided to other similarly situated officers of the Company.

15. Arbitration. You and the Company agree to submit to mandatory binding arbitration, in Santa Clara County, California, before a single neutral arbitrator, any and all claims arising out of or related to this Agreement and your employment with the Company and the termination thereof, except that each party may, at its or his option, seek injunctive relief in court related to the improper use, disclosure or misappropriation of a party's proprietary, confidential or trade secret information. YOU AND THE COMPANY HEREBY WAIVE ANY RIGHTS TO TRIAL BY JURY IN REGARD TO SUCH CLAIMS. This agreement to arbitrate does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission and the Department of Labor). However, you and the Company agree that, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted through the American Arbitration Association (the "AAA"), *provided that*, the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon you or any third party. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. The arbitration will be conducted in accordance with the AAA employment arbitration rules then in effect. The AAA rules may be found and reviewed at <http://www.adr.org>. If you are unable to access these rules, please let me know and I will provide you with a hardcopy. The parties acknowledge that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement.

16. Compensation Recoupment. All amounts payable to you hereunder shall be subject to recoupment pursuant to the Company's current compensation recoupment policy, and any additional compensation recoupment policy or amendments to the current policy adopted by the Board from time to time hereafter, as allowed by applicable law.

17. Miscellaneous.

- a. Absence of Conflicts; Competition with Prior Employer. You represent that your performance of your duties under this Agreement will not breach any other agreement as to which you are a party. You agree that you have disclosed to the Company all of your existing employment and/or business relationships, including, but not limited to, any consulting or advising relationships, outside directorships, investments in privately held companies, and any other relationships that may create a conflict of interest. You are not to bring with you to the Company,

or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information and we will assist you in any way possible to preserve and protect the confidentiality of proprietary information belonging to third parties. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer and suggest that you refrain from having any contact with such persons until such time as any non-solicitation obligation expires.

- b. Successors. This Agreement is binding on and may be enforced by the Company and its successors and permitted assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to the Company or substantially all of its business (whether by purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of the Company's obligations under this Agreement and shall be the only permitted assignee.
- c. Notices. Notices under this Agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to the Company in writing. Notices to the Company will be addressed to the CEO at the Company's corporate headquarters.
- d. Waiver. No provision of this Agreement will be modified or waived except in writing signed by you and an officer of the Company duly authorized by its Board or the Compensation Committee. No waiver by either party of any breach of this Agreement by the other party will be considered a waiver of any other breach of this Agreement.
- e. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.
- f. Withholding. All sums payable to you hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.
- g. Entire Agreement. This Agreement, together with the CIIA, supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company, including, without limitation, your offer letter with the Company dated July 25, 2017, and constitute the entire agreement between you and the Company concerning the subject matter herein. This Agreement may be amended, or any of its provisions waived, only by a written document executed by both parties in the case of an amendment, or by the party against whom the waiver is asserted.
- h. Governing Law. This Agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.
- i. Survival. The provisions of this Agreement shall survive the termination of your employment for any reason to the extent necessary to enable the parties to enforce their respective rights under this Agreement.

[SIGNATURE PAGE TO AGREEMENT FOLLOWS]

Please indicate your acceptance of this Agreement by signing the bottom portion of this Agreement.

Best regards,

/s/ John J. Donahoe
John J. Donahoe
President & Chief Executive Officer
ServiceNow, Inc.

I, the undersigned, hereby accept and agree to the terms and conditions of my employment with the Company as set forth in this Agreement.

Accepted and agreed to as of the Effective Date.

By: /s/ Pat Wadors
Pat Wadors

[SIGNATURE PAGE TO AGREEMENT]

June 18, 2018

Frank Sloodman

RE: Consulting Agreement

Dear Frank:

This letter agreement (this “**Agreement**”) sets forth the terms and conditions whereby you agree to provide certain services to ServiceNow, Inc., a Delaware corporation (the “**Company**”).

1. SERVICES

1.1 The Company hereby engages you, and you hereby accept such engagement, as an independent contractor, to provide certain services to the Company and its affiliates on the terms and conditions set forth in this Agreement following the end of your service as Chairman of the Board of Directors of the Company.

1.2 You shall provide advisory and consulting services to the Company as requested by the Company’s Board of Directors (the “**Board**”) or its Chief Executive Officer from time to time, including but not limited to meeting with members of Company management or the Board regarding the Company’s business, attending and/or speaking at Company events, and being available to Company management and the Board for questions and advice (the “**Services**”). Such Services shall not exceed thirty hours per month.

1.3 You will be an independent contractor. The Company will not control the manner or means by which you perform the Services. Unless otherwise agreed in writing, you will furnish, at your own expense, the equipment, supplies and other materials used to perform the Services. The Company will provide you with access to its premises and equipment to the extent necessary for the performance of the Services. To the extent you perform any Services on the Company’s premises or using the Company’s equipment, you will comply with all applicable policies of the Company relating to business and office conduct, health and safety and use of the Company’s facilities, supplies, information technology, equipment, networks and other resources.

2. TERM

The term of this Agreement shall commence on June 19, 2018 and will continue through June 19, 2019, unless extended or earlier terminated in accordance with Section 9.1 (the “**Term**”). Any extension of the term will be subject to mutual written agreement between the parties. For the avoidance of doubt, the Term shall commence concurrently with the effectiveness of your resignation from the Company’s Board such that there will be no break in your status as a service provider to the Company for purposes of vesting under your existing equity awards.

3. COMPENSATION AND EXPENSES

As full compensation for the Services and the rights granted to the Company in this Agreement, the Company shall provide continued vesting during the Term of any outstanding equity awards you hold as of the date of this Agreement and allow any vested options to be exercised through the date that is 90 days after the end of Term or such longer period as set forth in the award agreement governing such option upon your death or Disability pursuant to the terms of such grants.

3.1 The Company agrees to reimburse you for all reasonable and documented travel and other costs or expenses incurred or paid by you in connection with the performance of the Services in accordance with the general reimbursement policy of the Company then in effect.

4. RELATIONSHIP OF THE PARTIES

4.1 You are an independent contractor of the Company, and this Agreement shall not be construed to create any association, partnership, joint venture, employee or agency relationship between you and the Company for any purpose. Other than as approved by the Chief Executive Officer of the Company, you have no authority (and shall not hold yourself out as having authority) to bind the Company, and you shall not make any agreements or representations on the Company's behalf without the Company's prior written consent. You understand and acknowledge that the Services you provide to the Company are unique, special or extraordinary because of your extensive background, experience and connections within enterprise software industry and as a former executive officer the Company and member of the Board, and that you may not delegate or subcontract the Services to any other person without the Company's prior written consent.

4.2 Without limiting Section 4.1, you will not be eligible to participate in any vacation, group medical or life insurance, disability, profit sharing or retirement benefits or any other fringe benefits or benefit plans offered by the Company to its employees.

5. INTELLECTUAL PROPERTY RIGHTS

5.1 The Company is and shall be, the sole and exclusive owner of all right, title and interest throughout the world in and to all the results and proceeds of the Services performed under this Agreement.

5.2 Any assignment of copyrights under this Agreement includes all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as "moral rights" (collectively, "**Moral Rights**"). You hereby irrevocably waive, to the extent permitted by applicable law, any and all claims you may now or hereafter have in any jurisdiction to any Moral Rights.

5.3 You will and hereby are obligated to make full and prompt disclosure to the Company of any inventions or processes, as such terms are defined in 35 U.S.C. § 100 (the "**Patent Act**"), made or conceived by you alone or with others in connection with the Services during the Term, whether or not such inventions or processes are patentable or protected as trade secrets and whether or not such inventions or processes are made or conceived during normal working hours or on the premises of the Company. You shall not disclose to any third party the nature or details of any such inventions or processes without the prior written consent of the Company.

5.4 Upon the request of the Company, you shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist the Company to prosecute, register, perfect, record or enforce its rights in any Moral Rights. In the event the Company is unable, after reasonable effort, to obtain your signature on any such documents, you hereby irrevocably designate and appoint the Company as your agent and attorney-in-fact, to act for and on your behalf solely to execute and file any such application or other document and do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights or other intellectual property protected related to the Moral Rights with the same legal force and effect as if you had executed them. You agree that this power of attorney is coupled with an interest.

5.5 You have no right or license to use the Company's trademarks, service marks, trade names, trade names, logos, symbols or brand names.

6. CONFIDENTIALITY AND RESTRICTIVE COVENANTS

6.1 You acknowledge that you will have access to information that is treated as confidential and proprietary by the Company, whether spoken, written, printed, electronic or in any other form or medium (collectively, the "**Confidential Information**"). You agree, consistent with your other obligations to the Company and its affiliates, to treat all Confidential Information as strictly confidential, not to disclose Confidential Information or permit it to be disclosed, in whole or part, to any third party without the prior written consent of the Company in each instance, and not to use any Confidential Information for any purpose except as required in the performance of the Services. You will notify the Company immediately in the event you become aware of any loss or disclosure of any Confidential Information. You understand and acknowledge that your obligations under this Agreement or otherwise with regard to any particular Confidential Information commence immediately and shall continue in perpetuity, notwithstanding the termination of this Agreement, until such time as such Confidential Information has been disclosed publicly by the Company. You hereby acknowledge and agree that you are bound, and shall remain bound during and after the Term, the terms of the Company's Proprietary Information and Inventions Agreement previously executed by you.

6.2 You understand and acknowledge that the nature of the Services gives you access to and knowledge of Confidential Information and places you in a position of trust and confidence. You further understand and acknowledge that the Company's ability to reserve any Confidential Information you receive for the exclusive knowledge and use of the Company and its affiliates is of great competitive importance and commercial value to the Company, and that improper use or disclosure of such Confidential Information by you is likely to result in unfair or unlawful competitive activity.

6.3 You acknowledge and agree that during the Term you will not engage in any activity that could reasonably be expected to result in a breach of any covenant or agreement you have with the Company.

6.4 The Company hereby notifies you that, pursuant to 18 U.S.C. § 1833(b), you have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. You also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

7. REPRESENTATIONS AND WARRANTIES

7.1 The Company hereby represents and warrants to you that it has the full right, power and authority to enter into this Agreement and to perform its obligations hereunder.

8. INDEMNIFICATION

8.1 You shall defend, indemnify and hold harmless the Company and its affiliates and their officers, directors, employees, agents, successors and assigns from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind (including reasonable attorneys' fees) arising out of or resulting from:

(a) bodily injury, death of any person or damage to real or tangible, personal property resulting from your acts or omissions in connection with the Services; and

(b) your breach of this Agreement, including, without limitation, any representation, warranty or obligation.

9. TERMINATION

9.1 The Company may terminate this Agreement, effective immediately upon written notice to you, in the event that you breach this Agreement, and such breach is incapable of cure, or with respect to a breach capable of cure, you do not cure such breach within thirty (30) days after receipt of written notice of such breach.

9.2 Upon expiration or termination of this Agreement for any reason, you shall promptly and in no event later than thirty (30) days following such termination:

(a) deliver to the Company all hardware, software, tools, equipment or other materials provided for your use by the Company;

(b) deliver to the Company all tangible documents and materials (and any copies) containing, reflecting, incorporating or based on the Confidential Information;

(c) permanently erase all of the Confidential Information from your computer systems; and

(d) certify in writing to the Company that you have complied with the requirements of this Section 9.3.

9.3 The terms and conditions of this Section 9 and Section 4, Section 5, Section 6, Section 7, Section 10 and Section 11 shall survive the expiration or termination of this Agreement.

10. ASSIGNMENT

You shall not assign any rights under this Agreement without the Company's prior written consent. Any assignment in violation of the foregoing shall be deemed null and void. The Company may freely assign its rights and obligations under this Agreement at any time. Subject to the limits on assignment stated above, this Agreement will inure to the benefit of, be binding on, and be enforceable against, each of the parties hereto and their respective successors and assigns.

11. MISCELLANEOUS

11.1 You shall not export, directly or indirectly, any technical data acquired from the Company, or any products utilizing any such data, to any country in violation of any applicable export laws or regulations.

11.2 All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "**Notice**") shall be in writing and addressed to the parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the receiving party from time to time in accordance with this section). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile or e-mail of a PDF document (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only if (a) the receiving party has received the Notice and (b) the party giving the Notice has complied with the requirements of this Section.

11.3 This Agreement, together with any other documents incorporated herein by reference, and related exhibits and schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter; provided that the terms of your Employee Confidential Information and Inventions Agreement, dated as of [May 2, 2011], and your Indemnification Agreement, dated February 9, 2015, shall remain in full force and effect in accordance with their terms.

11.4 This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto, and any of the terms thereof may be waived, only by a written document signed by each party to this Agreement or, in the case of waiver, by the party or parties waiving compliance.

11.5 This Agreement shall be governed by and construed in accordance with the internal laws of the state of California without giving effect to any choice or conflict of law provision or rule. Each party irrevocably submits to the exclusive jurisdiction and venue of the federal and state courts located in Santa Clara County, California in any legal suit, action or proceeding arising out of or based upon this Agreement or the Services provided hereunder.

11.6 If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

11.7 This Agreement may be executed in multiple counterparts and by facsimile signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

If this letter accurately sets forth our understanding regarding the terms of your consulting arrangement, kindly execute the enclosed copy of this letter and return it to the undersigned.

Sincerely,

/s/ John Donahoe

Chief Executive Officer
ServiceNow, Inc.

ACCEPTED AND AGREED:

/s/ Frank Sloodman

Frank Sloodman

SERVICENOW, INC.

2012 EQUITY INCENTIVE PLAN

1. **PURPOSE.** The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company, and any Parents and Subsidiaries that exist now or in the future, by offering them an opportunity to participate in the Company's future performance through the grant of Awards. Capitalized terms not defined elsewhere in the text are defined in Section 27.

2. **SHARES SUBJECT TO THE PLAN.**

2.1 **Number of Shares Available.** Subject to Sections 2.6 and 21 and any other applicable provisions hereof, the total number of Shares reserved and available for grant and issuance pursuant to this Plan as of the date of adoption of the Plan by the Board, is 9,600,000 Shares plus (i) any reserved shares not issued or subject to outstanding grants under the Company's 2005 Stock Plan (the "***Prior Plan***") on the Effective Date (as defined below), (ii) shares that are subject to stock options or other awards granted under the Prior Plan that cease to be subject to such stock options or other awards by forfeiture or otherwise after the Effective Date, (iii) shares issued under the Prior Plan before or after the Effective Date pursuant to the exercise of stock options that are, after the Effective Date, forfeited, (iv) shares issued under the Prior Plan that are repurchased by the Company at the original issue price and (v) shares that are subject to stock options or other awards under the Prior Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award.

2.2 **Lapsed, Returned Awards.** Shares subject to Awards, and Shares issued under the Plan under any Award, will again be available for grant and issuance in connection with subsequent Awards under this Plan to the extent such Shares: (a) are subject to issuance upon exercise of an Option or SAR granted under this Plan but which cease to be subject to the Option or SAR for any reason other than exercise of the Option or SAR; (b) are subject to Awards granted under this Plan that are forfeited or are repurchased by the Company at the original issue price; (c) are subject to Awards granted under this Plan that otherwise terminate without such Shares being issued; or (d) are surrendered pursuant to an Exchange Program. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Shares used to pay the exercise price of an Award or withheld to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. For the avoidance of doubt, Shares that otherwise become available for grant and issuance because of the provisions of this Section 2.2 shall not include Shares subject to Awards that initially became available because of the substitution clause in Section 21.2 hereof.

2.3 Minimum Share Reserve. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Awards granted under this Plan.

2.4 Automatic Share Reserve Increase. The number of Shares available for grant and issuance under the Plan shall be increased on January 1, of each of the ten (10) calendar years during the term of the Plan, by the lesser of (i) five percent (5%) of the number of Shares issued and outstanding on each December 31 immediately prior to the date of increase or (ii) such number of Shares determined by the Board.

2.5 Limitations. No more than fifty million (50,000,000) Shares shall be issued pursuant to the exercise of ISOs.

2.6 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance and future grant under the Plan set forth in Section 2.1, (b) the Exercise Prices of and number of Shares subject to outstanding Options and SARs, (c) the number of Shares subject to other outstanding Awards, (d) the maximum number of shares that may be issued as ISOs set forth in Section 2.5, (e) the maximum number of Shares that may be issued to an individual or to a new Employee in any one calendar year set forth in Section 3 and (f) the number of Shares that are granted as Awards to Non-Employee Directors as set forth in Section 12, shall be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and in compliance with applicable securities laws; provided that fractions of a Share will not be issued.

3. ELIGIBILITY. ISOs may be granted only to Employees. All other Awards may be granted to Employees, Consultants, Directors and Non-Employee Directors of the Company or any Parent or Subsidiary of the Company; provided such Consultants, Directors and Non-Employee Directors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. No Participant will be eligible to receive more than three million (3,000,00) Shares in any calendar year under this Plan pursuant to the grant of Awards except that new Employees of the Company or of a Parent or Subsidiary of the Company (including new Employees who are also officers and directors of the Company or any Parent or Subsidiary of the Company) are eligible to receive up to a maximum of six million (6,000,000) Shares in the calendar year in which they commence their employment.

4. ADMINISTRATION.

4.1 Committee Composition; Authority. This Plan will be administered by the Committee or by the Board acting as the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan, except, however, the Board shall establish the terms for the grant of an Award to Non-Employee Directors. The Committee will have the authority to:

- (a) construe and interpret this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (b) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;
- (c) select persons to receive Awards;
- (d) determine the form and terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may vest and be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Committee will determine;
- (e) determine the number of Shares or other consideration subject to Awards;
- (f) determine the Fair Market Value in good faith and interpret the applicable provisions of this Plan and the definition of Fair Market Value in connection with circumstances that impact the Fair Market Value, if necessary;
- (g) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Parent or Subsidiary of the Company;
- (h) grant waivers of Plan or Award conditions;
- (i) determine the vesting, exercisability and payment of Awards;

- Agreement;
- (j) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;
 - (k) determine whether an Award has been earned;
 - (l) determine the terms and conditions of any, and to institute any Exchange Program;
 - (m) reduce or waive any criteria with respect to Performance Factors;
 - (n) adjust Performance Factors to take into account changes in law and accounting or tax rules as the Committee deems necessary or appropriate to reflect the impact of extraordinary or unusual items, events or circumstances to avoid windfalls or hardships;
 - (o) adopt rules and/or procedures (including the adoption of any subplan under this Plan) relating to the operation and administration of the Plan to accommodate requirements of local law and procedures outside of the United States;
 - (p) make all other determinations necessary or advisable for the administration of this Plan; and
 - (q) delegate any of the foregoing to a subcommittee consisting of one or more executive officers pursuant to a specific delegation.

4.2 Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by the Participant or Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and the Participant. The Committee may delegate to one or more executive officers the authority to review and resolve disputes with respect to Awards held by Participants who are not Insiders, and such resolution shall be final and binding on the Company and the Participant.

4.3 Section 16 of the Exchange Act. Awards granted to Participants who are subject to Section 16 of the Exchange Act must be approved by two or more “non-employee directors” (as defined in the regulations promulgated under Section 16 of the Exchange Act).

4.4 Documentation. The Award Agreement for a given Award, the Plan and any other documents may be delivered to,

and accepted by, a Participant or any other person in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5. OPTIONS. The Committee may grant Options to Participants and will determine whether such Options will be Incentive Stock Options within the meaning of the Code (“**ISOs**”) or Nonqualified Stock Options (“**NQSOs**”), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may vest and be exercised, and all other terms and conditions of the Option, subject to the following:

5.1 Option Grant. Each Option granted under this Plan will identify the Option as an ISO or an NQSO. An Option may be, but need not be, awarded upon satisfaction of such Performance Factors during any Performance Period as are set out in advance in the Participant’s individual Award Agreement. If the Option is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each Option; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to Options that are subject to different performance goals and other criteria.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, or a specified future date. The Award Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

5.3 Exercise Period. Options may be vested and exercisable within the times or upon the conditions as set forth in the Award Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who, at the time the ISO is granted, directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Parent or Subsidiary of the Company (“**Ten Percent Stockholder**”) will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for Options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted; provided that: (i) the Exercise Price of an Option will be not less than one hundred percent (100%) of the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than one hundred ten percent (110%) of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased may be made in accordance with Section 11 and the Award Agreement and in accordance with any procedures established by the Company.

5.5 Method of Exercise. Any Option granted hereunder will be vested and exercisable according to the terms of the

Plan and at such times and under such conditions as determined by the Committee and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Committee may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Committee and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 2.6 of the Plan. Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

5.6 Termination. The exercise of an Option will be subject to the following (except as may be otherwise provided in an Award Agreement):

(a) If the Participant is Terminated for any reason except for Cause or the Participant's death or Disability, then the Participant may exercise such Participant's Options only to the extent that such Options would have been exercisable by the Participant on the Termination Date no later than ninety (90) days after the Termination Date (or such shorter time period or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be the exercise of an NQSO), but in any event no later than the expiration date of the Options.

(b) If the Participant is Terminated because of the Participant's death (or the Participant dies within ninety (90) days after a Termination other than for Cause or because of the Participant's Disability), then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant's legal representative, or authorized assignee, no later than twelve (12) months after the Termination Date (or such shorter time period not less than six (6) months or longer time period not exceeding five (5) years as may be determined by the Committee), but in any event no later than the expiration date of the Options.

(c) If the Participant is Terminated because of the Participant's Disability, then the Participant's Options may be exercised only to the extent that such Options would have been exercisable by the Participant on the Termination Date and must be exercised by the Participant (or the Participant's legal representative

or authorized assignee) no later than twelve (12) months after the Termination Date (with any exercise beyond (a) three (3) months after the Termination Date when the Termination is for a Disability that is not a “permanent and total disability” as defined in Section 22(e)(3) of the Code, or (b) twelve (12) months after the Termination Date when the Termination is for a Disability that is a “permanent and total disability” as defined in Section 22(e)(3) of the Code, deemed to be exercise of an NQSO), but in any event no later than the expiration date of the Options.

