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

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 31, 2019
or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For transition period from _____ to _____
Commission File Number 001-35680

Workday, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-2480422 (I.R.S. Employer Identification No.)
6110 Stoneridge Mall Road Pleasanton, California (Address of principal executive offices)	94588 (Zip Code)
(925) 951-9000 (Registrant's telephone number, including area code)	
Securities registered pursuant to Section 12(b) of the Act:	
Title of each class	Name of each exchange on which registered
Class A Common Stock, par value \$0.001	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Securities registered pursuant to section 12(g) of the Act:
None

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 (the "Exchange Act") 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Exchange Act). Yes No

The aggregate market value of the voting and non-voting stock of the registrant as of July 31, 2018 (based on a closing price of \$124.02 per share) held by non-affiliates was approximately \$18.6 billion. As of February 28, 2019, there were approximately 157 million shares of the registrant's Class A common stock and 65 million shares of the registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2019. The Proxy Statement will be filed by the registrant with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year ended January 31, 2019.

TABLE OF CONTENTS

PART I

Item 1.	Business	1
Item 1A.	Risk Factors	5
Item 1B.	Unresolved Staff Comments	22
Item 2.	Properties	22
Item 3.	Legal Proceedings	23
Item 4.	Mine Safety Disclosures	23

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	24
Item 6.	Selected Consolidated Financial Data	26
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	41
Item 8.	Consolidated Financial Statements and Supplementary Data	42
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	79
Item 9A.	Controls and Procedures	79
Item 9B.	Other Information	79

PART III

Item 10.	Directors, Executive Officers, and Corporate Governance	80
Item 11.	Executive Compensation	80
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	80
Item 13.	Certain Relationships and Related Transactions and Director Independence	80
Item 14.	Principal Accountant Fees and Services	80

PART IV

Item 15.	Exhibits and Financial Statement Schedules	81
Item 16.	Form 10-K Summary	84

PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which are subject to safe harbor protection under the Private Securities Litigation Reform Act of 1995. All statements contained in this report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “seek,” “plan,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the “Risk Factors” section, which we encourage you to read carefully. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied by the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activities, performance, or achievements. We are under no duty to update any of these forward-looking statements after the date of this report or to conform these statements to actual results or revised expectations.

As used in this report, the terms “Workday,” “registrant,” “we,” “us,” and “our” mean Workday, Inc. and its subsidiaries unless the context indicates otherwise.

Our fiscal year ends on January 31. References to fiscal 2019, for example, refer to the year ended January 31, 2019.

ITEM 1. BUSINESS

Overview

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, planning, and analytics applications designed for the world’s largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday. We achieved this leadership position through our innovative and adaptable technology, and commitment to customer satisfaction.

Organizations today operate in environments that are highly complex and changing at an increasing rate. Managers and employees must quickly synthesize vast amounts of information and react to rapid changes in global business and regulatory environments. To be successful, they need highly functional and flexible software that enables informed decision-making about the enterprise-wide allocation of their resources. Additionally, managers and employees expect to interact with enterprise systems in an open, intuitive, and collaborative way, including real-time access through a wide range of mobile and computing devices.

Workday is leading the way in helping organizations better manage their financial and human capital resources. As part of our applications, we provide embedded analytics that capture the content and context of everyday business events, facilitating fast and informed decision-making from wherever users are working. In addition, we provide an intuitive user experience similar to those of leading consumer internet sites, reducing the time for training on our applications.

Since Workday is delivered in the cloud, organizations can embrace change in their operating environments with support for new regulatory requirements, increased performance, and enhancement of the user experience that we deliver through our rapid innovation cycle of frequent functionality-rich feature releases. We deliver continuous innovation with major feature releases delivered two times per year, in addition to weekly updates where smaller sets of features are delivered to customers with minimal downtime disruption. When the new feature releases are delivered, the prior version is fully replaced. As a result, all Workday customers are on the same version at all times. Feature releases are not subject to an additional fee. Workday customers benefit from the most current technologies without the burden of large upgrade costs typically associated with traditional on-premise software.

We deliver our cloud applications using an innovative technology foundation that leverages the most recent advances in cloud computing and data management and allows us to deliver applications that are highly functional, flexible, and fast. Our use of a multi-tenant architecture in which customers are on the same version of our software enables innovations to be deployed quickly. In addition, we use objects to represent real-world entities such as employees, benefits, budgets, charts of accounts, and organizations, combining business logic and data in one place and creating actionable analytics that are part of our core transactional systems of record. Our use of in memory data management allows rapid and efficient delivery of embedded business intelligence. Workday leverages machine learning in our applications to help customers make smarter financial and workforce decisions. We also provide open, standards-based web-services application programming interfaces and pre-built packaged integrations and connectors. This approach substantially reduces the need for our customers to buy and support a broad range of IT infrastructure, significantly reducing costs and complexity.

Our Products

Workday Financial Management

Workday Financial Management is a comprehensive, unified application built on a single, global core with a full range of financial capabilities, relevant analytics and metrics, and fully auditable process management built to help manage financial processes for global organizations.

Workday Financial Management provides the core finance functions (general ledger, accounting, accounts payable, accounts receivable, cash management, asset management, revenue management, and grants management). It also supports built-in financial, operational, and management reporting and analysis in real time without the use of complex and expensive bolt-on business intelligence systems.

Financial Management Complementary Solutions

Workday Expenses provides organizations with a user-friendly platform to capture, monitor, and control employee expenses on any device.

Workday Procurement provides a single solution to manage and provide complete visibility across the procure-to-pay process for both goods and services spend.

Workday Inventory helps organizations manage their internal supply chain with an end-to-end solution for all aspects of the materials management process for goods and supplies that are used internally.

Workday Professional Services Automation supports the complete billable projects lifecycle, including project and resource management, time and expense tracking, project billing, revenue recognition, financial reporting, and analytics within a single, unified solution.

Workday Human Capital Management

Designed for the largest organizations in the world, Workday Human Capital Management (“HCM”) allows an organization to staff, organize, and develop its global workforce. This unified application includes global human resources management (workforce lifecycle management, organization management, compensation, absence, and employee benefits administration) and global talent management (goal management, performance management, succession planning, and career and development planning).

HCM Complementary Solutions

Workday Recruiting supports the needs of candidates, hiring managers, the interview team, and recruiters.

Workday Time Tracking, our time and attendance application, is designed to automate workforce management processes and thereby reduce costs and compliance risks.

Workday Payroll is designed to address the full spectrum of enterprise payroll needs and provides control, accuracy, and flexibility, with native payroll offerings in the U.S., Canada, the United Kingdom (“UK”), and France, as well as a global payroll cloud partner program to support additional customer needs.

Workday Learning combines the capabilities of an enterprise-grade learning system with modern social content sharing and curation in one platform.

Business Planning, Analytics, and Other Solutions

Workday offers a variety of other solutions that are unified with Workday Financial Management and Workday HCM.

[Table of Contents](#)

Adaptive Insights Business Planning Cloud is a solution with built-in intelligence for finance, human resources, and sales teams, with powerful and flexible modeling capabilities that enables collaborative, company-wide business planning.

Workday Prism Analytics enables customers to bring together any data, including Workday data and data from any outside source, with leading-edge analytics tools for enriched financial and people analytics to make better business decisions.

Workday Student is a student and faculty lifecycle information system to help colleges and universities advance their institutions and enable student success. The Workday Student application suite includes: Academic Foundation, Student Recruiting, Student Admissions, Curriculum Management, Student Records, Academic Advising, Financial Aid, Student Financials, and Student Recruiting.

Workday Data-as-a-Service (“DaaS”) is a cloud service that provides valuable data to customers to enable more informed decision-making. The first service delivered on the DaaS offering, Workday Benchmarking, provides key metrics to customers seeking a better understanding of their company’s relative performance in comparison to peers to help achieve optimal performance in their respective markets.

Customers

Our diverse customer base includes medium-sized and large, global companies, as well as smaller organizations that primarily use our planning product. Our customers span numerous industry categories, including technology, financial services, business and professional services, healthcare and life sciences, manufacturing, retail and hospitality, education, government, and non-profit. No individual customer represented more than 10% of our revenues during fiscal 2019.

We have built a company culture centered around our customers’ success and satisfaction. We have developed several programs designed to provide customers with service options to enhance their experience with our applications. These services include 24x7 support; a professional services ecosystem that consists of our Workday consulting teams and system integrators that are trained on our applications; a Customer Success Management group to assist customers in production; and an online community to facilitate collaboration among customers and with the Workday product development teams.

Employees

As of January 31, 2019, we had approximately 10,500 employees. We also engage contractors and consultants. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be very good.

Backlog

Backlog, which is equivalent to our remaining performance obligations, represents our total contractual commitments for which services will be performed. Backlog generally increases with bookings and generally converts into revenue as contractual commitments are fulfilled. For further information, see Note 14 of the notes to consolidated financial statements.

Sales and Marketing

We sell Workday subscription services primarily through our direct sales organization, which is comprised of field sales and field sales support personnel. Workday’s field sales team is aligned by geography, industry, and/or prospect size.

We generate customer leads, accelerate sales opportunities, and build brand awareness through our marketing programs and through our strategic relationships. Our marketing programs target senior business leaders, including finance, human resources, and IT executives.

As a core part of our strategy, we have developed an ecosystem of partners to both broaden and complement our application offerings and to provide services that are outside of Workday’s areas of focus. These relationships include software and technology partners, consulting and implementation service providers, and business process outsourcing partners, which enable Workday to address the finance and human resources-related challenges our customers face while maintaining focus on executing against our strategy.

Product Development

Our ability to compete depends in large part on our continuous commitment to product development and our ability to rapidly introduce new products, technologies, features, and functionality. Our product development organization is responsible for the design, development, testing, and certification of our products. We focus our efforts on developing new products and core technologies as well as further enhancing the usability, functionality, reliability, performance, and flexibility of existing products.

Competition

The overall market for enterprise application software is rapidly evolving, highly competitive, and subject to changing technology, shifting customer needs, and frequent introductions of new products. We currently compete with large, well-established, enterprise application software vendors, such as SAP SE (“SAP”) and Oracle Corporation (“Oracle”). SAP and Oracle are established enterprise software companies that have greater name recognition, much longer operating histories, and significantly greater financial, technical, sales, marketing, and other resources than we have and are able to provide a broader scope of business applications than our current suite of applications. We also face competition from other enterprise software vendors and from vendors of specific applications, some of which offer cloud-based solutions. These vendors include The Ultimate Software Group, Inc., Automatic Data Processing, Inc., Infor, Inc., Ceridian HCM Holding Inc., Microsoft Corporation, and Anaplan, Inc. We may also face competition from a variety of vendors of cloud-based and on-premise software applications that address only one or a portion of our applications. In addition, other cloud companies that provide services in different markets may develop solutions in our target markets, and some potential customers may elect to develop their own internal solutions. However, the domain expertise that is required for a successful solution in the areas of financial management, HCM, and analytics may inhibit new entrants that are unable to invest the necessary capital to accurately reflect global requirements and regulations. We expect continued consolidation in our industry that could lead to significantly increased competition.

We believe the principal competitive factors in our market include the following:

- level of customer satisfaction;
- ease of deployment and use of applications;
- breadth and depth of application functionality;
- total cost of ownership;
- brand awareness and reputation;
- adaptive technology platform;
- capability for configuration, integration, security, scalability, and reliability of applications;
- operational excellence to ensure system availability, scalability, and performance;
- ability to innovate and respond to customer needs rapidly;
- domain expertise on financial, human resources, and payroll regulations;
- size of customer base and level of user adoption;
- customer confidence in financial stability and future viability; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we compete favorably on the basis of these factors. Our ability to remain competitive will largely depend on our ongoing performance in the areas of product development and customer support.

Intellectual Property

We rely on a combination of trade secrets, patents, copyrights, and trademarks, as well as contractual protections, to establish and protect our intellectual property rights. We require our employees, contractors, consultants, and other third parties to enter into confidentiality and proprietary rights agreements, and we control access to software, documentation, and other proprietary information. Although we rely on intellectual property rights, including trade secrets, patents, copyrights, and trademarks, as well as contractual protections and controls to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new products, features and functionality, and frequent enhancements to our applications are more essential to establishing and maintaining our technology leadership position.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our applications. Policing unauthorized use of our technology and intellectual property rights is difficult.

We expect that software and other applications in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of these third parties may make a claim of infringement against us at any time.

Corporate Information

We were incorporated in March 2005 in Nevada, and in June 2012 we reincorporated in Delaware. Our principal executive offices are located at 6110 Stoneridge Mall Road, Pleasanton, California 94588, and our telephone number is (877) WORKDAY. Our website address is www.workday.com. The information on, or that can be accessed through, our website is not part of this report. Workday, the Workday logo, our Built for the Future tagline, and other trademarks of ours are our registered intellectual property in the United States and elsewhere. Other trademarks, service marks, or trade names appearing in this report are the property of their respective owners.

Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements, and amendments to reports filed or furnished pursuant to Sections 13(a), 14, and 15(d) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). The public may obtain these filings from the Securities and Exchange Commission (“SEC”)’s website at <http://www.sec.gov>, which contains reports, proxy and information statements, and other information regarding Workday and other companies that file materials with the SEC electronically. Copies of Workday’s reports on Form 10-K, Forms 10-Q, and Forms 8-K, may be obtained, free of charge as soon as reasonably practicable after we file such material with, or furnish such material to, the SEC, electronically through our internet website, http://www.workday.com/company/investor_relations/sec_filings.php.

Workday uses its blogs.workday.com website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

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 report, including the consolidated financial statements and the related notes included elsewhere in this report, before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that materially and adversely affect our business. If any of the following risks actually occurs, our business operations, financial condition, results of operations, and prospects could be materially and adversely affected. The market price of our securities could decline due to the materialization of these or any other risks, and you could lose part or all of your investment.

Risk Factors Related to Our Business

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our applications may be perceived as not being secure, customers may reduce the use of or stop using our applications, and we may incur significant liabilities.

