

# 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, 2017**

**OR**

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

**Commission File Number: 001-35580**

**servicenow**

**SERVICENow, INC.**

(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, 2017, there were approximately 170.7 million shares of the Registrant's Common Stock outstanding.

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# PART I

## ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,173,457	\$ 401,238
Short-term investments	518,719	498,124
Accounts receivable, net	279,088	322,757
Current portion of deferred commissions	85,097	76,780
Prepaid expenses and other current assets	54,666	43,636
Total current assets	2,111,027	1,342,535
Deferred commissions, less current portion	67,984	61,990
Long-term investments	319,795	262,658
Property and equipment, net	213,501	181,620
Intangible assets, net	72,587	65,854
Goodwill	104,430	82,534
Other assets	35,082	36,576
Total assets	\$ 2,924,406	\$ 2,033,767
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 24,478	\$ 38,080
Accrued expenses and other current liabilities	173,508	171,636
Current portion of deferred revenue	1,019,304	861,782
Total current liabilities	1,217,290	1,071,498
Deferred revenue, less current portion	47,491	33,319
Convertible senior notes, net	1,140,063	507,812
Other long-term liabilities	37,136	34,177
Total liabilities	2,441,980	1,646,806
Stockholders' equity:		
Common stock	171	167
Additional paid-in capital	1,577,713	1,405,317
Accumulated other comprehensive loss	(933)	(21,133)
Accumulated deficit	(1,094,525)	(997,390)
Total stockholders' equity	482,426	386,961
Total liabilities and stockholders' equity	\$ 2,924,406	\$ 2,033,767

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,	
	2017	2016	2017	2016
<b>Revenues:</b>				
Subscription	\$ 411,007	\$ 290,679	\$ 787,142	\$ 558,101
Professional services and other	60,696	50,633	101,344	89,090
Total revenues	471,703	341,312	888,486	647,191
<b>Cost of revenues<sup>(1)</sup>:</b>				
Subscription	75,793	56,360	146,168	109,141
Professional services and other	45,892	40,289	91,964	81,768
Total cost of revenues	121,685	96,649	238,132	190,909
Gross profit	350,018	244,663	650,354	456,282
<b>Operating expenses<sup>(1)</sup>:</b>				
Sales and marketing	247,224	186,506	459,310	345,116
Research and development	90,005	70,364	174,494	136,288
General and administrative	51,526	36,071	97,777	77,308
Legal settlements	—	—	—	270,000
Total operating expenses	388,755	292,941	731,581	828,712
Loss from operations	(38,737)	(48,278)	(81,227)	(372,430)
Interest expense	(11,337)	(8,248)	(20,015)	(16,357)
Interest income and other income (expense), net	(7,830)	2,260	(114)	2,962
Loss before income taxes	(57,904)	(54,266)	(101,356)	(385,825)
Benefit from income taxes	(1,431)	(4,641)	(4,221)	(2,868)
Net loss	\$ (56,473)	\$ (49,625)	\$ (97,135)	\$ (382,957)
Net loss per share - basic and diluted	\$ (0.33)	\$ (0.30)	\$ (0.57)	\$ (2.35)
Weighted-average shares used to compute net loss per share - basic and diluted	170,419,083	163,838,755	169,585,356	162,952,721
<b>Other comprehensive income (loss):</b>				
Foreign currency translation adjustments	\$ 10,221	\$ (1,989)	\$ 12,093	\$ (1,309)
Unrealized gain on investments, net of tax	524	505	8,107	2,138
Other comprehensive income (loss), net of tax	10,745	(1,484)	20,200	829
Comprehensive loss	\$ (45,728)	\$ (51,109)	\$ (76,935)	\$ (382,128)

(1) Includes stock-based compensation as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>Cost of revenues:</b>				
Subscription	\$ 8,942	\$ 6,951	\$ 16,880	\$ 13,558
Professional services and other	7,617	6,136	14,566	12,895
Sales and marketing	42,287	32,861	80,688	63,859
Research and development	22,731	21,047	44,532	41,580
General and administrative	16,489	11,070	31,343	21,481

*See accompanying notes to condensed consolidated financial statements*

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

	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (97,135)	\$ (382,957)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	52,407	37,452
Amortization of premiums on investments	1,706	2,799
Amortization of deferred commissions	50,587	36,957
Amortization of debt discount and issuance costs	20,015	16,357
Stock-based compensation	188,009	153,373
Deferred income tax	(4,751)	(6,426)
Other	(3,720)	532
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	51,039	6,967
Deferred commissions	(61,287)	(48,397)
Prepaid expenses and other assets	(11,945)	(10,001)
Accounts payable	(7,860)	(272)
Deferred revenue	145,662	104,399
Accrued expenses and other liabilities	(6,578)	19,733
Net cash provided by (used in) operating activities	316,149	(69,484)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(69,103)	(52,929)
Business combinations, net of cash acquired	(21,537)	(34,297)
Purchases of other intangibles	(6,170)	(10,750)
Purchases of investments	(354,690)	(180,365)
Purchases of strategic investments	(3,900)	—
Sales of investments	77,968	92,885
Maturities of investments	221,949	158,520
Restricted cash	(830)	(611)
Net cash used in investing activities	(156,313)	(27,547)
<b>Cash flows from financing activities:</b>		
Net proceeds from borrowings on convertible senior notes	772,127	—
Proceeds from issuance of warrants	54,071	—
Purchases of convertible note hedges	(128,017)	—
Proceeds from employee stock plans	40,892	34,151
Taxes paid related to net share settlement of equity awards	(87,349)	(59,786)
Repurchases of common stock from stockholders	(55,000)	—
Payments on financing obligations	(2,560)	(223)
Net cash provided by (used in) financing activities	594,164	(25,858)
Foreign currency effect on cash and cash equivalents	18,219	(303)
Net increase (decrease) in cash and cash equivalents	772,219	(123,192)
Cash and cash equivalents at beginning of period	401,238	412,305
Cash and cash equivalents at end of period	<u>\$ 1,173,457</u>	<u>\$ 289,113</u>
<b>Non-cash investing and financing activities:</b>		
Property and equipment included in accounts payable and accrued expenses	\$ 16,030	\$ 14,058
Financing obligation for purchases of other intangibles	2,110	4,100

*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. Our mission is to help our customers improve service levels 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 service 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***

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 (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 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, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or for other interim periods or future years. The condensed consolidated balance sheet as of December 31, 2016 is derived from audited financial statements as of that date; 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 the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 28, 2017.

***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.

***Prior Period Reclassification***

Certain reclassifications of prior period amounts have been made in our condensed consolidated statements of cash flow and Note 16 to conform to the current period presentation.

***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 condensed 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 best estimate of selling price of the deliverables included in multiple elements revenue arrangements, 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, future taxable income and legal contingencies. Actual results could differ from those estimates.

### ***New Accounting Pronouncements Pending Adoption***

In May 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-09, "Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting," which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. This new standard is effective for our interim and annual periods beginning January 1, 2018, and early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, "Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20)—Premium Amortization on Purchased Callable Debt Securities," which shortens the amortization period for certain callable debt securities held at a premium to require such premiums to be amortized to the earliest call date unless applicable guidance related to certain pools of securities is applied to consider estimated prepayments. This new standard is effective for our interim and annual periods beginning January 1, 2019, and early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which eliminates Step 2 from the goodwill impairment test. This standard requires an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. In addition, this new standard eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. This new standard is effective for our interim and annual periods beginning January 1, 2020, and early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business," which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. This new standard is required to be applied on a prospective basis, effective for our interim and annual periods beginning January 1, 2018, and early adoption is permitted. The actual impact upon adoption of this new standard will depend upon the nature of our future acquisitions, if any.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)," 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. This new standard is effective for our interim and annual periods beginning January 1, 2018, and early adoption is permitted. We do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated financial statements.

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. This new standard is effective for our interim and annual periods beginning January 1, 2018, and early adoption is permitted. The new standard is required to be applied on a modified retrospective basis through a cumulative effect adjustment directly to retained earnings as of the beginning of the period of adoption. While we believe the current impact upon the adoption of this standard on our condensed consolidated financial statements will be immaterial, the actual impact will largely depend on future intra-entity asset transfers, if any.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which provides guidance on eight specific cash flow issues. Among these issues, this standard requires, at the settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowings, the portion of the cash payment attributable to the accreted interest related to the debt discount to be classified as cash flows for operating activities, and the portion of the cash payments attributable to the principal to be classified as cash outflows for financing activities. This new standard is effective for our interim and annual periods beginning January 1, 2018, and early adoption is permitted. We currently expect to settle \$575.0 million relating to the principal amount of our 0% convertible senior notes due November 1, 2018 in cash upon maturity. At that time, we expect to classify approximately \$155.3 million of debt discount attributable to the difference between the 0% coupon interest rate and the 6.5% effective interest rate as an operating cash outflow in our condensed consolidated statements of cash flows. The remaining \$419.7 million will be presented as a financing cash outflow in our condensed consolidated statements of cash flows.

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 is effective for our interim and annual periods beginning January 1, 2019, and early adoption is permitted. While we are currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements, 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 of approximately \$364 million as of June 30, 2017. However, we do not anticipate that the adoption of this standard will have a material impact on our condensed consolidated statements of comprehensive loss since the expense recognition under this new standard will be similar to current practice.

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, and requires equity securities to be measured at fair value with changes in fair value recognized through net income. This new standard allows a measurement alternative for equity investments that do not have readily determinable fair values to be measured 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. This new standard is effective for our interim and annual periods beginning January 1, 2018, and will be adopted by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with prospective adoption of the amendments related to equity securities without readily determinable fair values existing as of the date of adoption. While we are currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements, we preliminarily expect the adoption of this standard to impact our strategic investments and our marketable equity securities, and plan to elect the measurement alternative for equity investments that do not have readily determinable fair values.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." Under this new 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. In addition, this standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has recently issued several amendments to the standard, including clarification on accounting for licenses of intellectual property and identifying performance obligations. This new standard is effective for our interim and annual periods beginning January 1, 2018.

The Topic 606 guidance 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 guidance recognized at the date of initial application (modified retrospective method). We currently anticipate adopting the standard using the full retrospective method to restate each prior reporting period presented.

Given the scope of work required to implement the recognition and disclosure requirements under the Topic 606 standard, we began our assessment process in 2014 and have since made significant progress, including the identification of necessary changes to our policies, processes, systems and controls.

We do not expect the Topic 606 standard to have a material impact on the timing of revenue recognition related to our cloud-based subscription offerings. However, we expect this new standard to have a material impact on the timing of revenue and expense recognition for our contracts related to on-premises offerings, in which we grant customers the right to deploy our subscription service on the customer's own servers, without significant penalty. Under this new standard, the requirement to have vendor specific objective evidence (VSOE) for undelivered elements is eliminated. As such, we may be required to recognize as revenue a portion of the sales price upon delivery of the software, compared to the current practice 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 revenue have not been billed, the accrued revenue will be recorded as unbilled receivables on our condensed consolidated balance sheets. We currently believe our total revenues reported for the year ended December 31, 2016 would have increased by approximately \$14 to \$19 million on a pro forma basis if the new standard had been applied for the entire 2016 fiscal year starting on January 1, 2016.



In addition, we expect the Topic 606 standard to change the way we account for commissions paid on both our on-premises offerings and our cloud-based subscription offerings. Our current practice is to defer only direct and incremental commission costs to obtain a contract and amortize those costs over the contract term for both our on-premises offerings and our cloud-based subscription offerings. Under this new standard, we will defer 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. Commissions allocated to the software element of our on-premises offerings, which are delivered up front, will be expensed immediately under this new standard, while commissions allocated to the support element of our on-premises offerings as well as commissions paid on our cloud-based subscription offerings, which are delivered over time, will be amortized over an expected period of benefit, which we have determined to be approximately five years. As a result, we currently expect the deferred commissions asset to increase and the related amortization expense in each reporting period to decrease under this new standard. The aggregate impact resulting from changes in the way we account for commission expense for both our cloud-based subscription offerings and our on-premises offerings would have reduced our sales and marketing expenses by approximately \$20 to \$25 million on a pro forma basis for the year ended December 31, 2016 if the new standard had been applied for the entire 2016 fiscal year starting on January 1, 2016.

We are continuing to evaluate the impact of the adoption of this standard on our condensed consolidated financial statements, including the increased disclosure requirements on our footnotes, and our preliminary assessments are subject to change.

### (3) Investments

#### *Marketable Securities*

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

	June 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 68,075	\$ —	\$ —	\$ 68,075
Corporate notes and bonds	656,402	123	(878)	655,647
Certificates of deposit	36,389	—	—	36,389
U.S. government agency securities	56,323	—	(134)	56,189
Marketable equity securities	10,000	12,214	—	22,214
Total available-for-sale securities	<u>\$ 827,189</u>	<u>\$ 12,337</u>	<u>\$ (1,012)</u>	<u>\$ 838,514</u>

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 56,839	\$ —	\$ —	\$ 56,839
Corporate notes and bonds	628,054	91	(1,590)	626,555
Certificates of deposit	35,355	—	—	35,355
U.S. government agency securities	42,088	7	(62)	42,033
Total available-for-sale securities	<u>\$ 762,336</u>	<u>\$ 98</u>	<u>\$ (1,652)</u>	<u>\$ 760,782</u>

As of June 30, 2017, the contractual maturities of our available-for-sale investment securities, excluding marketable equity securities, did not exceed 24 months. The fair values of these securities, by remaining contractual maturity, are as follows (in thousands):

	June 30, 2017
Due in 1 year or less	\$ 496,505
Due in 1 to 2 years	319,795
Total	<u>\$ 816,300</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 (in thousands):

	June 30, 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
Corporate notes and bonds	\$ 511,868	\$ (877)	\$ 3,775	\$ (1)	\$ 515,643	\$ (878)
U.S. government agency securities	65,175	(134)	—	—	65,175	(134)
Total	<u>\$ 577,043</u>	<u>\$ (1,011)</u>	<u>\$ 3,775</u>	<u>\$ (1)</u>	<u>\$ 580,818</u>	<u>\$ (1,012)</u>

	December 31, 2016					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate notes and bonds	\$ 492,503	\$ (1,530)	\$ 47,940	\$ (60)	\$ 540,443	\$ (1,590)
U.S. government agency securities	30,033	(62)	—	—	30,033	(62)
Total	<u>\$ 522,536</u>	<u>\$ (1,592)</u>	<u>\$ 47,940</u>	<u>\$ (60)</u>	<u>\$ 570,476</u>	<u>\$ (1,652)</u>

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.

### ***Strategic Investments***

Our strategic investments consist of debt and non-marketable equity investments in privately-held companies. 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, while non-marketable equity securities are recorded at cost. We have not recorded any impairment charges for any of our investments in privately-held companies. The total amount of debt and equity investments in privately-held companies included in Other assets on the condensed consolidated balance sheets was \$4.9 million and \$11.0 million as of June 30, 2017 and December 31, 2016, respectively. During the six months ended June 30, 2017, we reclassified \$10.0 million of non-marketable equity securities (at cost) to Short-term investments on our condensed consolidated balance sheets due to an initial public offering by the investee, and recorded an unrealized gain of \$12.2 million within other comprehensive income in our consolidated statements of comprehensive loss. During the six months ended June 30, 2017, we also acquired an additional \$3.9 million in strategic investments. The fair value of our debt investments in privately-held companies included within our strategic investments is \$1.4 million and \$0.5 million as of June 30, 2017 and December 31, 2016, respectively. 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, 2017 (in thousands):

	Level 1	Level 2	Total
<b>Cash equivalents:</b>			
Money market funds	\$ 217,219	\$ —	\$ 217,219
Certificates of deposit	—	1,000	1,000
U.S. government agency securities	—	607,548	607,548
<b>Short-term investments:</b>			
Commercial paper	—	68,075	68,075
Corporate notes and bonds	—	387,571	387,571
Certificates of deposit	—	17,505	17,505
U.S. government agency securities	—	23,354	23,354
Marketable equity securities	22,214	—	22,214
<b>Long-term investments:</b>			
Corporate notes and bonds	—	268,076	268,076
Certificates of deposit	—	18,884	18,884
U.S. government agency securities	—	32,835	32,835
<b>Total</b>	<b>\$ 239,433</b>	<b>\$ 1,424,848</b>	<b>\$ 1,664,281</b>

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis at December 31, 2016 (in thousands):

	Level 1	Level 2	Total
<b>Cash equivalents:</b>			
Money market funds	\$ 165,627	\$ —	\$ 165,627
<b>Short-term investments:</b>			
Commercial paper	—	56,839	56,839
Corporate notes and bonds	—	388,429	388,429
Certificates of deposit	—	35,355	35,355
U.S. government agency securities	—	17,501	17,501
<b>Long-term investments:</b>			
Corporate notes and bonds	—	238,125	238,125
U.S. government agency securities	—	24,533	24,533
<b>Total</b>	<b>\$ 165,627</b>	<b>\$ 760,782</b>	<b>\$ 926,409</b>

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 and Note 9 for the fair value measurement of our convertible senior notes.