(d) If the Participant is terminated for Cause, then Participant’s Options shall expire on such Participant’s Termination Date, or at such later time and on such conditions as are determined by the Committee, but in any no event later than the expiration date of the Options. Unless otherwise provided in the Award Agreement, Cause will have the meaning set forth in the Plan.

5.7 Limitations on Exercise. The Committee may specify a minimum number of Shares that may be purchased on any exercise of an Option, provided that such minimum number will not prevent any Participant from exercising the Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. With respect to Awards granted as ISOs, to the extent that the aggregate Fair Market Value of the Shares with respect to which such ISOs are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as NQSOs. For purposes of this Section 5.8, ISOs will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

5.9 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant’s rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code. Subject to Section 18 of this Plan, by written notice to affected Participants, the Committee may reduce the Exercise Price of outstanding Options without the consent of such Participants; provided, however, that the Exercise Price may not be reduced below the Fair Market Value on the date the action is taken to reduce the Exercise Price.

5.10 No Disqualification. Notwithstanding any other provision in this Plan, no term of this Plan relating to ISOs will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS.

6.1 Awards of Restricted Stock. A Restricted Stock Award is an offer by the Company to sell to a Participant Shares that are subject to restrictions (“**Restricted Stock**”). The Committee will determine to whom an offer will be made, the number of Shares the Participant may purchase, the Purchase Price, the restrictions under which the Shares will be subject and all other terms and conditions of the Restricted Stock Award, subject to the Plan.

6.2 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by an Award Agreement. Except as may otherwise be provided in an Award Agreement, a Participant accepts a Restricted Stock Award by signing and delivering to the Company an Award Agreement with full payment of the Purchase Price, within thirty (30) days from the date the Award Agreement was delivered to the Participant. If the Participant does not accept such Award within thirty (30) days, then the offer of such Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.3 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee and may be less than Fair Market Value on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 11 of the Plan, and the Award Agreement and in accordance with any procedures established by the Company.

6.4 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to such restrictions as the Committee may impose or are required by law. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of Performance Factors, if any, during any Performance Period as set out in advance in the Participant’s Award Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria.

6.5 Termination of Participant. Except as may be set forth in the Participant’s Award Agreement, vesting ceases on such Participant’s Termination Date (unless determined otherwise by the Committee).

7. STOCK BONUS AWARDS.

7.1 Awards of Stock Bonuses. A Stock Bonus Award is an award to an eligible person of Shares for services to be rendered or for past services already rendered to the Company or any Parent or Subsidiary. All Stock Bonus Awards shall be made pursuant to an Award Agreement. No payment from the Participant will be required for Shares awarded pursuant to a Stock Bonus Award.

7.2 Terms of Stock Bonus Awards. The Committee will determine the number of Shares to be awarded to the Participant under a Stock Bonus Award and any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on Performance Factors during any Performance Period as set out in advance in the Participant's Stock Bonus Agreement. Prior to the grant of any Stock Bonus Award the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus Award; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonus Awards that are subject to different Performance Periods and different performance goals and other criteria.

7.3 Form of Payment to Participant. Payment may be made in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value of the Shares earned under a Stock Bonus Award on the date of payment, as determined in the sole discretion of the Committee.

7.4 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

8. STOCK APPRECIATION RIGHTS.

8.1 Awards of SARs. A Stock Appreciation Right ("**SAR**") is an award to a Participant that may be settled in cash, or Shares (which may consist of Restricted Stock), having a value equal to (a) the difference between the Fair Market Value on the date of exercise over the Exercise Price multiplied by (b) the number of Shares with respect to which the SAR is being settled (subject to any maximum number of Shares that may be issuable as specified in an Award Agreement). All SARs shall be made pursuant to an Award Agreement.

8.2 Terms of SARs. The Committee will determine the terms of each SAR including, without limitation: (a) the number of Shares subject to the SAR; (b) the Exercise Price and the time or times during which the SAR may be settled; (c) the consideration to be distributed on settlement of the SAR; and (d) the effect of the Participant's Termination on each SAR. The Exercise Price of the SAR will be determined by the Committee when the SAR is granted, and may not be less than Fair Market Value. A SAR may be awarded upon satisfaction of Performance Factors, if any, during any Performance Period as are set out in advance in the Participant's individual Award Agreement. If the SAR is being earned upon the satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for each SAR; and (y) select from among the Performance Factors to be used to measure the performance, if any. Performance Periods may overlap and Participants may participate simultaneously with respect to SARs that are subject to different Performance Factors and other criteria.

8.3 Exercise Period and Expiration Date. A SAR will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Award Agreement governing such SAR. The SAR Agreement shall set forth the expiration date; provided that no SAR will be exercisable after the expiration of ten (10) years from the date the SAR is granted. The Committee may also provide for SARs to become exercisable at one time or from time to time, periodically or otherwise (including, without limitation, upon the attainment during a Performance Period of performance goals based on Performance Factors), in such number of Shares or percentage of the Shares subject to the SAR as the Committee determines. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee). Notwithstanding the foregoing, the rules of Section 5.6 also will apply to SARs.

8.4 Form of Settlement. Upon exercise of a SAR, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the Fair Market Value of a Share on the date of exercise over the Exercise Price; times (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, the payment from the Company for the SAR exercise may be in cash, in Shares of equivalent value, or in some combination thereof. The portion of a SAR being settled may be paid currently or on a deferred basis with such interest or dividend equivalent, if any, as the Committee determines, provided that the terms of the SAR and any deferral satisfy the requirements of Section 409A of the Code.

8.5 Termination of Participation. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

9. RESTRICTED STOCK UNITS.

9.1 Awards of Restricted Stock Units. A Restricted Stock Unit ("**RSU**") is an award to a Participant covering a number of Shares that may be settled in cash, or by issuance of those Shares (which may consist of Restricted Stock). All RSUs shall be made pursuant to an Award Agreement.

9.2 Terms of RSUs. The Committee will determine the terms of an RSU including, without limitation: (a) the number of Shares subject to the RSU; (b) the time or times during which the RSU may be settled; (c) the consideration to be distributed on settlement; and (d) the effect of the Participant's Termination on each RSU. An RSU may be awarded upon satisfaction of such performance goals based on Performance Factors during any Performance Period as are set out in advance in the Participant's Award Agreement. If the RSU is being earned upon satisfaction of Performance Factors, then the Committee will: (x) determine the nature, length and starting date of any Performance Period for the RSU; (y) select from among the Performance Factors to be used to measure the performance, if any; and (z) determine the number of Shares deemed subject to the RSU. Performance Periods may overlap and participants may participate simultaneously with respect to RSUs that are subject to different Performance Periods and different performance goals and other criteria.

9.3 Form and Timing of Settlement. Payment of earned RSUs shall be made as soon as practicable after the date(s) determined by the Committee and set forth in the Award Agreement. The Committee, in its sole discretion, may settle earned RSUs in cash, Shares, or a combination of both. The Committee may also permit a Participant to defer payment under a RSU to a date or dates after the RSU is earned provided that the terms of the RSU and any deferral satisfy the requirements of Section 409A of the Code.

9.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

10. PERFORMANCE AWARDS.

10.1 Performance Awards. A Performance Award is an award to a Participant of a cash bonus or a Performance Share bonus. Grants of Performance Awards shall be made pursuant to an Award Agreement.

10.2 Terms of Performance Awards. The Committee will determine, and each Award Agreement shall set forth, the terms of each award of Performance Award including, without limitation: (a) the amount of any cash bonus; (b) the number of Shares deemed subject to a Performance Share bonus; (c) the Performance Factors and Performance Period that shall determine the time and extent to which each Performance Award shall be settled; (d) the consideration to be distributed on settlement; and (e) the effect of the Participant's Termination on each Performance Award. In establishing Performance Factors and the Performance Period the Committee will: (x) determine the nature, length and starting date of any Performance Period; and (y) select from among the Performance Factors to be used. Prior to settlement the Committee shall determine the extent to which Performance Awards have been earned. Performance Periods may overlap and Participants may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and different performance goals and other criteria. No Participant will be eligible to receive more than \$[Number] in Performance Awards in any calendar year under this Plan.

10.3 Value, Earning and Timing of Performance Shares. Any Performance Share bonus will have an initial value equal to the Fair Market Value of a Share on the date of grant. After the applicable Performance Period has ended, the holder of a Performance Share bonus will be entitled to receive a payout of the number of Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding Performance Factors or other vesting provisions have been achieved. The Committee, in its sole discretion, may pay an earned Performance Share bonus in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Shares at the close of the applicable Performance Period) or in a combination thereof. Performance Share bonuses may also be settled in Restricted Stock.

10.4 Termination of Participant. Except as may be set forth in the Participant's Award Agreement, vesting ceases on such Participant's Termination Date (unless determined otherwise by the Committee).

11. PAYMENT FOR SHARE PURCHASES.

Payment from a Participant for Shares purchased pursuant to this Plan may be made in cash or by check or, where expressly approved for the Participant by the Committee and where permitted by law (and to the extent not otherwise set forth in the applicable Award Agreement):

- (a) by cancellation of indebtedness of the Company to the Participant;
- (b) by surrender of shares of the Company held by the Participant that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Award will be exercised or settled;
- (c) by waiver of compensation due or accrued to the Participant for services rendered or to be rendered to the Company or a Parent or Subsidiary of the Company;
- (d) by consideration received by the Company pursuant to a broker-assisted or other form of cashless exercise program implemented by the Company in connection with the Plan;
- (e) by any combination of the foregoing; or
- (f) by any other method of payment as is permitted by applicable law.

12. GRANTS TO NON-EMPLOYEE DIRECTORS.

12.1 Types of Awards. Non-Employee Directors are eligible to receive any type of Award offered under this Plan except ISOs. Awards pursuant to this Section 12 may be automatically made pursuant to policy adopted by the Board, or made from time to time as determined in the discretion of the Board.

12.2 Eligibility. Awards pursuant to this Section 12 shall be granted only to Non-Employee Directors. A Non-Employee Director who is elected or re-elected as a member of the Board will be eligible to receive an Award under this Section 12. No Non-Employee Director may receive cash compensation and Awards exceeding \$750,000 in total combined value (as described below) in the aggregate in any calendar year. The value of Awards for purposes of complying with this maximum shall be determined as follows: (a) for Options and SARs, grant date fair value will be calculated using the Black-Scholes valuation methodology on the date of grant of such Option or SAR and (b) for all other Awards other than Options and SARs, grant date fair value will be determined by either (i) calculating the product of the Fair Market Value per Share on the date of grant and the aggregate number of Shares subject to the Award or (ii) calculating the product using an average of the Fair Market Value over a number of trading days and the aggregate number of Shares subject to the Award as determined by the Committee.

12.3 Vesting, Exercisability and Settlement. Except as set forth in Section 21, Awards shall vest, become exercisable and be settled as determined by the Board. With respect to Options and SARs, the exercise price granted to Non-Employee Directors shall not be less than the Fair Market Value of the Shares at the time that such Option or SAR is granted.

12.4 Election to receive Awards in Lieu of Cash. A Non-Employee Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash or Awards or a combination thereof, as determined by the Committee. Such Awards shall be issued under the Plan. An election under this Section 12.4 shall be filed with the Company on the form prescribed by the Company.

13. WITHHOLDING TAXES.

13.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company, or to the Parent or Subsidiary employing the Participant, an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant prior to the delivery of Shares pursuant to exercise or settlement of any Award. Whenever payments in satisfaction of Awards granted under this Plan are to be made in cash, such payment will be net of an amount sufficient to satisfy applicable U.S. federal, state, local and international withholding tax requirements or any other tax liability legally due from the Participant.

13.2 Stock Withholding. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time and to limitations of local law, may require or permit a Participant to satisfy such tax withholding obligation or any other tax liability legally due from the Participant, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

14. TRANSFERABILITY.

14.1 Transfer Generally. Unless determined otherwise by the Committee or pursuant to Section 14.2, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. If the Committee makes an Award transferable, including, without limitation, by instrument to an inter vivos or testamentary trust in which the Awards are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to a Permitted Transferee, such Award will contain such additional terms and conditions as the Committee deems appropriate. All Awards shall be exercisable: (i) during the Participant's lifetime only by (A) the Participant, or (B) the Participant's guardian or legal representative; (ii) after the Participant's death, by the legal representative of the Participant's heirs or legatees; and (iii) in the case of all awards except ISOs, by a Permitted Transferee.

14.2 Award Transfer Program. Notwithstanding any contrary provision of the Plan, the Committee shall have all discretion and authority to determine and implement the terms and conditions of any Award Transfer Program instituted pursuant to this Section 14.2 and shall have the authority to amend the terms of any Award participating, or otherwise eligible to participate in, the Award Transfer Program, including (but not limited to) the authority to (i) amend (including to extend) the expiration date, post-termination exercise period and/or forfeiture conditions of any such Award, (ii) amend or remove any provisions of the Award relating to the Award holder's continued service to the Company, (iii) amend the permissible payment methods with respect to the exercise or purchase of any such Award, (iv) amend the adjustments to be implemented in the event of changes in the capitalization and other similar events with respect to such Award, and (v) make such other changes to the terms of such Award as the Committee deems necessary or appropriate in its sole discretion.

15. **PRIVILEGES OF STOCK OWNERSHIP; RESTRICTIONS ON SHARES.**

15.1 **Voting and Dividends.** No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant, except for any dividend equivalent rights permitted by an applicable Award Agreement. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's Purchase Price or Exercise Price, as the case may be, pursuant to Section 15.2.

15.2 **Restrictions on Shares.** At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) a right to repurchase (a "***Right of Repurchase***") a portion of any or all Unvested Shares held by a Participant following such Participant's Termination at any time within ninety (90) days after the later of the Participant's Termination Date and the date the Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's Purchase Price or Exercise Price, as the case may be.

16. **CERTIFICATES.** All Shares or other securities whether or not certificated, delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions as the Committee may deem necessary or advisable, including restrictions under any applicable U.S. federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted and any non-U.S. exchange controls or securities law restrictions to which the Shares are subject.

17. **ESCROW; PLEDGE OF SHARES.** To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

18. **REPRICING; EXCHANGE AND BUYOUT OF AWARDS.** Without prior stockholder approval the Committee may (i) reprice Options or SARS (and where such repricing is a reduction in the Exercise Price of outstanding Options or SARS, the consent of the affected Participants is not required provided written notice is provided to them, notwithstanding any adverse tax consequences to them arising from the repricing), and (ii) with the consent of the respective Participants (unless not required pursuant to Section 5.9 of the Plan), pay cash or issue new Awards in exchange for the surrender and cancellation of any, or all, outstanding Awards.

19. **SECURITIES LAW AND OTHER REGULATORY COMPLIANCE.** An Award will not be effective unless such Award is in compliance with all applicable U.S. and foreign federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any foreign or state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

20. **NO OBLIGATION TO EMPLOY.** Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Parent or Subsidiary of the Company or limit in any way the right of the Company or any Parent or Subsidiary of the Company to terminate Participant's employment or other relationship at any time.

21. **CORPORATE TRANSACTIONS.**

21.1 **Assumption or Replacement of Awards by Successor.** In the event of a Corporate Transaction any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, then notwithstanding any other provision in this Plan to the contrary, such Awards shall have their vesting accelerate as to all shares subject to such Award (and any applicable right of repurchase fully lapse) immediately prior to the Corporate Transaction and then such Awards will terminate. In addition, in the event such successor or acquiring corporation (if any) refuses to assume, convert, replace or substitute Awards, as provided above, pursuant to a Corporate Transaction, the Committee will notify the Participant in writing or electronically that such Award will be exercisable for a period of time determined by the Committee in its sole discretion, and such Award will terminate upon the expiration of such period. Awards need not be treated similarly in a Corporate Transaction.

21.2 **Assumption of Awards by the Company.** The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the Purchase Price or the Exercise Price, as the case may be, and the number and nature of Shares issuable upon exercise or settlement of any such Award will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option in substitution rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price. Substitute Awards shall not reduce the number of Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year.

21.3 Non-Employee Directors' Awards. Notwithstanding any provision to the contrary herein, in the event of a Corporate Transaction, the vesting of all Awards granted to Non-Employee Directors shall accelerate and such Awards shall become exercisable (as applicable) in full prior to the consummation of such event at such times and on such conditions as the Committee determines.

22. ADOPTION AND STOCKHOLDER APPROVAL. This Plan shall be submitted for the approval of the Company's stockholders, consistent with applicable laws, within twelve (12) months before or after the date this Plan is adopted by the Board.

23. TERM OF PLAN/GOVERNING LAW. Unless earlier terminated as provided herein, this Plan will become effective on the Effective Date and will terminate ten (10) years from the date this Plan is adopted by the Board. This Plan and all Awards granted hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

24. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend this Plan in any respect, including, without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, without the approval of the stockholders of the Company, amend this Plan in any manner that requires such stockholder approval; provided further, that a Participant's Award shall be governed by the version of this Plan then in effect at the time such Award was granted.

25. NONEXCLUSIVITY OF THE PLAN. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock awards and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

26. INSIDER TRADING POLICY. Each Participant who receives an Award shall comply with any policy adopted by the Company from time to time covering transactions in the Company's securities by Employees, officers and/or directors of the Company.

27. DEFINITIONS. As used in this Plan, and except as elsewhere defined herein, the following terms will have the following meanings:

“**Award**” means any award under the Plan, including any Option, Restricted Stock, Stock Bonus, Stock Appreciation Right, Restricted Stock Unit or award of Performance Shares.

“Award Agreement” means, with respect to each Award, the written or electronic agreement between the Company and the Participant setting forth the terms and conditions of the Award, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of this Plan.

“Award Transfer Program” means any program instituted by the Committee which would permit Participants the opportunity to transfer any outstanding Awards to a financial institution or other person or entity approved by the Committee.

“Board” means the Board of Directors of the Company.

“Cause” means (i) embezzlement or misappropriation of funds; (ii) conviction of, or entry of a plea of nolo contendere to, a felony involving moral turpitude; (iii) commission of material acts of dishonesty, fraud, or deceit; (iv) breach of any material provisions of any employment agreement; (v) habitual or willful neglect of duties; (vi) breach of fiduciary duty; or (vii) material violation of any other duty whether imposed by law or the Board.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Committee” means the Compensation Committee of the Board or those persons to whom administration of the Plan, or part of the Plan, has been delegated as permitted by law.

“Common Stock” means the common stock of the Company.

“Company” means ServiceNow, Inc., or any successor corporation.

“Consultant” means any person, including an advisor or independent contractor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

“Corporate Transaction” means the occurrence of any of the following events: (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then-outstanding voting securities; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets; (iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation or (iv) any other transaction which qualifies as a “corporate transaction” under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company).

“Director” means a member of the Board.

“Disability” means in the case of incentive stock options, total and permanent disability as defined in Section 22(e)(3) of the Code and in the case of other Awards, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

“Effective Date” means the day immediately prior to the date of the underwritten initial public offering of the Company’s Common Stock pursuant to a registration statement that is declared effective by the SEC.

“Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director’s fee by the Company will be sufficient to constitute “employment” by the Company.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Exchange Program” means a program pursuant to which (i) outstanding Awards are surrendered, cancelled or exchanged for cash, the same type of Award or a different Award (or combination thereof) or (ii) the exercise price of an outstanding Award is increased or reduced.

“Exercise Price” means, with respect to an Option, the price at which a holder may purchase the Shares issuable upon exercise of an Option and with respect to a SAR, the price at which the SAR is granted to the holder thereof.

“Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:

(a) if such Common Stock is publicly traded and is then listed on a national securities exchange, its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(b) if such Common Stock is publicly traded but is neither listed nor admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in *The Wall Street Journal* or such other source as the Committee deems reliable;

(c) in the case of an Option or SAR grant made on the Effective Date, the price per share at which shares of the Company’s Common Stock are initially offered for sale to the public by the Company’s underwriters in the initial public offering of the Company’s Common Stock pursuant to a registration statement filed with the SEC under the Securities Act; or

(d) if none of the foregoing is applicable, by the Board or the Committee in good faith.

“Insider” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.

“Non-Employee Director” means a Director who is not an Employee of the Company or any Parent or Subsidiary.

“Option” means an award of an option to purchase Shares pursuant to Section 5.

“Parent” means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

“Participant” means a person who holds an Award under this Plan.

“Performance Award” means cash or stock granted pursuant to Section 10 or Section 12 of the Plan.

“Performance Factors” means any of the factors selected by the Committee and specified in an Award Agreement, from among the following objective measures, either individually, alternatively or in any combination, applied to the Company as a whole or any business unit or Subsidiary, either individually, alternatively, or in any combination, on a GAAP or non-GAAP basis, and measured, to the extent applicable on an absolute basis or relative to a pre-established target, to determine whether the performance goals established by the Committee with respect to applicable Awards have been satisfied:

- (a) Profit Before Tax;
- (b) Billings;
- (c) Revenue;
- (d) Net revenue;
- (e) Earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings);
- (f) Operating income;
- (g) Operating margin;
- (h) Operating profit;
- (i) Controllable operating profit, or net operating profit;
- (j) Net Profit;
- (k) Gross margin;
- (l) Operating expenses or operating expenses as a percentage of revenue;
- (m) Net income;
- (n) Earnings per share;
- (o) Total stockholder return;

- (p) Market share;
- (q) Return on assets or net assets;
- (r) The Company's stock price;
- (s) Growth in stockholder value relative to a pre-determined index;
- (t) Return on equity;
- (u) Return on invested capital;
- (v) Cash Flow (including free cash flow or operating cash flows);
- (w) Cash conversion cycle;
- (x) Economic value added;
- (y) Individual confidential business objectives;
- (z) Contract awards or backlog;
- (aa) Overhead or other expense reduction;
- (bb) Credit rating;
- (cc) Strategic plan development and implementation;
- (dd) Succession plan development and implementation;
- (ee) Improvement in workforce diversity;
- (ff) Customer indicators;
- (gg) New product invention or innovation;

- (hh) Attainment of research and development milestones;
- (ii) Improvements in productivity;
- (jj) Bookings; and
- (kk) Attainment of objective operating goals and employee metrics; and

The Committee may, in recognition of unusual or non-recurring items such as acquisition-related activities or changes in applicable accounting rules, provide for one or more equitable adjustments (based on objective standards) to the Performance Factors to preserve the Committee's original intent regarding the Performance Factors at the time of the initial award grant. It is within the sole discretion of the Committee to make or not make any such equitable adjustments.