Our applications involve the storage and transmission of our customers’ sensitive and proprietary information, including personal or identifying information regarding their employees, customers, and suppliers, as well as their finance and payroll data, and other sensitive business information. As a result, unauthorized access or use of this data could expose us to regulatory actions, litigation, investigations, remediation obligations, damage to our reputation and brand, supplemental disclosure obligations, loss of customer and partner confidence in the security of our applications, destruction of information, indemnity obligations, and resulting fees, costs, expenses, loss of revenues, and other potential liabilities. We devote significant financial and personnel resources to implement and maintain security measures. While we have security measures in place designed to protect the integrity of customer information and prevent data loss, misappropriation, and other security breaches, if these measures are compromised as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance, or otherwise, and someone obtains unauthorized access to or use of our customers’ data, our reputation could be damaged, our business may suffer, and we could incur significant liabilities as well as incur significant costs to remediate any incidents.

Cybersecurity challenges, including threats to our own IT infrastructure or those of our customers or third-party providers, are often targeted at companies such as ours and may take a variety of forms ranging from individual and groups of hackers to sophisticated organizations, including state-sponsored actors. Key cybersecurity risks range from viruses, worms, and other malicious software programs to “mega breaches” targeted against cloud services and other hosted software, any of which can result in disclosure of confidential information and intellectual property, defective products, production downtimes, supply shortages, and compromised data. As the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Furthermore, we have acquired a number of companies, products, services, and technologies over the years. Although we devote significant resources to address any security issues with respect to such acquisitions, we may still inherit additional risks when we integrate these companies within Workday. In addition, if a high-profile security breach occurs with respect to an industry peer, our customers and potential customers may generally lose trust in the security of financial management and HCM applications, analytics platforms, or in cloud applications for enterprises in general. Any or all of these issues could negatively affect our ability to attract new customers, cause existing customers to elect to terminate or not renew their subscriptions, result in reputational damage, cause us to pay remediation costs and/or issue service credits or refunds to customers for prepaid and unused subscription services, require us to compensate our customers for certain losses, or result in lawsuits, regulatory fines, or other action or liabilities, which could adversely affect our business and operating results.

We depend on data centers and computing infrastructure operated by third parties, and any disruption in these operations could adversely affect our business.

We host our applications and serve our customers from data centers located in the United States, Europe, and Canada. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation and security of these facilities. The owners of our data center facilities have limited or no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired or ceases business, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and experience possible service interruption in connection with doing so.

In addition, we rely upon third-party hosted infrastructure partners globally, including Amazon Web Services (“AWS”) and Dimension Data, to serve customers and operate certain aspects of our services, such as environments for development testing, training, sales demonstrations, and production usage. Given this, any disruption of or interference at our hosted infrastructure partners would impact our operations and our business could be adversely impacted.

Problems faced by our third-party data center operations or hosted infrastructure partners, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Our third-party data center operators or hosted infrastructure partners could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by our third-party data center operators, our hosted infrastructure partners, or any of the other service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers or hosted infrastructure partners are unable to keep up with our needs for capacity, this could have an adverse effect on our business. Any changes in third-party service levels at our data centers or at our hosted infrastructure partners or any errors, defects, disruptions, or other performance problems with our applications or the hosted infrastructure on which they run could adversely affect our reputation and may damage our customers’ stored files or result in lengthy interruptions in our services. Interruptions in our services might adversely affect our reputation and operating results, cause us to issue refunds or service credits to customers for prepaid and unused subscription services, subject us to potential liabilities, result in contract terminations, or adversely affect our renewal rates.

Furthermore, our financial management application is essential to Workday’s and our customers’ financial projections, reporting, and compliance programs, particularly customers who are public reporting companies. Any interruption in our service may affect the availability, accuracy or timeliness of such projections, reporting and compliance programs and as a result could damage our reputation, cause our customers to terminate their use of our applications, require us to issue refunds for prepaid and unused subscription services, require us to compensate our customers for certain losses, and prevent us from gaining additional business from current or future customers as well as impact our ability to accurately and timely meet our reporting and other compliance obligations.

If we fail to manage our technical operations infrastructure or experience service outages or delays in the deployment of our applications, we may be subject to liabilities and our reputation and operating results may be adversely affected.

We have experienced significant growth in the number of users, transactions, and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers, as well as our own needs, and to ensure that our services and solutions are accessible within an acceptable load time. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support version control, changes in hardware and software parameters, updates, the evolution of our applications, and to reduce infrastructure latency associated with dispersed geographic locations. However, the provision of new hosting infrastructure requires significant lead time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages. If our operations infrastructure fails to scale, new customers may experience delays as we seek to obtain additional capacity, and no assurance can be made that we will be able to secure such additional capacity at the same or similar terms we currently have, which could result in a significant increase in our operating costs. Furthermore, any failure to scale and secure additional capacity could result in delays in new feature rollouts, reduce the demand for our applications, result in customer dissatisfaction, and adversely affect our business and results of operations.

[Table of Contents](#)

We have experienced, and may in the future experience, system disruptions, outages, and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, vendor issues, human or software errors, viruses, security attacks (internal and external), fraud, spikes in customer usage, and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Our customer agreements typically provide service level commitments on a monthly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our applications, we may be contractually obligated to issue service credits or refunds to customers for prepaid and unused subscription services, our customers may make warranty or other claims against us, or we could face contract terminations, which would adversely affect our attrition rates. Any extended service outages could result in customer losses and adversely affect our reputation, business, and operating results.

Privacy concerns and domestic or foreign laws and regulations may reduce the effectiveness of our applications, result in significant costs and compliance challenges, and adversely affect our business.

Our customers can use our applications to collect, use, and store personal or identifying information regarding a variety of individuals in connection with their operations, including but not limited to their employees, contractors, students, job applicants, customers, and suppliers. National and local governments and agencies in the countries in which our customers operate have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, storage, processing, and disclosure of personal information obtained from consumers and individuals, which could impact our ability to offer our services in certain jurisdictions or our customers' ability to deploy our solutions globally. Privacy-related laws are particularly stringent in Europe. The costs of compliance with and other burdens imposed by privacy-related laws, regulations, and standards may limit the use and adoption of our services, reduce overall demand for our services, lead to significant fines, penalties, or liabilities for noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business. Moreover, if we or our subprocessors fail to adhere to adequate data protection practices around the usage of our customers' personal data, we may be liable for certain losses of our customers, and it may damage our reputation and brand.

Additionally, we expect that existing laws, regulations, and standards may be interpreted in new and differing manners in the future, and may be inconsistent among jurisdictions. Future laws, regulations, standards, and other obligations, and changes in the interpretation of existing laws, regulations, standards, and other obligations could result in increased regulation, increased costs of compliance and penalties for non-compliance, and limitations on data collection, use, disclosure, and transfer for Workday and our customers. In 2016, the European Union ("EU") adopted a new regulation governing data privacy called the General Data Protection Regulation ("GDPR"), which became effective in May 2018. The GDPR establishes new requirements applicable to the handling of personal data and imposes penalties for non-compliance of up to 4% of worldwide revenue. Customers, particularly in the EU, are seeking assurances from their suppliers, including us, that their processing of personal data of EU nationals is in accordance with the GDPR. If we are unable to provide adequate assurances to such customers, demand for our applications could be adversely affected. In addition, we must continue to seek assurances from our subprocessors that they are handling personal data in accordance with GDPR requirements in order to meet our own obligations under the GDPR. In addition, in June 2018, the California Consumer Privacy Act ("CCPA"), which takes effect on January 1, 2020, was enacted. The CCPA gives California consumers certain rights similar to those provided by the GDPR, and customers may seek similar assurances from suppliers regarding compliance.

The costs of compliance with, and other burdens imposed by, privacy laws and regulations that are applicable to the businesses of our customers may adversely affect our customers' ability and willingness to process, handle, store, use, and transmit demographic and personal data, which in turn could limit the use, effectiveness, and adoption of our applications and reduce overall demand. In addition, the other bases on which we and our customers rely on for the transfer of data, such as model contracts, continue to be subjected to regulatory and judicial scrutiny. In 2016, the EU and United States agreed to the Privacy Shield framework for data transferred from the EU to the United States, but this new framework has been challenged by private parties and may face additional challenges by national regulators or additional private parties. In 2017, another legal challenge to the validity of the EU Standard Contractual Clauses (a data transfer mechanism) was referred to the Court of Justice of the EU for review. If we or our customers are unable to transfer data between and among countries and regions in which we operate, it could decrease demand for our applications, require us to restrict our business operations, and impair our ability to maintain and grow our customer base and increase our revenue. Even the perception of privacy concerns, whether or not valid, may inhibit the adoption, effectiveness, or use of our applications.

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

We have experienced rapid growth. If we fail to manage our growth effectively, we may be unable to execute our business plan, maintain high levels of service and operational controls, or adequately address competitive challenges.

We have experienced, and are continuing to experience, a period of rapid growth in our customers, headcount, and operations. In particular, we grew from approximately 1,550 employees at the time of our initial public offering (“IPO”) in October 2012 to approximately 10,500 employees as of January 31, 2019, and we have also significantly increased the size of our customer base. We anticipate that we will continue to expand our operations and headcount in the near term, and to expand our customer base. This growth has placed, and future growth will place, a significant strain on our management, general and administrative resources, and operational infrastructure. Our success will depend in part on our ability to manage this growth effectively and to scale our operations. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial, and management controls as well as our reporting systems and procedures. As we continue to grow, we also need to ensure that our policies and procedures evolve to reflect our current operations and are appropriately communicated to and observed by employees, and that we appropriately manage our corporate information assets, including confidential and proprietary information. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features, or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

We depend on our senior management team and the loss of one or more key employees could adversely affect our business.

Our success and future growth depend largely upon the continued services of our executive officers and other key employees. We also rely on our leadership team in the areas of product development, marketing, sales, services, and general and administrative functions and on mission-critical individual contributors in product development. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period, and they could terminate their employment with us at any time. The loss of one or more of our executive officers or other key employees and any failure to develop an appropriate succession plan for these persons could have a serious adverse effect on our business and results of operations.

The failure to attract and retain highly skilled employees could adversely affect our business and our future growth prospects.

To execute our growth plan, we must attract and retain highly qualified personnel, and our managers must be successful in hiring employees who share our values and have the competencies to succeed at Workday. Competition for these personnel is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services, and for senior sales executives. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions in desired geographic areas or at all.

Many of the companies with which we compete for experienced personnel have greater resources than we have and some of these companies may offer more lucrative compensation packages. Particularly in the San Francisco Bay Area, job candidates and existing employees carefully consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, or if the mix of equity and cash compensation that we offer is unattractive, it may adversely affect our ability to recruit and retain highly skilled employees. Job candidates may also be threatened with legal action under agreements with their existing employers if we attempt to hire them, which could have a chilling effect on hiring and result in a diversion of our time and resources. Additionally, laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas, may limit our ability to recruit internationally. We must also continue to retain and motivate existing employees through our compensation practices, company culture, and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business and future growth prospects could be adversely affected.

If we cannot maintain our corporate culture, we could lose the innovation, teamwork, and passion that we believe contribute to our success, and our business may be harmed.

We believe that a critical component of our success has been our corporate culture, as reflected in our core values: employees, customer service, innovation, integrity, fun, and profitability. We have invested substantial time and resources in building our team. As we continue to grow, both organically and through acquisitions of employee teams, and develop the infrastructure associated with being a more mature public company, we will need to maintain our corporate culture among a larger number of employees dispersed in various geographic regions. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives.

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

The markets for financial management and HCM applications are highly competitive, with relatively low barriers to entry for some applications or services. Our primary competitors are SAP and Oracle, well-established providers of financial management and HCM applications, which have long-standing relationships with many customers. Some customers may be hesitant to switch vendors or to adopt cloud applications such as ours and may prefer to maintain their existing relationships with competitors. SAP and Oracle are larger and have greater name recognition, significantly longer operating histories, larger marketing budgets, and significantly greater resources than we do. These vendors, as well as other competitors, could offer financial management and HCM applications on a standalone basis at a low price or bundled as part of a larger sale. In order to take advantage of customer demand for cloud applications, legacy vendors are expanding their cloud applications through acquisitions, strategic alliances, and organic development. We also face competition from vendors of specific applications, some of which offer cloud-based solutions. These vendors include, without limitation: The Ultimate Software Group, Inc., Automatic Data Processing, Inc., Infor, Inc., Ceridian HCM Holding Inc., Microsoft Corporation, and Anaplan, Inc. We may also face competition from a variety of vendors of cloud-based and on-premise software applications that address only one or a portion of our applications. In addition, other companies that provide cloud applications in different target markets may develop applications or acquire companies that operate in our target markets, and some potential customers may elect to develop their own internal applications. With the introduction of new technologies and market entrants, we expect this competition to intensify in the future.

Many of our competitors are able to devote greater resources to the development, promotion, and sale of their products and services. Furthermore, our current or potential competitors may be acquired by third parties with greater available resources and the ability to initiate or withstand substantial price competition. In addition, many of our competitors have established marketing relationships, access to larger customer bases, and major distribution agreements with consultants, system integrators, and resellers. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their offerings or resources. If our competitors' products, services, or technologies become more accepted than our products, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, then our revenues could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses, or a failure to maintain or improve our competitive market position, any of which could adversely affect our business.

We may expand the capabilities of our cloud applications, seek to operate in new markets, and/or seek to enter new lines of business. As a new entrant to these markets, we may not be effective in convincing prospective customers that our solutions will address their needs, and we may not accurately estimate our infrastructure needs, human resource requirements, or operating expenses. Also, we may not be able to properly price our solutions in these markets, which could negatively affect our ability to sell to customers or reach profitability. Furthermore, customers may demand more features and professional services, which may require us to devote greater research and development, sales, support, and professional services resources to these customers. This could strain our resources and result in increased costs. If we are not able to address these challenges, or if our investments in selling and marketing our solutions to new markets are unsuccessful, our business and results of operations will suffer.

If the market for enterprise cloud computing grows more slowly than in recent years, our business could be adversely affected.