**(5) Business Combinations****2017 Business Combinations*****DxContinuum***

On January 20, 2017, we completed the acquisition of a privately-held company, DxContinuum, Inc. (DxContinuum), by acquiring all issued and outstanding common shares of DxContinuum for approximately \$15.0 million in an all-cash transaction to enhance the predictive capabilities of our solutions.

The following table summarizes the allocation of the purchase price to the fair value of the tangible and intangible assets acquired and liabilities assumed as of the acquisition date:

	Purchase Price Allocation (in thousands)	Useful Life (in years)
Net tangible assets acquired	\$ 37	
Intangible assets:		
Developed technology	6,400	5
Goodwill	11,159	
Net deferred tax liabilities <sup>(1)</sup>	(2,561)	
Total purchase price	<u>\$ 15,035</u>	

(1) Deferred tax liabilities, net primarily relates to purchased identifiable intangible assets and is shown net of deferred tax assets.

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

***Other 2017 Business Combination***

On May 19, 2017, we completed the acquisition of a privately-held company, Qlue, Inc., for approximately \$6.6 million in cash, and have included the results of operations of this company in our condensed consolidated financial statements from the date of purchase. In allocating the purchase price based on the estimated fair value, we recorded \$5.0 million of goodwill, \$2.6 million of developed technology intangible assets (to be amortized over an estimated useful life of 5 years), and \$1.1 million of deferred tax liabilities. Amounts allocated to the remaining acquired tangible assets and assumed liabilities were not material. The goodwill balance associated with this business combination is not deductible for income tax purposes.

The results of operations of both of our 2017 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 \$1.4 million for the six months ended June 30, 2017 are included in general and administrative expenses in our condensed consolidated statements of comprehensive loss.

## 2016 Business Combinations

### *BrightPoint Security*

On June 3, 2016, we completed the acquisition of a privately-held company, BrightPoint Security, Inc. (BrightPoint), by acquiring all issued and outstanding common shares of BrightPoint for approximately \$19.6 million in an all-cash transaction to expand our Security Operations solutions. The following table summarizes the allocation of the purchase price to the fair value of the tangible and intangible assets acquired and liabilities assumed as of the acquisition date:

	Purchase Price Allocation (in thousands)	Useful Life (in years)
Intangible assets:		
Developed technology	\$ 8,100	6
Customer contracts and related relationships	500	1.5
Goodwill	15,258	
Net tangible liabilities acquired	(1,339)	
Net deferred tax liabilities <sup>(1)</sup>	(2,890)	
Total purchase price	<u>\$ 19,629</u>	

(1) Deferred tax liabilities, net primarily relates to purchased identifiable intangible assets and is shown net of deferred tax assets.

### *ITapp*

On April 8, 2016, we completed the acquisition of a privately-held company, ITapp Inc. (ITapp), by acquiring all issued and outstanding common shares of ITapp for approximately \$14.5 million in an all-cash transaction to expand our IT Operations Management solutions. The following table summarizes the allocation of the purchase price to the fair value of the tangible and intangible assets acquired and liabilities assumed as of the acquisition date:

	Purchase Price Allocation (in thousands)	Useful Life (in years)
Net tangible assets acquired	\$ 140	
Intangible assets:		
Developed technology	4,700	5
Customer contracts and related relationships	200	1.5
Goodwill	11,437	
Net deferred tax liabilities <sup>(1)</sup>	(2,015)	
Total purchase price	<u>\$ 14,462</u>	

(1) Deferred tax liabilities, net primarily relates to purchased identifiable intangible assets and is shown net of deferred tax assets.

For both of the 2016 business combinations, the excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. We believe the goodwill represents the synergies expected from expanded market opportunities when integrating the acquired technologies with our offerings. The goodwill balance for both business combinations is not deductible for income tax purposes. Aggregate acquisition-related costs of \$1.0 million are included in general and administrative expenses in our condensed consolidated statements of comprehensive loss.

The results of operations of both BrightPoint and ITapp have been included in our condensed consolidated financial statements from their respective dates of purchase. The following pro forma consolidated financial information combines the results of operations from us, BrightPoint and ITapp for the three and six months ended June 30, 2016, as if the acquisitions of BrightPoint and ITapp had occurred on January 1, 2016 (in thousands, except share and per share data):

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Revenues	\$ 341,631	\$ 647,898
Net loss	\$ (50,674)	\$ (386,299)
Weighted-average shares used to compute net loss per share - basic and diluted	163,838,755	162,952,721
Net loss per share - basic and diluted	\$ (0.31)	\$ (2.37)

The pro forma results as presented above are based on estimates and assumptions, which we believe are reasonable. They are not necessarily indicative of our condensed consolidated results of operations in future periods or the results that actually would have been realized had we been a combined company during the periods presented. The pro forma results include adjustments primarily related to amortization of acquired intangible assets and acquisition-related costs.

## (6) Goodwill and Intangible Assets

Goodwill balances are presented below (in thousands):

	Carrying Amount
Balance as of December 31, 2016	\$ 82,534
Goodwill acquired	16,159
Foreign currency translation adjustments	5,737
Balance as of June 30, 2017	\$ 104,430

Intangible assets consist of the following (in thousands):

	June 30, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 90,033	\$ (39,782)	\$ 50,251
Patents	23,780	(1,874)	21,906
Other	1,775	(1,345)	430
Total intangible assets	\$ 115,588	\$ (43,001)	\$ 72,587

During the six months ended June 30, 2017, we acquired patents with a weighted average useful life of 10 years for an aggregate purchase price of \$6.2 million.

	December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	\$ 79,206	\$ (30,858)	\$ 48,348
Patents	17,610	(867)	16,743
Other	1,775	(1,012)	763
Total intangible assets	\$ 98,591	\$ (32,737)	\$ 65,854

Amortization expense for intangible assets for the three months ended June 30, 2017 and 2016 was approximately \$4.8 million and \$3.7 million, respectively, and for the six months ended June 30, 2017 and 2016 was approximately \$9.5 million and \$6.6 million, respectively.

The following table presents the estimated future amortization expense related to intangible assets held at June 30, 2017 (in thousands):

Years Ending December 31,		
2017	\$	9,502
2018		18,491
2019		18,410
2020		8,585
2021		6,665
Thereafter		10,934
Total future amortization expense	\$	72,587

## (7) Property and Equipment

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

	June 30, 2017	December 31, 2016
Computer equipment	\$ 272,883	\$ 222,648
Computer software	39,781	32,132
Leasehold improvements	39,836	37,095
Furniture and fixtures	34,746	31,574
Building	7,063	6,379
Construction in progress	7,731	2,535
	402,040	332,363
Less: Accumulated depreciation	(188,539)	(150,743)
Total property and equipment, net	\$ 213,501	\$ 181,620

Construction in progress consists primarily of leasehold improvements and in-process software development costs. Depreciation expense for the three months ended June 30, 2017 and 2016 was \$22.2 million and \$16.3 million, respectively, and for the six months ended June 30, 2017 and 2016 was approximately \$42.6 million and \$30.8 million, respectively.

## (8) Accrued Expenses and Other Current Liabilities

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

	June 30, 2017	December 31, 2016
Taxes payable	\$ 16,752	\$ 19,472
Bonuses and commissions	54,465	67,259
Accrued compensation	34,760	30,816
Other employee related liabilities	31,926	28,812
Other	35,605	25,277
Total accrued expenses and other current liabilities	\$ 173,508	\$ 171,636

## (9) Convertible Senior Notes

During the three months ended June 30, 2017, we issued \$782.5 million of 0% convertible senior notes (the 2022 Notes), 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), 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. We intend to settle the principal amount of the Notes with cash.

	<b>Convertible Date</b>	<b>Initial Conversion Price per Share</b>	<b>Initial Conversion Rate per \$1,000 Par Value</b>	<b>Initial Number of Shares</b>
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 the 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;
- 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. Upon conversion, 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, at our election. As noted above, we currently intend to settle the principal amount of the Notes with cash.

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 interest.

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, 2017	December 31, 2016
Liability component:		
Principal:		
2022 Notes	\$ 782,500	\$ —
2018 Notes	575,000	575,000
Less: debt issuance cost and debt discount, net of amortization		
2022 Notes	(167,754)	\$ —
2018 Notes	(49,683)	(67,188)
Net carrying amount	<u>\$ 1,140,063</u>	<u>\$ 507,812</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 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. Therefore, as of June 30, 2017, the 2018 Notes became convertible at the holders' option beginning on July 1, 2017 and ending September 30, 2017. As we have the option to settle the principal amount in shares and we are more than 12 months away from the maturity date, we continue to classify the net carrying amount of our 2018 Notes as a long-term liability and the equity component of our 2018 Notes continues to remain in permanent equity. Our 2018 Notes were not convertible as of December 31, 2016. Our 2022 Notes were not convertible as of June 30, 2017.

We consider the fair value of the Notes at June 30, 2017 to be a Level 2 measurement. The estimated fair values of the Notes at June 30, 2017 and December 31, 2016 based on the closing trading price per \$100 of the Notes were as follows (in thousands):

	June 30, 2017	December 31, 2016
2022 Notes	\$ 796,976	N/A
2018 Notes	\$ 833,808	\$ 681,375

As of June 30, 2017, the remaining life of the 2022 Notes and 2018 Notes are 59 months and 16 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,	
	2017	2016	2017	2016
Amortization of debt issuance cost				
2022 Notes	\$ 122	\$ —	\$ 122	\$ —
2018 Notes	474	442	940	877
Amortization of debt discount				
2022 Notes	2,388	—	2,388	—
2018 Notes	8,353	7,806	16,565	15,480
Total	<u>\$ 11,337</u>	<u>\$ 8,248</u>	<u>\$ 20,015</u>	<u>\$ 16,357</u>
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. We have accounted for the aggregate amount of purchase price for the Notes 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.

### Warrants

	Proceeds (in thousands)	Shares	Strike Price
2022 Warrants	\$ 54,071	5,806,936	\$ 203.40
2018 Warrants	\$ 84,525	7,783,023	\$ 107.46

Separately, we entered into warrant transactions (the 2022 Warrants and 2018 Warrants, respectively, and collectively, the Warrants) 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. 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. 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.

### (10) Accumulated Other Comprehensive Loss

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

	June 30, 2017	December 31, 2016
Foreign currency translation adjustment	\$ (7,184)	\$ (19,277)
Net unrealized gain (loss) on investments, net of tax	6,251	(1,856)
Accumulated other comprehensive loss	\$ (933)	\$ (21,133)

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

**(11) Stockholders' Equity*****Common Stock***

We were authorized to issue 600,000,000 shares of common stock as of June 30, 2017. Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. As of June 30, 2017, we had 170,712,093 shares of common stock outstanding and had reserved shares of common stock for future issuance as follows:

	June 30, 2017
Stock plans:	
Options outstanding	4,992,394
RSUs	13,270,087
Shares of common stock available for future grants:	
2012 Equity Incentive Plan <sup>(1)</sup>	25,602,145
2012 Employee Stock Purchase Plan <sup>(1)</sup>	9,868,010
Total reserved shares of common stock for future issuance	53,732,636

(1) Refer to Note 12 for a description of these plans.

During the six months ended June 30, 2017 and 2016, we issued a total of 3,822,126 shares and 3,710,925 shares, respectively, from stock option exercises, vesting of restricted stock units (RSUs), net of employee payroll taxes and purchases from the employee stock purchase plan (ESPP). In May 2017, we repurchased and retired 540,806 shares of our common stock for approximately \$55.0 million, or \$101.70 per share. We had no similar repurchases or retirements of common stock during the six months ended June 30, 2016.

**(12) 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 the board of directors. On January 1, 2017, 8,371,539 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 the 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 the board of directors. On January 1, 2017, 1,674,308 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, 2017 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, 2016	5,818,435	\$ 20.57		
Granted	566,720	84.81		
Exercised	(697,446)	15.77		\$ 51,560
Canceled	(38,334)	71.68		
Outstanding at March 31, 2017	5,649,375	\$ 27.26		
Granted	50,000	103.60		
Exercised	(705,807)	8.62		\$ 62,617
Canceled	(1,174)	57.78		
Outstanding at June 30, 2017	4,992,394	\$ 30.65	5.57	\$ 376,150
Vested and expected to vest as of June 30, 2017	4,919,086	\$ 29.99	5.52	\$ 373,914
Vested and exercisable as of June 30, 2017	3,772,067	\$ 15.16	4.42	\$ 342,656

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 weighted-average grant date fair value per share of options granted was \$37.57 for the six months ended June 30, 2017. The total fair value of stock options vested during the six months ended June 30, 2017 was \$5.3 million.

Included in the number of options granted during the six months ended June 30, 2017 are 396,720 options with both service and market-based criteria, which were granted to our new President and Chief Executive Officer, who started his employment with us during the second quarter. The fair values of the options granted and the corresponding derived service periods were calculated using a Monte Carlo simulation, which estimates the potential outcome of reaching the market condition based on simulated future stock prices. The stock-based compensation expense associated with these options are recorded on a graded vesting basis.

As of June 30, 2017, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately \$33.8 million. The weighted-average remaining vesting period of unvested stock options at June 30, 2017 was 3.55 years.

## RSUs

A summary of RSU activity for the six months ended June 30, 2017 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value (Per Share)	Aggregate Intrinsic Value (in thousands)
Non-vested at December 31, 2016	12,222,282	\$ 63.66	
Granted	4,216,410	88.05	
Vested	(1,801,659)	55.73	\$ 164,367
Forfeited	(507,680)	73.14	
Non-vested at March 31, 2017	14,129,353	71.60	
Granted	763,940	97.79	
Vested	(1,177,903)	63.84	\$ 115,487
Forfeited	(445,303)	68.78	
Non-vested at June 30, 2017	13,270,087	\$ 73.89	\$ 1,406,629

RSUs granted to employees under the 2012 Plan generally vest over a four-year period. As of June 30, 2017, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs was approximately \$737.9 million and the weighted-average remaining vesting period was 2.91 years.

### (13) Net Loss Per Share

Basic net loss per share attributable to common stockholders is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing net 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 common stock options, RSUs, ESPP obligations, convertible senior notes and 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 common stock options, RSUs, ESPP obligations, convertible senior notes and warrants are excluded from the computation of diluted net loss per share in periods in which the effect would be antidilutive.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net loss	\$ (56,473)	\$ (49,625)	\$ (97,135)	\$ (382,957)
Denominator:				
Weighted-average shares outstanding—basic and diluted	170,419,083	163,838,755	169,585,356	162,952,721
Net loss per share—basic and diluted:	\$ (0.33)	\$ (0.30)	\$ (0.57)	\$ (2.35)

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,	
	2017	2016
Common stock options	4,992,394	6,902,902
Restricted stock units	13,270,087	13,274,438
ESPP obligations	286,176	288,467
2018 convertible senior notes	7,783,023	7,783,023
Warrants related to the issuance of 2018 convertible senior notes	7,783,023	7,783,023
2022 convertible senior notes	5,806,936	—
Warrants related to the issuance of 2022 convertible senior notes	5,806,936	—
Total potentially dilutive securities	45,728,575	36,031,853

### (14) 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 2% 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 acquisitions, excess tax benefits of stock-based compensation and the tax effects of unrealized gains in investment securities.

Our effective tax rate was 9% and 1% for the three and six months ended June 30, 2016, 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 acquisitions and excess tax benefits of stock-based compensation.

We are subject to taxation in the United States and foreign jurisdictions. As of June 30, 2017, our tax years 2005 to 2016 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.

## (15) 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, 2017 are presented in the table below (in thousands):

	Leases, net of Sublease Income	Purchase Obligations <sup>(1)</sup>	Other	Total
Years Ending December 31,				
Remainder of 2017	\$ 19,368	\$ 12,879	\$ 286	\$ 32,533
2018	43,166	19,093	572	62,831
2019	45,418	10,614	572	56,604
2020	45,119	5,155	572	50,846
2021	43,637	3,172	572	47,381
Thereafter	167,473	162	1,621	169,256
Total	\$ 364,181	\$ 51,075	\$ 4,195	\$ 419,451

(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, 2017, we would have been obligated to pay cancellation penalties of approximately \$16.2 million in aggregate, of which \$7.8 million is related to our Knowledge user conference in May 2018.

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 2018 Notes with an aggregate principal amount of \$575.0 million is due on November 1, 2018. Refer to Note 9 for further information regarding our Notes.

### *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.

On February 6, 2014, Hewlett-Packard Company (Hewlett-Packard) filed a lawsuit against us in the U.S. District Court for the Northern District of California. The lawsuit alleged patent infringement and sought damages and an injunction. On or about November 1, 2015, Hewlett Packard Enterprise Company (HPE) separated from Hewlett-Packard as an independent company, Hewlett-Packard assigned to HPE all right, title, and interest in the eight Hewlett-Packard patents in the lawsuit, and HPE was substituted as plaintiff in the litigation. On March 4, 2016, we entered into a confidential settlement agreement resolving the lawsuit with HPE (HPE Settlement). As a result, on March 9, 2016, the lawsuit was dismissed.