"Performance Period" means the period of service determined by the Committee, during which years of service or performance is to be measured for the Award.

"Performance Share" means a performance share bonus granted as a Performance Award.

"Permitted Transferee" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Employee, any person sharing the Employee's household (other than a tenant or employee), a trust in which these persons (or the Employee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Employee) control the management of assets, and any other entity in which these persons (or the Employee) own more than 50% of the voting interests.

"Plan" means this ServiceNow, Inc. 2012 Equity Incentive Plan.

"Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option or SAR.

"Restricted Stock Award" means an award of Shares pursuant to Section 6 or Section 12 of the Plan, or issued pursuant to the early exercise of an Option.

"Restricted Stock Unit" means an Award granted pursuant to Section 9 or Section 12 of the Plan.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shares" means shares of the Company's Common Stock and the common stock of any successor security.

“Stock Appreciation Right” means an Award granted pursuant to Section 8 or Section 12 of the Plan.

“Stock Bonus” means an Award granted pursuant to Section 7 or Section 12 of the Plan.

“Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

“Termination” or **“Terminated”** means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, consultant, independent contractor or advisor to the Company or a Parent or Subsidiary of the Company. An employee will not be deemed to have ceased to provide services in the case of any leave of absence approved by the Company. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or a Parent or Subsidiary of the Company as it may deem appropriate, except that in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of military leave, if required by applicable laws, vesting shall continue for the longest period that vesting continues under any other statutory or Company approved leave of absence and, upon a Participant’s returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide services to the Company throughout the leave on the same terms as he or she was providing services immediately prior to such leave. An employee shall have terminated employment as of the date he or she ceases to be employed (regardless of whether the termination is in breach of local laws or is later found to be invalid) and employment shall not be extended by any notice period or garden leave mandated by local law. The Committee will have sole discretion to determine whether a Participant has ceased to provide services for purposes of the Plan and the effective date on which the Participant ceased to provide services (the **“Termination Date”**).

“Unvested Shares” means Shares that have not yet vested or are subject to a right of repurchase in favor of the Company (or any successor thereto).

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF GLOBAL STOCK OPTION GRANT

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”) shall have the same meanings in this Notice of Global Stock Option Grant and the electronic representation of this Notice of Global Stock Option Grant established and maintained by the Company or a third party designated by the Company (the “**Notice**”).

Name: As set forth in the electronic representation of this Notice of Global Stock Option Grant.

You (the “**Participant**”) have been granted an option to purchase shares of Common Stock of the Company under the Plan subject to the terms and conditions of the Plan, this Notice and the Global Stock Option Award Agreement, including any appendix to the Global Stock Option Award Agreement for Participant’s country (the “**Appendix**”) (the Stock Option Award Agreement and the Appendix are collectively referred to as the “**Agreement**”).

Grant Number :	The “Grant Name” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Date of Grant :	The “Grant Date” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Exercise Price per Share :	US\$ The “Exercise Price” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Total Number of Shares :	The “Shares Granted” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Type of Option :	The “Grant Type” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Expiration Date :	The “Expiration” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
Vesting Schedule:	Subject to the limitations set forth in this Notice, the Plan and the Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule: As set forth in the “Vesting Schedule Addendum” in the electronic representation of this Notice of Global Stock Option Grant.

By accepting (whether in writing, electronically or otherwise) the Option, Participant acknowledges and agrees to the following:

Participant understands that Participant’s employment or consulting relationship or service with the Company or a Parent or Subsidiary is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Options pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or a Parent or Subsidiary. Furthermore, the period during which Participant may exercise the Option after such Termination will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant’s employment agreement (e.g., Participant’s employment or consulting relationship or service with the Company would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where he or she is employed or the terms of his or her employment or service agreement, if any); the

Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's Option grant (including whether Participant may still be considered to be providing services while on a leave of absence). Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this Option, Participant consents to the electronic delivery as set forth in the Agreement.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AWARD AGREEMENT

Unless otherwise defined in this Global Stock Option Award Agreement (the “**Agreement**”), any capitalized terms used herein shall have the meaning ascribed to them in the ServiceNow, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”).

Participant has been granted an option to purchase Shares (the “**Option**”), subject to the terms and conditions of the Plan, the Notice of Global Stock Option Grant (the “**Notice**”) and this Agreement, including any appendix to this Agreement for Participant’s country (the “**Appendix**”).

1. **Vesting Rights.** Subject to the applicable provisions of the Plan and this Agreement, this Option may be exercised, in whole or in part, in accordance with the schedule set forth in the Notice.

2. **Termination Period.**

(a) **General Rule.** Except as provided below, and subject to the Plan, this Option may be exercised for 90 days after Participant’s Termination. In no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(b) **Death; Disability.** Unless provided otherwise in the Notice, upon Participant’s Termination by reason of his or her death, or if a Participant dies within 90 days of the Termination Date, this Option may be exercised for twelve months, provided that in no event shall this Option be exercised later than the Expiration Date set forth in the Notice. Unless provided otherwise in the Notice, upon Participant’s Termination by reason of his or her Disability, this Option may be exercised for six months, provided that in no event shall this Option be exercised later than the Expiration Date set forth in the Notice.

(c) **Cause.** Upon Participant’s Termination for Cause (as defined in the Plan), the Option shall expire on such date of Participant’s Termination Date.

3. **Grant of Option.** Participant named in the Notice has been granted an Option for the number of Shares set forth in the Notice at the exercise price per Share in U.S. Dollars set forth in the Notice (the “**Exercise Price**”). In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail. If designated in the Notice as an Incentive Stock Option (“**ISO**”), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an ISO, to the extent that it exceeds the U.S. \$100,000 rule of Code Section 422(d) it shall be treated as a Nonqualified Stock Option (“**NQSO**”).

4. **Exercise of Option.**

(a) **Right to Exercise.** This Option is exercisable during its term in accordance with the Vesting Schedule set forth in the Notice and the applicable provisions of the Plan and this Agreement. In the event of Participant’s death, Disability, Termination for Cause or other Termination, the exercisability of the Option is governed by the applicable provisions of the Plan, the Notice and this Agreement.

(b) **Method of Exercise.** This Option is exercisable by delivery of an exercise notice (the “**Exercise Notice**”), which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “**Exercised Shares**”), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of the Company or other person designated by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any Tax-Related Items withholding (as defined in Section 8(a) below). This Option shall be

deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any Tax-Related Items.

(c) No Shares shall be issued pursuant to the exercise of this Option unless such issuance and exercise complies with all relevant provisions of law and the requirements of any stock exchange or quotation service upon which the Shares are then listed and any exchange control restrictions. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

5. **Method of Payment.** Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of Participant:

- (a) cash;
- (b) check;
- (c) a “broker-assisted” or “same-day sale” (as described in Section 11(d) of the Plan); or
- (d) other method authorized by the Committee.

6. **Limited Transferability of Option.** Except as set forth in this Section 6, this Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant. Notwithstanding anything else in this Section 6, for U.S. Participants, a NQSO may be transferred by instrument to an inter vivos or testamentary trust in which the NQSO is to be passed to beneficiaries upon the death of the trustor (settlor), to a guardian on the disability or to an executor on death of the NQSO holder, or by gift or pursuant to domestic relations orders to Participant’s “Immediate Family” (as defined below), provided that any such permitted transferees may not transfer NQSOs to parties other than Participant or Participant’s Immediate Family (transfers between a Participant’s Immediate Family and between a Participant’s Immediate Family and Participant are permitted). For the sake of clarification, multiple transfers of NQSOs may be made, by gift or pursuant to domestic relations orders, back and forth between Immediate Family and a Participant pursuant to this Section 6. “***Immediate Family***” means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, domestic partner sharing the same household, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or Participant) control the management of assets, and any other entity in which these persons (or Participant) own more than fifty percent of the voting interests. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, transferees, successors and assigns of Participant.

7. **Term of Option.** This Option shall in any event expire on the expiration date set forth in the Notice, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice and Section 5.3 of the Plan applies).

8. **Tax Consequences.**

(a) **Exercising the Option.** Participant acknowledges that, regardless of any action taken by the Company or a Parent or Subsidiary of the Company employing or retaining Participant (the “***Employer***”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to Participant’s participation in the Plan and legally applicable to Participant (“***Tax-Related Items***”) is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including,

but not limited to, the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer;
- (ii) withholding from proceeds of the sale of Shares acquired at exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization) without further consent; or
- (iii) any other arrangement approved by the Committee;

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares upon receipt of approval by the Committee pursuant to (iii) above, for tax purposes, Participant is deemed to have been issued the full member of Shares issued upon exercise of the Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date of the Option exercise, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

(b) Notice of Disqualifying Disposition of ISO Shares. For U.S. taxpayers, if Participant sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise date, Participant shall immediately notify the Company in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash or out of the current earnings paid to Participant.

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. **Appendix.** Notwithstanding any provisions in this Agreement, the Option grant shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to another country, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

11. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the Option and on any Shares purchased upon exercise of the Option, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

12. **Acknowledgement.** The Company and Participant agree that the Option is granted under and governed by the Notice, this Agreement (including the Appendix) and by the provisions of the Plan (incorporated herein by reference). Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the Option subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

13. **Entire Agreement; Enforcement of Rights.** This Agreement (including the Appendix), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

14. **Compliance with Laws and Regulations.** The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer.

15. **Governing Law; Severability.** If one or more provisions of this Agreement are held to be unenforceable, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

16. **No Rights as Employee, Director or Consultant.** Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary, to terminate Participant's service, for any reason, with or without Cause.

By Participant's signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on

the Notice. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

**APPENDIX
SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT**

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Option granted to a Participant who resides outside the United States or who is otherwise subject to the laws of a country other than the United States. In general, the terms and conditions in this Appendix supplement the provisions of the Agreement, unless otherwise indicated herein. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant exercises this Option or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

Finally, if Participant is a citizen or resident of a country other than the one in which he or she is currently working and/or residing or transfers to another country after the grant of this Option, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Participant in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant under these circumstances.

ALL PARTICIPANTS OUTSIDE THE U.S.

Terms and Conditions

1. **Nature of Grant.** In accepting the Option, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future Option or other grants, if any, will be at the sole discretion of the Company;

(d) the Option grant and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming or amending any employment or service contract with the Company, the Employer or any Parent or Subsidiary;

(e) Participant is voluntarily participating in the Plan;

(f) the Option and any Shares acquired under the Plan and the income and value of same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of Participant's employment or service contract, if any;

(g) the Option and any Shares acquired under the Plan and the income and value of same are not intended to replace any pension rights or compensation;

(h) the Option and any Shares acquired under the Plan and the income and value of same, are not part of normal or expected compensation for any purpose, including calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, pension, retirement or welfare benefits or similar mandatory payments;

(i) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(j) if the underlying Shares do not increase in value, the Option will have no value;

(k) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(l) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company;

(m) unless otherwise agreed with the Company, the Option and any Shares acquired thereunder, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Subsidiary;

(n) Participant acknowledges and agrees that neither the Company, the Employer nor any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise; and

(o) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from Participant's Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of my employment agreement, if any), and in consideration of the grant of the Option, Participant agrees not to institute any claim against the Company, any Parent or Subsidiary, or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

2. **Data Privacy Information and Consent.** *The Company is located at 2225 Lawson Lane, Santa Clara, California 95054 U.S.A. and grants Options to Employees of the Company and its Subsidiaries and affiliates, at its sole discretion. If Participant would like to participate in the Plan, he or she should review the following information about the Company's data processing practices and declare his or her consent.*

(a) **Data Collection and Usage.** The Company collects, processes and uses personal data of Employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Options canceled, vested, or outstanding in Participant's favor, which the Company receives from Participant or the Employer. If the Company offers Participant a grant of Options under the Plan, then the Company will collect his or her personal data for purposes of allocating shares and implementing, administering and managing the Plan. The Company's legal basis for the processing of Participant's personal data will be his or her consent.

(b) **Stock Plan Administration Service Providers.** The Company transfers Employee data to Fidelity Brokerage Services LLC or its affiliates ("Fidelity") an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Participant's data with another company that serves in a similar manner. The Company's service provider will open an account for Participant to receive and trade Shares. Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant's ability to participate in the Plan.

(c) **International Data Transfers.** The Company and its service providers are based in the United States. If Participant is outside the United States, he or she should note that his or her country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which the Company does participate in with respect to employee data. The Company's legal basis for the transfer of Participant's personal data is his or her consent.

(d) **Data Retention.** The Company will use Participant's personal data only as long as is necessary to implement, administer and manage his or her participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs Participant's personal data, the Company will remove it from its systems. The Company may keep data longer to satisfy legal or regulatory obligations, and the Company's legal basis would be compliance with the relevant laws or regulations.

(e) **Data Subject Rights.** Participant has a number of rights under data privacy laws in his or her country. Depending on where Participant is based, his or her rights may include the right to (a) request access or copies of personal data the Company's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) lodge complaints with competent authorities in his or her country, and/or (g) a list with the names and addresses of any potential recipients of his or her personal data. To receive clarification regarding Participant's rights or to exercise his or her rights please contact Stock Plan Administration.

If Participant agrees with the data processing practices as described in this notice, he or she should declare his or her consent by accepting this Agreement on the Fidelity award acceptance page.

3. **Language.** Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Agreement. If Participant has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

4. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions, including Participant's country and the designated broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of the Shares, rights to the Shares (i.e., Options) or rights linked to the

value of the Shares under the Plan during such times as Participant is considered to have “inside information” regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and is encouraged to speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in his or her country.

5. **Foreign Asset/Account Reporting.** Participant’s country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including the sales proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant’s country. Participant may be required to report such amounts, assets or transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, Participant may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. Participant acknowledges that he or she is responsible for ensuring compliance with such regulations and should speak with his or her personal legal and tax advisors, as applicable, regarding this matter.

AUSTRALIA

Notifications

Securities Law Information. If Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice regarding his or her disclosure obligations prior to making any such offer.

Exchange Control Notification. If Participant is an Australian resident, exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on Participant’s behalf. If there is no Australian bank involved with the transfer, Participant will be required to file the report.

Tax Information. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the Options granted under the Plan, such that the Options are intended to be subject to deferred taxation.

BRAZIL

Terms and Conditions

Compliance with Law. By accepting the Option, Participant acknowledges that Participant agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with participation in the Plan, including the exercise of the Option and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. By accepting the grant of the Option, Participant acknowledges that (i) Participant is making an investment decision, (ii) Participant will be entitled to exercise the Option and receive Shares only if the vesting conditions are met and any necessary services are rendered by Participant over the applicable vesting period, and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to Participant.

Notifications

Foreign Asset/Account Reporting Information. If Participant is resident or domiciled in Brazil, Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement.

Tax on Financial Transactions (“IOF”). Cross-border financial transactions related to the Option may be subject to the IOF (tax on financial transactions). Participant understands that he or she should consult with his or her personal tax advisor for additional details.

CANADA

Terms and Conditions

Payment of Awards. Notwithstanding anything in the Plan to the contrary, due to legal restrictions in Canada, Participant is prohibited from tendering Shares that he or she already owns to pay the Exercise Price or any Tax-Related Items in connection with the Option.

Termination. Participant’s right to vest in the Option under the Plan will terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant receives a Notice of Termination, or (c) the last day on which Participant provides active services to the Employer. The period during which Participant may exercise the Option after such termination of Participant’s employment will commence on the same date. The Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination (including whether Participant may still be considered actively employed or actively providing services while on an approved leave of absence).

The following terms and conditions will apply if Participant is a resident of Quebec:

(1) Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 2 of this Appendix:

Participant hereby authorizes the Company and the Company’s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Parent or Subsidiary and any stock plan service provider that may be selected by the Company to assist with the Plan to disclose and discuss the Plan with their respective advisors. Participant further authorizes the Company and any Parent or Subsidiary to record such information and to keep such information in Participant’s employee file.

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the Shares are listed on the New York Stock Exchange.

Foreign Asset/Account Reporting Information. Participant may be required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total cost of Participant's foreign specified property exceeds C\$100,000 at any time in the year. Foreign specified property includes Shares acquired under the Plan and their cost generally is the adjusted cost base ("**ACB**") of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares (*e.g.*, acquired under other circumstances or at another time), this ACB may have to be averaged with the ACB of the other Shares. The form T1135 generally must be filed by April 30 of the following year. Canadian residents should consult with a personal advisor to ensure compliance with the applicable reporting requirements.

DENMARK

Notifications

Danish Stock Option Act. By participating in the Plan, Participant acknowledges that he or she received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent more favorable to Participant and required to comply with the Danish Stock Option Act, the terms set forth in the Employer Statement will apply to Participant's participation in the Plan.

Exclusion from Termination Indemnities and Other Benefits. This provision supplements Section 1 of this Appendix:

In accepting the Option, Participant acknowledges that he or she understands and agrees that this grant relates to future services to be performed and is not a bonus or compensation for past services.

Exchange Control and Tax Reporting Information. Participant may hold Shares acquired under the Plan in a safety-deposit account (*e.g.*, a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the Shares are held with a non-Danish broker or bank, Participant is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, Participant must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. Participant must sign the Declaration V and the bank/broker may sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at exercise and held in such account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Declaration V, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when Participant opens a deposit account or a brokerage account for the purpose of holding cash outside Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, Participant must also file a Declaration K (*Erklaering K*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Declaration K, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

If Participant uses the broker-assisted, same-day sale or cashless sell-all method of exercise, Participant is not required to file a Form V because he or she will not hold any Shares. However, if Participant opens a deposit account with a foreign broker or bank to hold the cash proceeds, he or she is required to file a Form K as described above.

Foreign Asset/Account Reporting Information. If Participant establishes an account holding Shares or cash outside Denmark, Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. Please note that these obligations are separate from and in addition to the obligations described above.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the Option, Participant confirms having read and understood the documents relating to this grant (the Plan, the Agreement, the Notice and this Appendix) which were provided in English language. Participant accepts the terms of those documents accordingly.

Consentement pour recevoir les informations en langue anglaise. *En acceptant l'Option, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan, le Contrat, l'Avis et cette Annexe) qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.*

Notifications

Exchange Control Notification. Participant must declare to the customs and excise authorities any cash or securities he or she imports or exports without the use of a financial institution when the value of the cash or securities is equal to or exceeds €10,000. With respect to any foreign account balances exceeding €1,000,000, Participant must report any transactions carried out on those accounts to the Bank of France on a monthly basis.

Foreign Asset/Account Reporting Information. Participant may hold Shares acquired under the Plan outside of France provided Participant declares all foreign bank and brokerage accounts (including accounts opened or closed during the tax year) in Participant's income tax return. Failure to comply could trigger significant penalties.

Tax Information. The Option is not intended to qualify for specific tax and social insurance treatment in France under Section L. 225-177 to L. 225-186-1.

GERMANY

Notifications

Exchange Control Notification. Cross-border payments in excess of €12,500 in connection with the sale of securities must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (*Allgemeine Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. Participant is responsible for obtaining the appropriate form from the bank and complying with the applicable reporting obligations.

HONG KONG

Terms and Conditions

Restriction on Sale of Shares. Shares received at exercise are accepted as a personal investment. In the event that the Shares are issued in respect of the Options within six (6) months of the Date of Grant, Participant agrees that he or she will not offer to the public or otherwise dispose of the Shares issued upon exercise of the Option prior to the six-month anniversary of the Date of Grant.

Notifications

Securities Law Notice: *WARNING. The contents of the Plan, the Agreement and this Appendix have not been reviewed by any regulatory authority in Hong Kong. Participant should exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Plan, the Agreement, this Appendix or other incidental communication materials, Participant should obtain independent professional advice. The Options and the Shares to be issued upon exercise of the Options do not constitute a public offer of securities and are available only for Employees of the Company or any of its Subsidiaries participating in the Plan. The Plan, the Agreement, this Appendix and any other incidental communication materials distributed in connection with the Options (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible Employee of the Company or its Subsidiaries and may not be distributed to any other person.*

Nature of Scheme. Participant acknowledges that the Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“**ORSO**”). Notwithstanding the foregoing, if the Plan is deemed to constitute an occupational retirement scheme for purposes of ORSO, then Participant’s grant shall be void.

INDIA

Terms and Conditions

Method of Payment. The following provision supplements Section 5 of the Agreement.

Due to legal restrictions in India, Participant will not be permitted to pay the Exercise Price by a broker assisted partial cashless exercise such that a certain number of Shares subject to the exercised Option are sold immediately upon exercise and the proceeds of the sale remitted to the Company to cover the aggregate Exercise Price and any Tax-Related Items. However, payment of the Exercise Price may be made by any of the other methods of payment set forth in Section 5 of the Agreement. The Company reserves the right to provide Participant with this method of payment depending on the development of local law.

Notifications

Exchange Control Notification. Due to exchange control restrictions in India, Participant understands that he or she is required to repatriate any cash dividends received in connection with the Shares to India within such time as prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant must obtain a foreign inward remittance certificate (“**FIRC**”) from the bank where Participant deposits the funds and must maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Asset/Account Reporting Information. Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including Shares acquired under the Plan) in their annual tax returns. It is Participant’s responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

ISRAEL

Terms and Conditions

The following provisions apply to Participants who are in Israel on the Date of Grant.

Trustee Arrangement. Participant hereby agrees that the Option, as shall be granted to him or her by the Company under the Israeli Subplan to the Plan, shall be allocated under the provisions of the track referred to as the “Capital Gains Track,” according to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance and shall be held by the trustee (the “**Trustee**”) for the periods stated in Section 102 (the “**Holding Period**”).