Our success will depend to a substantial extent on the continued growth of cloud computing in general, and of financial management and HCM services in particular. Many enterprises have invested substantial personnel and financial resources to integrate traditional enterprise software into their businesses, and therefore may be reluctant or unwilling to migrate to cloud computing. It is difficult to predict customer adoption rates and demand for our applications, the future growth rate and size of the cloud computing market, or the entry of competitive applications. The continued expansion of the cloud computing market depends on a number of factors, including the cost, performance, and perceived value associated with cloud computing as well as the ability of cloud computing companies to address security and privacy concerns. Further, the cloud computing market is less developed in many jurisdictions outside of the United States. If we or other cloud computing providers experience security incidents, loss of customer data, disruptions in delivery, or other problems, the market for cloud computing applications as a whole, including our applications, may be negatively affected. If there is a reduction in demand for cloud computing caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and applications, decreases in corporate spending, or otherwise, it could result in decreased revenues or growth rates and our business could be adversely affected.

If we are not able to provide successful enhancements, new features, and modifications, our business and results of operations could be adversely affected.

If we are unable to provide enhancements and new features for our existing applications or new applications that achieve market acceptance or that keep pace with rapid technological developments, our business and results of operations could be adversely affected. For example, we are focused on enhancing the features and functionality of our applications to improve their utility to larger customers with complex, dynamic, and global operations. The success of enhancements, new features, and applications depends on several factors, including their timely completion, introduction, and market acceptance as well as access to the technologies required to build and improve our applications, such as the datasets required to train our machine learning models. Failure in this regard may significantly impair our revenue growth by negatively impacting customer renewal rates or result in an inability to attract new customers.

Our applications must integrate with or incorporate a variety of third-party technologies, and if we are unable to ensure that our solutions integrate with or incorporate such technologies, demand for our applications and our operating results could be adversely affected.

Our applications must integrate with and operate on a variety of systems. Therefore, we will need to continuously modify and enhance our applications to keep pace with changes in internet-related hardware, iOS, Android, and other mobile-related technologies and software, communication, browser, and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. We must also appropriately balance the application capability demands of our current customers with the capabilities required to address the broader market. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our product development expenses. Any failure of our applications to operate effectively with future network platforms and technologies could reduce the demand for our applications, result in customer dissatisfaction, and adversely affect our business and results of operations.

If our applications fail to perform properly, our reputation could be adversely affected, our market share could decline, and we could be subject to warranty and other claims.

Our applications are inherently complex and may contain material defects or errors. Any defects in functionality or that cause interruptions in the availability of our applications could result in:

- loss or delayed market acceptance and sales;
- legal claims, including breach of warranty claims;
- issuance of refunds or service credits to customers for prepaid and unused subscription services;
- loss of customers;
- diversion of development and customer service resources; and
- injury to our brand and reputation.

The costs incurred in correcting any material defects or errors might be substantial and could adversely affect our operating results.

Because of the large amount of data that we collect and process in our systems, it is possible that hardware failures or errors in our systems could result in data loss or corruption, or cause the data to be incomplete or contain inaccuracies that our customers regard as significant. Furthermore, the availability or performance of our applications could be adversely affected by a number of factors, including customers' inability to access the internet, the failure of our network or software systems, security breaches, or variability in user traffic for our services. For example, our customers access our applications through their internet service providers. If a service provider fails to provide sufficient capacity to support our applications or otherwise experiences service outages, such failure could interrupt our customers' access to our applications, which could adversely affect their perception of our applications' reliability and our revenues. We may be required to issue credits or refunds for prepaid amounts related to unused services or otherwise be liable to our customers for damages they may incur resulting from certain of these events. In addition to potential liability, if we experience interruptions in the availability of our applications, our reputation could be adversely affected, and we could lose customers.

Our errors and omissions insurance may be inadequate or may not be available in the future on acceptable terms, or at all. In addition, our policy may not cover all claims made against us and defending a suit, regardless of its merit, could be costly and divert management's attention.

Catastrophic events may disrupt our business.

Our corporate headquarters are located in Pleasanton, California, and we have data centers located in the United States, Europe, and Canada. We also rely on AWS's and Dimension Data's distributed computing infrastructure platforms. The west coast of the United States contains active earthquake zones and the southeast is subject to seasonal hurricanes. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services, and sales activities. In the event of a major earthquake, hurricane, or other natural disaster or a catastrophic event such as fire, power loss, telecommunications failure, vandalism, civil unrest, cyber-attack, geopolitical instability, war, terrorist attack, or the effects of climate change (such as drought, flooding, wildfires, increased storm severity, and sea level rise), we may be unable to continue our operations and may endure system interruptions, delays in our product development, lengthy interruptions in our services, breaches of data security, and loss of critical data, all of which could cause reputational harm or otherwise have an adverse effect on our business and operating results.

Because we sell applications to manage complex operating environments of large customers, we encounter long sales cycles, which could adversely affect our operating results in a given period.

Our ability to increase revenues and achieve and maintain profitability depends, in large part, on widespread acceptance of our applications by large businesses and other organizations. Sales efforts targeted at these large customers involve greater costs, longer sales cycles, and less predictability in completing some of our sales. Our customers' deployment timeframes vary based on many factors including the number and type of applications being deployed, the complexity and scale of the customers' businesses and operations, the configuration requirements, the number of integrations with other systems, and other factors, many of which are beyond our control. In the large enterprise market, the customer's decision to use our applications may be an enterprise-wide decision and, therefore, these types of sales require us to provide greater levels of education regarding the use and benefits of our applications. In addition, our target customers may prefer to purchase applications that are critical to their business from one of our larger, more established competitors. Our typical sales cycles are six to twelve months but can extend for eighteen months or more, and we expect that this lengthy sales cycle may continue or expand as customers increasingly adopt our applications beyond HCM. Longer sales cycles could cause our operating and financial results to suffer in a given period.

The loss of one or more of our key customers, or a failure to renew our subscription agreements with one or more of our key customers, could negatively affect our ability to market our applications.

We rely on our reputation and recommendations from key customers in order to promote subscriptions to our applications. The loss of, or failure to renew by, any of our key customers could have a significant impact on our revenues, reputation, and our ability to obtain new customers. In addition, acquisitions of our customers could lead to cancellation of our contracts with those customers or by the acquiring companies, thereby reducing the number of our existing and potential customers.

Our business could be adversely affected if our customers are not satisfied with the deployment services provided by us or our partners.

Our business depends on our ability to satisfy our customers, both with respect to our application offerings and the professional services that are performed to help our customers use features and functions that address their business needs. Professional services may be performed by our own staff, by a third party, or by a combination of the two. Our strategy is to work with third parties to increase the breadth of capability and depth of capacity for delivery of these services to our customers, and third parties provide a majority of deployment services for our customers. If customers are not satisfied with the quality of work performed by us or a third party or with the type of professional services or applications delivered, then we could incur additional costs to address the situation, the revenue recognition of the contract could be impacted, and the dissatisfaction with our services could damage our ability to expand the applications subscribed to by our customers. We must also align our product development and professional services operations in order to ensure that customers' evolving needs are met. Negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Our customers depend on our support organization to provision the environments used by our customers and to resolve technical issues relating to our applications. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our applications and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our applications to existing and prospective customers, renewal rates for existing customers, and our business, operating results, and financial position.

Sales to customers outside the United States or with international operations expose us to risks inherent in global operations.

A key element of our growth strategy is to develop a worldwide customer base. Operating globally requires significant resources and management attention and will subject us to regulatory, economic, and political risks that are different from those in the United States. Our international expansion efforts may not be successful in creating demand for our applications outside of the United States or in effectively selling subscriptions to our applications in all of the markets we enter. In addition, we will face risks in doing business on a global scale that could adversely affect our business, including:

- the need to localize and adapt our applications for specific countries, including translation into foreign languages, localization of contracts for different legal jurisdictions, and associated expenses;
- the need for a go-to-market strategy that aligns application management efforts and the development of supporting infrastructure;
- stricter data privacy laws including requirements that customer data be stored and processed in a designated territory and obligations on us as a data processor;
- difficulties in appropriately staffing and managing foreign operations and providing appropriate compensation for local markets;
- difficulties in leveraging executive presence and company culture globally;
- different pricing environments, longer sales cycles, and longer trade receivables payment cycles, and collections issues;
- new and different sources of competition;
- potentially weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights;
- laws, customs, and business practices favoring local competitors;
- restrictive governmental actions focused on cross-border trade, such as import and export restrictions, duties, quotas, tariffs, trade disputes, and barriers or sanctions that may prevent us from offering certain portions of our products or services to a particular market, may increase our operating costs, or may subject us to monetary fines or penalties in case of unintentional noncompliance due to factors beyond our control;
- compliance challenges related to the complexity of multiple, conflicting, and changing governmental laws and regulations, including employment, tax, privacy, and data protection laws and regulations;
- increased compliance costs related to government regulatory reviews or audits, including those related to international cybersecurity requirements;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- ensuring compliance with anti-corruption laws including the Foreign Corrupt Practices Act;
- the effects of currency fluctuations on our revenues and expenses and customer demand for our services, including any fluctuations caused by uncertainties relating to the UK leaving the EU (“Brexit”);
- the cost and potential outcomes of any international claims or litigation;
- adverse tax consequences and tax rulings; and
- unstable economic and political conditions.

Any of the above factors may negatively impact our ability to sell our applications and offer services globally, reduce our competitive position in foreign markets, increase our costs of global operations, and reduce demand for our applications and services from global customers. Additionally, the majority of our international costs are denominated in local currencies and we anticipate that over time an increasing portion of our sales contracts outside the U.S. may be denominated in local currencies. Therefore, fluctuations in the value of the U.S. dollar and foreign currencies may impact our operating results when translated into U.S. dollars. Such fluctuations may also impact our ability to predict our future results accurately. We have a hedging program, but we cannot ensure that this hedging program will be effective, and we will continue to have risk of exchange rate fluctuations.

We have acquired, and may in the future acquire, other companies, employee teams, or technologies, which could divert our management’s attention, result in additional dilution to our stockholders, and otherwise disrupt our operations and adversely affect our operating results.

We have acquired, and may in the future acquire, other companies, employee teams, or technologies to complement or expand our applications, enhance our technical capabilities, obtain personnel, or otherwise offer growth opportunities. For example, during the third quarter of fiscal 2019, we acquired Adaptive Insights, Inc. (“Adaptive Insights”). The pursuit of acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

We may not be able to integrate acquired personnel, operations, and technologies successfully, or effectively manage the combined operations following any acquisition. We also may not achieve the anticipated benefits from an acquisition due to a number of factors, including:

- inability to integrate or benefit from an acquisition in a profitable manner;
- acquisition-related costs, liabilities, or tax impacts, some of which may be unanticipated;
- difficulty in integrating the intellectual property, technology infrastructure, and operations of the acquired business, including difficulty in addressing security issues of the acquired business;
- difficulty in integrating and retaining the personnel of the acquired business;
- difficulty in leveraging the data of the acquired business if it includes personal data;
- ineffective or inadequate controls, procedures, or policies at the acquired company;
- multiple product lines or service offerings, as a result of our acquisitions, that are offered, priced, and supported differently;
- difficulties and additional expenses associated with synchronizing product offerings, customer relationships, and contract portfolio terms and conditions between Workday and the acquired business;
- potential unknown liabilities or risks associated with the acquired businesses, including those arising from existing contractual obligations or litigation matters;
- adverse effects on our existing business relationships with business partners and customers as a result of the acquisition;
- potential write-offs of acquired assets and potential financial and credit risks associated with acquired customers;
- inability to maintain relationships with key customers, suppliers, and partners of the acquired business;
- difficulty in predicting and controlling the effect of integrating multiple acquisitions concurrently;
- lack of experience in new markets, products, or technologies;
- diversion of management's attention from other business concerns;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the issuance of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business, and financial position may suffer.

We are subject to risks associated with our equity investments including partial or complete loss of invested capital, and significant changes in the fair value of this portfolio could negatively impact our financial results.

We invest in early-to-late stage companies for strategic reasons and to support key business initiatives, and we may not realize a return on our equity investments. Many such companies generate net losses and the market for their products, services, or technologies may be slow to develop. These companies are often dependent on the availability of later rounds of financing from banks or investors on favorable terms to continue their operations. The financial success of our investment in any company is typically dependent on a liquidity event, such as a public offering, acquisition, or other favorable market event reflecting appreciation to the cost of our initial investment. The capital markets for public offerings and acquisitions are dynamic and the likelihood of liquidity events for the companies we have invested in could deteriorate.

Further, valuations of non-marketable equity investments are inherently complex due to the lack of readily available market data. In addition, we may experience additional volatility to our statements of operations due to changes in market prices of our marketable equity investments and the valuation and timing of observable price changes or impairments of our non-marketable equity investments. This volatility could be material to our results in any given quarter and may cause our stock price to decline.

We have a history of cumulative losses and we do not expect to be profitable on a GAAP basis for the foreseeable future.

We have incurred significant losses in each period since our inception in 2005. These losses and our accumulated deficit reflect the substantial investments we made to acquire new customers and develop our applications. We expect our operating expenses to increase in the future due to anticipated increases in sales and marketing expenses, product development expenses, operations costs, and general and administrative costs, and therefore we expect our losses on a GAAP basis to continue for the foreseeable future. Furthermore, to the extent we are successful in increasing our customer base, we will also incur increased losses in the acquisition period because costs associated with acquiring customers are generally incurred up front, while subscription services revenues are generally recognized ratably over the terms of the agreements, which are typically three years or longer. You should not consider our recent growth in revenues as indicative of our future performance. We cannot assure you that we will achieve GAAP profitability in the future, nor that, if we do become profitable, we will sustain profitability.

We may not receive significant revenues from our current development efforts for several years, if at all.

Developing software applications is expensive and the investment in product development often involves a long return on investment cycle. We have made and expect to continue to make significant investments in development and related opportunities. Accelerated application introductions and short application life cycles require high levels of expenditures that could adversely affect our operating results if not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our development efforts to maintain our competitive position. However, we may not receive significant revenues from these investments for several years, if at all.

If we experience significant fluctuations in our rate of anticipated growth and fail to balance our expenses with our revenue forecasts, our results could be harmed.

Our ability to forecast our future rate of growth is limited and subject to a number of uncertainties, including general economic and market conditions. We plan our expense levels and investment on estimates of future revenue and future anticipated rates of growth. We may not be able to adjust our spending quickly enough if our growth rates fall short of our expectations.

Moreover, we have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We may not be able to sustain our revenue growth rates in the future.