BMC Software, Inc. (BMC) filed lawsuits against us in the U.S. District Court for the Eastern District of Texas on September 23, 2014 and February 12, 2016, and in the Dusseldorf (Germany) Regional Court, Patent Division, on March 2, 2016. Each of the lawsuits alleged patent infringement and sought damages and an injunction. On April 8, 2016, we entered into a confidential settlement agreement resolving all the lawsuits with BMC (BMC Settlement). As a result, the second Texas lawsuit was dismissed on April 14, 2016, and each of the initial Texas lawsuit and the German lawsuit was dismissed on April 25, 2016.

These settlements are considered multiple element arrangements for accounting purposes. We evaluated the accounting treatment of these settlements by identifying each element of the arrangements, which included amongst other elements, a release of past infringement claims and a covenant not to sue for a specified term of years. The primary benefit we received from the arrangements was the settlement and termination of all existing litigation, the avoidance of future litigation expenses and the avoidance of future management and customer disruptions. We determined that none of the elements of the settlement agreements have identifiable future benefits that would be capitalized as an asset. Accordingly, we recorded charges for aggregate legal settlements of \$270.0 million in our condensed consolidated statement of comprehensive loss during the six months ended June 30, 2016. The charge covers the fulfillment by us of all financial obligations under both the BMC Settlement and HPE Settlement with no remaining financial obligations under either settlement.

## (16) 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,	
	2017	2016	2017	2016
North America <sup>(1)</sup>	\$ 322,263	\$ 234,009	\$ 607,844	\$ 444,526
EMEA <sup>(2)</sup>	113,670	82,065	212,536	156,346
Asia Pacific and other	35,770	25,238	68,106	46,319
Total revenues	<u>\$ 471,703</u>	<u>\$ 341,312</u>	<u>\$ 888,486</u>	<u>\$ 647,191</u>

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

	June 30,	December 31,
	2017	2016
North America <sup>(3)</sup>	\$ 150,604	\$ 132,671
EMEA <sup>(2)</sup>	46,370	37,449
Asia Pacific and other	16,527	11,500
Total property and equipment, net	<u>\$ 213,501</u>	<u>\$ 181,620</u>

(1) Revenues attributed to the United States were approximately 95% of North America revenues for each of the three months ended June 30, 2017 and 2016, and each of the six months ended June 30, 2017 and 2016.

(2) Europe, the Middle East and Africa

(3) Property and equipment, net attributed to the United States were approximately 90% and 92% of property and equipment, net attributable to North America as of June 30, 2017 and December 31, 2016, respectively.

Subscription revenues consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Service Management solutions	\$ 363,746	\$ 264,667	\$ 697,382	\$ 509,273
IT Operations Management solutions	47,261	26,012	89,760	48,828
Total subscription revenues	<u>\$ 411,007</u>	<u>\$ 290,679</u>	<u>\$ 787,142</u>	<u>\$ 558,101</u>

Our Service Management solutions include ServiceNow Platform, IT Service Management, IT Business Management, Customer Service Management, Human Resources Management and Security Operations Management, 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.

## 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, 2016 included in the Annual Report on Form 10-K dated as of, and filed with the Securities and Exchange Commission, or the SEC, on February 28, 2017 (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, or 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 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 believe investors should consider these non-GAAP financial measures in evaluating our results as they are indicative of our ongoing performance and reflect how management evaluates our operational results and trends.

### Overview

ServiceNow is a leading provider of enterprise cloud computing solutions that define, structure, manage and automate services for global enterprises. Our mission is to help our customers improve service levels 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 service on-premises at a customer data center to support a customer's unique regulatory or security requirements.

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 subscribed 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 number of users. 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 for implementation and configuration 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 5,571 as of June 30, 2017 from 4,241 as of June 30, 2016.

## 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 403 and 279 customers with ACV greater than \$1 million as of June 30, 2017 and 2016, 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 for comparability purposes. We adjust the G2K count for acquisitions, spin-offs and other market activity to ensure the G2K customer count is accurately captured. 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 was 790 and 683 as of June 30, 2017 and 2016, 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. Our average ACV per G2K customer was approximately \$1.1 million and \$0.9 million as of June 30, 2017 and 2016, 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 total ACV from all customers that renewed during the period, excluding changes in price or users, and 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. 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% and 97% for the three months ended June 30, 2017 and 2016, respectively, and 97% for each of the six months ended June 30, 2017 and 2016. 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.

*Billings.* We define billings, a non-GAAP financial measure, as revenues recognized plus the change in total deferred revenue as presented on the condensed consolidated statements of cash flows. The change in total deferred revenue as presented on the condensed consolidated statements of cash flows represents the change in deferred revenues in local currencies translated into U.S. dollars using an average foreign currency exchange rate, and aligns actual billings with the exchange rates in effect at the time of the billings. We believe billings is a useful leading indicator regarding the performance of our business.

A calculation of billings is provided below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	% Change	2017	2016	% Change
	(dollars in thousands)			(dollars in thousands)		
Billings:						
Total revenues	\$ 471,703	\$ 341,312	38 %	\$ 888,486	\$ 647,191	37%
Change in deferred revenue from the condensed consolidated statements of cash flows	33,215	33,596	(1)%	145,662	104,399	40%
Total billings	\$ 504,918	\$ 374,908	35 %	\$ 1,034,148	\$ 751,590	38%

Billings consists of amounts invoiced for contracts with new customers, upsells, renewals, backlog, professional services, training, and our Knowledge and other customer forum events. 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 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 condensed 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 upselling additional products or services, 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.

Accordingly, while we believe billings is a useful leading indicator regarding the performance of our business, 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 due to the factors above, which may offset the increase or decrease, as applicable.

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 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. In our Annual Report on Form 10-K for the year ended December 31, 2016, we calculated the impact of fluctuations in billings duration using a different methodology that applied the weighted average billings duration in effect during the prior period presented rather than the actual weighted average billings duration in effect during the current period. Weighted average billings duration refers to the weighted average billings duration for all our customer contracts commencing during the period, unless such amounts have been paid during the period. To the extent that multi-year billings grow and billings durations lengthen, our current methodology provides more meaningful information on the impact of multi-year billings fluctuations than our previous weighted average billings duration methodology. This change in methodology did not have a material impact on the amounts previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016. 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, for which no adjustments have been presented.

Foreign currency rate fluctuations had an unfavorable impact of \$8.8 million and \$18.3 million on billings for the three and six months ended June 30, 2017, respectively. Changes in billings duration had an unfavorable impact of \$3.4 million and a favorable impact of \$17.9 million for the three and six months ended June 30, 2017, respectively.

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 exclude 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 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 (used in) operating activities reduced by purchases of property and equipment. Purchases of property and equipment is 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,		% Change
	2017	2016	
	(dollars in thousands)		
Free cash flow:			
Net cash provided by (used in) operating activities	\$ 316,149	\$ (69,484)	NM
Purchases of property and equipment	(69,103)	(52,929)	31%
Free cash flow <sup>(1)</sup>	<u>\$ 247,046</u>	<u>\$ (122,413)</u>	NM

NM - Not meaningful.

(1) Free cash flow includes the effect of a \$267.5 million payment for legal settlement during the six months ended June 30, 2016. Refer to Note 15 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

**Average contract term.** We calculate the average contract term for new customers, upsells 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 34 months and 32 months for the three months ended June 30, 2017 and 2016, respectively, and 34 months and 33 months for the six months ended June 30, 2017 and 2016, respectively. The average upsell contract term was 28 months and 27 months for the three months ended June 30, 2017 and 2016, respectively, and 27 months and 25 months for the six months ended June 30, 2017 and 2016, respectively. The average renewal contract term was 28 months and 27 months for the three months ended June 30, 2017 and 2016, respectively, and 27 months for each of the six months ended June 30, 2017 and 2016.

## Components of Results of Operations

### Revenues

**Subscription revenues.** Subscription revenues are primarily comprised of fees that give customers access to the ordered subscription service, related support and upgrades, 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 upgrades, 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 the implementation and configuration of our subscription service. 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 include fees from customer training delivered on-site or publicly available classes, attendance and sponsorship fees for our annual Knowledge user conference and other customer forums. 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 89% of our total revenues for each of the three months ended June 30, 2017 and 2016, and 90% and 88% for the six months ended June 30, 2017 and 2016, respectively. We make sales to our resale partners at a discount and record those revenues at the discounted price when all revenue recognition criteria are 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 between 5% and 15% of the customer's ACV, depending on the level of activity these third parties perform in the sales process. 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 includes facility costs associated with our data centers as well as interconnectivity between data centers, depreciation related to our cloud-based infrastructure hardware equipment dedicated for customer use, amortization of intangible assets and personnel-related costs directly associated with our cloud-based infrastructure 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 associated with the implementation and configuration of our subscription 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 14% and 15% for the three months ended June 30, 2017 and 2016, respectively, and 18% and 17% for the six months ended June 30, 2017 and 2016, 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 related to our annual Knowledge user conference, other marketing program expenses, which include events other than Knowledge, advertising and market 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 cloud-based 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, facility 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.

***Legal Settlements***

Legal settlements consist of one-time aggregate charges related to the settlement agreements with Hewlett Packard Enterprise Company (HPE) and BMC Software, Inc. (BMC). Refer to Note 15 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details of these matters.

***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, 2017 and December 31, 2016. 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 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,	
	2017	2016	2017	2016
	(in thousands)		(in thousands)	
Revenues:				
Subscription	\$ 411,007	\$ 290,679	\$ 787,142	\$ 558,101
Professional services and other	60,696	50,633	101,344	89,090
Total revenues	471,703	341,312	888,486	647,191
Cost of revenues <sup>(1)</sup> :				
Subscription	75,793	56,360	146,168	109,141
Professional services and other	45,892	40,289	91,964	81,768
Total cost of revenues	121,685	96,649	238,132	190,909
Gross profit	350,018	244,663	650,354	456,282
Operating expenses <sup>(1)</sup> :				
Sales and marketing	247,224	186,506	459,310	345,116
Research and development	90,005	70,364	174,494	136,288
General and administrative	51,526	36,071	97,777	77,308
Legal settlements	—	—	—	270,000
Total operating expenses	388,755	292,941	731,581	828,712
Loss from operations	(38,737)	(48,278)	(81,227)	(372,430)
Interest expense	(11,337)	(8,248)	(20,015)	(16,357)
Interest income and other income (expense), net	(7,830)	2,260	(114)	2,962
Loss before income taxes	(57,904)	(54,266)	(101,356)	(385,825)
Benefit from income taxes	(1,431)	(4,641)	(4,221)	(2,868)
Net loss	\$ (56,473)	\$ (49,625)	\$ (97,135)	\$ (382,957)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands)		(in thousands)	
Cost of revenues:				
Subscription	\$ 8,942	\$ 6,951	\$ 16,880	\$ 13,558
Professional services and other	7,617	6,136	14,566	12,895
Sales and marketing	42,287	32,861	80,688	63,859
Research and development	22,731	21,047	44,532	41,580
General and administrative	16,489	11,070	31,343	21,481
Total stock-based compensation	\$ 98,066	\$ 78,065	\$ 188,009	\$ 153,373

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,	
	2017	2016	2017	2016
Revenues:				
Subscription	87 %	85 %	89 %	86 %
Professional services and other	13	15	11	14
Total revenues	100	100	100	100
Cost of revenues <sup>(1)</sup> :				
Subscription	16	17	17	17
Professional services and other	10	12	10	13
Total cost of revenues	26	29	27	30
Gross profit	74	71	73	70
Operating expenses <sup>(1)</sup> :				
Sales and marketing	52	55	52	53
Research and development	19	21	19	21
General and administrative	11	11	11	12
Legal settlements	—	—	—	42
Total operating expenses	82	87	82	128
Loss from operations	(8)	(16)	(9)	(58)
Interest expense	(2)	(2)	(2)	(3)
Interest income and other income (expense), net	(2)	1	—	—
Loss before income taxes	(12)	(17)	(11)	(61)
Benefit from income taxes	—	(1)	—	—
Net loss	(12)%	(16)%	(11)%	(61)%

(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,	
	2017	2016	2017	2016
Cost of revenues:				
Subscription	2%	2%	2%	2%
Professional services and other	2	2	2	2
Sales and marketing	9	10	9	10
Research and development	5	6	5	6
General and administrative	3	3	3	4
Total stock-based compensation	21%	23%	21%	24%

## Comparison of the Three Months Ended June 30, 2017 and 2016

### Revenues

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Revenues:			
Subscription	\$ 411,007	\$ 290,679	41%
Professional services and other	60,696	50,633	20%
Total revenues	<u>\$ 471,703</u>	<u>\$ 341,312</u>	38%
Percentage of revenues:			
Subscription	87%	85%	
Professional services and other	13%	15%	
Total	<u>100%</u>	<u>100%</u>	

Subscription revenues increased \$120.3 million during the three months ended June 30, 2017, compared to the same period in the prior year, driven by our upsells and an increase in our customer count. We expect subscription revenues to grow in absolute dollars and as a percentage of total revenues for the year ending December 31, 2017 compared to the year ended December 31, 2016 as we continue to add new customers and upsell to existing customers. Our expectations for the second half of 2017 revenues, cost of revenues and operating expenses are based on foreign exchange rates as of June 30, 2017.

Subscription revenues consist of the following:

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Service Management solutions	\$ 363,746	\$ 264,667	37%
IT Operations Management solutions	47,261	26,012	82%
Total subscription revenues	<u>\$ 411,007</u>	<u>\$ 290,679</u>	41%

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 \$10.1 million during the three months ended June 30, 2017, compared to the same period in the prior year, due to an increase in the services provided to our growing customer base. In addition, revenues from our annual Knowledge user conference increased to \$17.1 million for the three months ended June 30, 2017 from \$12.8 million for the three months ended June 30, 2016 due to an increase in attendance and sponsorship fees in the current year. This event is held each year in the second quarter, and all revenues and cost associated with this event are recognized in the quarter in which the event is held. We believe excluding Knowledge revenues facilitates a more meaningful comparison between comparative periods for our professional services and other revenues and gross profit. Excluding Knowledge revenues, we expect professional services and other revenues to increase at a slower rate compared to subscription revenues as we are increasingly focused on deploying our internal professional services organization as a strategic resource and relying on our partner ecosystem to contract directly with customers for service delivery.

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 32% and 31% of total revenues for the three months ended June 30, 2017 and 2016, respectively. As a result, the general strengthening 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, 2016 to the three months ended June 30, 2017 had an unfavorable 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, 2017 at the exchange rates for the three months ended June 30, 2016 rather than the actual exchange rates in effect during the period, our subscription revenues would have increased by an additional \$6.0 million. The impact from the foreign currency movements from the three months ended June 30, 2016 to the three months ended June 30, 2017 is not material to professional services and other revenues.



### Cost of Revenues and Gross Profit Percentage

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 75,793	\$ 56,360	34%
Professional services and other	45,892	40,289	14%
Total cost of revenues	\$ 121,685	\$ 96,649	26%
Gross profit percentage:			
Subscription	82%	81%	
Professional services and other	24%	20%	
Total gross profit percentage	74%	71%	
Gross Profit	\$ 350,018	\$ 244,663	
Headcount (at period end)			
Subscription	837	646	30%
Professional services and other	566	493	15%
Total headcount	1,403	1,139	23%

Cost of subscription revenues increased \$19.4 million during the three months ended June 30, 2017, compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$7.5 million in personnel-related costs excluding stock-based compensation, an increase of \$1.8 million in overhead expenses and an increase of \$2.0 million in stock-based compensation. In addition, there was an increase of \$4.2 million in depreciation expense primarily due to purchases of cloud-based infrastructure hardware equipment for our data centers, an increase of \$1.5 million in data center capacity costs due to the addition of new data centers and the expansion of existing data centers and an increase of \$0.6 million in amortization of intangibles as a result of acquisitions in 2016.

Our subscription gross profit percentage increased to 82% for the three months ended June 30, 2017, from 81% for the three months ended June 30, 2016, due to improved data center utilization and economies of scale. We expect our cost of subscription revenues to increase in absolute dollar terms for the year ending December 31, 2017 compared to the year ended December 31, 2016 as we provide subscription services to more customers and increase the number of users within our customer instances. We expect our subscription gross profit percentage to improve slightly for the year ending December 31, 2017 compared to the year ended December 31, 2016 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 \$5.6 million during the three months ended June 30, 2017 as compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$2.5 million in personnel-related costs excluding stock-based compensation and an increase of \$1.5 million in stock-based compensation. Outside services increased \$1.6 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased utilization of contracted third-party partners for the implementation and configuration of our subscription services.

Our professional services and other gross profit percentage increased to 24% for the three months ended June 30, 2017, from 20% for the three months ended June 30, 2016, primarily due to the increase in revenues from our annual Knowledge user conference. Costs associated with Knowledge are included in sales and marketing expense. Knowledge contributed \$17.1 million to professional services and other revenues, or 29 percentage points to the professional services and other gross profit percentage for the three months ended June 30, 2017. For the three months ended June 30, 2016, Knowledge contributed \$12.8 million to professional services and other revenues, or 27 percentage points to the professional services and other gross profit percentage.

We expect cost of professional services and other revenues to increase in absolute dollars for the year ending December 31, 2017 compared to the year ended December 31, 2016 as our business grows. We expect our professional services and other gross profit percentage to decline for the year ending December 31, 2017 compared to the year ended December 31, 2016 as we continue to invest in our professional services organization to support our newer products.