Participant hereby declares that:

1. Participant understands the provisions of Section 102 and the applicable tax track of this grant of Options.
2. Subject to the provisions of Section 102, Participant hereby confirms that Participant shall not sell and/or transfer the Options, or any Shares or additional rights associated with the Options, before the end of the Holding Period. In the event that Participant elects to sell or release the Shares or additional rights, as the case may be, prior to the expiration of the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by Participant.
3. Participant understands that this grant of Options is conditioned upon the receipt of all required approvals from Israeli tax authorities.
4. Participant agrees to be bound by the provisions of the trust agreement with the Trustee.
5. Participant hereby confirms that he or she has: (i) read and understands this Agreement; (ii) received all the clarifications and explanations that he or she has requested; and (iii) had the opportunity to consult with his or her advisers before accepting this Agreement.

Written Acceptance. If Participant has not already executed a Section 102 Capital Gains Award Confirmation Letter (“**Confirmation Letter**”) in connection with grants made under the Israeli Subplan to the Plan, Participant must print, sign and deliver the signed copy of the attached Confirmation Letter within 45 days to the Trustee at the following address and the attention of: Vicky Harman, Account Manager, ESOP Trust Company, Aviv Tower, 7 Jabotinsky St. Ramat Gan, 52520 Israel. If the Trustee does not receive the signed Confirmation Letter within 45 days, the Options shall not qualify for preferential tax treatment.

The following provision applies to Participants who transfer into Israel after the Date of Grant.

Exercise of Option. The following provision supplements Section 4 of the Agreement.

Participant will be restricted to exercising his or her Option using the broker-assisted, same-day sale or cashless sell-all exercise method, pursuant to which all Shares are sold immediately upon exercise of the Option and Participant receives the sale proceeds less the Exercise Price, Tax-Related Items and any applicable broker fees or commissions. Participant will not be entitled to hold any Shares acquired at exercise.

ITALY

Terms and Conditions

Exercise of Option. The following provision supplements Section 4 of the Agreement.

Due to regulatory requirements and notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Participant will be restricted to a broker assisted cashless sell-all method of exercising his or her Option. To complete a cashless sell-all exercise, the Optionee should instruct the broker to (i) sell all the Shares issued upon exercise; (ii) use the proceeds to pay the Exercise Price, brokerage fees and any Tax-Related Items; and (iii) remit the balance in cash to Participant. The Company reserves the right to provide additional methods of exercise depending on the development of local laws.

Plan Document Acknowledgement. Participant acknowledges that by accepting the Option, Participant has been given access to the Plan document, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. Further, Participant specifically and expressly approves the following clauses of the Agreement: (i) Section 2 - Termination Period; (ii) Section 4 - Exercise of Option; (iii) Section 5 - Method of Payment; (iv) Section 8 - Tax Consequences; (v) Section 13 - Entire Agreement; Enforcement of Rights; and (vi) Section 15 - Governing Law; Severability; and Section 1 - Nature of Grant and Section 2 - Data Privacy Information and Consent of this Appendix.

Notifications

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold investments abroad or foreign financial assets (such as cash and Shares) that may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due, irrespective of their value. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Tax on Foreign Financial Assets. The value of any Shares (and certain other foreign assets) Participant holds outside Italy will be subject to a foreign financial assets tax. The taxable amount is equal to the fair market value of the Shares on December 31 or on the last day the Shares were held (in such case, or when the Shares are acquired during the course of the year, the tax is levied in proportion to the number of days the Shares were held over the calendar year). No foreign financial assets tax will arise if the value of the foreign assets held abroad does not exceed €6,000. If Participant is subject to this foreign financial assets tax, Participant will need to report the value of Participant's financial assets held abroad in Form RM of Participant's annual tax return. Participant should contact Participant's personal tax advisor for additional information about the foreign financial assets tax.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. These provisions supplement Section 1 of this Appendix:

Modification. By accepting the Option, Participant understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The Option grant the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between Participant and the Company since Participant is participating in the Plan on a

wholly commercial basis, nor does it establish any rights between Participant and the Employer.

Plan Document Acknowledgment. By accepting the Option, Participant acknowledges that Participant has received copies of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by signing the Agreement, Participant further acknowledges that Participant has read and specifically and expressly approved the terms and conditions in Section 1 of this Appendix, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Parent or Subsidiary are not responsible for any decrease in the value of the Shares underlying the Option.

Finally, Participant hereby declares that Participant does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of Participant's participation in the Plan and therefore grants a full and broad release to the Employer, the Company and any Parent or Subsidiary with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. Estas disposiciones complementan el Sección 1 del Apéndice:

Modificación. Al aceptar la Opción, el Participante entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

Declaración de Política. El otorgamiento de la Opción que la Compañía está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en 2225 Lawson Lane, Santa Clara, CA 95054, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de Acciones no establece, de forma alguna, establecer una relación de trabajo entre el Participante y la Compañía, ya que el Participante está participa en el Plan de una base totalmente comercial, y tampoco establece ningún derecho entre el Participante y el Patrón.

Reconocimiento del Documento del Plan. Al aceptar la Opción, el Participante reconoce que el Participante ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.

Adicionalmente, mediante la firma del Contrato de Opción, el Participante reconoce que el Participante ha leído y especifica y expresamente ha aprobado los términos y condiciones del Sección 1 del Apéndice, en el que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía y cualquier empresa Matriz, Subsidiaria o afiliada no son responsables por cualquier disminución en el valor de las Acciones subyacentes a la Opción.

Finalmente, el Participante de acuerdo en que el Participante no se reserva ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga finiquito al Patrón, la Compañía y cualquier empresa Matriz, Subsidiaria o afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NETHERLANDS

Notifications

Labor Law Acknowledgment. By participating in the Plan, Participant acknowledges that the Option and Shares issued upon exercise are intended as an incentive for Participant to remain employed with the Employer and are not intended as remuneration for labor performed.

SINGAPORE

Terms and Conditions

Restriction on Sale of Shares. To the extent the Option vests and Participant exercises his or her Option within six (6) months of the Date of Grant, Participant may not dispose of the Shares acquired pursuant to the exercise of the Option, or otherwise offer the Shares to the public, prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to one or more the exemptions under Part XIII Division (1) Subdivision (4) (other than Section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“**SFA**”) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Notifications

Securities Law Information. The Option is being granted pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA, on which basis it is exempt from the prospectus and registration requirements under the SFA, and is not made with a view to the Option or the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. If Participant is a Chief Executive Officer (“**CEO**”) or a director, associate director or shadow director of the Company’s Singapore Parent or Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent or Subsidiary in writing when Participant receives an interest (*e.g.*, Options or Shares) in the Company or any Parent or Subsidiary within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (*e.g.*, when Shares are sold), or (iii) becoming a CEO, director, associate director or shadow director.

SOUTH AFRICA

Terms and Conditions

Tax Consequences. The following provision supplements Section 8 of the Agreement:

By accepting the Option, Participant agrees that, immediately upon exercise of the Option, Participant will notify the Employer of the amount of any gain realized. If Participant fails to advise the Employer of the gain realized upon exercise, Participant may be liable for a fine. Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

Notifications

Tax Clearance Certificate Requirement. If Participant uses cash to exercise the Option, rather than a cashless exercise method, Participant must first obtain and provide to the Employer, or any third party designated by the Employer or the Company, a Tax Clearance Certificate (with respect to Foreign Investments) bearing the official stamp and signature of the Exchange Control Department of the South African Revenue Service (“**SARS**”). Participant must renew this Tax Clearance Certificate every 12 months, or such other period as may be required by the SARS. Participant

must also complete a transfer of funds application form to transfer the funds. If Participant exercises the Option by a cashless exercise whereby no funds are remitted offshore for the purchase of Shares, no Tax Clearance Certificate is required.

Exchange Control Information. To participate in the Plan, Participant must comply with exchange control regulations and rulings in South Africa. Because the exchange control regulations are subject to change, Participant should consult Participant's personal legal advisor prior to exercising the Option to ensure compliance with current regulations. Participant is responsible for ensuring compliance with all exchange control laws in South Africa.

Securities Law Information. The grant of the Options and the Shares issued pursuant to the exercise of the Option are considered a small offering under Section 96 of the South Africa Companies Act, 2008 (Act No. 71 of 2008).

SWITZERLAND

Notifications

Securities Law Information. The grant of Options is a private offering in Switzerland; therefore, it is not subject to registration. Neither this document nor any other materials relating to the Options or the Plan (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("**FINMA**").

UNITED KINGDOM

Terms and Conditions

The following terms and conditions apply only if Participant is an Employee. No grants under this Agreement shall be made to Consultants or Directors resident in the United Kingdom.

Responsibility for Taxes. The following provisions supplement Section 8(a) of the Agreement:

Without limitation to Section 8(a) of the Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("**HMRC**") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant's behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant understands that Participant may not be able to indemnify the Company for the amount of any income tax not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to Participant on which additional income tax and National Insurance contributions ("**NICs**") may be payable. Participant understands that Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 8(a) of the Agreement.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the exercise of the Option, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the "**Employer NICs**"). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company,

the form of such joint election being formally approved by HMRC (the “**Joint Election**”), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in Section 8(a) of the Agreement.

If Participant does not enter into a Joint Election prior to exercising the Option or if approval of the Joint Election has been withdrawn by HMRC, the Option shall become null and void without any liability to the Company and/or the Employer and may not be exercised by Participant.

**SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT**

Pursuant to Section 3(1) of the Act on Stock Options in employment relations (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the ServiceNow, Inc. 2012 Equity Incentive Plan (the “Plan”) in a separate written statement.

This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your grant of Options to purchase shares of the common stock of ServiceNow, Inc. (the “Company”) are described in detail in the Plan, the Notice of Global Stock Option Grant (the “Notice”), the Global Stock Option Award Agreement (the “Agreement”) and the applicable country-specific supplement, which have been made available to you.

1. Date of grant of stock options

The grant date of your Option is the date that the Company approved a grant for you, which is set forth in the Notice.

2. Terms or conditions for grant of stock options

Only persons identified in Section 3 of the Plan are eligible to participate in the Plan. The grant of stock options under the Plan is offered at the sole discretion of the Company and is intended to achieve the purposes identified in Section 1 of the Plan, including (among other things) encouraging stock ownership in the Company by employees of the Company and any parents and subsidiaries that exist now or in the future. The Company may decide, in its sole discretion, not to make any grants of stock options to you in the future. Under the terms of the Plan, the Agreement and the applicable country-specific supplement, you have no entitlement or claim to receive future grants of stock options or awards in lieu of stock options.

3. Exercise Date

Your stock option shall vest and become exercisable over a period of time (“vesting period”), provided you remain employed by or in the service of the Company or a subsidiary or parent on each of the vesting dates set forth in the Notice, unless the stock option vests or is terminated earlier for the reasons set forth in the Plan or Agreement and subject to Section 5 of this statement. Your vested stock options are exercisable any time after vesting and before the stock option is terminated or expires (“exercise period”).

4. Exercise Price

During the exercise period, the stock options can be exercised to purchase common stock in the Company at a price per share not less than the fair market value of the stock on the date the stock option is granted, as determined in accordance with the Plan, and which is set forth in the Agreement.

5. Your rights upon termination of employment

The treatment of your stock option upon termination of employment will be determined under Sections 4 and 5 of the Stock Option Act unless the terms contained in the Plan, the Agreement and the applicable country-specific supplement are more favorable to you than Sections 4 and 5 of the Stock Option Act. If the terms contained in the Plan, the Agreement and the applicable country-specific supplement are more favorable to you, then such terms will govern the treatment of your stock option upon termination of employment.

6. Financial aspects of participating in the Plan

The grant of stock options has no immediate financial consequences for you. The value of the stock options is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The possibility of gain at the time of exercise will not only be dependent on the Company's financial development, but also on the general development of the stock market. In addition, before or after you exercise your stock options, the shares of Company stock could decrease in value even below the exercise price.

SERVICENOW, INC.
2225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om deltagelse i ServiceNow, Inc.'s incitamentsordning - *2012 Equity Incentive Plan* ("Planen").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af aktieoptioner til køb af ordinære aktier i ServiceNow, Inc. ("Selskabet") er nærmere beskrevet i Planen, *Notice of Global Stock Option Grant* ("Meddelelsen"), *Global Stock Option Award Agreement* ("Aftalen") og det gældende landespecifikke tillæg, som du har modtaget.

1. Tildelingstidspunkt

Tidspunktet for tildeling af aktieoptioner er den dato, hvor Selskabet godkendte din tildeling som anført i Meddelelsen.

2. Kriterier og betingelser for tildelingen af aktieoptioner

Kun de i Planens pkt. 3 anførte personer kan deltage i Planen. Tildelingen af aktieoptioner i henhold til Planen sker efter Selskabets eget skøn med henblik på at gennemføre de i Planens pkt. 1 anførte formål, herunder bl.a. at tilskynde medarbejdere i Selskabet samt dets nuværende og fremtidige datterselskaber og moderselskab til at eje aktier i Selskabet. Selskabet kan frit vælge ikke at tildele dig aktieoptioner fremover. I henhold til Planen, Aftalen og det gældende landespecifikke tillæg har du ikke nogen ret til eller noget krav på fremover at få tildelt aktieoptioner eller modtage øvrige tildelinger i stedet for aktieoptioner.

3. Udnyttelsestidspunkt

Dine aktieoptioner modnes og vil kunne udnyttes over en periode ("modningsperioden"), forudsat at du fortsat er ansat i eller arbejder for Selskabet, et datterselskab eller moderselskab på hver af de modningsdatoer, som er angivet i Meddelelsen, medmindre aktieoptionen modner eller bortfalder på et tidligere tidspunkt af de i Planen eller Aftalen anførte årsager, og med forbehold for pkt. 5 i denne erklæring. Dine modnede aktieoptioner kan udnyttes til enhver tid fra modningstidspunktet indtil optionernes udløb eller ophør (udnyttelsesperiode).

4. Udnyttelseskurs

I udnyttelsesperioden kan aktieoptionerne udnyttes til køb af ordinære aktier i Selskabet til en kurs pr. aktie, som ikke er lavere end aktiernes markedskurs på tildelingstidspunktet som fastsat i henhold til Planen og angivet i Aftalen.

5. Din retsstilling i forbindelse med fratræden

Dine aktieoptioner vil i tilfælde af din fratræden blive behandlet i overensstemmelse med Aktieoptionslovens §§ 4 og 5, medmindre bestemmelserne i Planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig end Aktieoptionslovens §§ 4 og 5. Hvis bestemmelserne i Planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig, vil disse bestemmelser være gældende for, hvordan dine aktieoptioner behandles i forbindelse med din fratræden.

6. Økonomiske aspekter ved at deltage i Planen

Tildelingen af aktieoptioner har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af aktieoptionerne indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Således afhænger gevinstmuligheden på udnyttelsestidspunktet ikke kun af Selskabets økonomiske udvikling, men også af den generelle udvikling på aktiemarkedet. Derudover kan Selskabets aktier både før og efter udnyttelsestidspunktet falde til en værdi, der måske endda ligger under udnyttelseskursen.

SERVICENOW, INC.
2225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
ISRAEL

If you have not already executed a Section 102 Capital Gains Award Confirmation Letter (“*Confirmation Letter*”) in connection with grants made under the Israeli Subplan to the 2012 Equity Incentive Plan (the “*Plan*”), you must print, sign and deliver the signed copy of this Confirmation Letter within 45 days to the Trustee at the following address and the attention of: Vicky Harman, Account Manager, ESOP Trust Company, Aviv Tower, 7 Jabotinsky St. Ramat Gan, 52520 Israel. If the Trustee does not receive the signed Confirmation Letter within 45 days, the stock options and/or restricted stock units will not qualify for preferential tax treatment.

Section 102 Capital Gains Award Confirmation Letter

I hereby confirm and agree that the stock options and/or restricted stock units granted to me by ServiceNow, Inc. (the “*Company*”) under the Israeli Subplan to the Plan that have been designated by the board of directors (or a committee thereof) of the Company as awards subject to the “Capital Gains Track”, according to Section 102(b)(2) and 102(b)(3) and the Income Tax Rules issued thereunder (“*Section 102*”) of the Israel Income Tax Ordinance (the “*Awards*”), shall be subject to the terms and conditions of the “Capital Gains Track” set forth in said Section 102 and shall be held by ESOP Management and Trust Services Ltd. as trustee (the “*Trustee*”) in accordance with the requirements of Section 102 (the “*Holding Period*”).

I hereby declare that:

1. I understand and accept the provisions of Section 102 and the “Capital Gains Track” as they apply to Awards.
2. Subject to the provisions of Section 102, I hereby confirm that I shall not sell and/or transfer the Awards, or any shares or additional rights associated with the Awards, before the “end of the Holding Period” (as defined in Section 102). In the event that I shall elect to sell or release the shares or additional rights, as the case may be, prior to the “end of the Holding Period,” the provisions of Section 102 shall apply and the applicable tax consequences shall be borne solely by me.
3. I understand that the grant of Awards is subject to the receipt of all required approvals from Israeli tax authorities and compliance with the requirements of Section 102.
4. I agree to be bound by the provisions of the Company’s trust agreement with the Trustee.
5. I hereby confirm that I have: (i) read and understand this letter; (ii) received all the clarifications and explanations that I have requested; and (iii) had the opportunity to consult with my advisers before signing this confirmation letter.
6. I hereby confirm that, in addition to my confirmation and agreement hereunder, the acceptance or settlement of any such Awards shall be deemed as irrevocable confirmation of my acknowledgments and undertakings herein with respect to such specific Award.

Name of Employee: _____

Employee ID : _____

Signature: _____

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
UNITED KINGDOM

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to receive a stock option (“**Option**”) pursuant to the 2012 Equity Incentive Plan (the “**Plan**”), and
- B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant Options under the Plan and is entering into this Election on behalf of the Employer.

(1) Introduction

This Election relates to all Options granted to the Employee under the Plan on or after June 18, 2012, up to the termination date of the Plan.

In this Election the following words and phrases have the following meanings:

“**Chargeable Event**” means, in relation to the Options:

the acquisition of securities pursuant to stock options (within section 477(3)(a) of ITEPA);

the assignment (if applicable) or release of the stock options in return for consideration (within section 477(3)(b) of ITEPA);

the receipt of a benefit in connection with the stock options, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 427 of ITEPA); and/or

post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 439 of ITEPA).

“ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.

“SSCBA” means the Social Security Contributions and Benefits Act 1992.

This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the Options pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

(2) The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

(3) Payment of the Employer's Liability

The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

directly from the Employee by payment in cash or cleared funds; and/or

by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or

where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or

through any other method as set forth in the applicable Option agreements entered into between the Employee and the Company.

The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Options until full payment of the Employer's Liability is received.

The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

(4) Duration of Election

The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

This Election will continue in effect until the earliest of the following:

the Employee and the Company agree in writing that it should cease to have effect;

on the date the Company serves written notice on the Employee terminating its effect;

on the date HMRC withdraws approval of this Election; or

after due payment of the Employer's Liability in respect of the entirety of the Options to which this Election

relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by accepting the Options where indicated on the Fidelity award acceptance page, the Employee agrees to be bound by the terms of this Election as stated above.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on
behalf of the Company _____

Name [insert name]

Position [insert position]

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	6359720602
PAYE Reference:	581/LA08194

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF GLOBAL RESTRICTED STOCK UNIT AWARD
GRANT ID NUMBER: _____

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”) shall have the same meanings in this Notice of Global Restricted Stock Unit Award (the “**Notice**”).

Name:

You (“**Participant**”) have been granted an award of Restricted Stock Units (“**RSUs**”) under the Plan subject to the terms and conditions of the Plan, this Notice and the Global Restricted Stock Unit Award Agreement, including any appendix to the Global Restricted Stock Unit Award Agreement for Participant’s country (the “**Appendix**”) (the Restricted Stock Unit Award Agreement and the Appendix are collectively referred to as the “**Agreement**”).

Number of RSUs:

Date of Grant:

Expiration Date: The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Agreement, the RSUs will vest in accordance with the following schedule:

[ServiceNow to insert vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

Participant understands that Participant’s employment or consulting relationship or service with the Company or a Parent or Subsidiary is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or Parent or Subsidiary. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this RSU, Participant consents to the electronic delivery as set forth in the Agreement.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the “**Company**”) 2012 Equity Incentive Plan (the “**Plan**”) shall have the same defined meanings in this Global Restricted Stock Unit Award Agreement (the “**Agreement**”).

Participant has been granted Restricted Stock Units (“**RSUs**”) subject to the terms, restrictions and conditions of the Plan, the Notice of Global Restricted Stock Unit Award (the “**Notice**”) and this Agreement, including any appendix to this Agreement for Participant’s country (the “**Appendix**”).

1. **Settlement.** The RSUs shall be settled on or as soon as administratively practicable following each vest date under the vesting schedule set forth in the Notice (and in no event later than 2 1/2 months following the end of the year in which such vest date occurs), provided that Participant continues to provide services to the Company or any Subsidiary or Affiliate through such vest date. Settlement of RSUs shall be in Shares.
2. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.
3. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.
4. **Non-Transferability of RSUs.** RSUs may not be transferred in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.
5. **Termination.** If Participant’s service Terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. In case of any dispute as to whether Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.
6. **Withholding Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant’s employer (the “**Employer**”) the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant’s participation in the Plan and legally applicable to Participant (“**Tax-Related Items**”), is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU, including, but not limited to, the grant, vesting or settlement of the RSU and the subsequent sale of Shares acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU to reduce or eliminate Participant’s liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (i) withholding from Participant’s wages or other cash compensation paid to Participant by the Company and/or the Employer;

- (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSU either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization);
- (iii) withholding in Shares to be issued upon settlement of the RSU, provided the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amounts; or
- (iv) any other arrangement approved by the Committee.

However, if Participant is subject to Section 16 of the Exchange Act and there is an obligation to withhold Tax-Related Items, then the Company will withhold in Shares pursuant to (iii) or (iv) above, unless the use of such withholding method has problematic and/or materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied pursuant to (i).