You should not consider our historical revenue growth rates as indicative of our future performance. Our revenue growth rates have declined, and may decline in future periods, as the size of our customer base increases and as we achieve higher market penetration rates. Other factors may also contribute to declines in our growth rates, including slowing demand for our services, increasing competition, a decrease in the growth of our overall market, our failure to continue to capitalize on growth opportunities, and the maturation of our business, among others. As our growth rates decline, investors' perceptions of our business and the trading price of our securities could be adversely affected.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the levels of our revenues, gross margin, operating margin, profitability, cash flow, unearned revenue, and remaining subscription revenue performance obligations, which we also refer to as backlog, may vary significantly in the future and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

- our ability to attract new customers;
- the addition or loss of large customers, including through acquisitions or consolidations;
- customer renewal rates;
- the timing of operating expenses and recognition of revenues;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure;
- network outages or security breaches;
- general economic and market conditions;
- increases or decreases in the number of elements of our services or pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the mix of applications sold during a period;
- seasonal variations in sales of our applications, which have historically been highest in our fiscal fourth quarter;
- the timing and success of new application and service introductions by us or our competitors;
- changes in the competitive dynamics of our industry, including consolidation among competitors, customers, or strategic partners;
- changes in laws and regulations that impact our business; and
- the timing of expenses related to acquisitions and potential future charges for impairment of goodwill.

Because we recognize subscription services revenues over the term of the contract, downturns or upturns in new sales will not be immediately reflected in our operating results and may be difficult to discern.

We generally recognize subscription services revenues over time as services are delivered to the customer, which typically occurs over a period of three years or longer. As a result, most of the subscription services revenues we report in each quarter are derived from the recognition of unearned revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscription contracts in any single quarter will likely have a minor impact on our revenue results for that quarter. However, such a decline will negatively affect our revenues in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our applications, and potential changes in our pricing policies or rate of renewals may not be fully reflected in our results of operations until future periods. We may be unable to adjust our cost structure to reflect the changes in revenues. In addition, a majority of our costs are expensed as incurred, while revenues are recognized over the life of the customer agreement. As a result, increased growth in the number of our customers could result in our recognition of more costs than revenues in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as subscription revenues from new customers generally are recognized over the applicable subscription term.

Our ability to predict the rate of customer subscription renewals or adoptions, and the impact these renewals and adoptions will have on our revenues or operating results, is limited.

As the markets for our applications mature, or as new competitors introduce new products or services that compete with ours, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, large customers, which are the focus of our sales efforts, may demand greater price concessions. As a result, in the future we may be required to reduce our prices, which could adversely affect our revenues, gross margin, profitability, financial position, and cash flow.

In addition, our customers have no obligation to renew their subscriptions for our applications after the expiration of either the initial or renewed subscription period. Our customers may renew for fewer elements of our applications or on different pricing terms. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their level of satisfaction with our pricing or our applications and their ability to continue their operations and spending levels. If our customers do not renew their subscriptions for our applications on similar pricing terms, our revenues may decline, and our business could suffer. In addition, over time the average term of our contracts could change based on renewal rates or for other reasons.

Our future success also depends in part on our ability to sell additional products to our current customers, and the success rate of such endeavors is difficult to predict. This may require increasingly costly marketing and sales efforts that are targeted at senior management, and if these efforts are not successful, our business and results of operations may suffer.

Failure to adequately expand and optimize our direct sales force will impede our growth.

We will need to continue to expand and optimize our sales infrastructure, both domestically and internationally, in order to grow our customer base and our business. Identifying and recruiting qualified personnel and training them in our sales methodology, our sales systems, and the use of our software requires significant time, expense, and attention. It can take significant time before our sales representatives are fully trained and productive. Our business may be adversely affected if our efforts to expand and train our direct sales force do not generate a corresponding increase in revenues. In particular, if we are unable to hire, develop, and retain talented sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenues.

If we fail to develop widespread brand awareness cost-effectively, our business may suffer.

We believe that developing and maintaining widespread positive awareness of our brand is critical to achieving widespread acceptance of our applications, attracting new customers, and hiring and retaining employees. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the significant expenses we incur in building our brand. If we fail to successfully promote and maintain our brand we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our applications. In addition, if our brand is negatively impacted, it may be more difficult to hire and retain employees.

Our growth depends in part on the success of our strategic relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on relationships with third parties, such as deployment partners, technology and content providers, and other key suppliers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our services, or in negotiating better rates or terms with such third parties. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our applications by potential customers.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our applications or increased revenues.

Adverse economic conditions may negatively impact our business.

Our business depends on the overall demand for enterprise software and on the economic health of our current and prospective customers. Any significant weakening of the economy in the United States or Europe and of the global economy, more limited availability of credit, a reduction in business confidence and activity, decreased government spending, economic uncertainty and other difficulties, such as rising interest rates and increased inflation, may affect one or more of the sectors or countries in which we sell our applications. Alternatively, a strong dollar could reduce demand for our applications and services in countries with relatively weaker currencies.

Also, Brexit has created substantial economic and political uncertainty, including significant volatility in global financial markets and the value of foreign currencies. The impact of Brexit depends on the terms of the UK's withdrawal from the EU and such impact may not be fully realized for several years or more. This uncertainty may cause some of our customers or potential customers to curtail spending and may ultimately result in new regulatory, operational, and cost challenges to our UK and global operations. These adverse conditions could result in reductions in sales of our applications, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies, and increased price competition. Any of these events would likely have an adverse effect on our business, operating results, and financial position.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. We rely on patent, copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. While we have patent applications pending in the United States, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued to us 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. Despite our precautions, it may be possible for unauthorized third parties to copy our applications and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our technology may be unenforceable under the laws of jurisdictions outside the United States. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and distribution of our applications and proprietary information. Further, these agreements do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our applications.

We may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our failure to secure, protect, and enforce our intellectual property rights could seriously adversely affect our brand and our business.

We may be sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our industry. Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. From time to time, third parties may claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. In the future, they may claim that our applications and underlying technology infringe or violate their intellectual property rights, even if we are unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Some of our applications utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Some of our applications include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our applications. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be impacted by an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and services. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could negatively affect our business.

We employ third-party licensed software for use in or with our applications and for improving our internal systems, processes, and controls, and the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which would adversely affect our business.

Our applications incorporate certain third-party software obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. In addition, integration of the software used in our applications with new third-party software may require significant work and require substantial investment of our time and resources. To the extent that our applications depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our applications, delay new application introductions, result in a failure of our applications, and injure our reputation.

Furthermore, we have also licensed third-party software to help us improve our internal systems, processes, and controls. The support services available for such third-party technology may be negatively affected by mergers and consolidation in the software industry, and support services for such technology may not be available to us in the future. Additionally, we may experience difficulties in managing improvements to our systems, processes, and controls or in connection with third-party software, which could materially impair our ability to provide our solutions or professional services to our customers in a timely manner, cause us to lose customers, limit us to smaller deployments of our solutions, or increase our technical support costs.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our applications and could have a negative impact on our business.

Federal, state, or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations relating to internet usage. Changes in these laws or regulations could require us to modify our applications in order to comply with these laws or regulations. In addition, government agencies or private organizations may begin to impose taxes, fees, or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications, or negatively impact demand for internet-based applications such as ours.

In addition, businesses could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. Businesses have been adversely affected by “viruses,” “worms,” and similar malicious programs and have experienced a variety of outages and other delays as a result of damage to internet infrastructure. These issues could negatively impact demand for our cloud-based applications.

We may discover weaknesses in our internal controls over financial reporting, which may adversely affect investor confidence in the accuracy and completeness of our financial reports and consequently the market price of our securities.

As a public company, we are required to design and maintain proper and effective internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on the internal controls over financial reporting, which must be attested to by our independent registered public accounting firm. If we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated.

The process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404 is challenging and costly. In the future, we may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. If we identify material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner, if we are unable to assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our securities could be negatively affected, and we could become subject to investigations by the Financial Industry Regulatory Authority, the SEC, or other regulatory authorities, which could require additional financial and management resources. In addition, because we use Workday’s financial management application, any problems that we experience with financial reporting and compliance could be negatively perceived by prospective or current customers, and negatively impact demand for our applications.

We may not be able to utilize a portion of our net operating loss or research tax credit carryforwards, which could adversely affect our profitability.

As of January 31, 2019, we had federal and state net operating loss carryforwards due to prior period losses. If not utilized, the pre-fiscal 2018 federal and the state net operating loss carryforwards expire in varying amounts between fiscal 2020 and 2039. The federal net operating losses generated in and after fiscal 2018 do not expire and may be carried forward indefinitely. We also have federal research tax credit carryforwards, which if not utilized will begin to expire in fiscal 2023. These net operating loss and research tax credit carryforwards could expire unused and be unavailable to reduce future income tax liabilities, which could adversely affect our profitability. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an “ownership change.” A Section 382 “ownership change” generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. It is possible that an ownership change, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

We operate and are subject to taxes in the United States and numerous other jurisdictions throughout the world. Changes to federal, state, local, or international tax laws on income, sales, use, indirect, or other tax laws, statutes, rules, regulations, or ordinances on multinational corporations are currently being considered by the United States and other countries where we do business. These contemplated legislative initiatives include, but are not limited to, changes to transfer pricing policies and definitional changes to permanent establishment that could be applied solely or disproportionately to services provided over the internet. These contemplated tax initiatives, if finalized and adopted by countries, may ultimately impact our effective tax rate and could adversely affect our sales activity resulting in a negative impact on our operating results and cash flows.

In addition, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect), which could require us to pay additional tax amounts, fines or penalties, and interest for past amounts. Existing tax laws, statutes, rules, regulations, or ordinances could also be interpreted, changed, modified, or applied adversely to our customers (possibly with retroactive effect), which could require our customers to pay additional tax amounts with respect to services we have provided, fines or penalties, and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results and cash flows. If our customers must pay additional fines or penalties, it could adversely affect demand for our services.

The 2017 Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017, and significantly affected U.S. tax law by changing how the U.S. imposes income tax on multinational corporations. The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in the period issued. The Tax Act requires complex computations not previously provided in U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the Tax Act and the accounting for such provisions require accumulation of information not previously required or regularly produced. As additional regulatory guidance is issued by the applicable taxing authorities and as accounting treatment is clarified, we will perform additional analysis on the application of the law and refine estimates in calculating the effect, which may produce different results and will be reflected in the period the analysis is completed.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change.

We have broad discretion in the use of our cash balances and may not use them effectively.

We have broad discretion in the use of our cash balances and may not use them effectively. The failure by our management to apply these funds effectively could adversely affect our business and financial condition. Pending their use, we may invest our cash balances in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our securities.

Risks Related to Our Class A Common Stock

Our Chairman and CEO have control over key decision making as a result of their control of a majority of our voting stock.

As of January 31, 2019, our co-founder and Chairman David Duffield, together with his affiliates, held voting rights with respect to approximately 54 million shares of Class B common stock, 0.8 million shares of Class A common stock, and less than 0.1 million restricted stock units (“RSUs”), which will be settled in an equivalent number of shares of Class A common stock. As of January 31, 2019, our co-founder and CEO Aneel Bhusri, together with his affiliates, held voting rights with respect to approximately 8 million shares of Class B common stock and 0.2 million shares of Class A common stock. In addition, Mr. Bhusri holds exercisable stock options to acquire approximately 2 million shares of Class B common stock and 0.2 million RSUs, which will be settled in an equivalent number of shares of Class A common stock. Further, Messrs. Duffield and Bhusri have entered into a voting agreement under which each has granted a voting proxy with respect to certain Class B common stock beneficially owned by him effective upon his death or incapacity as described in our registration statement on Form S-1 filed in connection with our IPO. Messrs. Duffield and Bhusri have each initially designated the other as their respective proxies. Accordingly, upon the death or incapacity of either Mr. Duffield or Mr. Bhusri, the other would individually continue to control the voting of shares subject to the voting proxy. Collectively, the shares described above represent a substantial majority of the voting power of our outstanding capital stock. As a result, Messrs. Duffield and Bhusri have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, they have the ability to control the management and affairs of our company as a result of their positions as our Chairman and CEO, respectively, and their ability to control the election of our directors. Mr. Duffield, in his capacity as a board member, and Mr. Bhusri, in his capacity as a board member and officer, each owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even as controlling stockholders, they are entitled to vote their shares in their own interests, which may not always be in the interests of our stockholders generally.

The dual class structure of our common stock has the effect of concentrating voting control with our Chairman and CEO, and also with other executive officers, directors, and affiliates; this will limit or preclude the ability of non-affiliates to influence corporate matters.

Our Class B common stock has 10 votes per share and our Class A common stock, which is the stock that is publicly traded, has one vote per share. Stockholders who hold shares of Class B common stock, including our executive officers, directors, and other affiliates, together hold a substantial majority of the voting power of our outstanding capital stock as of January 31, 2019. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval until the conversion of all shares of all Class A and Class B shares to a single class of common stock on the date that is the first to occur of (i) October 11, 2032, (ii) such time as the shares of Class B common stock represent less than 9% of the outstanding Class A and Class B common stock, (iii) nine months following the death of both Mr. Duffield and Mr. Bhusri, or (iv) the date on which the holders of a majority of the shares of Class B common stock elect to convert all shares of Class A common stock and Class B common stock into a single class of common stock. This concentrated control will limit or preclude the ability of non-affiliates to influence corporate matters for the foreseeable future.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, our Chairman and CEO retain a significant portion of their holdings of Class B common stock for an extended period of time, they could, in the future, continue to control a majority of the combined voting power of our Class A common stock and Class B common stock.

Our stock price has been volatile in the past and may be subject to volatility in the future.

The trading price of our Class A common stock has been volatile historically and could be subject to wide fluctuations in response to various factors described below. These factors, as well as the volatility of our Class A common stock, could also impact the price of our convertible senior notes. The factors that may affect the trading price of our securities, some of which are beyond our control, include:

- overall performance of the equity markets;
- fluctuations in the valuation of companies perceived by investors to be comparable to us, such as high-growth or cloud companies, or in valuation metrics, such as our price to revenues ratio;
- guidance as to our operating results that we provide to the public, differences between our guidance and market expectations, our failure to meet our guidance, or changes in recommendations by securities analysts that follow our securities;
- announcements of technological innovations, new applications or enhancements to services, acquisitions, strategic alliances, or significant agreements by us or by our competitors;
- disruptions in our services due to computer hardware, software, or network problems;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- the economy as a whole, market conditions in our industry, and the industries of our customers;
- 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 exercise of rights held by certain of our stockholders, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or our stockholders;
- the size of our market float and significant stock option exercises;
- any future issuances of securities;
- sales and purchases of any Class A common stock issued upon conversion of our convertible senior notes or in connection with the convertible note hedge and warrant transactions related to such convertible senior notes;
- our operating performance and the performance of other similar companies; and
- the sale or availability for sale of a large number of shares of our Class A common stock in the public market.