The impact from the foreign currency movements from the three months ended June 30, 2016 to the three months ended June 30, 2017 is not material to cost of revenues.

### ***Sales and Marketing***

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Sales and marketing	\$ 247,224	\$ 186,506	33%
Percentage of revenues	52%	55%	
Headcount (at period end)	2,185	1,669	31%

Sales and marketing expenses increased \$60.7 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased headcount that resulted in an increase of \$27.9 million in personnel-related costs excluding stock-based compensation and commissions, an increase of \$9.4 million in stock-based compensation and an increase of \$4.9 million in overhead expenses. Commissions and third-party referral fees increased \$5.7 million, and amounted to 6% and 7% of subscription revenues for three months ended June 30, 2017 and 2016, respectively. Expenses related to our annual Knowledge user conference increased \$8.2 million, from \$24.0 million for the three months ended June 30, 2016 to \$32.2 million for the three months ended June 30, 2017, due to an increase in registrations by 29% year-over-year. Other marketing program expenses, which include events other than Knowledge, advertising and market data, increased \$3.3 million during the three months ended June 30, 2017 compared to the same period in the prior year.

The general strengthening of the U.S. Dollar relative to other major foreign currencies from the three months ended June 30, 2016 to the three months ended June 30, 2017 had a favorable 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, 2017 at the exchange rates for the three months ended June 30, 2016 rather than the actual exchange rates in effect during the period, our sales and marketing expenses would have increased by an additional \$2.0 million.

We expect sales and marketing expenses to increase in absolute dollar terms for the year ending December 31, 2017 compared to the year ended December 31, 2016, but decrease slightly as a percentage of total revenues as we continue to expand our direct sales force, increase our marketing activities, grow our international operations, build brand awareness and sponsor additional marketing events.

### ***Research and Development***

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Research and development	\$ 90,005	\$ 70,364	28%
Percentage of revenues	19%	21%	
Headcount (at period end)	1,216	897	36%

Research and development expenses increased \$19.6 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$13.8 million in personnel-related costs excluding stock-based compensation, an increase of \$2.9 million in overhead expenses and an increase of \$1.7 million in stock-based compensation.

The impact from the foreign currency movements from the three months ended June 30, 2016 to the three months ended June 30, 2017 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, 2017 compared to the year ended December 31, 2016, but decrease slightly 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 continue to enhance our core platform.

### ***General and Administrative***

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
General and administrative	\$ 51,526	\$ 36,071	43%
Percentage of revenues	11%	11%	
Headcount (at period end)	767	536	43%

General and administrative expenses increased \$15.5 million during the three months ended June 30, 2017, compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$5.4 million in stock-based compensation and an increase of \$5.1 million in personnel-related costs excluding stock-based compensation. Outside services increased \$3.1 million and software subscription costs increased \$1.1 million during the three months ended June 30, 2017 compared to the same period in the prior year to support our general and administrative functions.

The impact from the foreign currency movements from the three months ended June 30, 2016 to the three months ended June 30, 2017 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, 2017 compared to the year ended December 31, 2016 as we continue to hire people, but decrease slightly as a percentage of total revenues as we continue to grow our revenues and achieve economies of scale across our administrative functions.

### ***Stock-based Compensation***

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 8,942	\$ 6,951	29%
Professional services and other	7,617	6,136	24%
Sales and marketing	42,287	32,861	29%
Research and development	22,731	21,047	8%
General and administrative	16,489	11,070	49%
Total stock-based compensation	\$ 98,066	\$ 78,065	26%
Percentage of revenues	21%	23%	

Stock-based compensation increased \$20.0 million during the three months ended June 30, 2017, 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, 2017, we expect stock-based compensation to continue to increase in absolute dollar terms for the year ending December 31, 2017 compared to the year ended December 31, 2016, but decrease as a percentage of total revenues as we continue to grow.

### Interest Expense

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Interest expense	\$ 11,337	\$ 8,248	37%
Percentage of revenues	2%	2%	

Interest expense increased \$3.1 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to the increase in amortization expense of debt discount and issuance costs related to the newly issued 2022 Notes. For the remainder of the year, we expect to incur approximately \$33.4 million in amortization expense of debt discount and issuance costs related to the convertible notes.

### Interest Income and Other Income (Expense), net

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Interest income	\$ 3,144	\$ 1,964	60%
Foreign currency exchange (loss) gain	(11,195)	374	NM
Other	221	(78)	NM
Interest and other income (expense), net	\$ (7,830)	\$ 2,260	NM
Percentage of revenues	(2)%	1%	

NM - Not meaningful.

Interest income and other income (expense), net decreased \$10.1 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to higher foreign exchange losses, partially offset by increased interest income. We had foreign exchange losses of \$11.2 million for the three months ended June 30, 2017 compared to gains of \$0.4 million for the three months ended June 30, 2016 as a result of fluctuations in foreign currency exchange rates. Interest income increased \$1.2 million due to higher cash balances and higher yields on our invested balances for the three months ended June 30, 2017.

Our expanding international operations will continue to increase our exposure to currency risks, though we cannot presently predict the impact of this exposure on our condensed consolidated financial statements. While we have not engaged in the hedging of our foreign currency transactions to date, we are conducting an ongoing evaluation of the costs and benefits of initiating such a program and in the future may hedge selected significant transactions denominated in currencies other than the U.S. Dollar.

### Provision for Income Taxes

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Loss before income taxes	\$ (57,904)	\$ (54,266)	7 %
Benefit from income taxes	(1,431)	(4,641)	(69)%
Effective tax rate	2%	9%	

Our effective tax rate was 2% for the three months ended June 30, 2017 compared to 9% for the three months ended June 30, 2016, primarily due to a release of the valuation allowance in connection with an acquisition, excess tax benefits of stock-based compensation and the tax effects of unrealized gains in investment securities.

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, sensitivity of current cash taxes to local rules and our foreign restructuring, 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. We consider the earnings of our foreign subsidiaries to be indefinitely reinvested outside of the United States.

### ***Net Loss***

	Three Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Net loss	\$ (56,473)	\$ (49,625)	14%
Percentage of revenues	(12)%	(16)%	

Net loss increased \$6.8 million during the three months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased foreign exchange losses and interest expense on our 2022 Notes. We expect to continue to incur a GAAP loss for the year ending December 31, 2017 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, 2017 and 2016**

#### ***Revenues***

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Revenues:			
Subscription	\$ 787,142	\$ 558,101	41%
Professional services and other	101,344	89,090	14%
Total revenues	<u>\$ 888,486</u>	<u>\$ 647,191</u>	37%
Percentage of revenues:			
Subscription	89%	86%	
Professional services and other	11%	14%	
Total	<u>100%</u>	<u>100%</u>	

Subscription revenues increased \$229.0 million during the six months ended June 30, 2017, compared to the same period in the prior year, driven by our upsells and an increase in our customer count.

Subscription revenues consist of the following:

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Service Management solutions	\$ 697,382	\$ 509,273	37%
IT Operations Management solutions	89,760	48,828	84%
Total subscription revenues	<u>\$ 787,142</u>	<u>\$ 558,101</u>	41%

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 \$12.3 million during the six months ended June 30, 2017, compared to the same period in the prior year, due to an increase in the services provided to our growing customer base. Included within our total professional services and other revenues are the revenues from our annual Knowledge user conference, which increased to \$17.1 million for the six months ended June 30, 2017 from \$12.8 million for the six months ended June 30, 2016 due to an increase in attendance and sponsorship fees in the current year.

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 32% and 31% of total revenues for the six months ended June 30, 2017 and 2016, respectively. As a result, the general strengthening 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, 2016 to the six months ended June 30, 2017 had an unfavorable 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, 2017 at the exchange rates for the six months ended June 30, 2016 rather than the actual exchange rates in effect during the period, our subscription revenues would have increased by an additional \$12.6 million. The impact from the foreign currency movements from the six months ended June 30, 2016 to the six months ended June 30, 2017 is not material to professional services and other revenues.

### *Cost of Revenues and Gross Profit Percentage*

	Six Months Ended June 30,		
	2017	2016	% Change
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 146,168	\$ 109,141	34%
Professional services and other	91,964	81,768	12%
Total cost of revenues	\$ 238,132	\$ 190,909	25%
Gross profit percentage:			
Subscription	81%	80%	
Professional services and other	9%	8%	
Total gross profit percentage	73%	70%	
Gross Profit	\$ 650,354	\$ 456,282	
Headcount (at period end)			
Subscription	837	646	30%
Professional services and other	566	493	15%
Total headcount	1,403	1,139	23%

Cost of subscription revenues increased \$37.0 million during the six months ended June 30, 2017, compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$14.2 million in personnel-related costs excluding stock-based compensation, an increase of \$3.4 million in overhead expenses and an increase of \$3.3 million in stock-based compensation. In addition, there was an increase of \$8.3 million in depreciation expense primarily due to purchases of cloud-based infrastructure hardware equipment for our data centers, an increase of \$3.0 million in data center capacity costs due to the addition of new data centers and the expansion of existing data centers and an increase of \$1.4 million in amortization of intangibles as a result of acquisitions. Outside services increased \$0.9 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our professional services and other functions.

Our subscription gross profit percentage increased to 81% for the six months ended June 30, 2017, from 80% for the six months ended June 30, 2016, due to improved data center utilization and economies of scale.

Cost of professional services and other revenues increased \$10.2 million during the six months ended June 30, 2017 as compared to the same period in the prior year, primarily due to increased headcount resulting in an increase of \$4.9 million in personnel-related costs excluding stock-based compensation and an increase of \$1.7 million in stock-based compensation. Outside services increased \$3.6 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased utilization of contracted third-party partners for the implementation and configuration of our subscription services.

Our professional services and other gross profit percentage increased to 9% for the six months ended June 30, 2017, from 8% for the six months ended June 30, 2016, primarily due to the increase in revenues from our annual Knowledge user conference. Costs associated with Knowledge are included in sales and marketing expenses. Knowledge contributed \$17.1 million to professional services and other revenues, or 18 percentage points, to the professional services and other gross profit percentage for the six months ended June 30, 2017. For the six months ended June 30, 2016, Knowledge contributed \$12.8 million to professional services and other revenues, and 15 percentage points to the professional services and other gross profit percentage.

The general strengthening of the U.S. Dollar relative to other major foreign currencies from the six months ended June 30, 2016 to the six months ended June 30, 2017 had a favorable 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, 2017 at the exchange rates for the six months ended June 30, 2016 rather than the actual exchange rates in effect during the period, our cost of revenues would have increased by an additional \$2.4 million.

### *Sales and Marketing*

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Sales and marketing	\$ 459,310	\$ 345,116	33%
Percentage of revenues	52%	53%	
Headcount (at period end)	2,185	1,669	31%

Sales and marketing expenses increased \$114.2 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased headcount that resulted in an increase of \$56.4 million in personnel-related costs excluding stock-based compensation and commissions, an increase of \$16.8 million in stock-based compensation and an increase of \$9.2 million in overhead expenses. Commissions and third-party referral fees increased \$12.3 million and amounted to 7% of subscription revenues for each of the six months ended June 30, 2017 and 2016. Expenses related to our annual Knowledge user conference increased \$8.2 million, from \$24.0 million for the six months ended June 30, 2016 to \$32.2 million for the six months ended June 30, 2017, due to an increase in registrations by 29% year-over-year. Other marketing program expenses, which include events other than Knowledge, advertising and market data, increased \$8.1 million during the six months ended June 30, 2017 compared to the same period in the prior year. Outside services increased \$2.1 million during the six months ended June 30, 2017 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 strengthening of the U.S. Dollar relative to other major foreign currencies from the six months ended June 30, 2016 to the six months ended June 30, 2017 had a favorable 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, 2017 at the exchange rates for the six months ended June 30, 2016 rather than the actual exchange rates in effect during the period, our sales and marketing expenses would have increased by an additional \$3.6 million.

### Research and Development

	Six Months Ended June 30,		
	2017	2016	% Change
	(dollars in thousands)		
Research and development	\$ 174,494	\$ 136,288	28%
Percentage of revenues	19%	21%	
Headcount (at period end)	1,216	897	36%

Research and development expenses increased \$38.2 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$26.9 million in personnel-related costs excluding stock-based compensation, an increase of \$5.5 million in overhead expenses and an increase of \$3.0 million in stock-based compensation. Outside services increased \$1.0 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to an increase in contractors and professional fees to support our research and development functions. Amortization of intangible assets increased \$0.6 million as a result of acquisitions in 2016.

The impact from the foreign currency movements from the six months ended June 30, 2016 to the six months ended June 30, 2017 is not material to research and development expenses.

### General and Administrative

	Six Months Ended June 30,		
	2017	2016	% Change
	(dollars in thousands)		
General and administrative	\$ 97,777	\$ 77,308	26%
Percentage of revenues	11%	12%	
Headcount (at period end)	767	536	43%

General and administrative expenses increased \$20.5 million during the six months ended June 30, 2017, compared to the same period in the prior year, primarily due to increased headcount, which resulted in an increase of \$9.9 million in stock-based compensation, an increase of \$9.4 million in personnel-related costs excluding stock-based compensation and an increase of \$0.9 million in overhead expenses. Software subscription costs increased \$1.9 million to support our administrative functions. The increase in general and administrative expenses was partially offset by a decrease of \$2.7 million in outside services primarily due to a decrease in attorney fees associated with litigation matters.

The impact from the foreign currency movements from the six months ended June 30, 2016 to the six months ended June 30, 2017 is not material to general and administrative expenses.

### Legal Settlements

	Six Months Ended June 30,		
	2017	2016	% Change
	(dollars in thousands)		
Legal settlements	\$ —	\$ 270,000	NM
Percentage of revenues	NM	42%	

NM - Not meaningful.

Legal settlements decreased \$270.0 million during six months ended June 30, 2017 compared to the prior year, reflecting the settlement agreements we entered into with HPE and BMC during the prior year. Refer to Note 15 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.



### Stock-based Compensation

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Cost of revenues:			
Subscription	\$ 16,880	\$ 13,558	25%
Professional services and other	14,566	12,895	13%
Sales and marketing	80,688	63,859	26%
Research and development	44,532	41,580	7%
General and administrative	31,343	21,481	46%
Total stock-based compensation	<u>\$ 188,009</u>	<u>\$ 153,373</u>	23%
Percentage of revenues	21%	24%	

Stock-based compensation increased \$34.6 million during the six months ended June 30, 2017, 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,		% Change
	2017	2016	
	(dollars in thousands)		
Interest expense	\$ 20,015	\$ 16,357	22%
Percentage of revenues	2%	3%	

Interest expense increased \$3.7 million during the six months ended June 30, 2017 compared to the same period in the prior year, due to the increase in amortization expense of debt discount and issuance costs related to the Notes.

### Interest Income and Other Income (Expense), net

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Interest income	\$ 5,722	\$ 3,789	51%
Foreign currency exchange loss	(6,161)	(959)	542%
Other	325	132	146%
Interest and other income (expense), net	<u>\$ (114)</u>	<u>\$ 2,962</u>	NM
Percentage of revenues	—%	—%	

NM - Not meaningful.

Interest income and other income (expense), net decreased \$3.1 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to higher foreign exchange losses, partially offset by increased interest income. We had foreign exchange losses of \$6.2 million for the six months ended June 30, 2017 compared to losses of \$1.0 million for the six months ended June 30, 2016 as a result of fluctuations in foreign currency exchange rates. Interest income increased \$1.9 million due to higher cash balances and higher yields on our invested balances for the six months ended June 30, 2017.

### Provision for Income Taxes

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Loss before income taxes	\$ (101,356)	\$ (385,825)	(74)%
Benefit from income taxes	(4,221)	(2,868)	47 %
Effective tax rate	4%	1%	

Our effective tax rate was 4% for the six months ended June 30, 2017 compared to 1% for the six months ended June 30, 2016 primarily due to a release of the valuation allowance in connection with acquisitions, excess tax benefits of stock-based compensation and the tax effects of unrealized gains in investment securities.

### Net Loss

	Six Months Ended June 30,		% Change
	2017	2016	
	(dollars in thousands)		
Net loss	\$ (97,135)	\$ (382,957)	(75)%
Percentage of revenues	(11)%	(61)%	

Net loss decreased \$285.8 million during the six months ended June 30, 2017 compared to the same period in the prior year, primarily due to legal settlements. Refer to Note 15 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for further details.

### Liquidity and Capital Resources

As of June 30, 2017, our principal sources of liquidity were \$1.7 billion in cash and cash equivalents and short-term investments, of which \$275.8 million represented cash held by foreign subsidiaries. \$137.4 million of the \$1.7 billion are denominated in currencies other than U.S. Dollar. In addition, we had \$319.8 million in long-term investments that provide additional capital resources. We consider earnings from foreign operations to be indefinitely reinvested outside of the United States, and we do not anticipate that we will need funds generated from foreign operations to fund our domestic operations.