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSU, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

7. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

8. **Appendix.** Notwithstanding any provisions in this Agreement, the RSUs grant shall be subject to any special terms and conditions set forth in any appendix to this Agreement for Participant's country. Moreover, if Participant relocates to another country, the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

9. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSU and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

10. **Acknowledgement.** The Company and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement (including the Appendix) and the provisions of the Plan. Participant: (i) acknowledges receipt of a copy of the Plan and the Plan prospectus, (ii) represents that Participant has carefully read and is familiar with their provisions, and (iii) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

11. Entire Agreement; Enforcement of Rights. This Agreement (including the Appendix), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

12. Conditions to Issuance; Compliance with Laws and Regulations. The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations, with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer and with any exchange control restrictions. Further, notwithstanding any other provision of this Agreement, the Company shall not be required to issue Shares following the lapse of any such reasonable period of time following the vest date as the Company may from time to time establish for reasons of administrative convenience in accordance with Section 409A of the Code.

13. Governing Law; Severability. If one or more provisions of this Agreement are held to be unenforceable, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

14. No Rights as Employee, Director or Consultant. Nothing in this Agreement shall affect in any manner whatsoever the right or power of the Company, or a Parent or Subsidiary, to terminate Participant's service, for any reason, with or without Cause.

By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of this RSU, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

APPENDIX
SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Restricted Stock Units granted to a Participant who resides outside the United States or who is otherwise subject to the laws of a country other than the United States. In general, the terms and conditions in this Appendix supplement the provisions of the Agreement, unless otherwise indicated herein. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant receives Shares or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Date of Grant, the information contained herein may not be applicable in the same manner to Participant. In addition, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

ALL PARTICIPANTS OUTSIDE THE U.S.

Terms and Conditions

1. **Nature of Grant.** In accepting the grant, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (d) the RSUs grant and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or services contract with the Company, the Employer or any Parent or Subsidiary;

- (e) Participant is voluntarily participating in the Plan;
- (f) the RSUs and the Shares subject to the RSUs, and the income and value of same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of Participant's employment or service contract, if any
- (g) the RSU and the Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- (h) the RSU and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, pension, retirement or welfare benefits or similar mandatory payments;
- (i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the shares of the Company;
- (k) unless otherwise agreed with the Company, the RSUs and any Shares acquired thereunder, and the income and value of same, are not granted as consideration for, or in connection with, the service Participant may provide as a director of a Subsidiary; and
- (l) Participant acknowledges and agrees that neither the Company, the Employer nor any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement; and
- (m) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from Participant's Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of my employment agreement, if any), and in consideration of the grant of the RSUs to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company, any of its Subsidiaries or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

2. Data Privacy Information and Consent.

The Company is located at 2225 Lawson Lane, Santa Clara, California 95054 U.S.A. and grants RSUs to Employees of the Company and its Subsidiaries and affiliates, at its sole discretion. If Participant would like to participate in the Plan, he or she should review the following information about the Company's data processing practices and declare his or her consent.

- (a) ***Data Collection and Usage. The Company collects, processes and uses personal data of Employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs canceled, vested, or outstanding in Participant's favor, which the Company receives from Participant or the Employer. If the Company offers Participant a grant of RSUs under the Plan, then the Company***

will collect his or her personal data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company's legal basis for the processing of Participant's personal data will be his or her consent.

(b) **Stock Plan Administration Service Providers.** The Company transfers Employee data to Fidelity Brokerage Services LLC or its affiliates ("Fidelity") an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Participant's data with another company that serves in a similar manner. The Company's service provider will open an account for Participant to receive and trade Shares. Participant will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of Participant's ability to participate in the Plan.

(c) **International Data Transfers.** The Company and its service providers are based in the United States. If Participant is outside the United States, he or she should note that his or her country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which the Company does participate in with respect to Employee data. The Company's legal basis for the transfer of Participant's personal data is his or her consent.

(d) **Data Retention.** The Company will use Participant's personal data only as long as is necessary to implement, administer and manage his or her participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs Participant's personal data, the Company will remove it from its systems. The Company may keep data longer to satisfy legal or regulatory obligations, and the Company's legal basis would be compliance with the relevant laws or regulations.

(e) **Data Subject Rights.** Participant has a number of rights under data privacy laws in his or her country. Depending on where Participant is based, his or her rights may include the right to (a) request access or copies of personal data the Company's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) portability of data, (f) lodge complaints with competent authorities in his or her country, and/or (g) a list with the names and addresses of any potential recipients of his or her personal data. To receive clarification regarding Participant's rights or to exercise his or her rights please contact Stock Plan Administration.

If Participant agrees with the data processing practices as described in this notice, he or she should declare his or her consent by accepting this Agreement on the Fidelity award acceptance page.

3. **Language.** Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Agreement. If Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

4. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions, including Participant's country and the designated broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of the Shares, rights to the Shares (i.e., RSUs) or rights linked to the value of the Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws

or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and is encouraged to speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in his or her country.

5. **Foreign Asset/Account Reporting.** Participant's country of residence may have certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold RSUs under the Plan or cash received from participating in the Plan (including sales proceeds arising from the sale of Shares) in a brokerage or bank account outside Participant's country. Participant may be required to report such amounts, assets or transactions to the tax or other authorities in his or her country. Participant also may be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, Participant may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. Participant acknowledges that he or she is responsible for ensuring compliance with such regulations and should speak with her or her personal legal and tax advisors, as applicable, regarding this matter.

AUSTRALIA

Notifications

Securities Law Information. If Participant acquires Shares under the Plan upon the vesting of the RSUs and subsequently offers the Shares for sale to a person or entity resident in Australia, such an offer may be subject to disclosure requirements under Australian law, and Participant should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

Australian Offer Document. The RSUs are granted pursuant to the Australian Offer Document. Participation in the Plan and the RSUs granted under the Plan are subject to the terms and conditions stated in the Australian Offer Document, in addition to the Plan, the Agreement and this Appendix. The Plan is intended to comply with the provisions of the Australian Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Instrument 13-0821, signed on 27 June 2013 and gazetted on 2 July 2013.

Exchange Control Information. If Participant is an Australian resident, exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on Participant's behalf. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

Tax Information. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the RSUs granted under the Plan, such that the RSUs are intended to be subject to deferred taxation.

AUSTRIA

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares acquired under the Plan outside Austria, Participant may be required to submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not exceed €30,000,000 or if the value of the Shares in any given year as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is December 31 and the deadline for filing the annual report is March 31 of the following year.

A separate reporting requirement applies when Participant sells Shares acquired under the Plan or receives a dividend. In that case, there may be exchange control obligations if the cash proceeds are held outside Austria. If the transaction volume of all accounts abroad exceeds €10,000,000, the movements and balances of all accounts must be reported

monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. If Participant is a Belgian resident, he or she is required to report any bank or securities accounts, including an account in which Shares are held, opened outside Belgium in his or her annual tax return. In a separate report certain details regarding such foreign accounts (including the account number, bank name and country in which such account was opened) must be provided to the Central Contact Point of the National Bank of Belgium. The forms to complete this report, as well as additional information on how to complete the forms are available on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits caption*.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares acquired under the Plan are sold. Participant should consult with his or her tax or financial advisor for additional details on his or her obligations with respect to the stock exchange tax.

BRAZIL

Terms and Conditions

Compliance with Law. By accepting the RSUs, Participant acknowledges that Participant agrees to comply with applicable Brazilian laws and to report and pay any and all applicable taxes associated with participation in the Plan, including the vesting of the RSUs and the sale of Shares acquired under the Plan.

Labor Law Acknowledgment. By participating in the Plan, Participant acknowledges that (i) Participant is making an investment decision, (ii) Shares will be issued to Participant only if the vesting conditions are met and any necessary services are rendered by Participant over the applicable vesting period, and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to Participant.

Notifications

Foreign Asset/Account Reporting Information. If Participant is resident or domiciled in Brazil, Participant will be required to submit an annual declaration of assets and rights held outside Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

Tax on Financial Transactions ("IOF"). Cross-border financial transactions related to the RSUs may be subject to the IOF (tax on financial transactions). Participant understands that he or she should consult with his or her personal tax advisor for additional details.

CANADA

Terms and Conditions

Vesting/Termination. This provision replaces Section 5 in the Agreement:

For purposes of the RSUs and except as expressly required by applicable legislation, Participant's right to vest in the RSUs shall terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant receives a notice of Termination, or (c) the last day on which Participant provides active services to the Employer. The Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination (including whether Participant may still be considered actively employed or actively providing services while on an approved leave of absence).

The following terms and conditions will apply if Participant is a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 2 of this Appendix:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company, any Parent or Subsidiary and any stock plan service provider that may be selected by the Company to assist with the Plan to disclose and discuss the Plan with their respective advisors. Participant further authorizes the Company and any Parent or Subsidiary to record such information and to keep such information in Participant's employee file.

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside Canada through the facilities of a stock exchange on which the Shares are listed on the New York Stock Exchange.

Foreign Asset/Account Reporting Information. Participant may be required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total cost of Participant's foreign specified property exceeds C\$100,000 at any time in the year. Thus, Shares and RSUs must be reported - generally at nil cost - if the C\$100,000 cost threshold is exceeded because of other foreign specified property held by Participant. When the Shares are acquired, their cost is generally the adjusted cost base ("**ACB**") of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition but if Participant owns Shares (*e.g.*, acquired under other circumstances or at another time), this ACB may have to be averaged with the ACB of other Shares. The form T1135 generally must be filed by April 30 of the following year. Canadian residents should consult with a personal advisor to ensure compliance with the applicable reporting requirements.

DENMARK

Terms and Conditions

Danish Stock Option Act. In accepting the RSUs, Participant acknowledges that he or she has received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent

more favorable to Participant and required to comply with the Danish Stock Option Act, the terms set forth in the Employer Statement will apply to Participant's participation in the Plan.

Exclusion from Termination Indemnities and Other Benefits. This provision supplements Section 7 in the Agreement:

In accepting the RSU, Participant acknowledges that he or she understands and agrees that this grant relates to future services to be performed and is not a bonus or compensation for past services.

Notifications

Exchange Control and Tax Reporting Information. Participant may hold Shares acquired under the Plan in a safety-deposit account (e.g., a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the Shares are held with a non-Danish broker or bank, Participant is required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, Participant must file a Declaration V (*Erklæring V*) with the Danish Tax Administration. Participant must sign the Declaration V and the bank/broker may sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account and any Shares acquired at exercise and held in such account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Declaration V, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when Participant opens a deposit account or a brokerage account for the purpose of holding cash outside Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, Participant must also file a Declaration K (*Erklæring K*) with the Danish Tax Administration. Both Participant and the bank/broker must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, Participant acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of Participant's annual income tax return. By signing the Declaration K, Participant at the same time authorizes the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

Foreign Asset/Account Reporting Information. If Participant establishes an account holding Shares or cash outside Denmark, Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. Please note that these obligations are separate from and in addition to the obligations described above.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the RSUs, Participant confirms having read and understood the documents relating to this grant (the Plan, the Agreement, the Notice and this Appendix) which were provided in English language. Participant accepts the terms of those documents accordingly.

Consentement pour recevoir les informations en langue anglaise. En acceptant l'attribution, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan, le Contrat, l'Avis et cette Annexe) qui ont été communiqués en langue anglaise. Le Participant accepte les termes de ces documents en connaissance de cause.

Notifications

Exchange Control Information. Participant must declare to the customs and excise authorities any cash or securities he or she imports or exports without the use of a financial institution when the value of the cash or securities is equal to or exceeds €10,000. With respect to any foreign account balances exceeding €1,000,000, Participant must report any transactions carried out on those accounts to the Bank of France on a monthly basis.

Foreign Asset/Account Reporting Information. Participant may hold Shares acquired under the Plan outside of France provided he or she declares all foreign bank and brokerage accounts (including accounts opened or closed during the tax year) in Participant's income tax return. Failure to comply could trigger significant penalties.

Tax Information. The RSUs are not intended to qualify for specific tax and social insurance treatment in France under Section L. 225-177 to L. 225-186-1.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 in connection with the sale of securities must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (*Allgemeine Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. Participant is responsible for obtaining the appropriate form from the bank and complying with the applicable reporting obligations.

HONG KONG

Terms & Conditions

Restriction on Sale of Shares. Shares received pursuant to the RSUs are accepted as a personal investment. To facilitate compliance with securities laws in Hong Kong, Participant agrees not to sell the Shares issued in settlement of the RSUs within six (6) months of the Date of Grant.

Notifications

Securities Law Notice: WARNING. The contents of the Plan, the Agreement and this Appendix have not been reviewed by any regulatory authority in Hong Kong. Participant should exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Plan, the Agreement, or other incidental communication materials, Participant should obtain independent professional advice. The RSUs and the Shares to be issued pursuant to vesting of RSUs do not constitute a public offer of securities and are available only for Employees of the Company or any of

its Subsidiaries participating in the Plan. The Plan, the Agreement, this Appendix and any other incidental communication materials distributed in connection with the RSUs (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each eligible Employee of the Company or its Subsidiaries and may not be distributed to any other person.

Nature of Scheme. Participant acknowledges that the Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“**ORSO**”). Notwithstanding the foregoing, if the Plan is deemed to constitute an occupational retirement scheme for purposes of ORSO, the RSUs granted shall be void.

INDIA

Notifications

Exchange Control Information. Due to exchange control restrictions in India, Participant understands that he or she is required to repatriate any proceeds from the sale of Shares acquired under the Plan to India and convert the proceeds into local currency within such time as prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant must obtain a foreign inward remittance certificate (“**FIRC**”) from the bank where Participant deposits the funds and must maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Asset/Account Reporting Information. Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including Shares acquired under the Plan) in their annual tax returns. It is Participant’s responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

IRELAND

There are no country-specific provisions.

ISRAEL

Terms and Conditions

The following provisions apply to Participants who are in Israel on the Date of Grant.

Trustee Arrangement. Participant hereby agrees that the RSUs, as shall be granted to him or her by the Company under the Israeli Subplan to the Plan, shall be allocated under the provisions of the track referred to as the “Capital Gains Track,” according to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance and shall be held by the trustee (the “**Trustee**”) for the periods stated in Section 102 (the “**Holding Period**”).

Participant hereby declares that:

1. Participant understands the provisions of Section 102 and the applicable tax track of this grant of RSUs.
2. Subject to the provisions of Section 102, Participant hereby confirms that Participant shall not sell and/or transfer the RSUs, or any Shares or additional rights associated with the RSUs, before the end of the Holding Period. In the event that Participant elects to sell or release the Shares or additional rights, as the case may be, prior to the expiration of the Holding Period, the sanctions under Section 102 shall apply to and shall be borne solely by Participant.

3. Participant understands that this grant of RSUs is conditioned upon the receipt of all required approvals from Israeli tax authorities.
4. Participant agrees to be bound by the provisions of the trust agreement with the Trustee.
5. Participant hereby confirms that he or she has: (i) read and understands this Agreement; (ii) received all the clarifications and explanations that he or she has requested; and (iii) had the opportunity to consult with his or her advisers before accepting this Agreement.

Written Acceptance. If Participant has not already executed a Section 102 Capital Gains Award Confirmation Letter (“**Confirmation Letter**”) in connection with grants made under the Israeli Subplan to the Plan, Participant must print, sign and deliver the signed copy of the attached Confirmation Letter within 45 days to the Trustee at the following address and the attention of: Vicky Harman, Account Manager, ESOP Trust Company, Aviv Tower, 7 Jabotinsky St. Ramat Gan, 52520 Israel. If the Trustee does not receive the signed Confirmation Letter within 45 days, the RSUs shall not qualify for preferential tax treatment.

The following provisions apply to Participants who transfer into Israel after the Date of Grant.

Settlement. The following provision replaces Section 1 of the Agreement.

Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Participant will be subject to an immediate forced sale restriction, pursuant to which all Shares acquired at vesting will be immediately sold and Participant will receive the sale proceeds less Tax-Related Items and applicable broker fees and commissions. Participant will not be entitled to hold any Shares acquired at vesting.

ITALY

Terms and Conditions

Plan Document Acknowledgement. Participant acknowledges that by accepting the RSUs, Participant has been given access to the Plan document, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. Further, Participant specifically and expressly approves the following clauses of the Agreement: (i) Section 1 - Settlement; (ii) Section 6 - Withholding Taxes; (iii) Section 11 - Entire Agreement; Enforcement of Rights; (iv) Section 13 - Governing Law; Severability; and (v) Section 1 - Nature of Grant and Section 2 - Data Privacy Information and Consent of this Appendix.

Notifications

Foreign Asset/Account Reporting Information. Italian residents who, at any time during the fiscal year, hold investments abroad or foreign financial assets (such as cash and Shares) that may generate income taxable in Italy are required to report these assets on their annual tax returns (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due, irrespective of their value. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets under Italian money laundering provisions.

Tax on Foreign Financial Assets. The value of any Shares (and certain other foreign assets) Participant holds outside Italy will be subject to a foreign financial assets tax. The taxable amount is equal to the fair market value of the Shares on December 31 or on the last day the Shares were held (in such case, or when the Shares are acquired during the course of the year, the tax is levied in proportion to the number of days the Shares were held over the calendar year). No foreign financial assets tax will arise if the value of the foreign assets held abroad does not exceed €6,000. If Participant is subject to this foreign financial assets tax, Participant will need to report the value of Participant’s financial assets held abroad in Form RM of Participant’s annual tax return. Participant should contact Participant’s personal tax advisor for additional information about the foreign financial assets tax.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report details of any assets held outside Japan as of December 31 (including Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. Participant should consult with Participant's personal tax advisor to determine if the reporting obligation applies to Participant's personal situation.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. These provisions supplement Section 1 of this Appendix:

Modification. By accepting the RSUs, Participant understands and agrees that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The grant of RSUs the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between Participant and the Company since Participant is participating in the Plan on a wholly commercial basis, nor does it establish any rights between Participant and the Employer.

Plan Document Acknowledgment. By accepting the RSUs, Participant acknowledges that Participant has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, Participant further acknowledges that Participant has read and specifically and expressly approved the terms and conditions in Section 1 of this Appendix, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Parent or Subsidiary are not responsible for any decrease in the value of the Shares underlying the RSUs.

Finally, Participant hereby declares that Participant does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of Participant's participation in the Plan and therefore grants a full and broad release to the Employer, the Company and any Parent or Subsidiary with respect to any claim that may arise under the Plan.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación. Estas disposiciones complementan el Sección 1 al Apéndice:

Modificación. Al aceptar las Unidades de Acciones Restringidas, el Empleado entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

Declaración de Política. El otorgamiento de Unidades de Acciones Restringidas que la Compañía está haciendo de conformidad con el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en 2225 Lawson Lane, Santa Clara, CA 95054, EE.UU. es únicamente responsable de la administración del Plan y la participación en el Plan y la adquisición de Acciones no establece, de forma alguna, establecer una relación de trabajo entre el Empleado y la Compañía, ya que el Empleado está participa en el Plan de una base totalmente comercial, y tampoco establece ningún derecho entre el Empleado y el Patrón.

Reconocimiento del Documento del Plan. Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Empleado reconoce que el Empleado ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.

Adicionalmente, mediante la firma del Contrato, el Empleado reconoce que el Empleado ha leído y específica y expresamente ha aprobado los términos y condiciones del Sección 1 del Apéndice, en el que claramente se ha descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía y cualquier empresa Matriz, Subsidiaria o afiliada no son responsables por cualquier disminución en el valor de las Acciones subyacentes a las Unidades de Acciones Restringidas.

Finalmente, el Empleado de acuerdo en que el Empleado no se reserva ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga finiquito al Patrón, la Compañía y cualquier empresa Matriz, Subsidiaria o afiliada con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del Plan.

NETHERLANDS

Notifications

Labor Law Acknowledgment. By participating in the Plan, Participant acknowledges that the RSUs and Shares issued upon vesting are intended as an incentive for Participant to remain employed with the Employer and are not intended as remuneration for labor performed.

NEW ZEALAND

Notifications

Securities Law Information. Warning: This is an offer of rights to receive Shares underlying the RSUs to give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors and holders of preferred shares have been paid. Participant may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Participant may not be given all the information usually required. Participant will also have fewer other legal protections for this investment.

Participant should ask questions, read all documents carefully, and seek independent financial advice before committing himself or herself.

The Shares are quoted or approved for trading on the New York Stock Exchange. This means that, if Participant vests in RSUs and Shares are issued to Participant, Participant can sell his or her investment on the New York Stock Exchange

if there are buyers for it. If Participant sells his or her investment, the price he or she receives may vary depending on factors such as the financial condition of the Company. Participant may receive less than the full amount that he or she paid for it, if anything.

For information on risk factors impacting the Company's business that may affect the value of the Shares, Participant should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at <http://www.servicenow.com/company/investor-relations.html>.

As noted above, Participant should carefully read the materials provided before making a decision whether to participate in the Plan. Participant is also encouraged to contact his or her tax advisor for specific information concerning Participant's personal tax situation with regard to Plan participation.

NORWAY

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Language Consent: Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Língua. *Participante pelo presente declara, expressamente, que tem pleno conhecimento da língua inglesa e que leu, compreendeu e totalmente aceita e concorda com os termos e condições estabelecidas no Plano e no Acordo.*

Notifications

Exchange Control Information. If Participant holds Shares upon vesting of the RSUs, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Participant's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Participant is responsible for submitting the report to the Banco de Portugal.

SINGAPORE

Terms and Conditions

Restriction on Sale of Shares. To the extent the RSUs vests within six (6) months of the Date of Grant, Participant may not dispose of the Shares acquired pursuant to the vesting of the RSUs, or otherwise offer the Shares to the public, prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to one or more exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("**SFA**") or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Notifications

Securities Law Information. The RSUs are being granted pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA, on which basis it is exempt from the prospectus and registration requirements under the SFA, and is not made with a view to the RSUs or the underlying Shares being subsequently offered for sale to any

other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. If Participant is a Chief Executive Officer (“*CEO*”) or a director, associate director or shadow director of the Company’s Singapore Parent or Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent or Subsidiary in writing when Participant receives an interest (e.g., unvested RSUs, Shares, etc.) in the Company or any Parent or Subsidiary within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (e.g., when Shares acquired at vesting are sold), or (iii) becoming a CEO, director, associate director or shadow director.