Additionally, the stock markets have at times experienced extreme price and volume fluctuations that have affected and may in the future affect the market prices of equity securities of many companies. These fluctuations have, in some cases, been unrelated or disproportionate to the operating performance of these companies. Further, the trading prices of publicly traded shares of companies in our industry have been particularly volatile and may be very volatile in the future.

In the past, some companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

We have substantial indebtedness in the form of convertible senior notes, which may adversely affect our financial condition and operating results.

In June 2013, we completed an offering of \$250 million of 1.50% convertible senior notes due July 15, 2020 (“2020 Notes”). In September 2017, we completed an offering of \$1.15 billion of 0.25% convertible senior notes due October 1, 2022 (“2022 Notes”). As a result of these convertible notes offerings, we incurred \$250 million principal amount of indebtedness, which we may be required to pay at maturity in 2020, and \$1.15 billion principal amount of indebtedness, which we may be required to pay at maturity in 2022, or upon the occurrence of a fundamental change (as defined in the applicable indenture). We may incur substantial additional debt in the future, some of which may be secured debt. There can be no assurance that we will be able to repay this indebtedness when due, or that we will be able to refinance this indebtedness on acceptable terms or at all. Our ability to pay cash upon conversion or repurchase of the 2020 Notes or the 2022 Notes may be limited by law, regulatory authority, or agreements governing our future indebtedness and is dependent on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Any future debt may also contain limitations on our ability to pay cash upon a conversion request or repurchase upon a fundamental change.

In addition, this indebtedness could, among other things:

- make it difficult for us to pay other obligations;
- make it difficult to obtain favorable terms for any necessary future financing for working capital, capital expenditures, debt service requirements, or other purposes;
- adversely affect our liquidity and result in a material adverse effect on our financial position upon repayment of the indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to service and repay the indebtedness, reducing the amount of cash flow available for other purposes; and
- limit our flexibility in planning for and reacting to changes in our business.

The convertible note hedge and warrant transactions may affect the value of our Class A common stock.

In connection with the sale of our convertible notes, we entered into convertible note hedge transactions with institutions that we refer to as the option counterparties. We also entered into warrant transactions with the option counterparties pursuant to which we sold warrants for the purchase of our Class A common stock. The convertible note hedge transactions are expected to offset the potential dilution to our Class A common stock upon any conversion of the convertible notes. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of our Class A common stock exceeds the exercise price of the relevant warrants.

The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock or other securities of ours in secondary market transactions prior to the maturity of the convertible notes. This activity could suppress or inflate the market price of our Class A common stock.

We will also be subject to the risk that these option counterparties may default under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If one or more of the option counterparties to one or more of our convertible note hedge transactions becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price of our Class A common stock during the related settlement period. In addition, upon a default by one of the option counterparties, we may suffer dilution with respect to our Class A common stock as well as adverse financial consequences.

Delaware law and provisions in our restated certificate of incorporation and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our Class A common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any transaction that would result in a change in control of our company requires the approval of a majority of our outstanding Class B common stock voting as a separate class;
- our dual class common stock structure, which provides our chairman and CEO with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;

[Table of Contents](#)

- when the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of common stock:
 - certain amendments to our restated certificate of incorporation or restated bylaws will require the approval of two-thirds of the combined vote of our then-outstanding shares of Class A and Class B common stock;
 - our stockholders will only be able to take action at a meeting of stockholders and not by written consent; and
 - vacancies on our board of directors will be able to be filled only by our board of directors and not by stockholders;
- only our chairman of the board, chief executive officer, either co-president, or a majority of our board of directors are authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- we will have two classes of common stock until the date that is the first to occur of (i) October 11, 2032, (ii) such time as the shares of Class B common stock represent less than 9% of the outstanding Class A and Class B common stock, (iii) nine months following the death of both Mr. Duffield and Mr. Bhusri, or (iv) the date on which the holders of a majority of the shares of Class B common stock elect to convert all shares of Class A common stock and Class B common stock into a single class of common stock;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established, and shares of which may be issued, without the approval of the holders of Class A common stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These anti-takeover defenses could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could depress the market price of our securities.

If securities or industry analysts publish inaccurate or unfavorable research about our business, or discontinue publishing research about our business, the price and trading volume of our securities could decline.

The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which might cause the price and trading volume of our securities to decline.

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

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters, which includes operations and product development facilities, is located in Pleasanton, California. It consists of approximately 650,000 square feet of leased facilities, 677,000 square feet of owned facilities, and a 6.9 acre parcel of leased land. The land lease will expire in 2108.

491,000 square feet of our leased facilities in Pleasanton, California are owned by an affiliate of our Chairman, Mr. Duffield. We expect to continue to lease additional space from the affiliate in the coming year and beyond. We have and will continue to seek independent evaluations of current market rates at the time of lease negotiations with the goal of leasing at a rate comparable to the current market price.

In addition, we lease office space in various locations throughout North America, Europe, and Asia totaling approximately 937,000 square feet. We also lease data centers throughout North America and Europe.

We expect to expand our facilities capacity at our corporate headquarters and in certain field locations during fiscal 2020 to support our continued growth. We believe that we will be able to obtain additional space at commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are or may be involved in various legal proceedings arising from the normal course of business including matters related to alleged infringement of third-party patents and other intellectual property rights, commercial, employment, and other claims. We are not presently a party to any litigation the outcome of which we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees, we may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained. The resolution of legal matters could prevent us from offering one or more of our applications, services, or features to others, could require us to change our technology or business practices, pay monetary damages, or enter into short- or long-term royalty or licensing agreements, or could otherwise be material to our financial condition or cash flows, or both, or adversely affect our operating results.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our Class A common stock has traded on the Nasdaq Global Select Market under the symbol "WDAY" since September 20, 2017. Prior to that time, it traded on the New York Stock Exchange.

Our Class B common stock is not listed or traded on any stock exchange.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant.

Stockholders

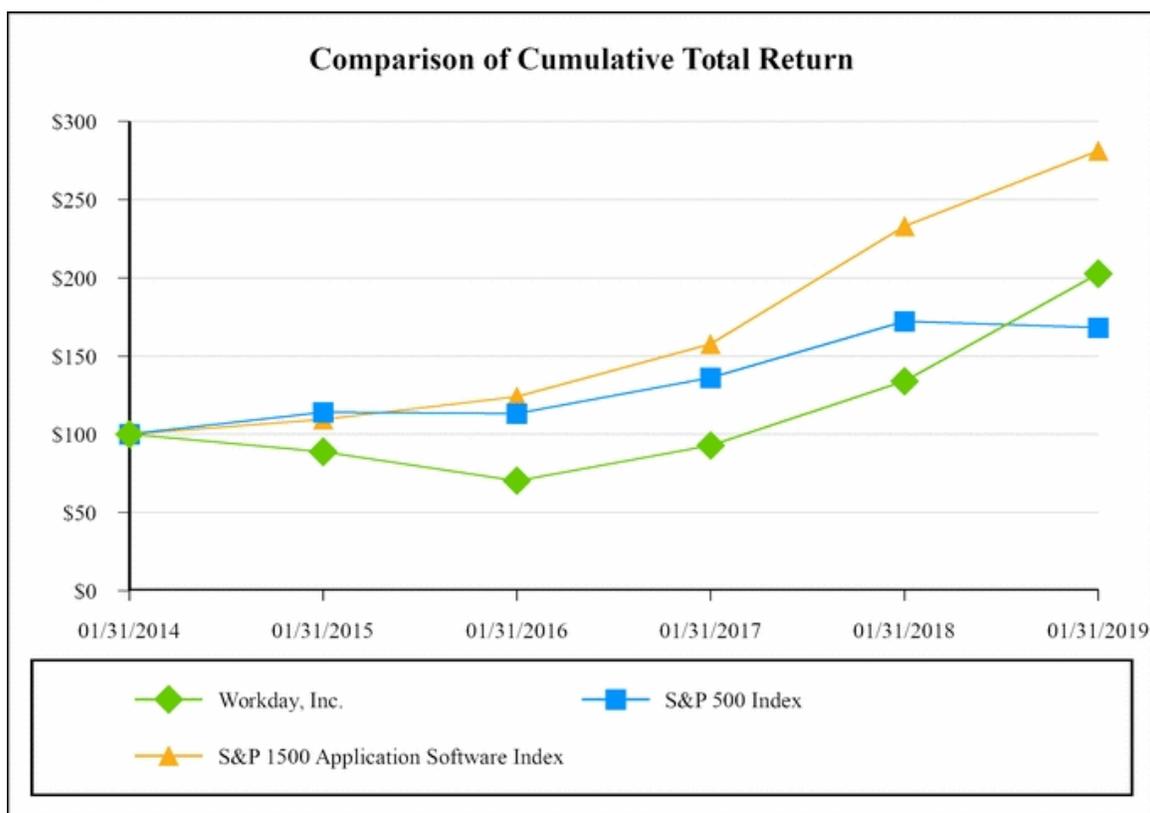
As of February 28, 2019, there were 23 stockholders of record of our Class A common stock, including The Depository Trust Company, which holds shares of our common stock on behalf of an indeterminate number of beneficial owners, as well as 114 stockholders of record of our Class B common stock.

Stock Performance Graph

The following shall not be deemed "soliciting material" or deemed "filed" for purposes of Section 18 of the Exchange Act or subject to Regulation 14A or 14C, other than as provided by this Item 5, or to the liabilities of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act of 1933, as amended, except to the extent we specifically incorporate it by reference into such filing.

[Table of Contents](#)

This chart compares the cumulative total return on our common stock with that of the S&P 500 Index and the S&P 1500 Application Software Index. The chart assumes \$100 was invested at the close of market on January 31, 2014, in the Class A common stock of Workday, Inc., the S&P 500 Index, and the S&P 1500 Application Software Index, and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



Company/Index	1/31/2014	1/31/2015	1/31/2016	1/31/2017	1/31/2018	1/31/2019
Workday, Inc.	\$ 100.00	\$ 88.74	\$ 70.37	\$ 92.80	\$ 133.90	\$ 202.74
S&P 500 Index	100.00	114.21	113.44	136.17	172.12	168.12
S&P 1500 Application Software Index	100.00	109.45	124.20	157.75	232.97	281.13

Unregistered Sales of Equity Securities

During fiscal 2019, we issued 1,457,382 shares of our unregistered Class A common stock to holders of our 0.75% convertible senior notes (“2018 Notes”) upon settlement of conversion of an aggregate principal amount of \$350 million of such notes. This share amount represents the conversion value of the 2018 Notes in excess of the principal amount of notes converted.

During fiscal 2019, we issued 131 shares of our unregistered Class A common stock to holders of our 1.50% convertible senior notes (“2020 Notes”) upon settlement of conversion of an aggregate principal amount of \$0.03 million of such notes. This share amount represents the conversion value of the 2020 Notes in excess of the principal amount of notes converted.

During fiscal 2019, we issued 1,063,380 shares of our unregistered Class A common stock to warrant holders who exercised their warrants related to the 2018 Notes. This share amount represents the number of such warrants exercised multiplied by the difference between the exercise price of the warrants and their daily volume weighted-average stock price.

For further information regarding the above transactions, see Note 11 of the notes to consolidated financial statements. These shares of the Company’s Class A common stock were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

The table below sets forth information regarding our purchases of our Class A common stock for each month in which there was a purchase of such equity securities covered by this report:

Period	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 (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2018 - July 31, 2018 ⁽¹⁾	1,457,546	\$ 132.88	—	—
August 1, 2018 - August 31, 2018 ⁽²⁾	1	\$ 132.75	—	—
November 1, 2018 - November 30, 2018 ⁽²⁾	1	\$ 130.32	—	—
Total	<u>1,457,548</u>		<u>—</u>	

(1) The shares purchased represent the exercise of the convertible note hedges relating to the 2018 Notes. For further information, see Note 11 of the notes to consolidated financial statements.

(2) The share purchased represents the exercise of the convertible note hedge relating to the partial early conversion of the 2020 Notes. For further information, see Note 11 of the notes to consolidated financial statements.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations data and the consolidated balance sheets data are derived from our audited consolidated financial statements and should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our consolidated financial statements, and the related notes included elsewhere in this filing. Our historical results are not necessarily indicative of our results in any future period.