In November 2013, we issued the 2018 Notes with an aggregate principal amount of \$575.0 million. The 2018 Notes mature on November 1, 2018 unless converted or repurchased in accordance with their terms prior to such date. Refer to Note 9 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on the 2018 Notes.

For at least 20 trading days during the 30 consecutive trading days ended June 30, 2017, our common stock traded at a price exceeding 130% of the conversion price of \$73.88 per share applicable to our 2018 Notes. Accordingly, the 2018 Notes will be convertible at the holders' option during the quarter ending September 30, 2017. While we currently intend to settle the principal amount in cash, to the extent we receive conversion requests on the 2018 Notes, we may deliver cash or shares of our common stock or a combination of cash and shares of our common stock for the principal amount of the 2018 Notes. Although the dilutive effect of the conversion of the 2018 Notes is offset by the 2018 Note Hedges, we will experience dilution to our stock upon settlement of the 2018 Warrants to the extent the warrants are exercised and the settlement price, as measured under the 2018 Warrants, is above the \$107.46 strike price of the 2018 Warrants. Further, to the extent our average closing stock price exceeds \$107.46 in any quarter until the 2018 Warrants are settled, the 2018 Warrants would have a dilutive effect on our earnings per share to the extent we report net income. To the extent we receive conversion requests, we may also record a loss on extinguishment of the 2018 Notes converted by noteholders based on the difference between the fair market value allocated to the liability component on settlement date and the net carrying amount of the liability component and unamortized debt issuance costs on settlement date.

In May and June 2017, we issued the 2022 Notes with an aggregate principal amount of \$782.5 million. We currently intend to use approximately \$575.0 million of the net proceeds from the 2022 Notes to repay the 2018 Notes. Refer to Note 9 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information on the 2022 Notes. In addition, in May 2017, we used approximately \$55.0 million of the net proceeds from the 2022 Notes to repurchase shares of the Company's stock sold by certain purchasers of the 2022 Notes and in May and June 2017, we used approximately \$73.9 million to pay the cost of the 2022 Note Hedges (after such cost was partially offset by the proceeds of the 2022 Warrants).

We anticipate our current cash and cash equivalents balance and cash generated from operations will be sufficient to meet our liquidity needs, including the 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,	
	2017	2016
	(dollars in thousands)	
Net cash provided by (used in) operating activities	\$ 316,149	\$ (69,484)
Net cash used in investing activities	(156,313)	(27,547)
Net cash provided by (used in) financing activities	594,164	(25,858)
Net increase (decrease) in cash and cash equivalents, net of foreign currency effect on cash and cash equivalents	772,219	(123,192)

### ***Operating Activities***

Cash provided by operating activities mainly consists of our net loss adjusted for certain non-cash items, including 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 \$316.1 million for the six months ended June 30, 2017 compared to \$69.5 million of net cash used in operating activities for the six months ended June 30, 2016. The increase in operating cash flow was primarily due to a \$267.5 million payment for legal settlements in the prior year.

### ***Investing Activities***

Net cash used in investing activities for the six months ended June 30, 2017 was \$156.3 million compared to \$27.5 million for the six months ended June 30, 2016. The increase in cash used in investing activities was mainly due to a \$125.8 million increase in net purchases of investments, a \$16.2 million increase in capital expenditures related to purchases of cloud-based 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 and a \$3.9 million increase in purchases of strategic investments. The increase in cash used in investing activities was partially offset by a \$12.8 million decrease in business combinations, net of cash acquired and a \$4.6 million decrease in purchase of other intangibles.

### ***Financing Activities***

Net cash provided by financing activities for the six months ended June 30, 2017 was \$594.2 million compared to \$25.9 million of net cash used in financing activities for the six months ended June 30, 2016. The change was primarily due to a \$698.2 million increase in net proceeds from issuance of the 2022 Notes and the related note hedge and warrant transactions entered into during the six months ended June 30, 2017 and a \$6.7 million increase in proceeds from employee stock plans, partially offset by a \$55.0 million increase in cash used to repurchase shares of our common stock and a \$27.6 million increase in taxes paid related to net share settlement of equity awards.

## **Contractual Obligations and Commitments**

Except as set forth in Note 15, 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, 2016.

## **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, that were 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**

Our management's discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions and such differences could be material.

There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 28, 2017.

### ***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, 2016, which was filed with the SEC on February 28, 2017.

### **Convertible Notes**

In November 2013, we issued the 2018 Notes with an aggregate principal amount of \$575.0 million, and in May and June 2017, we issued the 2022 Notes with an aggregate principal amount of \$782.5 million. We carry these instruments at face value less unamortized discount on our consolidated balance sheet. Because these instruments do not bear interest, we have no financial statement risk associated with changes in interest rates. However, the fair value of fixed rate instruments fluctuates when interest rates change, and in the case of convertible notes, when the market price of our stock fluctuates.

## **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 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 expect to continue to incur losses in accordance with U.S. Generally Accepted Accounting Principles (GAAP).***

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 expect to continue to incur a loss 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, we may not achieve or 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 grow our revenues sufficiently to keep pace with our growing investments and other expenses, our business, operating results and growth prospects will be adversely affected.

***We have recently introduced products in new markets that are important to our growth prospects and for which we do not have a substantial operating history. If we are unsuccessful in competing in these new markets, our revenue growth rate, business and operating results will be adversely affected.***

We have recently introduced products in the markets for IT operations management, customer service, security operations, HR service management and the use of our platform for other service management applications outside of enterprise IT. Our successful entry into these and other new markets is important to our revenue growth prospects. We do not have a substantial operating history with these products, which limits our ability to forecast operating results, and the success of our efforts to address these markets depends on many factors, including: the degree of differentiation of our products and services from those offered by more established competitors in these markets; whether our product and services offer compelling benefits and value to customers; the time-frame and quality of our research and development efforts; the rigor and effectiveness of our quality testing and controls; and our ability to successfully market and sell into new markets with which our marketing and sales personnel are less experienced. We may not have the necessary resources, including employees with the required product management, engineering, marketing and sales expertise, to compete effectively in these new markets. Any new service that we develop may not be introduced in a timely or cost-effective manner, may not be priced appropriately, may not offer compelling customer benefits compared to competing products and services, and may not achieve the broad market acceptance necessary to generate significant revenues. In addition, the partner ecosystem for some of our new products is less developed than for our more mature products, and some of our new products require a commitment of resources and expertise by our customers, which they may lack, to ensure a successful implementation. If we are not able to successfully develop, market, sell and implement these and other newly introduced products and services to our existing customers and prospective new customers, our revenue growth rate, business and operating results will be adversely affected.

***If we 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 information, including in some cases personally identifiable information, protected health information and credit card and other sensitive 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 action, 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. 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 systems in the past and may occur on our systems in the future. Because techniques used to obtain unauthorized access to or sabotage 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. As cyber-security threats develop and grow, it may be necessary to make significant further investments to protect data and infrastructure. A security breach 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 liabilities. We do not have insurance sufficient to compensate us for the potentially significant losses that may result from security breaches.

***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 warranty provisions or 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 stock price can be volatile, including if we fail to meet the financial performance expectations of investors or securities analysts, and the price of our common stock could decline substantially.***

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. 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, or our forward-looking financial guidance, to fall below the expectations of such securities analysts or investors, or otherwise cause our stock price to be volatile, 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;
- changes in foreign currency exchange rates;
- 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 and changes in billings duration;
- changes in our renewal and upsell rates;
- 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 are effective for us beginning January 1, 2018;
- changes in laws or regulations impacting the delivery of our services;
- the amount and timing of stock awards and the related financial statement expenses; and
- our ability to accurately estimate the total addressable market for our products and services.

***Unanticipated 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 determination is made. 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, changes in U.S. federal, state or international tax laws or tax rulings. For example, the current U.S. administration and key members of Congress have made public statements indicating that tax reform is a priority. Certain changes to U.S. tax laws, including limitations on the ability to defer U.S. taxation on earnings outside of the United States until those earnings are repatriated to the United States, could affect the tax treatment of our foreign earnings. Many countries are actively considering changes to existing tax laws or have proposed or enacted new laws, such as legislation recently enacted in the United Kingdom and in Australia. In October 2015, the Organization for Economic Co-Operation and Development released guidance, and is expected to continue to issue guidance and proposals, that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business and which could ultimately impact our tax liabilities. 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.

***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 supersedes nearly all existing revenue recognition guidance under GAAP. Under this new 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. This new standard is effective for our interim and annual periods beginning January 1, 2018, and we expect this new standard to have 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. We are continuing to evaluate the impact of the adoption of this standard on our condensed consolidated financial statements, and our preliminary assessments are subject to change. 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 on the new guidance and its potential 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, 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 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 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 in France and other countries in Europe.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

***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, and established and emerging cloud vendors. Our primary competitors include BMC Software, Inc., Microsoft Corporation, Oracle Corporation, SAP and Salesforce.com. 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 an enterprise cloud solution. 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. As we expand the breadth of our services to include offerings in the markets for IT operations management, customer service management, security operations management, HR service management and use of our platform for other service management applications outside of enterprise IT, 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 pressure, 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 condensed consolidated statement of comprehensive loss during the three months ended March 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. Moreover, 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, 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 32% of our total revenues for each of the three and six months ended June 30, 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 key 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. Over time an increasing proportion of the Global 2000 companies 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;
- 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;
- 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 are unable to continuously enhance our products and services so that they are easy to implement and use and are capable of delivering consumer product-like experiences, they could become less competitive or obsolete and our business and operating results will be adversely affected.***

We believe that enterprises are increasingly focused on purchasing products and services that are easy to implement and use and are capable of delivering consumer product-like technology experiences to users within the enterprise, such as employees, and to individuals interacting with the enterprise, such as customers, partners and suppliers. Accordingly, our ability to attract new customers and to renew and increase revenues from existing customers depends on our ability to continuously improve the ease with which our products can be implemented and used by enterprises to deliver simple, intuitive and consumer-grade user experiences. In particular, we need to continuously modify and improve our products and services to keep pace with changes in user expectations, including for intuitive and attractive consumer product-like interfaces that draw on machine learning, mobility features and other cutting edge technologies. If we are unable to consistently and timely meet these requirements, our products and services may become less marketable and less competitive or obsolete, and our 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 and many key individual contributors. From time to time, there may be changes in our management team resulting from the hiring or departure of employees, which could disrupt our business. For example, in 2016, our founder, Frederic Luddy, stepped down as our Chief Product Officer, and Daniel R. McGee stepped down as our Chief Operating Officer. In 2017, Frank Sloodman stepped down as our President and Chief Executive Officer, and John J. Donahoe was appointed as his successor. Although Messrs. Luddy and Sloodman continue to serve as members of our board of directors, these or other changes in our executive management team 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. 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.***

Federal, state or foreign government bodies 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 solicitation, collection, transfer, processing, storage or use of personal or consumer information 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 Court of Justice in October 2015 issued a ruling immediately invalidating the U.S.-EU Safe Harbor framework that had been in place since 2000, which our customers relied upon to facilitate the transfer of personal data from the European Economic Area to the United States in compliance with applicable European data protection laws. Notwithstanding the adoption of the Privacy Shield Framework by the European Union and the United States in July 2016, there is uncertainty surrounding how data transfers from the European Economic Area to the United States will be authorized in the future. In addition, the June 23, 2016 referendum by British voters to exit the European Union may further exacerbate many of the risks and uncertainties described above.

Moreover, complying with the E.U. General Data Protection Regulation adopted in April 2016 or other new data protection laws and regulations 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 and may otherwise adversely impact our business, financial condition and operating results.

In addition to government activity, privacy advocacy groups and the technology and other industries 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 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.

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 must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenues.

***A decrease in new or renewed subscriptions in a reporting period may not be immediately reflected in our billings results for that period due to factors that may offset the decrease.***

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 may 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 are 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 the new standards on a timely basis. Any delays or failure to update our systems and processes could also lead to a material weakness.



***Weakened 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. The United States and other key international economies have been impacted by high levels of bad debt globally, geopolitical instability, slowing economic growth in China, falling demand for a variety of goods and services including oil and other commodities, 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 and overall uncertainty with respect to the economy. In addition, the June 23, 2016 referendum by British voters to exit the European Union created significant future economic uncertainties across the European Economic Area, including the United Kingdom. These conditions 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 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 would 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 indenture 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, if triggered, may adversely affect our financial condition and operating results.***

The holders of the 2018 Notes and 2022 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 \$94.06, in the case of the 2018 Notes, or \$175.18, in the case of the 2022 Notes (in each case, the Conversion Condition). The Conversion Condition was met for the 2018 Notes during the three months ended June 30, 2017, which means that the holders of the 2018 Notes may elect to convert such notes at their option at any time during the third quarter of 2017. If one or more holders elect to convert their 2018 Notes (or 2022 Notes, if the Conversion Condition is triggered), 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 a portion or all 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 extinguishment of the 2018 Notes (or 2022 Notes, if the Conversion Condition is triggered) 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 (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 (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 strike price of each of the 2022 Warrants or 2018 Warrants, which is \$203.40 and \$107.46, respectively.

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.

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****Transactions Relating to Convertible Notes and Warrant Transactions**

As further described in our Current Reports on Form 8-K filed with the SEC on May 24, 2017 and May 30, 2017, in May 2017 we issued through a private placement \$750.0 million aggregate principal amount of our 2022 Notes. As further described on our Current Report on Form 8-K filed with the SEC on June 22, 2017, in June 2017, we issued an additional \$32.5 million in principal amount pursuant to the initial purchasers' exercise of their 30 day over allotment, for aggregate gross proceeds of \$782.5 million. The 2022 Notes are convertible into shares of our common stock on the terms set forth in the indenture governing the 2022 Notes.

As further described in our Current Reports on Form 8-K filed with the SEC on May 30, 2017 and June 22, 2017, in the three months ended June 30, 2017, we entered into the 2022 Note Hedge and 2022 Warrants transactions. Pursuant to the 2022 Warrant transactions, up to 5.81 million shares of our common stock (subject to adjustment from time to time as provided in the 2022 Warrant confirmations) may be issuable upon the conversion of the 2022 Warrants. The strike price of the 2022 Warrants will initially be \$203.40 per share. We offered and sold the 2022 Warrants in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act. Neither the 2022 Warrants nor the underlying shares of common stock issuable upon the conversion of the 2022 Warrants have been registered under the Securities Act.

**Repurchase of Equity Securities**

In May 2017, we repurchased and subsequently retired the following shares of common stock from certain purchasers of the 2022 Notes in privately negotiated transactions.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
May 2017	540,806	\$ 101.70	N/A	N/A

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

On August 8, 2017, we entered into Amendment No. 2 (the Amendment) to the Employment Agreement, dated as of May 12, 2011 (as amended August 15, 2014, the Employment Agreement), by and between us and Michael P. Scarpelli, our Chief Financial Officer. The Amendment extends the term of the Employment Agreement by an additional three years. The foregoing description of the Amendment is qualified in its entirety by reference to the full text of the Amendment, which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.

**ITEM 6. EXHIBITS**
**EXHIBIT INDEX**

Exhibit Number	Description of Document	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
<a href="#">4.1</a>	<a href="#">Indenture dated May 30, 2017 between the Registrant and Wells Fargo Bank, National Association</a>	8-K	001-35580	4.1	
<a href="#">10.1</a>	<a href="#">Amendment No. 2 to Employment Agreement, dated June 6, 2017, between the Registrant and David L. Schneider</a>				X
<a href="#">10.2</a>	<a href="#">Amendment No. 2 to Employment Agreement, dated August 8, 2017, between the Registrant and Michael P. Scarpelli</a>				X
<a href="#">10.3</a>	<a href="#">Form of Stock Option Award Agreement under 2012 Equity Incentive Plan, adopted as of April 25, 2017</a>				X
<a href="#">10.4</a>	<a href="#">Form of Restricted Stock Unit Award Agreement Under 2012 Equity Incentive Plan, adopted as of April 25, 2017</a>				X
<a href="#">10.5</a>	<a href="#">Form of Subscription Agreement under 2012 Employee Stock Purchase Plan, adopted as of April 25, 2017</a>				X
<a href="#">31.1</a>	<a href="#">Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
<a href="#">31.2</a>	<a href="#">Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002</a>				X
<a href="#">32.1*</a>	<a href="#">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</a>				X
<a href="#">32.2*</a>	<a href="#">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</a>				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

\* 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, 2017

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

Date: August 8, 2017

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

**SERVICENOW, INC.**  
**AMENDMENT TO EMPLOYMENT AGREEMENT**

This Amendment to Employment Agreement (the “Amendment”) is made as of June 6, 2017 by and between ServiceNow, Inc., a Delaware corporation (the “Company”), and David L. Schneider (“Executive”) and reinstates and amends that certain Employment Agreement dated as of May 21, 2011 by and between Executive and Company (as amended on July 3, 2014, the “Agreement”).