SOUTH AFRICA

Terms and Conditions

Withholding Taxes. The following provision supplements Section 6 of the Agreement:

By accepting the RSUs, Participant agrees that, immediately upon vesting and settlement of the RSUs, Participant will notify the Employer of the amount of any gain realized. If Participant fails to advise the Employer of the gain realized upon vesting and settlement, Participant may be liable for a fine. Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

Notifications

Exchange Control Information. To participate in the Plan, Participant must comply with exchange control regulations and rulings in South Africa. Because the exchange control regulations are subject to change, Participant should consult Participant’s personal legal advisor prior to vesting and settlement of the RSUs to ensure compliance with current regulations. Participant is responsible for ensuring compliance with all exchange control laws in South Africa.

Securities Law Information. The grant of RSUs and the Shares issued pursuant to the vesting of RSUs are considered a small offering under Section 96 of the South Africa Companies Act, 2008 (Act No. 71 of 2008).

SPAIN

Terms and Conditions

Termination and Nature of Grant. This provision supplements Section 5 the Agreement and Section 1 of this Appendix:

In accepting the RSUs, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan.

Participant understands and agrees that, as a condition of the grant of the RSUs, Termination for any reason (including the reasons listed below) will automatically result in the loss of the RSUs that may have been granted to Participant and that have not vested as of Participant’s Termination Date.

In particular, Participant understands and agrees that any unvested RSUs as of the Termination Date will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of a Termination by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985. Participant acknowledges that he or she has read and specifically accept the conditions referred to in Section 5 and 7 of the Agreement.

Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees or service providers of the Company or a Parent or Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Parent or Subsidiary on an ongoing basis other than as set forth in this Agreement. Consequently, Participant understands that the RSUs are granted on the assumption and condition that the RSUs and any Shares issued upon vesting of the RSUs are not part of any employment or service contract (either with the Company or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, Participant understands that the RSUs would not be granted to Participant but for the assumptions and conditions referred to herein; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the RSUs and any right to the RSUs shall be null and void.

Notifications

Securities Law Information. The grant of RSUs and the Shares issued pursuant to the vesting of RSUs are considered a private placement outside the scope of Spanish laws on public offerings and issuances of securities. The Plan and the Agreement, including this Appendix, have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

Exchange Control Information. Participant must declare the acquisition, ownership and sale of Shares to the *Spanish Dirección General de Comercio e Inversiones* (the “**DGCI**”) of the Ministry of Economy and Competitiveness for statistical purposes. Generally, the declaration must be filed in January for Shares acquired or sold during (or held as of December 31 of) the prior year; however, if the value of the Shares purchased under the Plan or the amount of the sale proceeds exceeds €1,502,530, the declaration must be filed within one month of the purchase or sale, as applicable.

Foreign Asset/Account Reporting Information. To the extent Participant holds assets (e.g., cash or Shares held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of asset (e.g., Shares, cash, and so on) as of December 31 each year, Participant is required to report information on such assets on his or her tax return for such year. After such assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets increases by more than €20,000 or if the ownership of the asset is transferred or relinquished during the year. The reporting must be completed by March 31. Failure to comply with this reporting requirement may result in penalties. Accordingly, Participant should consult with his or her personal tax and legal advisors to ensure that Participant is properly complying with his or her reporting obligations.

Further, Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts if the value of the transactions for all such accounts during the relevant year or the balances in such accounts as of December 31st of the relevant year exceeds €1,000,000.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The grant of RSUs is a private offering in Switzerland; therefore, it is not subject to registration. Neither this document nor any other materials relating to the RSUs or the Plan (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed or otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“**FINMA**”).

TURKEY

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside Turkey, under the ticker symbol “NOW” and the Shares may be sold through this exchange.

Exchange Control Information. Participant will likely be required to engage a Turkish financial intermediary to assist with the sale of Shares acquired under the Plan and may also need to engage a Turkish financial intermediary with respect to the acquisition of such Shares, although this is less certain. As Participant is solely responsible for complying with the financial intermediary requirements and their application to participation in the Plan is uncertain, Participant should consult his or her personal legal advisor for further information regarding these requirements to ensure compliance.

UNITED KINGDOM

Terms and Conditions

The following terms and conditions apply only if Participant is an Employee. No grants under this Agreement shall be made to Consultants or Directors resident in the United Kingdom.

Responsibility for Taxes. The following provisions supplement Section 6 of the Agreement:

Without limitation to Section 6 of the Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty’s Revenue & Customs (“**HMRC**”) (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant understands that Participant may not be able to indemnify the Company for the amount of any income tax not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to Participant on which additional income tax and National Insurance contributions (“**NICs**”) may be payable. Participant understands that Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 6 of the Agreement.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the vesting of the RSUs, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the RSUs and any event giving rise to Tax-Related Items (the “**Employer NICs**”). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the “**Joint Election**”), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in Section 6 of the Agreement.

If Participant does not enter into a Joint Election prior to the vesting of the RSUs or if approval of the Joint Election has been withdrawn by HMRC, the RSUs shall become null and void without any liability to the Company and/or the Employer.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the ServiceNow, Inc. 2012 Equity Incentive Plan (the “Plan”) in a separate written statement.

This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your restricted stock unit (“RSU”) grant are described in detail in the Plan, the Notice of Global Restricted Stock Unit Award (the “Notice”), the Global Restricted Stock Unit Award Agreement (the “Agreement”) and the applicable country-specific supplement, which have been made available to you.

1. Date of grant of unfunded right to receive stock upon satisfying certain conditions

The grant date of your RSUs is the date that the Company approved a grant for you, which is set forth in the Notice.

2. Terms or conditions for grant of a right to future award of stock

Only persons identified in Section 3 of the Plan are eligible to participate in the Plan. The grant of RSUs under the Plan is offered at the sole discretion of the Company and is intended to achieve the purposes identified in Section 1 of the Plan, including (among other things) encouraging share ownership in the Company by employees of the Company and any parents and subsidiaries that exist now or in the future. The Company may decide, in its sole discretion, not to make any RSU grants to you in the future. Under the terms of the Plan, the Agreement and the applicable country-specific supplement, you have no entitlement or claim to receive future RSU grants or awards in lieu of RSUs.

3. Vesting Date or Period

Generally, your RSUs will vest over a number of years, as provided in your Notice. Your RSUs shall be converted into an equivalent number of shares of the common stock of the Company upon vesting.

4. Exercise Price

No exercise price is payable upon the vesting of your RSUs and the issuance of shares of the Company’s common stock to you in accordance with the vesting schedule described above.

5. Your rights upon termination of employment

The treatment of your RSUs upon termination of employment will be determined under Sections 4 and 5 of the Stock Option Act unless the terms contained in the Plan, the Agreement and the applicable country-specific supplement are more favorable to you than Sections 4 and 5 of the Stock Option Act. If the terms contained in the Plan, the Agreement and the applicable country-specific supplement are more favorable to you, then such terms will govern the treatment of your RSUs upon termination of employment.

6. Financial aspects of participating in the Plan

The grant of RSUs has no immediate financial consequences for you. The value of the RSUs is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

SERVICENOW, INC.
225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om deltagelse i ServiceNow, Inc.'s incitamentsordning - *2012 Equity Incentive Plan* ("Planen").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af restricted stock unit ("RSU") er nærmere beskrevet i Planen, *Notice of Global Restricted Stock Unit Award* ("Meddelelsen"), *Global Restricted Stock Unit Award Agreement* ("Aftalen") og det gældende landespecifikke tillæg, som du har modtaget.

1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser

Tidspunktet for tildeling af RSU er den dato, hvor Selskabet godkendte din tildeling som anført i Meddelelsen.

2. Kriterier og betingelser for tildeling af retten til senere at få tildelt aktier

Kun de i Planens pkt. 3 anførte personer kan deltage i Planen. Tildelingen af RSU i henhold til Planen sker efter Selskabets eget skøn med henblik på at gennemføre de i Planens pkt. 1 anførte formål, herunder bl.a. at tilskynde medarbejdere i Selskabet samt dets nuværende og fremtidige datterselskaber og moderselskab til at eje aktier i Selskabet. Selskabet kan frit vælge ikke at tildele dig RSU fremover. I henhold til Planen, Aftalen og det gældende landespecifikke tillæg har du ikke nogen ret til eller noget krav på fremover at få tildelt RSU eller modtage øvrige tildelinger stedet for RSU.

3. Modningstidspunkt eller -periode

Dine RSU modnes som udgangspunkt over en årrække som anført i Meddelelsen. På modningstidspunktet konverteres dine RSU til et tilsvarende antal ordinære aktier i Selskabet.

4. Udnyttelseskurs

Der betales ingen udnyttelseskurs i forbindelse med modning af dine RSU og Selskabets udstedelse af ordinære aktier til dig i overensstemmelse med den ovenfor beskrevne modningstidsplan.

5. Din retsstilling i forbindelse med fratræden

Dine RSU vil i tilfælde af din fratræden blive behandlet i overensstemmelse med Aktieoptionslovens §§ 4 og 5, medmindre bestemmelserne i Planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig end Aktieoptionslovens §§ 4 og 5. Hvis bestemmelserne i Planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig, vil disse bestemmelser være gældende for, hvordan dine RSU behandles i forbindelse med din fratræden.

6. Økonomiske aspekter ved at deltage i Planen

Tildelingen af RSU har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af RSUs indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier er ukendt og kan ikke forudsiges med sikkerhed.

SERVICENOW, INC.
225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
ISRAEL

If you have not already executed a Section 102 Capital Gains Award Confirmation Letter (“*Confirmation Letter*”) in connection with grants made under the Israeli Subplan to the 2012 Equity Incentive Plan (the “*Plan*”), you must print, sign and deliver the signed copy of this Confirmation Letter within 45 days to the Trustee at the following address and the attention of: Vicky Harman, Account Manager, ESOP Trust Company, Aviv Tower, 7 Jabotinsky St. Ramat Gan, 52520 Israel. If the Trustee does not receive the signed Confirmation Letter within 45 days, the stock options and/or restricted stock units will not qualify for preferential tax treatment.

Section 102 Capital Gains Award Confirmation Letter

I hereby confirm and agree that the stock options and/or restricted stock units granted to me by ServiceNow, Inc. (the “*Company*”) under the Israeli Subplan to the Plan that have been designated by the board of directors (or a committee thereof) of the Company as awards subject to the “Capital Gains Track”, according to Section 102(b)(2) and 102(b)(3) and the Income Tax Rules issued thereunder (“*Section 102*”) of the Israel Income Tax Ordinance (the “*Awards*”), shall be subject to the terms and conditions of the “Capital Gains Track” set forth in said Section 102 and shall be held by ESOP Management and Trust Services Ltd. as trustee (the “*Trustee*”) in accordance with the requirements of Section 102 (the “*Holding Period*”).

I hereby declare that:

1. I understand and accept the provisions of Section 102 and the “Capital Gains Track” as they apply to Awards.
2. Subject to the provisions of Section 102, I hereby confirm that I shall not sell and/or transfer the Awards, or any shares or additional rights associated with the Awards, before the “end of the Holding Period” (as defined in Section 102). In the event that I shall elect to sell or release the shares or additional rights, as the case may be, prior to the “end of the Holding Period,” the provisions of Section 102 shall apply and the applicable tax consequences shall be borne solely by me.
3. I understand that the grant of Awards is subject to the receipt of all required approvals from Israeli tax authorities and compliance with the requirements of Section 102.
4. I agree to be bound by the provisions of the Company’s trust agreement with the Trustee.
5. I hereby confirm that I have: (i) read and understand this letter; (ii) received all the clarifications and explanations that I have requested; and (iii) had the opportunity to consult with my advisers before signing this confirmation letter.
6. I hereby confirm that, in addition to my confirmation and agreement hereunder, the acceptance or settlement of any such Awards shall be deemed as irrevocable confirmation of my acknowledgements and undertakings herein with respect to such specific Award.

Name of Employee: _____

Employee ID : _____

Signature: _____

SERVICENOW, INC.
2012 EQUITY INCENTIVE PLAN
UNITED KINGDOM

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to receive restricted stock units (“**RSUs**”) pursuant to the 2012 Equity Incentive Plan (the “**Plan**”), and
- B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant RSUs under the Plan and is entering into this Election on behalf of the Employer.

1. Introduction

- 1.1 This Election relates to all RSUs granted to the Employee under the Plan on or after June 18, 2012, up to the termination date of the Plan.

- 1.2 In this Election the following words and phrases have the following meanings:

- (a) “**Chargeable Event**” means, in relation to the RSUs:

- (i) the acquisition of securities pursuant to restricted stock units (within section 477(3)(a) of ITEPA);
- (ii) the assignment (if applicable) or release of the restricted stock units in return for consideration (within section 477(3)(b) of ITEPA);
- (iii) the receipt of a benefit in connection with the restricted stock units, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);
- (iv) post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 427 of ITEPA); and/or
- (v) post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 439 of ITEPA).

- (b) “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.

- (c) “SSCBA” means the Social Security Contributions and Benefits Act 1992.

- 1.3 This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the RSUs pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

- 1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer's Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

- (i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- (ii) directly from the Employee by payment in cash or cleared funds; and/or
- (iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the RSUs, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to Her Majesty's Revenue & Customs ("**HMRC**") by the due date; and/or
- (iv) where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the RSUs, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or
- (v) through any other method as set forth in the applicable RSU agreements entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the RSUs until full payment of the Employer's Liability is received.

3.3 The Company agrees to remit the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 This Election will continue in effect until the earliest of the following:

- (i) the Employee and the Company agree in writing that it should cease to have effect;
- (ii) on the date the Company serves written notice on the Employee terminating its effect;

- (iii) on the date HMRC withdraws approval of this Election; or
- (iv) after due payment of the Employer's Liability in respect of the entirety of the RSUs to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by accepting the RSUs where indicated on the Fidelity award acceptance page, the Employee agrees to be bound by the terms of this Election as stated above.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on
behalf of the Company _____

Name [insert name]

Position [insert position]

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	6359720602
PAYE Reference:	581/LA08194

UK Participants:

Note that by accepting this Enrollment/Change Form on the Fidelity Brokerage Services LLC enrollment page you hereby agree to accept all liability for secondary Class 1 NICs that may be payable by the Company and/or the Employer in connection with your participation in the ESPP and any event giving rise to Tax-Related Items. You further agree to the “Election To Transfer the Employer’s National Insurance Liability to the Employee” agreement with the Company in the form attached to this Enrollment /Change Form below (the “Joint Election Agreement”) as if you had manually signed and returned the Joint Election Agreement to the Company.

Israeli Participants:

Note that by accepting this Enrollment/Change Form on the Fidelity Brokerage Services LLC enrollment page you hereby acknowledge that you may be required to sign and return a consent to an Israeli tax ruling within the time period specified by the Company.

2012 Employee Stock Purchase Plan (“ESPP”)

(Capitalized terms not defined in this form shall have the meaning set forth in the ESPP.)

SECTION 1: ACTIONS	CHECK DESIRED ACTION: <input type="radio"/> Enroll in the ESPP <input type="radio"/> Change Contribution Percentage <input type="radio"/> Discontinue Contributions	AND COMPLETE SECTIONS: 2 + 3 + 4 + 19 2 + 4 + 19 2 + 5 + 19
SECTION 2: PERSONAL DATA	Name: _____ Home Address: _____ Social Security / Identification No: _____	Department: _____
SECTION 3: ENROLL	<p>I hereby elect to participate in the ESPP, effective at the beginning of the next Offering Period. I elect to purchase shares of the Common Stock of the Company subject to the terms and conditions of the ESPP and this Enrollment/Change Form, including any applicable country-specific provisions in the Appendix attached hereto (together, the “Enrollment/Change Form”). I understand that shares of Common Stock purchased on my behalf will be issued in street name and deposited directly into my brokerage account with Fidelity Brokerage Services LLC or its affiliates. I hereby agree to take all steps, and sign all forms, required to establish an account with Fidelity Brokerage Services LLC or its affiliates for this purpose.</p> <p>My participation will continue as long as I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company. If I transfer from the Company to a Participating Corporation or visa-versa or between Participating Corporations, my contributions as of the date of transfer will be used to purchase shares on the next Purchase Date unless I choose to have such funds refunded to me. I understand that I cannot resume participation following my transfer until the start of the next Offering Period and must timely file a new enrollment form to do so. I understand that if I am a U.S. taxpayer, I must notify the Company of any disposition of shares of Common Stock purchased under the ESPP.</p>	
SECTION 4: ELECT CONTRIBUTION PERCENTAGE	<p>I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period ___% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company’s Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. The percentage must be a whole number (from 1%, up to a maximum of 15%).</p> <p>Please <input type="radio"/>-increase <input type="radio"/>-decrease my contribution percentage.</p> <p>Note: You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. <u>An increase in your contribution percentage can only take effect with the next Offering Period.</u> Each change will become effective as soon as reasonably practicable after the form is received by the Company.</p>	

<p>SECTION 5: DISCONTINUE CONTRIBUTIONS</p>	<p>o I hereby elect to <u>stop my contributions under the ESPP</u>, effective as soon as reasonably practicable after this form is received by the Company. Please o-refund all contributions to me in cash, without interest OR o- use my contributions to purchase shares on the next Purchase Date. I understand that I cannot resume participation until the start of the next Offering Period and must timely file a new enrollment form to do so.</p>
<p>SECTION 6: RESPONSIBILITY FOR TAXES</p>	<p>I acknowledge that, regardless of any action the Company or, if different, my employer (the “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit, payment on account or other tax-related items related to my participation in the ESPP and legally applicable to me or deemed by the Company or the Employer to be an appropriate charge to me even if technically due by the Company or the Employer (“Tax-Related Items”), I hereby acknowledge and agree that the ultimate liability for all Tax-Related Items is, and remains, my responsibility and may exceed the amount actually withheld by the Company, the Employer and/or the trustee, if any. I further acknowledge and agree that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of my participation in the ESPP, including, but not limited to, the grant or exercise of the options, the subsequent sale of shares of Common Stock acquired under the ESPP and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the options to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I have become subject to tax in more than one jurisdiction, I acknowledge that the Company, the Employer (or former employer, as applicable) and/or any trustee may be required to withhold or account for Tax-Related Items in more than one jurisdiction.</p> <p>Prior to the relevant taxable or taxable withholding event, as applicable, I agree to pay or make adequate arrangements satisfactory to the Company and/or the Employer, as applicable, to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, which are qualified to deduct tax at source, to withhold all applicable Tax-Related Items by one or a combination of the following: (i) withholding from my wages or other cash compensation paid to me by the Company and/or the Employer; (ii) withholding from the proceeds of the sale of shares of Common Stock purchased under the ESPP either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization); (iii) withholding in shares of Common Stock to be issued upon purchase; and/or (iv) requiring that I pay the Tax-Related Items to the Company or my employer in the form of cash, check or wire transfer.</p> <p>The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including the maximum rate, in which case I may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares of Common Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, I am deemed to have been issued the full number of shares of Common Stock subject to the options, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of my participation in the ESPP</p> <p>Finally, I shall pay to the Company or the Employer any amount of any Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP or my purchase of shares of Common Stock that cannot be satisfied by the means previously described. The Company may refuse to allow me to purchase shares of Common Stock and/or refuse to deliver shares of Common Stock or proceeds of the sale of shares of Common Stock if I fail to comply with my obligations in connection with the payment of Tax-Related Items.</p>
<p>SECTION 7: NO ADVICE REGARDING GRANT</p>	<p>The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP, or my acquisition or sale of the underlying shares of Common Stock. I am hereby advised to consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP.</p>

<p>SECTION 8:</p> <p>ELECTRONIC DELIVERY AND ACCEPTANCE</p>	<p>The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.</p>
<p>SECTION 9:</p> <p>SEVERABILITY</p>	<p>The provisions of this Enrollment/Change Form are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.</p>
<p>SECTION 10:</p> <p>APPENDIX</p>	<p>Notwithstanding any provisions in this Enrollment/Change Form, the right to participate in the ESPP shall be subject to any special terms and conditions set forth in any Appendix to this Enrollment/Change Form for my country. Moreover, if I relocate to another country, the special terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Enrollment/Change Form.</p>
<p>SECTION 11:</p> <p>IMPOSITION OF OTHER REQUIREMENTS</p>	<p>The Company, at its option, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. In addition, the Company reserves the right to impose other requirements on my participation in the ESPP, on any shares of Common Stock purchased under the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.</p>
<p>SECTION 12:</p> <p>GOVERNING LAW</p>	<p>The interpretation, performance and enforcement of this Enrollment/Change Form shall be governed by the laws of the State of Delaware without resort to that State's conflict-of-laws rules. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Enrollment/Change Form, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.</p>
<p>SECTION 13:</p> <p>WAIVER</p>	<p>I acknowledge that a waiver by the Company of breach of any provision of this Enrollment/Change Form shall not operate or be construed as a waiver of any other provision of this Enrollment/Change Form or of any subsequent breach by me or any other Participant.</p>
<p>SECTION 14:</p> <p>ACKNOWLEDGMENT AND SIGNATURE</p>	<p>I acknowledge that I have received a copy of the ESPP and of the Prospectus (which summarizes the major features of the ESPP). I have read the Prospectus and my signature below (or my acceptance of this Enrollment/Change Form on the Fidelity Brokerage Services LLC enrollment page) indicates that I hereby agree to be bound by the terms of the ESPP and this Enrollment/Change Form.</p> <p>Signature: _____ Date: _____</p>

APPENDIX

SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN COUNTRY SPECIFIC PROVISIONS FOR NON-U.S. EMPLOYEES

I understand that this Appendix includes special terms and conditions applicable to me if I reside outside the United States or am otherwise subject to the laws of a country other than the United States. Unless otherwise stated, these terms and conditions are in addition to those set forth in the Enrollment/Change Form. Any capitalized term used in this Appendix without definition shall have the meaning ascribed to it in the Enrollment/Change Form or the ESPP, as applicable.

I further understand that this Appendix also includes information relating to exchange control, securities laws and other issues of which I should be aware with respect to my participation in the ESPP. The information is based on the laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, I understand that the Company strongly recommends that I not rely on the information herein as the only source of information relating to the consequences of my participation in the ESPP because the information may be out of date at the time that I purchase shares of Common Stock or sell shares of Common Stock purchased under the ESPP.