	Year Ended January 31,				
	2019	2018	2017 *As Adjusted	2016 *As Adjusted	*2015
(in thousands, except per share data)					
Consolidated Statements of Operations Data:					
Revenues:					
Subscription services	\$ 2,385,769	\$ 1,787,833	\$ 1,290,733	\$ 920,196	\$ 613,328
Professional services	436,411	355,217	283,707	236,494	174,532
Total revenues	2,822,180	2,143,050	1,574,440	1,156,690	787,860
Costs and expenses ⁽¹⁾:					
Costs of subscription services	379,877	273,461	213,389	149,869	102,476
Costs of professional services	455,073	355,952	270,156	224,558	162,327
Product development	1,211,832	910,584	680,531	469,944	316,868
Sales and marketing	891,345	683,367	565,328	413,530	315,840
General and administrative	347,337	222,909	198,122	148,578	106,051
Total costs and expenses	3,285,464	2,446,273	1,927,526	1,406,479	1,003,562
Operating loss	(463,284)	(303,223)	(353,086)	(249,789)	(215,702)
Other income (expense), net	39,532	(11,563)	(32,427)	(24,242)	(30,270)
Loss before provision for (benefit from) income taxes	(423,752)	(314,786)	(385,513)	(274,031)	(245,972)
Provision for (benefit from) income taxes	(5,494)	6,436	(814)	1,017	2,010
Net loss	\$ (418,258)	\$ (321,222)	\$ (384,699)	\$ (275,048)	\$ (247,982)
Net loss attributable to Class A and Class B common stockholders	\$ (418,258)	\$ (321,222)	\$ (384,699)	\$ (275,048)	\$ (247,982)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (1.93)	\$ (1.55)	\$ (1.94)	\$ (1.45)	\$ (1.35)
Weighted-average shares used to compute net loss per share attributable to Class A and Class B common stockholders	216,789	207,774	198,214	190,016	183,702

⁽¹⁾ Costs and expenses include share-based compensation expenses as follows (in thousands):

	Year Ended January 31,				
	2019	2018	2017	2016	2015
Costs of subscription services	\$ 36,754	\$ 26,280	\$ 20,773	\$ 12,060	\$ 6,053
Costs of professional services	55,535	37,592	26,833	19,526	12,890
Product development	320,876	229,819	166,529	109,362	63,938
Sales and marketing	132,810	100,762	86,229	51,617	29,875
General and administrative	127,443	83,972	78,265	57,405	43,292

	As of January 31,				
	2019	2018	2017 *As Adjusted	2016 *As Adjusted	*2015
(in thousands)					
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 638,554	\$ 1,134,355	\$ 539,923	\$ 300,087	\$ 298,192
Marketable securities	1,139,864	2,133,495	1,456,822	1,669,372	1,559,517
Working capital	269,905	1,898,104	1,239,202	1,468,067	1,467,122
Property and equipment, net	796,907	546,609	365,877	214,158	140,136
Total assets	5,520,746	4,947,424	3,268,282	2,812,370	2,350,090
Total unearned revenue	1,949,270	1,537,147	1,221,543	891,882	632,744
Convertible senior notes, net	1,204,778	1,491,354	534,423	507,476	481,958
Total liabilities	3,562,304	3,367,059	1,991,674	1,586,090	1,224,115
Total stockholders' equity	1,958,442	1,580,365	1,276,608	1,226,280	1,125,975

	Year Ended January 31,				
	2019	2018	2017 *As Adjusted	2016 *As Adjusted	*2015
(in thousands)					

Cash Flow Data:					
Net cash provided by (used in) operating activities	\$ 606,658	\$ 465,727	\$ 350,626	\$ 258,637	\$ 102,003

* The summary consolidated financial data for the years ended January 31, 2019, 2018, 2017, and 2016 and as of January 31, 2019, 2018, 2017, and 2016 reflects the adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), and ASU No. 2016-18, *Statement of Cash Flows, Restricted Cash*. See Note 1 of the notes to consolidated financial statements for further information. The summary consolidated financial data for the year ended January 31, 2015 and as of January 31, 2015 does not reflect the adoption of Topic 606 or ASU No. 2016-18.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Overview

Workday provides financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. We offer innovative and adaptable technology focused on the consumer internet experience and cloud delivery model. Our applications are designed for global enterprises to manage complex and dynamic operating environments. We provide our customers with highly adaptable, accessible, and reliable applications to manage critical business functions that enable them to optimize their financial and human capital resources.

We were founded in 2005 to deliver cloud applications to global enterprises. Our applications are designed around the way people work today—in an environment that is global, collaborative, fast-paced, and mobile. Our cycle of frequent updates has facilitated rapid innovation and the introduction of new applications throughout our history. We began offering our HCM application in 2006 and our Financial Management application in 2007. Since then we have continued to invest in innovation and have consistently introduced new services to our customers.

We offer Workday applications to our customers on an enterprise-wide subscription basis, typically with contract terms of three years or longer and with subscription fees largely based on the size of the customer's workforce. We generally recognize revenues from subscription fees ratably over the term of the contract. We currently derive a substantial majority of our subscription services revenues from subscriptions to our HCM application. We market our applications primarily through our direct sales force.

Our diverse customer base includes medium-sized and large, global companies, as well as smaller organizations that primarily use our planning product. We have achieved significant growth in a relatively short period of time with a substantial amount of our growth coming from new customers. Our current financial focus is on growing our revenues and expanding our customer base. While we are incurring losses today, we strive to invest in a disciplined manner across all of our functional areas to sustain continued near-term revenue growth and support our long-term initiatives. Our operating expenses have increased significantly in absolute dollars in recent periods, primarily due to the significant growth of our employee population. We had approximately 10,500 and approximately 8,200 employees as of January 31, 2019 and 2018, respectively.

We intend to continue investing for long-term growth. We have invested, and expect to continue to invest, heavily in our product development efforts to deliver additional compelling applications and to address customers' evolving needs. In addition, we plan to continue to expand our ability to sell our applications globally, particularly in Europe and Asia, by investing in product development and customer support to address the business needs of local markets, increasing our sales and marketing organizations, acquiring, building and/or leasing additional office space, and expanding our ecosystem of service partners to support local deployments. We expect to make further significant investments in our data center capacity as we plan for future growth. We are also investing in personnel to service our growing customer base.

We also regularly evaluate acquisitions or investment opportunities in complementary businesses, joint ventures, and intellectual property rights in an effort to expand our product and service offerings. We expect to continue to make such acquisitions and investments in the future, and we plan to reinvest a significant portion of our incremental revenue in future periods to grow our business and continue our leadership role in the industry. While we remain focused on improving operating margins, these acquisitions and investments will increase our costs on an absolute basis in the near-term. Many of these investments will occur in advance of experiencing any direct benefit from them and could make it difficult to determine if we are allocating our resources efficiently. We expect our product development, sales and marketing, and general and administrative expenses as a percentage of total revenues to decrease over time as we grow our revenues, and we anticipate that we will gain economies of scale by increasing our customer base without direct incremental development costs and by utilizing more of the capacity of our data centers.

Since inception, we have also invested heavily in our professional services organization to help ensure that customers successfully deploy and adopt our applications. Additionally, we continue to expand our professional service partner ecosystem to further support our customers. We believe our investment in professional services, as well as partners building consulting practices around Workday, will drive additional customer subscriptions and continued growth in revenues. Due to our ability to leverage the expanding partner ecosystem, we expect that the rate of professional services revenue growth will decline over time and continue to be lower than subscription revenue growth.

Components of Results of Operations

Revenues

We primarily derive our revenues from subscription services and professional services. Subscription services revenues primarily consist of fees that give our customers access to our cloud applications, which include related customer support. Professional services fees include deployment services, optimization services, and training.

Subscription services revenues accounted for 85% of our total revenues during fiscal 2019 and represented 96% of our total unearned revenue as of January 31, 2019. Subscription services revenues are driven primarily by the number of customers, the number of workers at each customer, the specific applications subscribed to by each customer, and the price of our applications.

The mix of the applications to which a customer subscribes can affect our financial performance due to price differentials in our applications. Pricing for our applications varies based on many factors, including the complexity and maturity of the application and its acceptance in the marketplace. New products or services offerings by competitors in the future could also impact the mix and pricing of our offerings.

Subscription services revenues are recognized over time as they are delivered and consumed concurrently over the contractual term, beginning on the date our service is made available to the customer. Our subscription contracts typically have a term of three years or longer and are generally non-cancelable. We generally invoice our customers annually in advance. Amounts that have been invoiced are initially recorded as unearned revenue.

The majority of our consulting engagements are billed on a time and materials basis, and revenues are typically recognized over time as the services are performed. In some cases, we supplement our consulting teams by subcontracting resources from our service partners and deploying them on customer engagements. As our professional services organization and the Workday-related consulting practices of our partner firms continue to develop, we expect the partners to increasingly contract directly with our subscription customers. As a result of this trend, and the increase of our subscription services revenues, we expect professional services revenues as a percentage of total revenues to decline over time.

Costs and Expenses

Costs of subscription services revenues. Costs of subscription services revenues consist primarily of employee-related expenses related to hosting our applications and providing customer support, the costs of data center capacity, and depreciation of computer equipment and software.

Costs of professional services revenues. Costs of professional services revenues consist primarily of employee-related expenses associated with these services, the cost of subcontractors, and travel.

Product development. Product development expenses consist primarily of employee-related costs. We continue to focus our product development efforts on adding new features and applications, increasing the functionality, and enhancing the ease of use of our cloud applications.

Sales and marketing. Sales and marketing expenses consist primarily of employee-related costs, sales commissions, marketing programs, and travel. Marketing programs consist of advertising, events, corporate communications, brand building, and product marketing activities. Sales commissions are considered incremental costs of obtaining a contract with a customer and are deferred and amortized. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be five years. Sales commissions for renewal contracts are deferred and then amortized on a straight-line basis over the related contractual renewal period.

General and administrative. General and administrative expenses consist of employee-related costs for finance and accounting, legal, human resources, information systems personnel, professional fees, and other corporate expenses.

Results of Operations**Revenues**

Our total revenues for fiscal 2019, 2018, and 2017 were as follows (in thousands, except percentages):

	Year Ended January 31,				
	2019	2018	2017 * As Adjusted	2018 to 2019 % Change	2017 to 2018 % Change
Subscription services	\$ 2,385,769	\$ 1,787,833	\$ 1,290,733	33%	39%
Professional services	436,411	355,217	283,707	23%	25%
Total revenues	\$ 2,822,180	\$ 2,143,050	\$ 1,574,440	32%	36%

* See Note 1 of the notes to consolidated financial statements for further information.

Total revenues were \$2.8 billion for fiscal 2019, compared to \$2.1 billion for fiscal 2018, an increase of \$0.7 billion, or 32%. Subscription services revenues were \$2.4 billion for fiscal 2019, compared to \$1.8 billion for fiscal 2018, an increase of \$0.6 billion, or 33%. The increase in subscription revenues was due primarily to an increased number of customer contracts as compared to the prior year. Professional services revenues were \$436 million for fiscal 2019, compared to \$355 million for fiscal 2018, an increase of \$81 million, or 23%. The increase in professional services revenues was due primarily to Workday performing deployment and integration services for a greater number of customers than in the prior year period.

Total revenues were \$2.1 billion for fiscal 2018, compared to \$1.6 billion for fiscal 2017, an increase of \$0.5 billion, or 36%. Subscription services revenues were \$1.8 billion for fiscal 2018, compared to \$1.3 billion for fiscal 2017, an increase of \$0.5 billion, or 39%. The increase in subscription revenues was due primarily to an increased number of customer contracts as compared to the prior year. Professional services revenues were \$0.4 billion for fiscal 2018, compared to \$0.3 billion for fiscal 2017, an increase of \$0.1 billion, or 25%. The increase in professional services revenues was due primarily to the addition of new customers and a greater number of customers requesting deployment and integration services.

Operating Expenses

GAAP operating expenses were \$3.3 billion for fiscal 2019, compared to \$2.4 billion for fiscal 2018, an increase of \$0.9 billion, or 34%. The increase was primarily due to increases of \$0.6 billion in employee-related costs driven by higher headcount and \$0.1 billion in expenses related to facilities, IT, depreciation, amortization, and service contracts to expand data center capacity. These increases are partially attributable to the acquisition of Adaptive Insights and include one-time transaction and integration-related costs.

GAAP operating expenses were \$2.4 billion for fiscal 2018, compared to \$1.9 billion for fiscal 2017, an increase of \$0.5 billion, or 27%. The increase was primarily due to increases of \$0.4 billion in employee-related costs driven by higher headcount and \$0.1 billion in expenses related to facilities, IT, depreciation, amortization, and service contracts to expand data center capacity.

We use the non-GAAP financial measure of non-GAAP operating expenses to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate our financial performance. We believe that non-GAAP operating expenses reflect our ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in our business, as they exclude expenses that are not reflective of ongoing operating results. We also believe that non-GAAP operating expenses provide useful information to investors and others in understanding and evaluating our operating results and prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

Non-GAAP operating expenses are calculated by excluding share-based compensation expenses, and certain other expenses, which consist of employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets.

Non-GAAP operating expenses were \$2.5 billion for fiscal 2019, compared to \$1.9 billion for fiscal 2018, an increase of \$0.6 billion, or 31%. The increase was primarily due to increases of \$0.4 billion in employee-related costs driven by higher headcount and \$0.1 billion in expenses related to facilities, IT, depreciation, amortization, and service contracts to expand data center capacity. These increases are partially attributable to the acquisition of Adaptive Insights and include one-time transaction and integration-related costs.

Non-GAAP operating expenses were \$1.9 billion for fiscal 2018, compared to \$1.5 billion for fiscal 2017, an increase of \$0.4 billion, or 27%. The increase was primarily due to increases of \$0.3 billion in employee-related costs driven by higher headcount and \$0.1 billion in expenses related to facilities, IT, depreciation, amortization, and service contracts to expand data center capacity.

Reconciliations of our GAAP to non-GAAP operating expenses were as follows (in thousands):

	Year Ended January 31, 2019			
	GAAP Operating Expenses	Share-Based Compensation Expenses ⁽¹⁾	Other Operating Expenses ⁽²⁾	Non-GAAP Operating Expenses ⁽³⁾
Costs of subscription services	\$ 379,877	\$ (36,754)	\$ (31,395)	\$ 311,728
Costs of professional services	455,073	(55,535)	(3,653)	395,885
Product development	1,211,832	(320,876)	(21,230)	869,726
Sales and marketing	891,345	(132,810)	(19,725)	738,810
General and administrative	347,337	(127,443)	(5,120)	214,774
Total costs and expenses	<u>\$ 3,285,464</u>	<u>\$ (673,418)</u>	<u>\$ (81,123)</u>	<u>\$ 2,530,923</u>

	Year Ended January 31, 2018			
	GAAP Operating Expenses	Share-Based Compensation Expenses ⁽¹⁾	Other Operating Expenses ⁽²⁾	Non-GAAP Operating Expenses ⁽³⁾
Costs of subscription services	\$ 273,461	\$ (26,280)	\$ (7,043)	\$ 240,138
Costs of professional services	355,952	(37,592)	(2,045)	316,315
Product development	910,584	(229,819)	(23,128)	657,637
Sales and marketing	683,367	(100,762)	(4,567)	578,038
General and administrative	222,909	(83,972)	(3,614)	135,323
Total costs and expenses	<u>\$ 2,446,273</u>	<u>\$ (478,425)</u>	<u>\$ (40,397)</u>	<u>\$ 1,927,451</u>

	Year Ended January 31, 2017			
	GAAP Operating Expenses *As Adjusted	Share-Based Compensation Expenses ⁽¹⁾	Other Operating Expenses ⁽²⁾	Non-GAAP Operating Expenses ⁽³⁾ *As Adjusted
Costs of subscription services	\$ 213,389	\$ (20,773)	\$ (730)	\$ 191,886
Costs of professional services	270,156	(26,833)	(1,199)	242,124
Product development	680,531	(166,529)	(18,533)	495,469
Sales and marketing	565,328	(86,229)	(3,316)	475,783
General and administrative	198,122	(78,265)	(3,302)	116,555
Total costs and expenses	<u>\$ 1,927,526</u>	<u>\$ (378,629)</u>	<u>\$ (27,080)</u>	<u>\$ 1,521,817</u>

(1) Share-based compensation expenses were \$673 million, \$478 million, and \$379 million for fiscal 2019, 2018, and 2017, respectively. The increase in share-based compensation expenses was primarily due to assumed Adaptive Insights awards and grants of RSUs to existing and new employees.