In consideration of the mutual promises, agreements and provisions contained in this Amendment, the Parties hereby agree as follows:

1. Reinstatement. The Agreement is hereby reinstated in its entirety as amended by this Agreement, except to the extent that title, salary and certain other terms have been modified in due course.
2. Term. The first sentence of Section 1.2 of the Agreement is hereby amended and restated in its entirety to read as follows:  
  
“**1.2 Term.** The term of this Agreement shall begin on the Effective Date and shall continue until June 6, 2020, unless terminated earlier pursuant to Section 4 herein (the “Term”).”
3. Effectiveness. This Amendment shall become effective as of the date first set forth above upon the execution hereof by the Company and Executive.
4. Counterparts. This Amendment may be signed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed one and the same document.
5. Governing Law. The internal substantive laws, but not the choice of law rules, of California shall govern this Amendment.
6. Effect of Amendment. Except as expressly modified by this Amendment, the Agreement shall remain unmodified and in full force and effect.

[Signature Page Follows]

The parties have executed this Amendment as of the date first set forth above.

**SERVICENOW, INC.**

/s/ John J. Donahoe

John J. Donahoe  
President and Chief Executive Officer

**EXECUTIVE**

/s/ David L. Schneider

David L. Schneider



**SERVICENOW, INC.**  
**AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT**

This Amendment No. 2 to Employment Agreement (the “**Amendment**”) is made as of August 8, 2017 by and between ServiceNow, Inc., a Delaware corporation (the “**Company**”), and Michael P. Scarpelli (“**Executive**”) and reinstates and amends that certain Employment Agreement dated as of May 12, 2011 by and between Executive and Company (as amended on August 15, 2014, the “**Agreement**”).

In consideration of the mutual promises, agreements and provisions contained in this Amendment, the Parties hereby agree as follows:

1. Reinstatement. The Agreement is hereby reinstated in its entirety as amended by this Agreement.
2. Term. The first sentence of Section 1.2 of the Agreement is hereby amended and restated in its entirety to read as follows:

“**1.2 Term**. The term of this Agreement shall begin on the Effective Date and shall continue until August 15, 2020, unless terminated earlier pursuant to Section 4 herein (the “**Term**”).”
3. Effectiveness. This Amendment shall become effective as of the date first set forth above upon the execution hereof by the Company and Executive.
4. Counterparts. This Amendment may be signed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed one and the same document.
5. Governing Law. The internal substantive laws, but not the choice of law rules, of California shall govern this Amendment.
6. Effect of Amendment. Except as expressly modified by this Amendment, the Agreement shall remain unmodified and in full force and effect.

[Signature Page Follows]

The parties have executed this Amendment as of the date first set forth above.

**SERVICENOW, INC.**

/s/ John J. Donahoe

John J. Donahoe  
President and Chief Executive Officer

**EXECUTIVE**

/s/ Michael P. Scarpelli

Michael P. Scarpelli

**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**”).

<b>Grant Number :</b>	The “Grant Name” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Date of Grant :</b>	The “Grant Date” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Exercise Price per Share :</b>	US\$ The “Exercise Price” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Total Number of Shares :</b>	The “Shares Granted” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Type of Option :</b>	The “Grant Type” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Expiration Date :</b>	The “Expiration” as set forth in the electronic representation of this Notice of Global Stock Option Grant.
<b>Vesting Schedule:</b>	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:

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 the 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 will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. 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. **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 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 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; and
- (n) the following provisions apply only if Participant is providing services outside the United States:
  - (i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose;



- (ii) 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
- (iii) 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, any Parent or Subsidiary 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, 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.

**10. 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.

**11. Data Privacy.** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Option grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary of the Company for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

*Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, purchased, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.*

*Participant understands that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant options or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.*

12. **Language.** 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.

13. **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 one of the countries included in the Appendix, 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.

14. **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.

15. **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.

16. **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 of 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.

17. **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.

18. **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.

19. **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.

20. **Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on his or her country of residence, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., Options) under the Plan during such times as Participant is considered to have "insider information" regarding the Company (as defined by the laws in Participant's country). 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 he or she is responsible for complying with any applicable restrictions and should speak with his or her personal legal advisor on this matter.

21. **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.

**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 Participant under the Plan if Participant resides in one of the countries listed below. 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 2017. 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 is advised to 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.

**AUSTRALIA**

***Notifications***

**Securities Law Information.** Participant acknowledges and agrees that his or her rights to participate in the Plan and the offer of the Option are subject to the terms and conditions in the Offer Document distributed to him or her with the Agreement and other Plan documents, and to the requirements of Class Order exemption 14/1000 of the Australian Securities and Investments Commission.

**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.** The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

## **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 the 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 and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

**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 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 11 of the Agreement:

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 property on form T1135 (Foreign Income Verification Statement) if the total cost of Participant's foreign property exceeds C\$100,000 at any time in the year. Foreign 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 Stock Option Act, the terms set forth in the Employer Statement will apply to the Participant's participation in the Plan.

**Exclusion from Termination Indemnities and Other Benefits.** This provision supplements Section 9 in the Agreement:

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. Both Participant and the bank/broker must 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 Form 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](http://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](http://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](http://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 Option and any Shares issued pursuant to the Option do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, the Employer and any Parent or Subsidiary. The Agreement, including this Appendix, the Plan, the Notice and other incidental communication materials 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, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Option and any related documentation are intended only for Participant's personal use and may not be distributed to any other person. Participant should exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Agreement, including this Appendix, the Plan or the Notice, Participant is advised to obtain independent professional advice.*

**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 180 days of receipt and any proceeds from the sale of Shares acquired under the Plan to India within 90 days of receipt (or 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**

**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.

### ***Terms and Conditions***

**Data Privacy Notice.** This provision replaces in its entirety the Data Privacy provision in Section 11 of the Agreement:

***Participant understands that the Company, the Employer and any Parent or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance (to the extent permitted under Italian law), passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any Parent or Subsidiary, details of the Option or other entitlement to Shares granted, awarded, canceled, exercised, purchased vested, unvested or outstanding in Participant's favor, and that the Company and the Employer will process said data and other data lawfully received from third parties ("Data") for the exclusive purpose of implementing, managing and administering Participant's participation in the Plan and complying with applicable laws, including community legislation.***

***Participant also understands that providing the Company with Data is necessary to effectuate Participant's participation in the Plan and that Participant's refusal to do so would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The controllers of Data processing are ServiceNow, Inc. with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. and ServiceNow Italy S.R.L., which is also the Company's representative in Italy for privacy purposes pursuant to Legislative Decree no. 192/2003.***

***Participant understands that Data will not be publicized, but it may be accessible by the Employer as the privacy representative of the Company and within the Employer's organization by its internal and external personnel in charge of processing such Data and the data processor ("Processor"), if any. An updated list of Processors and other transferees of Data is available upon request from the Employer.***

*Furthermore, Data may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. Participant understands that Data may also be transferred to the Company's stock plan service provider, Fidelity Brokerage Services LLC, or such other administrator that may be engaged by the Company in the future. Participant further understands that the Company and/or any Parent or Subsidiary will transfer Data among themselves as necessary for the purpose of the implementation, administration and management of Participant's participation in the Plan. The Data recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purpose of implementing, administering, and managing Participant's participation in the Plan. Participant understands that these recipients may be acting as Controllers, Processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law. Should the Company exercise its discretion in suspending or terminating the Plan, it will delete Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.*

*Participant understands that Data processing for the purposes specified in the Agreement shall take place under automated or non-automated conditions, anonymously when possible, and with confidentiality and security provisions, as set forth by Applicable Laws, with specific reference to Legislative Decree no. 196/2003.*

*The processing activity, including the transfer of Data abroad, including outside the European Economic Area, as specified in the Agreement does not require Participant's consent thereto as the processing is necessary for the performance of legal and contractual obligations related to implementation, administration and management of the Plan. Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, Participant has the right at any moment to, without limitation, obtain information on Data held, access and verify its contents, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason.*

*Furthermore, Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting Participant's human resources department.*

**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 9 - Nature of Grant; (vi) Section 16 - Entire Agreement; Enforcement of Rights; (vii) Section 18 - Governing Law; Severability and the Data Privacy Notice set forth above in 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, shares, stock options) 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 at a rate of 0.2%. 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). 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**

### ***Terms and Conditions***

**Exchange Control Information.** Japanese residents that pay more than ¥30,000,000 for the purchase of Shares in any one transaction, 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. In addition, if Japanese residents acquire Shares whose value exceeds ¥100,000,000 in a single transaction, he or she must also file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of acquiring the Shares. The forms to make these reports can be acquired at the Bank of Japan.

A Payment Report is required independently of a Securities Acquisition. Consequently, if the total amount that you pay on a one-time basis at exercise of the Option exceeds ¥100,000,000, Participant must file both a Payment Report and a Securities Acquisition Report.

**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 his or her 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 9 of the Agreement:

**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 9 of the Agreement, 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 9 del Contrato:

***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 9 del Contrato, 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

There are no country-specific provisions.

## 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 the exemptions under Part XIII Division (1) Subdivision (4) (other than Section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

### ***Notifications***

***Securities Law Information.*** The Option is being granted pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA, 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 on Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

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 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 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**

- 1.1 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.
- 1.2 In this Election the following words and phrases have the following meanings:
  - (a) “**Chargeable Event**” means, in relation to the Options:
    - (i) the acquisition of securities pursuant to stock options (within section 477(3)(a) of ITEPA);
    - (ii) the assignment (if applicable) or release of the stock options in return for consideration (within section 477(3)(b) of ITEPA);
    - (iii) 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);
    - (iv) post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 427 of ITEPA); and/or
    - (v) post-acquisition charges relating to the shares acquired pursuant to the stock options (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 Options 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 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 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
- (v) through any other method as set forth in the applicable Option 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 Options 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 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 clicking on the “ACCEPT” box where indicated on the grant acceptance screen, 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                      Derk Lupinek

Position                 Vice President, Legal



**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:** As set forth in the electronic representation of this Notice of Global Restricted Stock Unit Award.

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:** \_\_\_\_\_ is the “**Total Number of Shares**”.

**Date of Grant:** The “Grant Date” as set forth in the electronic representation of this Notice of Global Restricted Stock Unit Award.

**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:

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. 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 will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. 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. 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 the 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 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 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) the following provisions apply only if Participant is providing services outside the United States:
  - (i) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose;
  - (ii) 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
  - (iii) 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, Participant agrees not to institute any claim against the Company, or any Parent or Subsidiary or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary 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, 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.

8. **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.

9. **Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other RSUs grant materials by and among, as applicable, the Employer, the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, purchased, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant RSUs or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. **Language.** 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.

**11. 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 one of the countries included in the Appendix, 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.

**12. 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.

**13. 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.

**14. 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.

**15. 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.

**16. 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.

**17. 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.

**18. Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on his or her country of residence, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). 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 he or she is responsible for complying with any applicable restrictions and should speak his or her a personal legal advisor on this matter.

**19. 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.



**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 Participant under the Plan if Participant resides in one of the countries listed below. 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 2017. 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 is advised to 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.

**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.** The Plan is a plan to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

## **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](http://www.nbb.be), under the *Kredietcentrales / Centrales des crédits caption*.

## **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 and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

**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.** 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 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 9 of the Agreement:

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 property on form T1135 (Foreign Income Verification Statement) if the total cost of Participant's foreign 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 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 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 (*Erklaering V*) with the Danish Tax Administration. Both Participant and the bank/broker must 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 Form 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](http://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](http://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](http://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 RSUs and any Shares issued pursuant to the RSUs do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, the Employer and any Parent or Subsidiary. The Agreement, including this Appendix, the Plan, the Notice and other incidental communication materials 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, nor have the documents been reviewed by any regulatory authority in Hong Kong. The RSUs and any related documentation are intended only for Participant’s personal use and may not be distributed to any other person. Participant should exercise caution in relation to the offer. If Participant is in any doubt about any of the contents of the Agreement, including this Appendix, the Plan or the Notice, Participant is advised to obtain independent professional advice.*

**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 ninety (90) days of receipt, and any proceeds from the receipt of any dividends within one hundred eighty (180) days of receipt (or 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***

**Data Privacy Notice.** This provision replaces in its entirety the Data Privacy provision in Section 9 of the Agreement:

**Participant understands that the Company, the Employer and any Parent or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance (to the extent permitted under Italian law), passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any Parent or Subsidiary, details of all RSUs or other entitlement to Shares granted, awarded, canceled, exercised, purchased, vested, unvested or outstanding in Participant's favor, and that the Company and the Employer will process said data and other data lawfully received from third parties ("Data") for the exclusive purpose of implementing, managing and administering Participant's participation in the Plan and complying with applicable laws, including community legislation.**

**Participant also understands that providing the Company with Data is necessary to effectuate Participant's participation in the Plan and that Participant's refusal to do so would make it impossible for the Company to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The controllers of Data processing are ServiceNow, Inc. with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. and ServiceNow Italy S.R.L., which is also the Company's representative in Italy for privacy purposes pursuant to Legislative Decree no. 192/2003.**

**Participant understands that Data will not be publicized, but it may be accessible by the Employer as the privacy representative of the Company and within the Employer's organization by its internal and external personnel in charge of processing such Data and the data processor ("Processor"), if any. An updated list of Processors and other transferees of Data is available upon request from the Employer.**

**Furthermore, Data may be transferred to banks, other financial institutions, or brokers involved in the management and administration of the Plan. Participant understands that Data may also be transferred to the Company's stock plan service provider, Fidelity Brokerage Services LLC, or such other administrator that may be engaged by the Company in the future. Participant further understands that the Company and/or any Parent or Subsidiary will transfer Data among themselves as necessary for the purpose of the implementation, administration and management of Participant's participation in the Plan. The Data recipients may receive, possess, use, retain, and transfer Data in electronic or other form, for the purpose of implementing, administering, and managing Participant's participation in the Plan. Participant understands that these recipients may be acting as Controllers, Processors or persons in charge of processing, as the case may be, according to applicable privacy laws, and that they may be located in or outside the European Economic Area, such as in the United States or elsewhere, in countries that do not provide an adequate level of data protection as intended under Italian privacy law. Should the Company exercise its discretion in suspending or terminating the Plan, it will delete Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.**

**Participant understands that Data processing for the purposes specified in the Agreement shall take place under automated or non-automated conditions, anonymously when possible, and with confidentiality and security provisions, as set forth by Applicable Laws, with specific reference to Legislative Decree no. 196/2003.**

**The processing activity, including the transfer of Data abroad, including outside the European Economic Area, as specified in the Agreement does not require Participant's consent thereto as the processing is necessary for the performance of legal and contractual obligations related to implementation, administration and management of the Plan. Participant understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, Participant has the right at any moment to, without limitation, obtain information on Data held, access and verify its contents, origin and accuracy, delete, update, integrate, correct, block or stop, for legitimate reason.**



***Furthermore, Participant is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting Participant's human resources department.***

**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 7 - Nature of Grant; (iv) Section 14 - Entire Agreement; Enforcement of Rights; (v) Section 16 - Governing Law; Severability and the Data Privacy Notice set forth above in 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, shares, stock options) 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 at a rate of 0.2%. 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). 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 7 of the Agreement:

**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 paragraph 7 of the Agreement, 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 7 al Contrato:

***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 especifica y expresamente ha aprobado los términos y condiciones del sección 7 del Contrato, 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**

There are no country-specific provisions.

## **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](http://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 is advised to 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.

## 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 the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("**SFA**").

### ***Notifications***

**Securities Law Information.** The RSUs are being granted pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA, and the grant of the RSUs 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 Sections 5 and 7 of the Agreement:

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 rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or 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 is advised to 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 on Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

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 clicking on the "ACCEPT" box where indicated on the grant acceptance screen, 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           Derk Lupinek

Position       Vice President, Legal

### **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 clicking on “I Agree” 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 the Enrollment 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 clicking on “I Agree” you hereby acknowledge that you must sign and return the declaration in the form attached to the Enrollment Form below (the “Joint Election Agreement”) to the Company within 45 days of the beginning of the next offering period.

## 2012 Employee Stock Purchase Plan (“ESPP”)

(Capitalized terms not defined in this form shall have the meaning set forth in the ESPP.)