In addition, the information contained herein is general in nature and may not apply to my particular situation and the Company is not in a position to assure me of any particular result. Accordingly, I should seek appropriate professional advice as to how the relevant laws in my country may apply to my situation.

Finally, I understand that if I am a citizen or resident of a country other than the one in which I am currently working and/or residing, transfer employment and/or residency after enrolling in the ESPP, or am considered a resident of another country for local law purposes, the information contained herein may not apply to me, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply.

All Participants Outside the U.S.

1. Nature of Grant. By enrolling and participating in the ESPP, I acknowledge, understand and agree that:
 - a. the ESPP is established voluntarily by the Company and it is discretionary in nature;
 - b. the grant of the option is voluntary and does not create any contractual or other right to receive future options to purchase shares of Common Stock, or benefits in lieu of options, even if options have been granted in the past;
 - c. all decisions with respect to future options or other grants, if any, will be at the sole discretion of the Company;
 - d. the grant of the option and my participation in the ESPP shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Subsidiary and shall not interfere with the ability of the Company, the Employer or any Subsidiary to terminate my employment relationship (if any);
 - e. I am voluntarily participating in the ESPP;

- f. the ESPP and the shares of Common Stock purchased under the ESPP and the income and value of same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or Employer, and which is outside the scope of my employment or service contract, if any;
- g. the ESPP and the shares of Common Stock subject to the ESPP and the income and value of same are not intended to replace any pension rights or compensation;
- h. the ESPP and the shares of Common Stock subject to the ESPP and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- i. the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;
- j. the value of the shares of Common Stock purchased under the ESPP may increase or decrease in the future, even below the purchase price;
- k. in the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in SECTION 12 of the ESPP, my right to participate in the ESPP will terminate effective as of the date I cease to actively provide services and will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any); the Committee shall have exclusive discretion to determine when I am no longer actively employed for purposes of my option;
- l. unless otherwise provided in the ESPP or by the Company in its discretion, the option to purchase shares of Common Stock and the benefits evidenced by this Enrollment/Change Form do not create any entitlement to have the ESPP or any such benefits granted thereunder, transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company;
- m. unless otherwise agreed with the Company, the ESPP and any shares of Common Stock acquired thereunder, and the income and value of same, are not granted as consideration for, or in connection with, the service I may provide as a director of a Subsidiary;
- n. I acknowledge and agree that neither the Company, the Employer nor any Subsidiary, shall be liable for any foreign exchange rate fluctuation between my local currency and the U.S. dollar that may affect the value of the shares of Common Stock or any amounts due pursuant to the purchase of the shares or the subsequent sale of any shares of Common Stock purchased under the ESPP; and

- o. no claim or entitlement to compensation or damages shall arise when I withdraw from the ESPP due to my termination of employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any) and in consideration of the grant of the option and the issuance of shares of Common Stock under the ESPP, I agree not to institute any claim against the Company, its Subsidiaries or the Employer.
2. **Data Privacy Information and Consent.** *The Company is located at 2225 Lawson Lane, Santa Clara, California 95054 U.S.A. and grants options to employees of the Company and its Subsidiaries and affiliates, at its sole discretion. If I would like to participate in the ESPP, I should review the following information about the Company's data processing practices and declare my consent.*
- a. **Data Collection and Usage.** *The Company collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of Common Stock or directorships held in the Company, and details of all options canceled, vested, or outstanding in my favor, which the Company receives from me or the Employer. If the Company offers me an option under the ESPP, then the Company will collect my personal data for purposes of allocating shares of Common Stock and implementing, administering and managing the ESPP. The Company's legal basis for the processing of my personal data will be my consent.*
- b. **Stock Plan Administration Service Providers.** *The Company transfers employee data to Fidelity Brokerage Services LLC or its affiliates ("Fidelity") an independent service provider based in the United States which assists the Company with the implementation, administration and management of the ESPP. In the future, the Company may select a different service provider and share my data with another company that serves in a similar manner. The Company's service provider will open an account for me to receive and trade shares of Common Stock. I will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of my ability to participate in the ESPP.*
- c. **International Data Transfers.** *The Company and its service providers are based in the United States. If I am outside the United States, I should note that my country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and which the Company does participate in with respect to employee data. The Company's legal basis for the transfer of my personal data is my consent.*
- d. **Data Retention.** *The Company will use my personal data only as long as is necessary to implement, administer and manage my participation in the ESPP or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs my personal data, the Company will remove it from its systems. The Company may keep data longer to satisfy legal or regulatory obligations, and the Company's legal basis would be compliance with the relevant laws or regulations.*
- e. **Data Subject Rights.** *I have a number of rights under data privacy laws in my country. Depending on where I am based, my rights may include the right to (a) to request access or copies of personal data the Company's processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions*

on processing, (e) portability of data, (f) lodge complaints with competent authorities in my country, and/or (g) a list with the names and addresses of any potential recipients of my personal data. To receive clarification regarding my rights or to exercise my rights please contact Stock Plan Administration.

If I agree with the data processing practices as described in this notice, I should declare my consent by accepting this Enrollment/Change Form on the Fidelity enrollment page.

3. Language. I acknowledge that I am proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow me to understand the terms and conditions of this Enrollment/Change Form. If I have received this Enrollment/Change Form or any other document related to the ESPP translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
4. Insider Trading Restrictions / Market Abuse Laws. I acknowledge I may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including my country and the designated broker's country, which may affect my ability to accept, acquire, sell or otherwise dispose of the shares of Common Stock, rights to the shares of Common Stock (i.e., options) or rights linked to the value of the shares of Common Stock under the ESPP during such times as I am considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders I placed before I possessed inside information. Furthermore, I could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. I acknowledge that it is my responsibility to comply with any applicable restrictions and I am encouraged to speak to my personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in my country.
5. Foreign Asset/Account Reporting. I acknowledge that depending on my country of residence, I may be subject to certain foreign asset and/or account reporting requirements which may affect my ability to acquire or hold shares of Common Stock under the ESPP in a brokerage or bank account outside of my country of residence. Further, I may be required to report such amounts, assets or transactions to the tax or other authorities in my country. I also may be required to repatriate sale proceeds or other funds received as a result of my participation in the ESPP to my country through a designated bank or broker and/or within a certain time after receipt. In addition, I may be subject to tax payment and/or reporting obligations in connection with any income realized under the ESPP and/or from the sale of shares of Common Stock. I acknowledge I am responsible for ensuring compliance with such regulations and should speak with a personal legal and tax advisors, as applicable, regarding this matter.

AUSTRALIA

Securities Law Notification.

I acknowledge and agree that my rights to participate in the ESPP and purchase shares of Common Stock are subject to the terms and conditions stated in the Offer Document distributed to me with the Enrollment/Change Form and other ESPP documents, and to the requirements of Class Order exemption 14/1000 of the Australian Securities and Investments Commission.

Exchange Control Notification.

I understand that if I am an Australian resident, exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on my behalf. If there is no Australian bank involved in the transfer, I will be required to file the report.

BRAZIL

Authorization for ESPP Participation.

I hereby authorize the Employer to make payroll deductions from each of my paychecks in that percentage of my Compensation (up to 15%) that I have specified in the Enrollment/Change Form and I authorize the Employer to remit such accumulated payroll deductions, on my behalf, to the United States of America, to purchase the shares of Common Stock, as provided by Ruling No. 3,691/13 of the Central Bank, under the terms of the ESPP.

Upon request by the Company or the Employer, I agree to execute a letter of authorization and any other agreements or consents that may be required to enable the Employer, the Company, any Subsidiary or any third party designated by the Employer or the Company to remit my accumulated payroll deductions from Brazil for the purchase of shares of Common Stock. I understand that if I fail to execute a letter of authorization or any other form of agreement or consent that is required for the remittance of my payroll deductions, I will not be able to participate in the ESPP.

Compliance with Law.

By participating in the ESPP, I agree to comply with applicable Brazilian laws and to report and pay any and all Tax-Related Items associated with participation in the ESPP, including the purchase and subsequent sale of shares of Common Stock acquired under the ESPP.

Labor Law Acknowledgment.

By participating in the ESPP, I acknowledge that (i) I am making an investment decision, (ii) shares of Common Stock will be issued to me only if I continue to be an eligible employee through the Purchase Date, and (iii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease without compensation to me.

Foreign Asset/Account Reporting Notification.

If I am resident or domiciled in Brazil, I understand that I will be required to submit an annual declaration of assets and rights held outside Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any shares of Common Stock acquired under the ESPP. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement. It is my responsibility to comply with this reporting obligation and I should consult my personal advisor in this regard.

Tax on Financial Transactions (IOF).

Cross-border financial transactions related to the ESPP may be subject to the IOF (tax on financial transactions). I understand I should consult with my personal tax advisor for additional details.

CANADA

Termination of Service.

This provision replaces SECTION 7(j) of the Enrollment/Change Form:

In the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in SECTION 12 of the ESPP, my right to participate in the ESPP, if any, will terminate effective as of the earlier of (i) the date upon which I receive notice of termination, or (ii) the date on which I am no longer actively providing services to the Employer, regardless of any notice period under Canadian provincial laws (including, but not limited to, statutory law, regulatory law and/or common law); the Committee shall have exclusive discretion to determine when I am no longer actively providing services for purposes of my option.

Securities Law Notification.

I understand that I am permitted to sell shares of Common Stock purchased under the ESPP through the designated broker appointed under the ESPP, provided the resale of shares of Common Stock takes place outside Canada through the facilities of a stock exchange on which the shares are listed. The shares are currently listed on New York Stock Exchange.

Foreign Asset/Account Reporting Notification.

I am required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total cost of my foreign specified property exceeds C\$100,000 at any time in the year. Foreign specified property includes shares of Common Stock acquired under the ESPP and their cost generally is the adjusted cost base (“ACB”) of the Common Stock acquired under the ESPP. The ACB would ordinarily equal the fair market value of the shares at the time of acquisition, but if I own other shares of Common Stock (*e.g.*, acquired under other circumstances or at another time), this ACB may be averaged with the ACB of the other shares of Common Stock. The form T1135 must be filed by April 30 of the following year. I am advised to consult with a personal advisor to ensure that I comply with the applicable requirements.

THE FOLLOWING PROVISIONS WILL APPLY IF I AM A RESIDENT OF QUEBEC:

Language Consent.

The parties acknowledge that it is their express wish that the Enrollment/Change Form, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la convention.

Data Privacy.

This provision supplements SECTION 9 of the Enrollment/Change Form:

I hereby authorize the Company, its Subsidiaries and any Company representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the ESPP. I further authorize the Company, its Subsidiaries and the administrators of the ESPP to disclose and discuss the ESPP with their advisors. I further authorize the Company and its Subsidiaries to record such information and to keep such information in my employee file.

DENMARK

Danish Stock Option Act.

I acknowledge that I have received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent more favorable and required to comply with the Danish Stock Option Act, I understand that the terms set forth in the Employer Statement will apply to my participation in the ESPP.

Exchange Control and Tax Reporting Notification and Agreement.

I understand that I may hold shares of Common Stock acquired under the ESPP in a safety-deposit account (*e.g.*, a brokerage account) with either a Danish bank or with an approved foreign broker or bank. If the shares are held with a non-Danish broker or bank, I am required to inform the Danish Tax Administration about the safety-deposit account. For this purpose, I must file a Declaration V (*Erklaering V*) with the Danish Tax Administration. I must sign the Declaration V and the bank/broker may sign the Declaration V. By signing the Declaration V, the bank/broker undertakes an obligation, without further request each year not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the safety-deposit account. In the event that the applicable broker or bank with which the safety-deposit account is held does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, I acknowledge that I am solely responsible for providing certain details regarding the foreign brokerage or bank account and any shares of Common Stock acquired at purchase and held in such account to the Danish Tax Administration as part of my annual income tax return. By signing the Declaration V, I at the same time authorize the Danish Tax Administration to examine the account. A sample of the Declaration V can be found at the following website: www.skat.dk/getFile.aspx?Id=47392.

In addition, when I open a deposit account or a brokerage account for the purpose of holding cash outside Denmark, the bank or brokerage account, as applicable, will be treated as a deposit account because cash can be held in the account. Therefore, I must also file a Declaration K (*Erklaering K*) with the Danish Tax Administration. The bank/broker and I must sign the Declaration K. By signing the Declaration K, the bank/broker undertakes an obligation, without further request each year, not later than on February 1 of the year following the calendar year to which the information relates, to forward certain information to the Danish Tax Administration concerning the content of the deposit account. In the event that the applicable financial institution (broker or bank) with which the account is held, does not wish to, or, pursuant to the laws of the country in question, is not allowed to assume such obligation to report, I acknowledge that I am solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of my annual income tax return. By signing the Declaration K, I at the same time authorize the Danish Tax Administration to examine the account. A sample of Declaration K can be found at the following website: www.skat.dk/getFile.aspx?Id=42409&newwindow=true.

Foreign Asset/Account Reporting Notification.

I acknowledge and understand if I establish an account holding shares of Common Stock or cash outside of Denmark, I must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. Please note that these obligations are separate from and in addition to the obligations described above.

FRANCE

FRENCH TRANSLATIONS OF PROVISIONS CONCERNING AUTHORIZATION TO PARTICIPATE IN ESPP

Participation in the ESPP (SECTION 6 of the ESPP).

(a) Any employee who is an eligible employee determined in accordance with SECTION 4 of the ESPP immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under the ESPP. With respect to subsequent Offering Periods, any eligible employee determined in accordance with SECTION 4 of the ESPP will be eligible to participate in the ESPP, subject to the requirement of SECTION (b) hereof and the other terms and provisions of the ESPP.

(b) Notwithstanding the foregoing, (i) an eligible employee may elect to decrease the number of shares of Common Stock that such employee would otherwise be permitted to purchase for the initial Offering Period under the ESPP and/or purchase shares of Common Stock for the initial Offering Period through payroll deductions by delivering a Enrollment/Change Form to the Company within thirty (30) days after the filing of an effective registration statement pursuant to Form S-8 and (ii) the Committee may set a later time for filing the Enrollment/Change Form authorizing payroll deductions for all eligible employees with respect to a given Offering Period. With respect to Offering Periods after the initial Offering Period, a Participant may elect to participate in the ESPP by submitting an Enrollment/Change Form prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in the Offering Period commencing immediately following the last day of such prior Offering Period unless the Participant withdraws or is deemed to withdraw from the ESPP or terminates further participation in the Offering Period as set forth in SECTION 11 of the ESPP. Such Participant is not required to file any additional Enrollment / Change Form in order to continue participation in the ESPP.

Participation dans l'ESPP (SECTION 6 du ESPP).

(a) *Tout salarié qui est un salarié éligible conformément à la SECTION 4 de l'ESPP immédiatement avant la Période initiale d'Offre participera automatiquement à la Période initiale d'Offre de l'ESPP. Concernant les Périodes d'Offres suivantes, tout salarié éligible conformément à la SECTION 4 de l'ESPP sera éligible pour participer à l'ESPP, à la condition de respecter les conditions énoncées SECTION (b) des présentes et tous les autres termes et conditions de l'ESPP.*

(b) *Nonobstant ce qui précède, (i) un salarié éligible peut choisir de diminuer le nombre d'Actions Ordinaires dont il aurait pu être autorisé à faire l'acquisition au titre de la Période initiale d'Offre de l'ESPP, et/ou d'acquérir des Actions Ordinaires au titre de la Période initiale d'Offre par prélèvement sur son salaire par la remise d'un Formulaire de Participation/Modification à la Société dans les trente (30) jours suivant le dépôt d'une déclaration d'enregistrement conformément au Formulaire S-8, et, (ii) le Comité peut décider, concernant une Période d'Offre donnée, que le dépôt du Formulaire de Participation/Modification, autorisant le prélèvement sur salaire de tout salarié éligible, peut être repoussé. Concernant les Périodes d'Offres qui suivent la Période initiale d'Offre, un Participant peut choisir de participer à l'ESPP par le dépôt d'un Formulaire de Participation/Modification avant le début de la Période d'Offre concernée (ou toute date antérieure décidée par le Comité).*

(c) *Dès lors qu'un salarié devient un Participant pour une Période d'Offre, alors ledit Participant participera automatiquement à la Période d'Offre commençant immédiatement après le dernier jour de la Période d'Offre antérieure à moins que le Participant se retire, ou soit considéré comme se retirant de l'ESPP, ou cesse sa participation à la Période d'Offre tel que cela est prévu à la SECTION 11 de l'ESPP. Ledit Participant n'a pas à déposer de Formulaire pour continuer à participer à l'ESPP.*

Payroll Deduction Authorization.

This provision replaces SECTION 4 of the Enrollment/Change Form:

I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period __% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company's Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. **The percentage must be a whole number (from 1%, up to a maximum of 5%).**

Please o-increase o-decrease my contribution percentage.

Note: You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. An increase in your contribution percentage can only take effect with the next Offering Period. Each change will become effective as soon as reasonably practicable after the form is received by the Company.

Autorisation du Prélèvement sur Salaire.

Cette disposition remplace SECTION 4 du Formulaire de Participation/Modification:

Par les présentes, j'autorise la Société à prélever sur chacun de mes salaires le montant nécessaire afin d'égaliser, à la fin de ladite Période d'Offre, __% de ma Rémunération (telle que définie dans l'ESPP) payée pendant ladite Période d'Offre et ce, aussi longtemps que je continuerais à participer à l'ESPP. Ce montant servira à l'acquisition d'Actions Ordinaires de la Société conformément à l'ESPP. Si je suis payé dans une devise autre que le dollar U.S., mes contributions devront être converties en dollars U.S. avant l'acquisition des Actions Ordinaires. Le pourcentage doit être un chiffre entier (de 1% à un maximum de 5%).

Veuillez -augmenter- diminuer mon pourcentage de contribution.

Remarque : Vous pouvez modifier le pourcentage de votre contribution seulement une fois lors d'une Période d'Acquisition pour que cette modification soit effective lors de cette même Période d'Acquisition, et cette modification ne peut que diminuer votre pourcentage de contribution. Une augmentation de votre pourcentage de contribution ne peut prendre effet que lors de la Période d'Offre suivante. Toute modification deviendra effective aussitôt que cela sera raisonnablement pratiquement possible après réception du formulaire par la Société.

Limitations on Shares of Common Stock to be Purchased.

Notwithstanding anything in SECTION 10 of the ESPP to the contrary, I understand that I am subject to the following additional requirements: (i) I may not purchase more than two hundred (200) whole shares of Common Stock in any individual Purchase Period; and (ii) I will not be granted a right to purchase Common Stock under the ESPP at a rate which exceeds one thousand two hundred and fifty dollars (\$1,250) of the fair market value of such shares of Common Stock (determined at the time such right is granted) for each calendar year in which such right is outstanding at any time.

Language Consent.

By signing and returning or by otherwise accepting the Enrollment/Change Form, I confirm having read and understood the documents relating to the ESPP (the ESPP, the Enrollment/Change Form and this Appendix) which were provided to me in the English language, except for the payroll authorization set forth in French above. I accept the terms of those documents accordingly.

Consentement relatif à la Langue utilisée.

En signant et en renvoyant le présent Formulaire de Participation/Modification ou en l'approuvant d'une quelconque manière, je confirme avoir lu et compris les documents relatifs à cette attribution de droits d'achat d'actions qui m'ont été remis en langue anglaise hormis l'autorisation du prélèvement sur salaire tel que stipulé en français ci-dessus (l'ESPP, le Formulaire de Participation/Modification ainsi que la présente Annexe). J'accepte les conditions afférentes à ces documents en connaissance de cause.

Exchange Control Notification.

I acknowledge and understand I must declare to the customs and excise authorities any cash or securities I import or export without the use of a financial institution when the value of the cash or securities is equal to or exceeds €10,000. With respect to any foreign account balances exceeding €1,000,000, I must report any transactions carried out on those accounts to the Bank of France on a monthly basis.

Foreign Asset/Account Reporting Notification.

I acknowledge and understand that I may hold shares of Common Stock acquired under the ESPP outside France provided that I declare all foreign accounts, whether open, current, or closed in my income tax return. Failure to comply could trigger significant penalties.

GERMANY

Exchange Control Notification.

Cross-border payments in excess of €12,500 in connection with the sale of securities must be reported monthly to the German Central Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of share of Common Stock), the report must be made electronically by the 5th day of the month following the month in which the payment was received. The form of the report (*Allgemeine Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. I am responsible for obtaining the appropriate form from the bank and complying with the applicable reporting obligations.

HONG KONG

Restriction on Sale of Shares of Common Stock.

I understand that shares of Common Stock received at purchase are acquired as a personal investment. To facilitate compliance with securities laws in Hong Kong, I agree that I will not dispose of any shares of Common Stock acquired under the ESPP within six (6) months of the beginning of the relevant Offering Period under which such shares of Common Stock were acquired.

Securities Law Notification.

WARNING: The contents of the ESPP, the Enrollment/Change Form and this Appendix have not been reviewed by any regulatory authority in Hong Kong. I am advised to exercise caution in relation to the offer. If there is any doubt about any of the contents of the ESPP, the Enrollment/Change Form, including this Appendix, or any other communication materials, I should obtain independent professional advice. The option to purchase shares of Common Stock and the shares of Common Stock to be issued under the ESPP do not constitute a public offer of securities and are available only for employees of the Company or any of its Participating Corporations. The ESPP, the Enrollment/Change Form, including this Appendix, and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each Participant and may not be distributed to any other person.

Nature of Scheme.

I acknowledge that the Company specifically intends that the ESPP will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). Notwithstanding the foregoing, if the ESPP is deemed to constitute an occupational retirement scheme for purposes of ORSO, the options shall be void.

INDIA

Exchange Control Notification.

Due to exchange control restrictions in India, I understand that I am required to repatriate any cash dividends paid on shares of Common Stock acquired under the ESPP within such time as prescribed under applicable Indian exchange control laws, as may be amended from time to time. I understand I must obtain a foreign inward remittance certificate (“FIRC”) from the bank where I deposit the funds and must maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. I understand that it is my responsibility to comply with exchange control laws in India.

Foreign Asset/Account Reporting Notification.