(2) Other operating expenses include employer payroll tax-related items on employee stock transactions of \$32 million, \$21 million, and \$14 million for fiscal 2019, 2018, and 2017, respectively. In addition, other operating expenses include amortization of acquisition-related intangible assets of \$49 million, \$19 million, and \$13 million for fiscal 2019, 2018, and 2017, respectively.

(3) See “Non-GAAP Financial Measures” below for further information.

* See Note 1 of the notes to consolidated financial statements for further information.

Costs of Subscription Services

GAAP operating expenses in costs of subscription services were \$380 million for fiscal 2019, compared to \$273 million for fiscal 2018, an increase of \$107 million, or 39%. The increase was primarily due to increases of \$33 million in employee-related costs driven by higher headcount, \$24 million in amortization expense for our acquisition-related intangible assets, \$22 million in third-party costs for hardware maintenance and data center capacity, and \$19 million in depreciation expense related to our data centers.

[Table of Contents](#)

GAAP operating expenses in costs of subscription services were \$273 million for fiscal 2018, compared to \$213 million for fiscal 2017, an increase of \$60 million, or 28%. The increase was primarily due to increases of \$23 million in depreciation expense related to our data centers, \$22 million in employee-related costs driven by higher headcount, and \$10 million in facility and IT-related expenses.

Non-GAAP operating expenses in costs of subscription services were \$312 million for fiscal 2019, compared to \$240 million for fiscal 2018, an increase of \$72 million, or 30%. The increase was primarily due to increases of \$22 million in employee-related costs driven by higher headcount, \$22 million in third-party costs for hardware maintenance and data center capacity, and \$19 million in depreciation expense related to our data centers.

Non-GAAP operating expenses in costs of subscription services were \$240 million for fiscal 2018, compared to \$192 million for fiscal 2017, an increase of \$48 million, or 25%. The increase was primarily due to increases of \$17 million in depreciation expense related to our data centers, \$16 million in employee-related costs driven by higher headcount, and \$10 million in facility and IT-related expenses.

We expect that GAAP and non-GAAP operating expenses in costs of subscription services will continue to increase in absolute dollars as we improve and expand our data center capacity and operations.

Costs of Professional Services

GAAP operating expenses in costs of professional services were \$455 million for fiscal 2019, compared to \$356 million for fiscal 2018, an increase of \$99 million, or 28%. The increase was primarily due to increases of \$86 million to staff our deployment and integration engagements.

GAAP operating expenses in costs of professional services were \$356 million for fiscal 2018, compared to \$270 million for fiscal 2017, an increase of \$86 million, or 32%. The increase was primarily due to increases of \$70 million to staff our deployment and integration engagements.

Non-GAAP operating expenses in costs of professional services were \$396 million for fiscal 2019, compared to \$316 million for fiscal 2018, an increase of \$80 million, or 25%. The increase was primarily due to increases of \$66 million to staff our deployment and integration engagements.

Non-GAAP operating expenses in costs of professional services were \$316 million for fiscal 2018, compared to \$242 million for fiscal 2017, an increase of \$74 million, or 31%. The increase was primarily due to increases of \$59 million to staff our deployment and integration engagements.

Going forward, we expect GAAP and non-GAAP costs of professional services as a percentage of total revenues to continue to decline as we continue to rely on our service partners to deploy our applications and as the number of our customers continues to grow. For fiscal 2020, we anticipate GAAP and non-GAAP professional services margins to be lower than fiscal 2019 as we invest in programs to ensure ongoing customer success.

Product Development

GAAP operating expenses in product development were \$1.2 billion for fiscal 2019, compared to \$911 million for fiscal 2018, an increase of \$301 million, or 33%. The increase was primarily due to increases of \$267 million in employee-related costs due to higher headcount and \$26 million in facility and IT-related expenses.

GAAP operating expenses in product development were \$911 million for fiscal 2018, compared to \$681 million for fiscal 2017, an increase of \$230 million, or 34%. The increase was primarily due to increases of \$180 million in employee-related costs due to higher headcount, \$34 million in facility and IT-related expenses, and \$15 million in third-party costs for hardware maintenance and data center capacity.

Non-GAAP operating expenses in product development were \$870 million for fiscal 2019, compared to \$658 million for fiscal 2018, an increase of \$212 million, or 32%. The increase was primarily due to increases of \$170 million in employee-related costs due to higher headcount and \$26 million in facility and IT-related expenses.

Non-GAAP operating expenses in product development were \$658 million for fiscal 2018, compared to \$495 million for fiscal 2017, an increase of \$163 million, or 33%. The increase was primarily due to increases of \$113 million in employee-related costs due to higher headcount, \$34 million in facility and IT-related expenses, and \$15 million in third-party costs for hardware maintenance and data center capacity.

We expect that GAAP and non-GAAP product development expenses will continue to increase in absolute dollars as we improve and extend our applications and develop new technologies.

Sales and Marketing

GAAP operating expenses in sales and marketing were \$891 million for fiscal 2019, compared to \$683 million for fiscal 2018, an increase of \$208 million, or 30%. The increase was primarily due to increases of \$147 million in employee-related costs due to higher headcount and higher commissionable sales volume, \$20 million in advertising, marketing, and event costs, \$13 million in travel, and \$11 million in facility and IT-related expenses.

GAAP operating expenses in sales and marketing were \$683 million for fiscal 2018, compared to \$565 million for fiscal 2017, an increase of \$118 million, or 21%. The increase was primarily due to increases of \$87 million in employee-related costs due to higher headcount and higher commissionable sales volume, \$14 million in advertising, marketing, and event costs, and \$11 million in facility and IT-related expenses.

Non-GAAP operating expenses in sales and marketing were \$739 million for fiscal 2019, compared to \$578 million for fiscal 2018, an increase of \$161 million, or 28%. The increase was primarily due to increases of \$114 million in employee-related costs due to higher headcount and higher commissionable sales volume, \$20 million in advertising, marketing, and event costs, \$13 million in travel, and \$11 million in facility and IT-related expenses.

Non-GAAP operating expenses in sales and marketing were \$578 million for fiscal 2018, compared to \$476 million for fiscal 2017, an increase of \$102 million, or 21%. The increase was primarily due to increases of \$71 million in employee-related costs due to higher headcount and higher commissionable sales volume, \$14 million in advertising, marketing, and event costs, and \$11 million in facility and IT-related expenses.

We expect that GAAP and non-GAAP sales and marketing expenses will continue to increase in absolute dollars as we continue to invest in the expansion of our domestic and international selling and marketing activities to build brand awareness and attract new customers.

General and Administrative

GAAP operating expenses in general and administrative were \$347 million for fiscal 2019, compared to \$223 million for fiscal 2018, an increase of \$124 million, or 56%. The increase was primarily due to additional employee-related costs driven by higher headcount and one-time transaction and integration-related costs due to the acquisition of Adaptive Insights.

GAAP operating expenses in general and administrative were \$223 million for fiscal 2018, compared to \$198 million for fiscal 2017, an increase of \$25 million, or 13%. The increase was primarily due to \$20 million in higher employee-related costs due to higher headcount, and \$3 million in higher professional services costs including consulting, legal, and audit.

Non-GAAP operating expenses in general and administrative were \$215 million for fiscal 2019, compared to \$135 million for fiscal 2018, an increase of \$80 million, or 59%. The increase was primarily due to increases in outside services expenses, additional employee-related costs driven by higher headcount, and one-time transaction and integration-related costs due to the acquisition of Adaptive Insights.

Non-GAAP operating expenses in general and administrative were \$135 million for fiscal 2018, compared to \$117 million for fiscal 2017, an increase of \$18 million, or 15%. The increase was primarily due to \$14 million in higher employee-related costs due to higher headcount, and \$3 million in higher professional services costs including consulting, legal, and audit.

We expect GAAP and non-GAAP general and administrative expenses will continue to increase in absolute dollars as we further invest in our infrastructure and support our global expansion.

Operating Margins

GAAP operating margins declined from (14.1)% for fiscal 2018 to (16.4)% for fiscal 2019. The reduction in our GAAP operating margin was primarily due to higher share-based compensation and other operating expenses related to the Adaptive Insights acquisition, including one-time transaction and integration-related costs, offset by higher revenues.

GAAP operating margins improved from (22.4)% for fiscal 2017 to (14.1)% for fiscal 2018. The improvement in our GAAP operating margin was primarily due to higher subscription services revenues, higher professional services revenues, and improvements in operating leverage.

We use the non-GAAP financial measure of non-GAAP operating margins to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate our financial performance. We believe that non-GAAP operating margins reflect our ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in our business, as they exclude expenses that are not reflective of ongoing operating results. We also believe that non-GAAP operating margins provide useful information to investors and others in understanding and evaluating our operating results and prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

[Table of Contents](#)

Non-GAAP operating margins are calculated using GAAP revenues and non-GAAP operating expenses. See “Non-GAAP Financial Measures” below for further information.

Non-GAAP operating margins improved from 10.1% for fiscal 2018 to 10.3% for fiscal 2019. The improvement in our non-GAAP operating margin was primarily due to higher revenues, offset by higher operating expenses related to the Adaptive Insights acquisition, including one-time transaction and integration-related costs.

Non-GAAP operating margins improved from 3.3% for fiscal 2017 to 10.1% for fiscal 2018. The improvement in our non-GAAP operating margin was primarily due to higher subscription services revenues, higher professional services revenues, and improvements in operating leverage.

Reconciliations of our GAAP to non-GAAP operating margins were as follows:

	Year Ended January 31, 2019			
	GAAP Operating Expenses	Share-Based Compensation Expenses	Other Operating Expenses	Non-GAAP Operating Expenses ⁽¹⁾
Operating margin	(16.4)%	23.8%	2.9%	10.3%
	Year Ended January 31, 2018			
	GAAP Operating Expenses	Share-Based Compensation Expenses	Other Operating Expenses	Non-GAAP Operating Expenses ⁽¹⁾
Operating margin	(14.1)%	22.3%	1.9%	10.1%
	Year Ended January 31, 2017			
	GAAP Operating Expenses *As Adjusted	Share-Based Compensation Expenses	Other Operating Expenses	Non-GAAP Operating Expenses ⁽¹⁾ *As Adjusted
Operating margin	(22.4)%	24.0%	1.7%	3.3%

⁽¹⁾ See “Non-GAAP Financial Measures” below for further information.

* See Note 1 of the notes to consolidated financial statements for further information.

Other Income (Expense), Net

Other income (expense), net was \$40 million, \$(12) million, and \$(32) million for fiscal 2019, 2018, and 2017, respectively.

The increase in other income, net for fiscal 2019 compared to fiscal 2018 was caused by an increase in other income of \$50 million primarily related to the net gain from our equity investments and an increase in interest income of \$17 million. This was offset by an increase in interest expense of \$16 million primarily related to the 0.25% convertible senior notes issued in September 2017.

The decrease in other expense, net for fiscal 2018 compared to fiscal 2017 was caused by an increase in interest income of \$14 million, a decrease in non-marketable equity investment impairment of \$14 million, and an increase in other income of \$6 million, partially offset by an increase in interest expense of \$14 million.

Liquidity and Capital Resources

As of January 31, 2019, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$1.8 billion, which were primarily held for working capital purposes. Our cash equivalents and marketable securities are composed primarily of U.S. treasury securities, U.S. agency obligations, corporate bonds, commercial paper, and money market funds.

We have financed our operations primarily through customer payments, sales of equity securities, and issuance of debt. Our future capital requirements will depend on many factors, including our customer growth rate, subscription renewal activity, the timing of construction of facilities in Pleasanton, California and the acquisition of additional facilities, the timing and extent of development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced services offerings, the continuing market acceptance of our services, and acquisition activities. We may enter into arrangements to acquire or invest in complementary businesses, services, technologies, or intellectual property rights in the future. We also may choose to seek additional equity or debt financing.

[Table of Contents](#)

Our cash flows for fiscal 2019, 2018, and 2017 were as follows (in thousands):

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
Net cash provided by (used in):			
Operating activities	\$ 606,658	\$ 465,727	\$ 350,626
Investing activities	(842,784)	(978,980)	(168,885)
Financing activities	(256,711)	1,106,262	59,681
Effect of exchange rate changes	(614)	751	385
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (493,451)	\$ 593,760	\$ 241,807

* See Note 1 of the notes to consolidated financial statements for further information.

Operating Activities

Cash provided by operating activities was \$607 million, \$466 million, and \$351 million for fiscal 2019, 2018, and 2017, respectively. The improvements in cash flows provided by operating activities in both fiscal 2019 and 2018 compared to prior fiscal years resulted primarily from increased sales and the related cash collections, partially offset by higher operating expenses driven by increased headcount.

Investing Activities

Cash used in investing activities for fiscal 2019 was \$843 million, which was primarily the result of a net cash outflow of \$1.4 billion related to the Adaptive Insights acquisition, capital expenditures for data center and office space projects of \$203 million, capital expenditures related to the construction of our development center of \$160 million, and purchases of non-marketable equity and other investments of \$43 million. These payments were partially offset by the timing of purchases and maturities of marketable securities, proceeds of \$950 million from the sale of marketable securities, and proceeds of \$18 million from the sales and maturities of non-marketable equity and other investments. The sale of marketable securities during fiscal 2019 was primarily to fund the Adaptive Insights acquisition.