Section 1: <b>Actions</b>	<b>CHECK DESIRED ACTION:</b> <input type="checkbox"/> Enroll in the ESPP <input type="checkbox"/> Change Contribution Percentage <input type="checkbox"/> Discontinue Contributions	<b>AND COMPLETE SECTIONS:</b> 2 + 3 + 4 + 19 2 + 4 + 19 2 + 5 + 19
Section 2: <b>Personal Data</b>	Name: _____ Home Address: _____ Social Security / Identification No: _____	Department: _____
Section 3: <b>Enroll</b>	<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: <b>Elect Contribution Percentage</b>	<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. <b>The percentage must be a whole number (from 1%, up to a maximum of 15%).</b></p> <p>Please <input type="checkbox"/>-increase <input type="checkbox"/>-decrease my contribution percentage.</p> <p><b>Note:</b>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>	
Section 5: <b>Discontinue Contributions</b>	<input type="checkbox"/> 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 <input type="checkbox"/> -refund all contributions to me in cash, without interest OR <input type="checkbox"/> - use my contributions to purchase shares on the next Purchase Date. <b>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.</b>	

<p>Section 6:</p> <p><b>Responsibility for Taxes</b></p>	<p>I acknowledge that, regardless of any action taken by the Company or, if different, my 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 my participation in the ESPP and legally applicable to me (“Tax-Related Items”) is and remains my responsibility and may exceed any amount actually withheld by the Company or the Employer, if any. If I am subject to Tax-Related Items in more than one jurisdiction, I acknowledge that Tax-Related Items may be owed by me in more than one jurisdiction and the Company or the Employer may be required to withhold in multiple jurisdictions.</p> <p>I agree to make adequate arrangements to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer to satisfy any withholding obligations with regard to all Tax-Related Items by withholding from my wages or other cash compensation payable to me by the Company and/or the Employer. If the obligations for Tax-Related Items cannot be satisfied by withholding from my wages or other cash compensation as contemplated herein, then I authorize the Company and/or the Employer or their respective agents to satisfy any obligations with regard to all Tax-Related Items by withholding from proceeds of the sale of shares of Common Stock acquired upon exercise of the option, either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization without further consent).</p> <p>Finally, I agree 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 my participation in the ESPP that cannot be satisfied by the means previously described. The Company may refuse to purchase or deliver the shares or the proceeds of the sale of shares of Common Stock, if I fail to comply with my obligations in connection with the Tax-Related Items.</p>
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<p>Section 7:</p> <p><b>Nature of Grant</b></p>	<p>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) and 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; and (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; and and (n) the following provisions apply only if I am providing services outside the United States: (A) the ESPP and the shares of Common Stock subject to the ESPP are not part of normal or expected compensation or salary for any purpose; (B) 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 (C) 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, waive my ability, if any, to bring any such claim, and release 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 ESPP, I shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.</p>
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Section 8: <b>No Advice Regarding Grant</b>	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.
Section 9: <b>Data Privacy</b>	<p><i>I hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of my personal data as described in this Enrollment/Change Form and any other ESPP participation materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing my participation in the ESPP.</i></p> <p><i>I understand that the Company and the Employer may hold certain personal information about me, including, but not limited to, my name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options under the ESPP or any other entitlement to shares of stock awarded, cancelled, exercised, purchased, vested, unvested, or outstanding in my favor ("Data"), for the exclusive purpose of implementing, administering and managing the ESPP.</i></p> <p><i>I understand that Data will be transferred to Fidelity Brokerage Services LLC or its affiliates or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company, with the implementation, administration and management of the ESPP. I understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than my country. I understand that if I reside outside the United States, I may request a list with the names and addresses of any potential recipients of the Data by contacting my local human resources representative. I authorize the Company, Fidelity Brokerage Services LLC and its affiliates, and any other possible recipients which may assist the Company, (presently or in the future) with implementing, administering and managing the ESPP to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing my participation in the ESPP. I understand that Data will be held only as long as is necessary to implement, administer and manage my participation in the ESPP. I understand that if I reside outside the United States I may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing my local human resources representative. Further, I understand that I am providing the consents herein on a purely voluntary basis. If I do not consent, or if I later seek to revoke my consent, my employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing my consent is that the Company would not be able to grant the option to purchase shares of Common Stock under the ESPP or other equity awards to me or administer or maintain such awards. Therefore, I understand that refusing or withdrawing my consent may affect my ability to participate in the ESPP. For more information on the consequences of my refusal to consent or withdrawal of consent, I understand that I may contact my local human resources representative.</i></p>
Section 10: <b>Language</b>	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.
Section 11: <b>Electronic Delivery and Acceptance.</b>	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.
Section 12: <b>Severability</b>	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.

Section 13: <b>Appendix</b>	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 one of the countries included in the Appendix, 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.
Section 14: <b>Imposition of Other Requirements</b>	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.
Section 15: <b>Governing Law</b>	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.
Section 16: <b>Waiver</b>	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.
SECTION 17: <b>Insider Trading Restrictions / Market Abuse Laws</b>	I acknowledge that depending on my country of residence, I may be subject to insider trading restrictions and/or market abuse laws, which may affect my ability to acquire or sell shares of Common Stock or rights to shares of Common Stock (e.g., purchase rights) under the ESPP during such times as I am considered to have "inside information" regarding the Company (as defined by the laws in my country). 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 I am responsible for complying with any applicable restrictions and should speak with a personal legal advisor on this matter.
Section 18: <b>Foreign Asset/Account Reporting</b>	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, Participant 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.
Section 19: <b>Acknowledgment and Signature</b>	<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 clicking on the Accept box if this is an electronic form) 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 in one of the countries below. 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 2017. 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.

Finally, I understand that if I am a citizen or resident of a country other than the one in which I am currently working, 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.

## **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 Circular No. 3,280/05 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 Information.

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 and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

#### 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 Information.

I am required to report any foreign property on form T1135 (Foreign Income Verification Statement) if the total cost of my foreign property exceeds C\$100,000 at any time in the year. Foreign 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 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 (*Erklæring V*) with the Danish Tax Administration. The bank/broker and I must 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 Form 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](http://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 (*Erklæring 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](http://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 ☐-increase ☐-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](http://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 ESPP, the Enrollment/Change Form, including this Appendix, and other incidental communication materials 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. I understand that the option to purchase shares and any shares of Common Stock to be issued under the ESPP 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 purchase rights 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 180 days of receipt and any proceeds from the sale of shares of Common Stock acquired under the ESPP to India within 90 days of receipt (or 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 purchase rights. If the Company forces the sale of shares acquired upon exercise of my purchase rights, 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 purchase rights 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.**

The Company has an Agreed Advanced Tax Ruling (the "Tax Ruling") from the Israel Tax Authority ("ITA") with respect to the ESPP offered to Israeli resident employees of ServiceNow A.B. Israel 2012 Ltd. ("ServiceNow Israel"). A copy of the Ruling (in Hebrew with an English translation) is attached to this Appendix for Israel as Exhibit A.

If I am an Israeli resident employee of ServiceNow Israel and have not already executed a declaration to agree to the terms of the Tax Ruling, I must print and execute the declaration attached to this Appendix for Israel as Exhibit B, and submit the declaration to: Michelle Giampaoli, Stock Plan Administrator, ServiceNow, michelle.giampaoli@servicenow.com by the date that is 45 days from the beginning of the applicable Offering Period. I may print and execute either the Hebrew or the English version of the declaration.



If I do not submit the attached declaration to: Michelle Giampaoli, Stock Plan Administrator, ServiceNow, michelle.giampaoli@servicenow.com by the date that is 45 days from the beginning of the applicable Offering Period, my participation in the ESPP will be automatically withdrawn, subject to the Committee's discretion for unforeseen circumstances, and any accumulated payroll deductions will be returned to me as soon as practicable.

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.

## EXHIBIT A

Department of Employee Options

February 4, 2013

Epstein Rosenblum Maoz (ERM) Law Offices

Attn: Yair Benjamini

**Re: Agreed Tax Ruling- Calculation of Tax re the Benefit to Employees under the ServiceNow, Inc.  
2012 Employee Stock Purchase Plan - ServiceNow A.B. Israel 2012 Ltd.**

(With reference to your request of June 16, 2012)

1. **The facts as presented by you:**

- 1.1 Service Now A.B. Israel 2012 Ltd., company no. 514760099, withholding file 943293324 (hereinafter: the “**Company**”) is an Israeli resident private company that was founded in 2012 and employs one (1) employee in Israel.
- 1.2 The Company is a subsidiary of ServiceNow, Inc. (hereinafter: the “**Parent**”), a US public corporation whose shares are traded on the New York Stock Exchange (NYSE). The Parent provides cloud-based software and services that help IT organizations automate and integrate various enterprise technologies.
- 1.3 As part of its employee incentive policy, the Parent approved the 2012 Employee Stock Purchase Plan (hereinafter: the “**ESPP**”). Among others, employees of the Company who are not “controlling shareholders” as defined in section 102(a) of the Income Tax Ordinance (hereinafter: the “**Ordinance**”) are eligible to participate in the ESPP.
- 1.3 The main provisions of the ESPP are as follows:
  - 1.4.1 The ESPP provides for consecutive or overlapping offering periods (hereinafter: the “**Offering Periods**”), during which eligible employees can participate in the ESPP and be granted the right to purchase shares in the Parent (hereinafter: the “**Shares**”). The first day of each Offering Period is referred to as the offering date (hereinafter: the “**Offering Date**”). The first business day of the initial Offering Period was June 28, 2012, which was the date the Parent’s stock was initially offered to the public. Each Offering Period is comprised of one six-month purchase period at the end of which the employee is eligible to purchase Shares (hereinafter: the “**Purchase Period**”). The first Offering Period will take place from June 28, 2012 until approximately January 31, 2013, and the first Purchase Period will take place from June 28, 2012 until January 31, 2013.

- 1.4.2 Subsequent Offering Periods will consist of a single six-month Purchase Period, beginning on each February 1 and August 1 and ending on the following July 31 and January 31, respectively. The committee that administers the ESPP may change the length of the Offering Periods or the Purchase Periods, provided that no Offering Period has a duration exceeding 27 months. The relevant date on which Shares will be purchased will be the last business day of the relevant Offering Period (each of these dates will be referred to hereinafter as: the **“Purchase Date”**).
- 1.4.3 Employees of the Company are eligible to purchase Shares at a 15% discount of the lower of:
- a. the closing price of the Shares on the Offering Date; or
  - b. the closing price of the Shares on the Purchase Date (hereinafter: the **“Exercise Price”**).
- 1.4.4 For the first Offering Period, the employees that participated in the ESPP automatically received the right to purchase Shares with monthly sums deducted from their salary, where the default was that 15% of the employee’s net salary during the Purchase Period was saved toward the purchase (hereinafter: the **“Savings Amount”**). The Savings Amount will be used solely for the purchase of Shares and will not exceed 15% of the employee’s monthly base salary. The employee may elect to decrease the percentage of cash compensation that he authorizes for use during the first Offering Period by delivering a form to the Parent prior to the first Purchase Date. Neither the Company nor the Parent will pay interest on the Savings Amount.
- 1.4.5 The employee may withdraw from the ESPP at any time in a manner determined by the Parent. Should the employee withdraw from the ESPP prior to the end of the Offering Period or during any other time designated by the committee, all accrued salary deductions will be returned to him, without interest, at the earliest possible date. The employee may not withdraw less than all of his accrued salary deductions. Even if the employee withdraws from the ESPP, the employee may resume participation in the ESPP in any future Offering Period by submitting a new enrollment form to the Parent prior to the beginning of the subsequent Offering Period or at an earlier date, as provided by the committee.
- 1.4.6 The ESPP contains quantitative limitations regarding the number of Shares that each employee is entitled to purchase. In any event, an employee may not purchase more than 1,500 Shares during each Offering Period.
- 1.4.7 Attached as **Appendix A** hereto is the ESPP and its conditions per your submissions.

2. **The Request:**

- 2.1 The employee's enrollment in the ESPP will not constitute a tax event and will not be subject to tax on that date.
- 2.2 On the date the options are exercised and the employee purchases the Shares, the employee will be subject to tax for the benefit resulting from the difference between the market value of the Shares at the close of trading on the Purchase Date and the Exercise Price the employee paid from the Savings Amount. The tax rate will be the employee's marginal tax rate according to the tax liability for employee grants under the non-trustee track. The tax will be withheld at the source by the Company.
- 2.3 On the date of sale of the Shares by the employee, the Parent and/or the Company will not withhold tax at source, and the employee will be taxed according to Section E of the Ordinance.

3. **The tax arrangement and its conditions:**

Relying on the facts provided by you and detailed in section 1 above, the Income Tax Authority approves the tax arrangement relating to the ESPP on compliance with the following conditions:

- 3.1 This tax arrangement applies to the ESPP whose Offering Periods will commence from June 28, 2012, only for employees of the Company, and so long as the provisions of the law are not changed, and only if the Company and the employees will act in accordance with the provisions of this tax arrangement.
- 3.2 Each term in this tax arrangement shall have the meaning ascribed to it in Part E-1 of the Ordinance, unless otherwise expressly provided.
- 3.3 The provisions of section 102(c)(2) of the Ordinance and the Income Tax Rules (Tax Benefits for Employee Share Allotments), 2003 (hereinafter: the "Rules") will apply to the grant of the ESPP to the employees of the Company.
- 3.4 The Company will not take any tax deductions related to the ESPP, regardless of whether the employees of the Company participate in the tax agreement or not.
- 3.4 Notwithstanding section 3.2 above, the end of each Offering Period will be deemed an "exercise" for the purpose of section 102(c)(2) of the Ordinance (hereinafter: the "**Exercise Date**"), and the following provisions will apply:
  - 3.5.1 All Shares that an employee received on the Exercise Date will be deemed sold according to the closing price of the Shares on the Exercise Date (hereinafter: the "**Share Price**").
  - 3.5.2 The employee will be liable for employment income according to section 2(2) of the Ordinance for the difference between the Share Price and the Exercise Price that the employee paid on the Exercise Date, multiplied by the total Shares purchased by the broker in his name (hereinafter: the "**Value of the Benefit**").

**3.5.3 On the Exercise Date, the Company will withhold tax for the Value of the Benefit and will transfer the relevant withholding to the Assessing Officer, as required by section 9(e) of the Rules.**

3.5.4 Employees will be deemed residents of Israel until the date on which the Shares are actually sold, in respect of the income from the ESPP that is the subject of this tax agreement. The aforesaid will not apply to Offering Periods after an employee is no longer a resident of Israel if the employee has secured approval from the ITA on the termination of his Israeli residency or if the Company secures a tax agreement with respect to severing Israeli residency of its employees.

3.5.5 On the actual date of sale the Shares, Part E of the Ordinance will apply to the employee, and the price of the Shares and the end of the Offering Period (as stated in section 3.4.1 above) will be deemed the original price of the Shares on the Purchase Date.

3.5.6 For the avoidance of doubt, it is clarified that the reporting and tax payment obligations for the income described in section 3.5.5 above, on the actual date of sale, are the sole obligations of the employees.

- 3.6 This tax agreement is condition on the full satisfaction of the conditions of the law and this agreement. This agreement is given on reliance on the representations that you provided above. If it is later discovered that the details you provided in the context of the request are not accurate, or substantively incomplete, and/or one of the conditions is not complied with, the following consequences will result: the employees that purchase Shares on the Purchase Date will be liable for income tax as employment income under section 2(2) of the Ordinance on the actual date of sale of the Shares, at the highest price of the Shares from the beginning of the Offering Period until the sale of the Shares to an unrelated third party, as defined by section 88 of the Ordinance, including interest and linkage differentials from the grant date.
- 3.7 This tax agreement does not amount to an assessment or approval of the facts as presented by you. The facts as presented by you shall be examined by the Assessing Officer via his examination of the Company and/or the employees participating in the ESPP, as applicable.
- 3.8 This tax agreement is valid from the Offering Periods that will begin through December 31, 2017. Following that period, you may request an extension from the ITA (if any).
- 3.9 Within 60 days of the date hereof, and within 60 days from a new employee's enrolment in the ESPP, as applicable, the Company and the employees participating in the ESPP will submit a declaration in the form provided in Exhibit B to this tax agreement. Section 3.6 above will apply to an employee who does not sign the declaration. The Company and the employees' declarations will be valid with respect to the ESPP for all Offering Periods that are the subject of this tax agreement, and accordingly for the period stated in section 3.1 above. The Company will submit a list of the employees that did not participate in this tax agreement to the Assessing Officer within 60 days of the receipt of this tax agreement or within 60 days of the beginning of each Offering Period, as applicable.

Yours truly,

Eran Dvir, CPA (jurist)

Superior (Professional Division)

**Copies:**

Mr. Aaron Elijahu, CPA - Senior VP for Professional Issues.

Mr. Gilad Takoa, CPA - Jerusalem 3 Assessing Officer

Mr. Raz Itzkovitch, CPA (Jurist) - Department Manager - Employee Options

Mr. Rafi Tawina, Adv. - Senior Department Manager (Employee Options), Legal Department

**מחלקת אופציות לעובדים**

כ"ד שבט, תשע"ג  
4 פברואר, 2013

לכבוד  
אפשטיין רוזנבלום מעוז עורכי דין  
לידי: יאיר בנימיני, עו"ד

א.נ.,

הנדון: החלטת מיסוי בהסכם - חישוב המס בגין טובת ההנאה שנוצרה לעובד בתוכנית לרכישת מניות לעובדים בחברת סרוויס נאו א.ב. ישראל 2012 בע"מ  
(סימוכין: פנייתכם מיום 16/6/12)

**1. העובדות כפי שנמסרו לנו על ידכם:**

1.1. סרוויס נאו א.ב. ישראל 2012 בע"מ, ח.פ. 514760099, תיק ניכויים 943293324  
(להלן: "החברה"), הינה חברה פרטית תושבת ישראל, אשר נוסדה בשנת 2012 ומעסיקה בישראל שני עובדים.

1.2. החברה הינה חברת בת של חברת ServiceNow, Inc. (להלן: "חברת האם"), חברה ציבורית שמניותיה נסחרות בבורסת ניו יורק שבארה"ב (NYSE). חברת האם מספקת תוכנה ושירותים מבוססי טכנולוגיית "ענן" שמסייעים לארגוני IT לשלב ולבצע אוטומטיזציה של טכנולוגיות ארגוניות שונות.