I understand if I am an Indian resident I am required to declare any foreign bank accounts and any foreign financial assets (including shares of Common Stock acquired under the ESPP) in my annual tax returns. It is my responsibility to comply with this reporting obligation and I should consult my personal advisor in this regard.

ISRAEL

The following provisions apply to me if I transfer into Israel after the beginning of the applicable Offering Period.

Immediate Sale Restriction.

Notwithstanding anything to the contrary in the ESPP or Enrollment/Change Form, due to tax requirements in Israel, the Company reserves the right to immediately sell shares of Common Stock acquired upon exercise of my options. If the Company forces the sale of shares acquired upon exercise of my options, I agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of the shares of Common Stock (on my behalf pursuant to this authorization) and I expressly authorize such broker to complete the sale of such shares. I acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale, less any brokerage fees or commissions, to me provided any liability for Tax-Related Items resulting from the exercise of my options has been satisfied. Due to fluctuations in the share price and/or the U.S. dollar exchange rate between the purchase date and (if later) the date on which the shares are sold, the sale proceeds may be more or less than the market value of the shares on the purchase date (which is the amount relevant to determining my tax liability). I understand and agree that the Company is not responsible for the amount of any loss I may incur and that the Company assumes no liability for any fluctuations in the share price and/or U.S. dollar exchange rate.

The following provisions apply to me if I am in Israel at the beginning of the applicable Offering Period.

Tax Ruling. I agree that as a condition of my participation in the ESPP, I may be required to accept the terms of a tax ruling with the Israeli Tax Authority regarding the tax treatment of the ESPP. I further agree to sign and return the consent to the tax ruling to the Company, the Employer, or the trustee, as directed, within the time period specified by the Company.

I understand that I must also acknowledge acceptance of the Enrollment/Change Form following the procedures and within the time frame indicated on the Fidelity website. The execution and submission of the declaration regarding the Tax Ruling described herein is a separate process that is unique to Israel.

JAPAN

Limitation on Offering.

If I reside and/or work in Japan, my participation in the ESPP may be limited as a result of applicable securities laws. Specifically, the aggregate value of shares of Common Stock to be offered for purchase by all ESPP participants residing and/or working in Japan will be limited to less than an aggregate amount of ¥100,000,000 on an annual basis. It is also possible that certain other equity awards in Japan will count against this ¥100,000,000 threshold. If ESPP

participants in the Japan elect to contribute more than this amount during any year, contribution rates will be prorated to ensure that this threshold is not exceeded. If my participation is prorated, I understand that I will receive a notice from the Company explaining the proration.

Exchange Control Notification.

I understand if I am a Japanese resident and I pay more than ¥30,000,000 for the purchase of shares of Common Stock in any one transaction, I must file a Payment Report with the Ministry of Finance (through the Bank of Japan or the bank carrying out the transaction). The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan. If I acquire shares of Common Stock whose value exceeds ¥100,000,000 in a single transaction, I must also file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of acquiring the shares of Common Stock. The forms to make these reports can be acquired at the Bank of Japan.

A Payment Report is required independently of a Securities Acquisition Report. Consequently, if the total amount that I pay on a one-time basis to purchase shares exceeds ¥100,000,000, I must file both a Payment Report and a Securities Acquisition Report.

Foreign Asset/Account Reporting Notification.

I am required to report details of any assets held outside Japan as of December 31 (including shares of Common Stock acquired under the ESPP), to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. I am advised to consult with my personal tax advisor to determine if the reporting obligation applies to my personal situation.

MEXICO

No Entitlement or Claims for Compensation.

The following provisions supplement SECTION 1 of this Appendix.

Modification.

By participating in the ESPP, I understand and agree that any modification of the ESPP or the Enrollment/Change Form or its termination shall not constitute a change or impairment of the terms and conditions of my employment.

Policy Statement.

I acknowledge that the option to purchase shares of Common Stock is making under the ESPP is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

I acknowledge that the Company, with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the ESPP and participation in the ESPP and the acquisition of shares does not, in any way, establish an employment relationship between myself and the Company since I am participating in the ESPP on a wholly commercial basis, nor does it establish any rights between myself and the Employer.

Plan Document Acknowledgment.

By participating in the ESPP, I acknowledge that I have received copies of the ESPP, have reviewed the ESPP and the Enrollment/Change Form in their entirety and fully understand and accept all provisions of the ESPP and the Enrollment/Change Form.

In addition, by accepting the Enrollment/Change Form, I further acknowledge that I have read and specifically and expressly approved the terms and conditions in SECTION 1 of this Appendix, in which the following is clearly described and established: (i) participation in the ESPP does not constitute an acquired right; (ii) the ESPP and participation in the ESPP is offered by the Company on a wholly discretionary basis; (iii) participation in the ESPP is voluntary; and (iv) the Company and any Subsidiary are not responsible for any decrease in the value of the shares.

Finally, I hereby declare that I do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of my participation in the ESPP and therefore grant a full and broad release to the Employer, the Company and any Subsidiary with respect to any claim that may arise under the ESPP.

Spanish Translation

Sin derecho a compensación o reclamaciones por compensación

Las siguientes disposiciones complementan la Sección 1 del Apéndice:

Modificación.

Al participar en el ESPP, entiendo y acuerdo que cualquier modificación el ESPP o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.

Declaración de Política.

El Reconozco que el otorgamiento de la opción que la Compañía está haciendo de conformidad con el ESPP es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

Reconozco que la Compañía, con oficinas registradas ubicadas en 2225 Lawson Lane, Santa Clara, CA 95054, EE.UU. es únicamente responsable de la administración del ESPP y la participación en el ESPP y la adquisición de acciones no establece, de forma alguna, una relación de trabajo entre la Compañía y yo, ya que estoy participando en el ESPP de una forma totalmente comercial, y tampoco establece ningún derecho entre el Patrón y yo.

Reconocimiento del Documento del ESPP. Al participar en el ESPP, reconozco que he recibido copias del ESPP, he revisado el ESPP y el Contrato en su totalidad y entiendo y acepto completamente todas las disposiciones contenidas en el ESPP y en el Contrato.

Adicionalmente, al aceptar el Contrato, reconozco que he leído y específica y expresamente he aprobado los términos y condiciones de la Sección 1 del Apéndice, en la que lo siguiente está claramente descrito y establecido: (i) la participación en el ESPP no constituye un derecho adquirido; (ii) el ESPP y la participación en el ESPP es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el ESPP es voluntaria; y (iv) la Compañía y cualquier empresa Subsidiaria no son responsables por cualquier disminución en el valor de las acciones.

Finalmente, declaro que no me reservo ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de mi participación en el ESPP y, por lo tanto, otorgo el más amplio finiquito al Patrón, la Compañía y cualquier empresa Subsidiaria con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del ESPP.

NETHERLANDS

Labor Law Acknowledgment.

By enrolling in the ESPP, I acknowledge that the options and shares of Common Stock purchased under the ESPP are intended as an incentive for me to remain employed with the Company or Employer and are not intended as remuneration for labor performed.

**Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.**



SINGAPORE

Restriction on Sale of Shares of Common Stock.

I understand, to the extent I sell, offer to sell or otherwise dispose of shares of Common Stock purchased under the ESPP within six months of the beginning of the relevant Offering Period, I am permitted to dispose of such shares of Common Stock through the designated broker under the ESPP, if any, provided the resale of shares of Common Stock acquired under the ESPP takes place outside of Singapore through the facilities of a stock exchange on which the shares of Common Stock are listed. The shares are currently listed on New York Stock Exchange.

Securities Law Notification.

I understand that the option is being granted to me pursuant to the “Qualifying Person” exemption under SECTION 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). I further understand that the ESPP has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. I understand and acknowledge that my option to purchase shares of Common Stock is subject to SECTION 257 of the SFA and I am not permitted to sell, or offer to sell any shares of Common Stock in Singapore unless such sale or offer is made (i) within six months from the date of offering or (ii) pursuant to exemptions under Part XIII Division (1) Subdivision (4) (other than SECTION 280) of the SFA.

Chief Executive Officer and Director Notification Obligation.

I acknowledge that if I am the Chief Executive Officer (“CEO”) a director, associate director or shadow director of a Singapore Subsidiary, I am subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when I receive an interest (e.g., an option or shares of Common Stock) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Common Stock are sold), or (iii) becoming a CEO, director, associate director or shadow director.

SPAIN

Nature of Grant.

The following provision supplements SECTION 1 of this Appendix:

By completing the enrollment process and accepting the Enrollment/Change Form, I consent to participation in the ESPP and acknowledge that I have received a copy of the ESPP.

I understand that the Company has unilaterally, gratuitously and discretionally decided to offer participation in the ESPP to eligible employees of the Company or any Subsidiary. This decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any Subsidiary other than as expressly set forth in the Enrollment/Change Form. Consequently, I understand that the ESPP is offered on the assumption and condition that the ESPP and any shares of Common Stock issued upon exercise of this purchase right are not a part of any employment or service contract (either with the Company or any Parent or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever.

Further, I understand and agree that, unless otherwise expressly provided for by the Company or set forth in the ESPP or the Enrollment/Change Form, I will cease to be a Participant in the ESPP upon the termination of my status as an eligible employee for any reason (including for the following reasons) and my contributions to the ESPP shall cease and the amounts returned to me, without interest, as soon as administratively possible. Such reasons for termination include, but are not limited to resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985. The Company, in its sole discretion, shall determine the date when my status as an eligible employee has terminated for purposes of the right to purchase shares of Common Stock under the ESPP.

In addition, I understand that this grant would not be made to me but for the assumptions and conditions referred to above; thus, I acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any offer of the right to participate in the ESPP shall be null and void.

Securities Law Notification.

The offer of the option to purchase shares of Common Stock described in the Enrollment/Change Form does not qualify under Spanish regulations as a security. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the offer of the ESPP. The Enrollment/Change Form (including this Appendix) has not been, nor will it be, registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Foreign Asset/Account Reporting Notification.

To the extent that I hold assets (*e.g.*, shares of Common Stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of asset as of December 31 each year, I am required to report information on such rights and assets on my tax return for such year. Shares of Common Stock acquired under the ESPP constitute securities for purposes of this requirement, but unvested awards (*e.g.*, the right to purchase shares of Common Stock under the ESPP) will not be considered an asset for purposes of this requirement. If applicable, I must report the assets on Form 720 by no later than March 31 following the end of the relevant year. After such assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties to me. Accordingly, Spanish residents should consult with personal tax and legal advisors to ensure proper compliance with their reporting obligations.

Spanish residents are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts (including shares of Common Stock), if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

Exchange Control Notification.

Spanish residents who acquire shares of Common Stock under the ESPP must declare such acquisition to the *Spanish Dirección General de Comercio e Inversiones* (the "DGCI"), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Residents also must declare ownership of any shares of Common Stock by filing a Form D-6 with the Directorate of Foreign Transactions each January while such shares of Common Stock are owned. In addition, the sale of shares of Common Stock must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

SWITZERLAND

Securities Law Notification.

I understand and agree the offering of the ESPP is considered a private offering in Switzerland; therefore, it is not subject to registration. Neither this document nor any other materials relating to the ESPP (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

UNITED KINGDOM

Responsibility for Taxes.

The following provisions supplement SECTION 6 of the Enrollment/Change Form:

Without limitation to SECTION 6 of the Enrollment/Change Form, I agree that I am liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). I also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on my behalf.

Notwithstanding the foregoing, if I am a director or executive officer of the Company (within the meaning of SECTION 13(k) of the Exchange Act), I understand that I may not be able to indemnify the Company for the amount of any income tax not collected from or paid by me within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to me on which additional income tax and National Insurance contributions (“NICs”) may be payable. I understand that I will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from me by any of the means referred to in SECTION 6 of the Enrollment/Change Form.

If I fail to comply with my obligations in connection with the income tax as described in this SECTION, the Company may refuse to deliver the shares of Common Stock subject to the ESPP.

National Insurance Contributions Acknowledgment.

As a condition of participation in the ESPP and the purchase of shares of Common Stock, I agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the option/purchase of shares and any event giving rise to Tax-Related Items (the “Employer NICs”). Without limitation to the foregoing, I agree to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the “Joint Election”), and any other required consent or election. I further agree to execute such other joint elections as may be required between me and any successor to the Company and/or the Employer. I further agree that the Company and/or the Employer may collect the Employer NICs from me by any of the means set forth in SECTION 6 of the Enrollment/Change Form.

If I do not enter into a Joint Election prior to purchasing shares or if approval of the Joint Election has been withdrawn by HMRC, the option shall become null and void without any liability to the Company and/or the Employer and I may not purchase shares under the ESPP.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to SECTION 3(1) of the Act on Stock Options in employment relations (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the ServiceNow, Inc. 2012 Employee Stock Purchase Plan (the “ESPP”) in a separate written statement.

This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your grant of stock options to purchase shares of the common stock of ServiceNow, Inc. (the “Company”) are described in detail in the ESPP, the Enrollment/Change Form and the applicable country-specific supplement, which have been made available to you.

1. Time of grant of right to purchase stock

Provided always that at the relevant time you are eligible to participate in the ESPP, at the beginning of successive six (6)-month offering periods, the Company will grant you a right to purchase shares of stock in the Company that may be exercised on the last day of each offering period.

2. Terms or conditions for grant of a right to future purchase of stock

The ESPP is offered at the discretion of the Company’s Board of Directors.

3. Purchase Date

If you are employed by the Company or one of its participating subsidiaries or affiliates on the last day of an offering period, shares of common stock will automatically be purchased for you with your accumulated payroll deductions. If you are not employed by the Company or one of its participating subsidiaries or affiliates on the last day of an offering period, SECTIONs 4 and 5 of the Stock Option Act will determine your rights (if the Stock Option Act applies and the terms of the Stock Option Act are more favorable than the terms of the ESPP and the enrollment materials). If shares are purchased for you at the end of an offering period, the number of shares purchased will depend on the purchase price, the amount of your accumulated payroll deductions and the share purchase limits in the ESPP. You will be the immediate owner of the common stock purchased with your accumulated payroll deductions and, subject to the limitations in the ESPP, you may sell your shares of common stock purchased under the ESPP at any time, subject to any Company insider trading restrictions.

4. Purchase Price

The purchase price per share is the lower of 85% of the fair market value of the Company’s common stock on the first market day of the offering period or on the date the stock purchase right is exercised, i.e., the last market day of the offering period.

5. Your rights upon termination of employment

The treatment of your stock option upon termination of employment will be determined under SECTIONs 4 and 5 of the Stock Option Act unless the terms contained in the ESPP, the Agreement and the applicable country-specific supplement are more favorable to you than SECTIONs 4 and 5 of the Stock Option Act. If the terms contained in the ESPP, the Agreement and the applicable country-specific supplement are more favorable to you, then such terms will govern the treatment of your stock option upon termination of employment.

6. Financial aspects of participating in the ESPP

Aside from the payroll deductions which will start after you enroll in the ESPP, the ESPP offering has no immediate financial consequences for you. The value of the purchase rights and the value of the shares purchased for you under the ESPP are not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stocks will always have financial risk. The possibility of profit at the time you sell your shares will not only be dependent on the Company's financial development, but inter alia also on the general development on the stock market. In addition, after you purchase shares, the shares could decrease in value even below the purchase price.

SERVICENOW, INC.
2225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om deltagelse i ServiceNow, Inc.'s medarbejderaktieordning - *2012 Employee Stock Purchase Plan* ("ESPP-planen").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af aktieoptioner til køb af ordinære aktier i ServiceNow, Inc. ("Selskabet") er nærmere beskrevet i ESPP-planen, Tilmeldings-/Ændringsblanketten (*Enrollment/Change Form*) og det gældende landespecifikke tillæg, som du har modtaget.

1. Tidspunkt for tildeling af retten til at købe aktier

Forudsat at du er berettiget til at deltage i ESPP-planen på det pågældende tidspunkt vil Selskabet ved påbegyndelsen af successive tilbudsperioder på seks (6) måneder tildele dig retten til at købe aktier i Selskabet, som kan udøves på den sidste dag i hver tilbudsperiode.

2. Kriterier og betingelser for tildeling af retten til senere at købe aktier

ESPP-planen tilbydes efter Selskabets bestyrelses eget skøn.

3. Købsdato

Hvis du er ansat i Selskabet eller i et af de deltagende datterselskaber eller en af de deltagende tilknyttede virksomheder på den sidste dag i en tilbudsperiode, vil der automatisk blive købt ordinære aktier til dig for det akkumulerede beløb, der er fratrukket dine nettolønudbetalinger. Hvis du ikke er ansat i Selskabet eller i et af de deltagende datterselskaber eller en af de deltagende tilknyttede virksomheder på den sidste dag i en tilbudsperiode, vil Aktieoptionslovens §§ 4 og 5 være gældende for dine rettigheder (hvis Aktieoptionsloven finder anvendelse og lovens bestemmelser er mere fordelagtige for dig end vilkårene i ESPP-planen og materialet vedrørende din deltagelse i planen). Hvis der købes aktier til dig ved udløbet af en tilbudsperiode, vil antallet af købte aktier afhænge af købskursen, størrelsen på det akkumulerede beløb, der er fratrukket dine nettolønudbetalinger, samt af de begrænsninger for aktiekøb, der er fastsat i ESPP-planen. Du vil blive indehaver af de ordinære aktier, der er købt for det akkumulerede beløb, der er fratrukket dine nettolønudbetalinger, og du kan, med de begrænsninger, der følger af ESPP-planen, til enhver tid sælge de ordinære aktier, som du har købt i henhold til ESPP-planen, med forbehold for eventuelle begrænsninger i Selskabets regler om insiderhandel.

4. Købskurs

Købskursen pr. aktie er den værdi, der er lavest af 85 % af kursværdien af Selskabets ordinære aktier på enten den første handelsdag i tilbudsperioden eller på den dato, hvor retten til at købe aktier udøves, dvs. den sidste handelsdag i tilbudsperioden.

5. Din retsstilling i forbindelse med fratræden

Dine aktieoptioner vil i tilfælde af din fratræden blive behandlet i overensstemmelse med Aktieoptionslovens §§ 4 og 5, medmindre bestemmelserne i ESPP-planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig end Aktieoptionslovens §§ 4 og 5. Hvis bestemmelserne i ESPP-planen, Aftalen og det gældende landespecifikke tillæg er mere fordelagtige for dig, vil disse bestemmelser være gældende for, hvordan dine aktieoptioner behandles i forbindelse med din fratræden.

6. Økonomiske aspekter ved at deltage i ESPP-planen

Bortset fra de fradrag i dine nettolønudbetalinger, som påbegynder, når du er blevet tilmeldt ESPP-planen, har deltagelsen i ESPP-planen ingen umiddelbare økonomiske konsekvenser for dig. Værdien af købsretten og af de aktier, der købes til dig i henhold til ESPP-planen, indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Muligheden for at opnå en gevinst, når du sælger dine aktier, afhænger ikke alene af Selskabets økonomiske udvikling, men også af den generelle udvikling på aktiemarkedet. Derudover kan aktierne efter købet falde til en værdi, der måske endda ligger under købskursen.

SERVICENOW, INC.
2225 Lawson Lane
Santa Clara, CA 95054
U.S.A.

SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to participate in the Employee Stock Purchase Plan pursuant to the 2012 Employee Stock Purchase Plan (the “**ESPP**”), and
- B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant options under the ESPP and is entering into this Election on behalf of the Employer.

1. Introduction

1.1 This Election relates to the options granted to the Employee under the ESPP on or after June 19, 2012, up to the termination date of the ESPP.

1.2 In this Election the following words and phrases have the following meanings:

(a) “**Chargeable Event**” means, in relation to the ESPP:

- (i) the acquisition of securities pursuant to the options (within SECTION 477(3)(a) of ITEPA);
- (ii) the assignment (if applicable) or release of the options in return for consideration (within SECTION 477(3)(b) of ITEPA);
- (iii) the receipt of a benefit in connection with the options, other than a benefit within (i) or (ii) above (within SECTION 477(3)(c) of ITEPA);
- (iv) post-acquisition charges relating to the shares acquired pursuant to the ESPP (within SECTION 427 of ITEPA); and/or
- (v) post-acquisition charges relating to the shares acquired pursuant to the ESPP (within SECTION 439 of ITEPA).

(b) “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.

(c) “SSCBA” means the Social Security Contributions and Benefits Act 1992.

1.3 This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the ESPP pursuant to SECTION 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of SECTION 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer's Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

- (i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- (ii) directly from the Employee by payment in cash or cleared funds; and/or
- (iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive pursuant to the options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or
- (iv) where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive pursuant to the options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or
- (v) through any other method as set forth in the applicable Enrollment/Change Form entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the ESPP until full payment of the Employer's Liability is received.

3.3 The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 This Election will continue in effect until the earliest of the following:

- (i) the Employee and the Company agree in writing that it should cease to have effect;
- (ii) on the date the Company serves written notice on the Employee terminating its effect;
- (iii) on the date HMRC withdraws approval of this Election; or
- (iv) after due payment of the Employer's Liability in respect of the ESPP to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by accepting enrolling in the ESPP where indicated on the Fidelity enrollment page, the Employee agrees to be bound by the terms of this Election as stated above.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on
behalf of the Company _____

Name [insert name]

Position [insert position]

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Election may apply:

Service-now.com UK Limited

Registered Office:	Standard House, Weyside Park, Catteshall Lane, Godalming, Surrey, Gu7 1XE
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	6359720602
PAYE Reference:	581/LA08194

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, John J. Donahoe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ServiceNow, Inc.;
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 officer 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 officer 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: August 8, 2018

/s/ John J. Donahoe

John J. Donahoe
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Michael P. Scarpelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ServiceNow, Inc.;
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 officer 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 officer 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: August 8, 2018

/s/ Michael P. Scarpelli

Michael P. Scarpelli
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

I, John J. Donahoe, President and Chief Executive Officer of ServiceNow, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 8, 2018

/s/ John J. Donahoe

John J. Donahoe
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Michael P. Scarpelli, Chief Financial Officer of ServiceNow, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 8, 2018

/s/ Michael P. Scarpelli

Michael P. Scarpelli

Chief Financial Officer

(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.