1.3. חברת האם אימצה תוכנית ESPP - 2012 Employee Stock Purchase Plan (להלן: "תוכנית ה-ESPP"), בה זכאים להשתתף, בין השאר, עובדי החברה שאינם בעלי שליטה כמשמעותם בסעיף 102(א) לפקודת מס הכנסה (להלן: "הפקודה").

1.4. להלן עקרונות תכנית ה-ESPP:

1.4.1. תוכנית ה-ESPP כוללת תקופות חיסכון רצופות או חופפות (להלן: "תקופות החיסכון") שבהן עובדים זכאים יכולים להשתתף בתוכנית ה-ESPP ולקבל את הזכות לרכוש מניות של חברת האם (להלן: "המניה").  
היום הראשון של כל תקופת החיסכון מכונה תאריך ההצעה (להלן: "תאריך תחילת תקופת החיסכון"). יום העסקים הראשון של תקופת החיסכון הראשונה הינו 28 ליוני 2012, שהיה המועד בו מניות חברת האם הוצעו לראשונה לציבור. כל תקופת חיסכון מורכבת מתקופה אחת של שישה חודשים שבסיומה זכאי העובד לרכוש מניות (להלן: "תקופת הרכישה"). עם זאת, תקופת החיסכון הראשונה תימשך החל מ- 28 ליוני

רח' מנחם בגין 125, קריית הממשלה, ת"א, קומה 14, טל': 076-8090589 פקס: 076-8090589

## החשיבה המקצועית

2012 ועד ל- 31 לינואר 2013 לערך, ותקופת הרכישה הראשונה תימשך

החל מ- 28 ליוני 2012 ועד ל- 31 ינואר 2013.

1.4.2. תקופות החיסכון הבאות יכללו תקופת רכישה אחת של שישה חודשים אשר תחל ב- 1 בפברואר וב- 1 באוגוסט ותסתיים ב- 31 ליולי שלאחריו וב- 31 לינואר שלאחריו, בהתאמה. הוועדה המנהלת את תוכנית ה-ESPP רשאית לשנות את תקופות החיסכון או תקופות הרכישה, ובלבד שתקופת החיסכון לא תארך יותר מ- 27 חודשים. התאריך הרלוונטי שבו ירכשו העובדים מניות יהיה יום העסקים האחרון של תקופת הרכישה הרלוונטית (כל אחד מתאריכים אלה יכונה להלן גם: **"תאריך הרכישה"**).

1.4.3. עובדי החברה זכאים לרכוש מניות רגילות של חברת האם, בהנחה של 15% ממחיר הנמוך מבין :

- א. מחיר השוק של המניה נכון ל- תאריך תחילת תקופת החיסכון
  - ב. מחיר השוק של המניה בתאריך הרכישה.
- (להלן: **"מחיר המימוש"**)

1.4.4. ביחס לתקופת החיסכון הראשונה, העובדים המשתתפים בתוכנית ה-ESPP קיבלו באופן אוטומטית זכות לרכוש מניות באמצעות סכומים אשר העובד מפריש מדי חודש משכרו, כאשר ברירת המחדל היא שהעובד יפנה לטובת רכישה סכום השווה ל-15% ממשכורתו נטו לאחר ניכוי מיסים כדין בתקופת הרכישה (להלן: **"סכום החיסכון"**). סכום החיסכון ישמש אך ורק לרכישת מניות ולא יעלה על 15% מהשכר החודשי הבסיסי של העובד. העובד יכול לבחור להקטין את שיעור התמורה במזומן שבה יעשה שימוש לטובת תקופת החיסכון הראשונה על ידי מסירת טופס לחברת האם לפני תאריך הרכישה הראשונה. החברה וחברת האם אינן משלמות ריבית על סכום החיסכון לתוכנית ה-ESPP.

1.4.5. העובד יכול לבטל את השתתפותו בתוכנית ה-ESPP בכל עת בדרך שתיקבע על ידי חברת האם. במידה ועובד יבטל את השתתפותו לפני תום תקופת החיסכון או בכל פרק זמן אחר שיקבע על ידי הוועדה, כל הסכום המצטבר של ניכויי השכר יוחזרו ללא ריבית בהקדם האפשרי. העובד לא יכול למשוך פחות מכל ניכויי השכר שנצברו לו. במקרה של ביטול



#### החטיבה המקצועית

ההשתתפות בתוכנית ה-ESPP מבחירתו של העובד, העובד רשאי לשוב ולהשתתף בתוכנית בכל תקופת חיסכון עתידית על ידי הגשת טופס הרשמה חדש לחברת האם לפני תאריך תחילת תקופת החיסכון הבאה או במועד מוקדם יותר כפי שייקבע ע"י הוועדה.

1.4.6. בתוכנית ה-ESPP נקבעו מגבלות כמותיות בנוגע למניות שכל עובד רשאי לרכוש. בכל מקרה, ניתן לרכוש לא יותר מ- 1500 מניות במהלך כל תקופת חיסכון.

1.4.7. מצ"ב נספח א' תוכנית ה-ESPP ותנאיה כפי שנמסרו על ידכם.

## 2. הבקשה:

2.1. הצטרפות העובד לתוכנית ה-ESPP לא תהווה אירוע מס ולא יחול חיוב במס במועד זה.

2.2. במועד מימוש האופציה כאשר תבוצע רכישת המניות עבור העובד, יחויב העובד במס עבור ההטבה הנובעת מההפרש בין מחיר השוק של המניות בתום יום המסחר בתאריך הרכישה, למחיר המימוש ששולם עבורן בפועל. שיעור המס שיחול יהיה שיעור המס השולי של העובד בהתאם לחבות המס בהקצאת מניות לעובדים ללא נאמן. המס ינוכה במקור על-ידי החברה.

2.3. במועד מכירת המניות על-ידי העובד, חברת האם ו/או החברה לא יידרשו לנכות מס במקור במועד המכירה כאמור, וכי במועד זה העובד ימוסה במסגרת חלק ה' לפקודה.

**3. החלטת המיסוי ותנאיה:**

3.

בהסתמך על העובדות שהוצגו על ידכם ופורטו בסעיף 1 לעיל, נציבות מס הכנסה מאשרת את הסדר המס לגבי תוכנית ה-ESPP כדלקמן ובהתקיים כל התנאים הבאים:

3.1. החלטת מיסוי זו הינה בתוקף לגבי תוכנית ה-ESPP החיסכון שתקופות ההצעה שלהן יחלו ב- 28 יוני 2012 לעובדי החברה בלבד, וכל עוד לא ישונו הוראות החוק ובלבד שהחברה והעובדים נהגו בהתאם להוראות החלטת מיסוי זו.

3.2. לכל מונח בהחלטת מיסוי זו תהא המשמעות הנודעת לו בחלק ה-1 לפקודה, אלא אם נאמר במפורש אחרת.

3.3. על תוכנית ה-ESPP לעובדי החברה, יחולו הוראות סעיף 102(ג) לפקודה וכללי מס הכנסה (הקלות מס בהקצאת מניות לעובדים), התשס"ג-2003 (להלן: "הכללים").

3.4. לחברה לא תותר כל הוצאה בשל תוכנית ה-ESPP, בין אם ביקשו עובדי החברה להצטרף להחלטת מיסוי זו ובין אם לאו.

3.5. על אף האמור בסעיף 3.2 לעיל, יראו בתום כל תקופת חיסכון כ"מימוש" לעניין סעיף 102(ג) לפקודה (להלן: "מועד מימוש"), ויחולו הוראות אלה:

3.5.1. יראו את כל המניות שקיבל העובד במועד המימוש, כנמכרות לפי שער הסגירה שנקבע למניה בסוף יום העסקים של מועד המימוש (להלן: "מחיר המניה").

3.5.2. העובד יחויב כהכנסת עבודה לפי סעיף 2(2) לפקודה בגין ההפרש שבין מחיר המניה לבין מחיר המניה ששילם העובד במועד המימוש כשהוא מוכפל בסה"כ המניות שנרכשו ע"י הברוקר על שמו (להלן: "שווי ההטבה").

3.5.3. במועד המימוש כאמור, תנכה החברה את המס משווי ההטבה ותעבירו לפקיד השומה ניכויים הרלבנטי, כנדרש בסעיף 9(ה) לכללים.

3.5.4. יראו בעובד כתושב ישראל עד למועד מכירת המניה בפועל, בכל האמור ביחס להכנסות מתוכנית ה-ESPP נשוא החלטת מיסוי זו. האמור בסעיף זה לא יחול לגבי תקופות החיסכון שיחולו לאחר

#### החטיבה המקצועית

המועד שבו חדל העובד להיות תושב ישראל, בין אם ימציא העובד אישור מרשות המסים על הפסקת היותו תושב ישראל ובין אם החברה תגיע להסדר מס עם רשות המסים בנוגע לניתוק תושבותם של מי מעובדיה.

3.5.5. במועד מכירת המניות בפועל, יחולו על העובד הוראות חלק ה' לפקודה, ויראו את מחיר המניה ואת תום תקופת החיסכון (כאמור בסעיף 3.4.1 לעיל), כמחיר המקורי של המניות ביום רכישתן, בהתאמה.

3.5.6. למען הסר ספק, יובהר כי חובת הדיווח וחבות תשלום המס בגין ההכנסות שינבעו לעובדים מהמניות נשוא החלטת מיסוי זו, במועד מכירתן בפועל כאמור בסעיף 3.5.5 זה לעיל, תחול על העובדים בלבד.

3.6. החלטת מיסוי זו מותנה בקיומם המלא של יתר התנאים בחוק ובהחלטת מיסוי זו. החלטת מיסוי זו ניתנה על סמך המצגים שהוצגו בפניו כמפורט לעיל. אם יתברר שהפרטים שנמסרו במסגרת הבקשה אינם נכונים, או שאינם מלאים באופן מהותי ו/או לא התקיים אחד מתנאי החלטת המיסוי יחול האמור להלן: העובדים שירכשו עבורם מניות בתאריך הרכישה, יחויבו במס כהכנסת עבודה מכוח סעיף 2(2) לפקודה במועד מכירת המניות בפועל, בגין מחיר המניה הגבוה ביותר של המניות, בתקופה שממועד תחילת תקופת החיסכון ועד למועד מכירת המניות לצד ג' שאינו קרוב כהגדרתו בסעיף 88 לפקודה של העובד, ובתוספת ריבית והפרשי-הצמדה ממועד הקצאתן.

3.7. אין בהחלטת מיסוי זו משום עשיית שומה ואישור לעובדות כפי שהוצגו העובדות שהוצגו כאמור תיבדקנה על-ידי פקיד השומה במהלך דיוני השומות בתיק החברה ו/או מחזיקי הזכויות לפי העניין.

3.8. תוקף החלטת מיסוי זו הינו לתקופות חיסכון אשר יתחילו עד ליום 31.12.2017.

לאחר מועד זה יש לפנות לרשות המיסים בישראל בבקשה להאריכה, אם בכלל.

3.9. תוך 60 ימים מקבלת החלטת מיסוי זו ותוך 60 ימים לאחר הצטרפותו של עובד חדש לתוכנית ה-ESPP, לפי העניין, יגישו החברה והעובדים להם יוענקו המניות מכוח תוכנית ה-ESPP או העובדים החדשים, לפי העניין, הצהרה בנוסח הקבוע **כנספח ב'** להחלטת מיסוי זו. עובד שלא יחתום כאמור יחולו לגביו הוראות סעיף 3.6 לעיל. הצהרת החברה והעובדים תהא בתוקף לגבי תוכנית ה-ESPP

רח' מנחם בגין 125, קריית הממשלה, ת"א, קומה 14, טל': 076-8090589 פקס: 076-8090589

### החטיבה המקצועית

בכל תקופות החיסכון נשוא התוכנית ובהתאם לתקופה האמורה בסעיף 3.1 לעיל. החברה תשלח לפקיד השומה בתוך 60 ימים מקבלת החלטת מיסוי זו ו/או תוך 60 ימים לאחר תחילת כל תקופת חיסכון, לפי העניין, רשימה של העובדים שלא הצטרפו להחלטת מיסוי זו.

בכבוד רב,

ערן צבי דביר, רו"ח (משפטן)  
ממונה (חטיבה מקצועית)



### העתק:

1. מר אהרון אליהו, רו"ח - סמנכ"ל בכיר לעניינים מקצועיים.
2. מר גלעד תקוע, רו"ח - פקיד שומה ירושלים 3.
3. מר רז איצקוביץ, רו"ח (משפטן) - מנהל תחום (אופציות לעובדים).
4. מר רפי טוינה, עו"ד - מנהל מחלקה בכיר (אופציות לעובדים), חטיבה משפטית.

רח' מנחם בגין 125, קריית הממשלה, ת"א, קומה 14, טל': 076-8090589 פקס: 076-8090589

## **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 purchased 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 7 of the Enrollment/Change Form:

#### 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 its 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 7 of the Enrollment/Change Form, 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 7 del Contrato:*

*Modificación.*

*Al participar en el ESPP, entiendo y acuerdo que cualquier modificación al 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 7 del Contrato, 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 purchase rights 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.

### Securities Law Notification.

**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 7 of the Enrollment/Change Form:

By completing the enrollment process and accepting the Enrollment/Change Form, I consent to participation in the ESPP and acknowledges 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 and Account Reporting Notification.

To the extent that I hold rights or 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 right or 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 or right for purposes of this requirement.

If applicable, I must report the assets or rights on Form 720 by no later than March 31 following the end of the relevant year. After such assets or rights are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets or rights 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. If neither the total balances nor total transactions with non-residents during the relevant period exceeds €50,000,000, a summarized form declaration may be used.



### 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 on my behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

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 clicking on the “ACCEPT” box where indicated on the grant acceptance screen, 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                      Derk Lupinek

Position                 VP, Legal

**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

**EXHIBIT B**

**Re: Agreed Tax Ruling- ServiceNow A.B. Israel 2012 Ltd.**

Pursuant to section 3.9 of the Tax Ruling dated February 4, 2013, "Tax Ruling by Agreement - Calculation of Tax re the Benefit to Employees under the ServiceNow, Inc. 2012 Employee Stock Purchase Plan (the "ESPP") - ServiceNow A.B. Israel 2012 Ltd." (the "Tax Ruling"), I, the undersigned employee, declare that I understand the Tax Ruling, will act in accordance with it, and will not request to change it and/or annul it, and/or replace it, and/or will not request additional tax benefits other than those provided in this Tax Ruling.

**In addition, I understand that should I sell the shares of Common Stock (as defined under the ESPP) purchased under the ESPP more than three (3) days after I purchase such shares, I will be required, by Israeli law, to report on all profits and/or losses from such sales on my Annual Return, to report to the Tax Authorities according to section 91(d), and to make advanced tax payments as required by law.**

**Additionally, I understand that I will be required to file an Annual Return to the Assessing Officer even if I do not currently file an Annual Return.**

**I also declare that I understand that a failure to file an Annual Return or a failure to pay tax, as required by Israeli law, on any income from sale of shares of Common Stock that I purchased under the ESPP is a criminal offense.**

**Executed by:**

Signature	Date	Employee ID	Employee name

## EXHIBIT B

### הנדון: החלטת מיסוי בהסכם - סרוויס נאו א.ב. ישראל 2012 בע"מ

חישוב המס בגין טובת ההנאה שנוצרה לעובד בתוכנית לרכישת מניות לעובדים", 11.11.2012 להחלטת המיסוי מיום 2012 בחברת סרוויס נאו א.ב. ישראל 2012 בע"מ (להלן: "החלטת המיסוי"), העובד החתום מטה, מצהיר בזאת כי הבין את החלטת (ESPP) המיסוי וכי ינהג לפיה, ולא יבקש לשנותה ו/או לבטלה ו/או להחליפה באחרת, ו/או ידרוש הפחתת מס נוספת מעבר לקבוע בהחלטת מיסוי זו.

לאחר שחלפו יותר משלושה ימים מיום ESPP - בנוסף, הריני מבין שבמידה ואבחר למכור את המניות שיוקצו לי במסגרת תוכנית הרכישתם, אהיה מחוייב על פי דין לדווח על כל רווח ו/או הפסד ממכירות אלה בדו"ח השנתי וכן בדיווח לפי סעיף 91(ד) לרשויות המס ובתשלום מקדמת מס כדין.

כן הנני מבין כי יהיה עלי להגיש דו"ח שנתי לפקיד השומה גם אם כיום אינני מגיש דו"חות שנתיים.

הן ESPP - אני בנוסף מצהיר ומבין כי אי הגשת דו"ח שנתי או אי תשלום מס כדין על הכנסותי ממכירת מניות שנרכשו במסגרת תוכנית הרכישתם, אהיה מחוייב על פי דין לדווח על כל רווח ו/או הפסד ממכירות אלה בדו"ח השנתי וכן בדיווח לפי סעיף 91(ד) לרשויות המס ובתשלום מקדמת מס כדין.

על החתום:

חתימה	תאריך	מספר ת.ז.	שם העובד

**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, 2017

/s/ John J. Donahoe

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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, 2017

/s/ Michael P. Scarpelli

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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, 2017 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, 2017

/s/ John J. Donahoe

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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, 2017 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, 2017

/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.