Cash used in investing activities for fiscal 2018 was \$979 million, which was primarily the result of the timing of purchases and maturities of marketable securities, capital expenditures for owned real estate projects (including construction of our development center) of \$125 million, capital expenditures for data center and office space projects of \$142 million, purchases of non-marketable equity and other investments of \$16 million, purchases of other non-acquisition related intangible assets of \$11 million, and a net cash outflow of \$6 million related to an acquisition. These payments were partially offset by proceeds of \$244 million from the sale of marketable securities.

Cash used in investing activities for fiscal 2017 was \$169 million, which was primarily the result of the timing of purchases and maturities of marketable securities, a net cash outflow of \$148 million related to acquisitions, purchases of office buildings and land in Pleasanton, California for \$62 million, capital expenditures for owned real estate projects (including construction of our development center) of \$45 million, and capital expenditures for data center and office space projects of \$121 million. These payments were partially offset by proceeds of \$133 million from the sale of marketable securities and \$5 million from the sales and maturities of non-marketable equity and other investments.

We expect capital expenditures related to owned real estate projects, including construction of our development center, will be approximately \$130 million for fiscal 2020. We expect capital expenditures, excluding owned real estate projects, will be approximately \$280 million for fiscal 2020. We expect that these capital outlays will largely be used to expand the infrastructure of our data centers and to build out additional office space to support our growth.

Financing Activities

For fiscal 2019, cash used in financing activities was \$257 million, which was primarily due to the principal payment of \$350 million of 0.75% convertible senior notes, offset by \$94 million of proceeds from the issuance of common stock from employee equity plans.

For fiscal 2018, cash provided by financing activities was \$1.1 billion, which was primarily due to the issuance of \$1.15 billion principal amount of 0.25% convertible senior notes due October 1, 2022, net of issuance costs of \$18 million, and the related sale of warrants for \$81 million and purchase of note hedges for \$176 million. For further information, see Note 11 of the notes to consolidated financial statements. In addition, cash flows from financing activities included \$69 million of proceeds from the issuance of common stock from employee equity plans.

For fiscal 2017, cash provided by financing activities was \$60 million, primarily as a result of \$58 million of proceeds from the issuance of common stock from employee equity plans.

Non-GAAP Financial Measures

Regulation S-K Item 10(e), “Use of non-GAAP financial measures in Commission filings,” defines and prescribes the conditions for use of non-GAAP financial information. Our measures of non-GAAP operating expenses and non-GAAP operating margin meet the definition of a non-GAAP financial measure.

Non-GAAP Operating Expenses and Non-GAAP Operating Margins

We define non-GAAP operating expenses as our total operating expenses excluding the following components, which we believe are not reflective of our ongoing operational expenses. Similarly, the same components are also excluded from the calculation of non-GAAP operating margins. In each case, for the reasons set forth below, management believes that excluding the component provides useful information to investors and others in understanding and evaluating our operating results and prospects in the same manner as management, in comparing financial results across accounting periods and to those of peer companies, and to better understand the long-term performance of our core business.

- *Share-Based Compensation Expenses.* Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. Share-based compensation expenses are determined using a number of factors, including our stock price, volatility, and forfeiture rates that are beyond our control and generally unrelated to operational decisions and performance in any particular period. Further, share-based compensation expenses are not reflective of the value ultimately received by the grant recipients.
- *Other Operating Expenses.* Other operating expenses includes employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets. The amount of employer payroll tax-related items on employee stock transactions is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business. For business combinations, we generally allocate a portion of the purchase price to intangible assets. The amount of the allocation is based on estimates and assumptions made by management and is subject to amortization. The amount of purchase price allocated to intangible assets and the term of its related amortization can vary significantly and are unique to each acquisition and thus we do not believe it is reflective of our ongoing operations.

Limitations on the Use of Non-GAAP Financial Measures

A limitation of our non-GAAP financial measures of non-GAAP operating expenses and non-GAAP operating margin is that they do not have uniform definitions. Our definitions will likely differ from the definitions used by other companies, including peer companies, and therefore comparability may be limited. Further, the non-GAAP financial measure of non-GAAP operating expenses has certain limitations because it does not reflect all items of expense that affect our operations and are reflected in the GAAP financial measure of total operating expenses. In the case of share-based compensation, if we did not pay out a portion of compensation in the form of share-based compensation and related employer payroll tax-related items, the cash salary expense included in costs of revenues and operating expenses would be higher, which would affect our cash position.

We compensate for these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. These non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure, and to view our non-GAAP financial measures in conjunction with the most comparable GAAP financial measures.

See Results of Operations—Operating Expenses and Results of Operations—Operating Margins for reconciliations from the most directly comparable GAAP financial measures, GAAP operating expenses and GAAP operating margins, to the non-GAAP financial measures, non-GAAP operating expenses and non-GAAP operating margins, for fiscal 2019, 2018, and 2017.

Contractual Obligations

The following table summarizes our consolidated principal contractual cash obligations as of January 31, 2019 (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
1.50% Convertible Senior Notes due 2020 ⁽¹⁾	\$ 250,000	\$ —	\$ 250,000	\$ —	\$ —
0.25% Convertible Senior Notes due 2022 ⁽¹⁾	1,150,000	—	—	1,150,000	—
Aggregate interest obligation ⁽²⁾	16,008	6,625	7,458	1,925	—
Operating lease obligations:					
Facilities space, not including related party ⁽³⁾	273,906	64,364	95,916	60,173	53,453
Facilities space with related party	90,619	12,972	32,740	31,297	13,610
Computing infrastructure platform obligations	77,667	10,667	28,000	39,000	—
Contractual commitments	77,399	18,479	25,498	33,422	—
Total	\$ 1,935,599	\$ 113,107	\$ 439,612	\$ 1,315,817	\$ 67,063

⁽¹⁾ Represents aggregate principal amount of the Notes, without the effect of associated discounts.

⁽²⁾ Represents estimated aggregate interest obligations for our outstanding Notes that are payable in cash.

⁽³⁾ For the 95-year lease we entered in January 2014, the cash obligations exclude the potential annual rental increases based on the increases to the Consumer Price Index (“CPI”). We believe it is likely we will make higher rent payments over the lease term due to future changes in the CPI.

Our contractual obligations primarily consist of our convertible senior notes, as well as obligations under leases for office space, co-location facilities for data center capacity, and computing infrastructure platforms for business operations. For fiscal 2020, we anticipate leasing additional office space near our headquarters and in various other locations around the world to support our growth. In addition, our existing lease agreements often provide us with an option to renew. We expect our future operating lease obligations will increase as we expand our operations.

We are not required to make principal payments under the Notes prior to maturity. If the Notes are not converted to Class A common stock prior to their maturity dates, we are required to repay \$250 million in principal on July 15, 2020 and \$1.15 billion in principal on October 1, 2022. We are also required to make interest payments on a semi-annual basis at the interest rates described in Note 11 of the notes to the consolidated financial statements.

In January 2014, we entered into a 95-year lease for a 6.9 acre parcel of land in Pleasanton, California, under which we paid \$2 million for base rent from commencement through December 31, 2020. Annual rent payments of \$0.2 million plus increases based on increases in the CPI begin on January 1, 2021 and continue through the end of the lease. Our new development center, consisting of approximately 410,000 square feet of office space, is being constructed on this property. The agreement with the contractor for the construction of the development center is not included in the table above because it allows for termination without significant penalty.

Purchase orders are not included in the table above. Our purchase orders represent authorizations to purchase rather than binding agreements. The contractual obligation amounts in the table above are associated with agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the transaction. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

Off-Balance Sheet Arrangements

Through January 31, 2019, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2 of the notes to the consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We derive our revenues primarily from subscription services and professional services. Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

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

Subscription Services Revenues

Subscription services revenues primarily consist of fees that provide customers access to one or more of our cloud applications for finance, human resources, planning, and analytics, with routine customer support. Revenue is generally recognized over time on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Our subscription contracts are generally three years or longer in length, billed annually in advance, and non-cancelable.

Professional Services Revenues

Professional services revenues primarily consist of fees for deployment and optimization services, as well as training. The majority of our consulting contracts are billed on a time and materials basis and revenue is recognized over time as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time based on the proportion performed.

Contracts with Multiple Performance Obligations

Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the cloud applications sold, customer demographics, geographic locations, and the number and types of users within our contracts.

Deferred Commissions

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be five years. We determined the period of benefit by taking into consideration our customer contracts, our technology, and other factors. Sales commissions for renewal contracts are deferred and then amortized on a straight-line basis over the related contractual renewal period. Amortization expense is included in Sales and marketing expenses on the consolidated statements of operations.

Convertible Senior Notes

In June 2013, we issued 0.75% convertible senior notes due July 15, 2018 (“2018 Notes”) with a principal amount of \$350 million, which were subsequently converted by note holders during the second quarter of fiscal 2019. Concurrently in June 2013, we issued 1.50% convertible senior notes due July 15, 2020 (“2020 Notes”) with a principal amount of \$250 million. In September 2017, we issued 0.25% convertible senior notes due October 1, 2022 (“2022 Notes”) with a principal amount of \$1.15 billion (together with the 2018 Notes and 2020 Notes, referred to as the “Notes”). In accounting for the issuance of the Notes, we separated each of the Notes into liability and equity components. The carrying amounts of the liability components were calculated by measuring the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity components representing the conversion option were determined by deducting the fair value of the liability components from the par value of the respective Notes. These differences represent debt discounts that are amortized to interest expense over the respective terms of the Notes using the effective interest rate method. The equity components are not remeasured as long as they continue to meet the conditions for equity classification. In accounting for the issuance costs related to the Notes, we allocated the total amount of issuance costs incurred to the liability and equity components based on their relative values. Issuance costs attributable to the liability components are being amortized on a straight-line basis, which approximates the effective interest rate method, to interest expense over the respective terms of the Notes. The issuance costs attributable to the equity components were netted against the respective equity components in Additional paid-in capital.

Business Combinations, Goodwill, and Acquisition-Related Intangible Assets

Accounting for business combinations requires us to make significant estimates and assumptions. We allocate the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values, with the excess recorded to goodwill. Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows, expected asset lives, royalty rates, and discount rates. The amounts and useful lives assigned to acquisition-related intangible assets impact the amount and timing of future amortization expense.

We use estimates, assumptions, and judgments when assessing the recoverability of goodwill and acquisition-related intangible assets. We test for impairment on an annual basis, or more frequently if a significant event or circumstance indicates impairment. We also evaluate the estimated remaining useful lives of acquisition-related intangible assets for changes in circumstances that warrant a revision to the remaining periods of amortization.

Recent Accounting Pronouncements

See Note 2 of the notes to consolidated financial statements for a full description of recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

We transact business globally in multiple currencies. As a result, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. As of January 31, 2019 and 2018, our most significant currency exposures were the euro, British pound, Canadian dollar, and Australian dollar.

Due to our exposure to market risks that may result from changes in foreign currency exchange rates, we enter into foreign currency derivative hedging transactions to mitigate these risks. For further information, see Note 10 of the notes to consolidated financial statements.

Interest Rate Sensitivity

We had cash, cash equivalents, and marketable securities totaling \$1.8 billion and \$3.3 billion as of January 31, 2019 and 2018, respectively. Cash equivalents and marketable securities were invested primarily in U.S. treasury securities, U.S. agency obligations, corporate bonds, commercial paper, and money market funds. The cash, cash equivalents, and marketable securities are held primarily for working capital purposes. Our investment portfolios are managed to preserve capital and meet liquidity needs. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our portfolio of debt securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fluctuate due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our debt securities as “available for sale,” no gains or losses are recognized in income due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

An immediate increase of 100 basis points in interest rates would have resulted in a \$5 million and \$10 million market value reduction in our investment portfolio as of January 31, 2019 and 2018, respectively. An immediate decrease of 100 basis points in interest rates would have increased the market value by \$5 million and \$10 million as of January 31, 2019 and 2018, respectively. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in Accumulated other comprehensive income (loss) and are realized only if we sell the underlying securities before maturity.

Market Risk and Market Interest Risk

In June 2013, we completed an offering of \$350 million of 0.75% convertible senior notes due July 15, 2018, which were subsequently converted by note holders during the second quarter of fiscal 2019. In June 2013, concurrent with the 2018 Notes offering, we issued \$250 million of 1.50% convertible senior notes due July 15, 2020. In September 2017, we completed an offering of \$1.15 billion of 0.25% convertible senior notes due October 1, 2022.

Holders may convert the Notes prior to maturity upon the occurrence of certain circumstances. Upon conversion, holders of the Notes will receive cash, shares of Class A common stock, or a combination of cash and shares of Class A common stock, at our election.

Concurrently with the issuance of the Notes, we entered into separate note hedge and warrant transactions. These separate transactions were completed to reduce the potential economic dilution from the conversion of the Notes.

The 2020 Notes and 2022 Notes have fixed annual interest rates of 1.50% and 0.25%, respectively, and therefore we do not have economic interest rate exposure on our 2020 Notes and 2022 Notes. However, the values of the 2020 Notes and 2022 Notes are exposed to interest rate risk. Generally, the fair market value of our fixed interest rate 2020 Notes and 2022 Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair values of the 2020 Notes and 2022 Notes are affected by our stock price. The carrying values of the 2020 Notes and 2022 Notes were \$233 million and \$972 million, respectively, as of January 31, 2019. These represent the liability component of the principal balance of our 2020 Notes and 2022 Notes as of January 31, 2019. The total estimated fair values of the 2020 Notes and 2022 Notes as of January 31, 2019 were \$557 million and \$1.6 billion, respectively. The fair values were determined based on the quoted bid prices of the 2020 Notes and 2022 Notes in an over-the-counter market as of the last trading day for fiscal 2019, which were \$222.85 and \$135.67, respectively. For further information, see Note 11 of the notes to consolidated financial statements.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

WORKDAY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firm	43
Consolidated Balance Sheets	45
Consolidated Statements of Operations	46
Consolidated Statements of Comprehensive Loss	47
Consolidated Statements of Cash Flows	48
Consolidated Statements of Stockholders' Equity	50
Notes to Consolidated Financial Statements	51

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Workday, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Workday, Inc. (the Company) as of January 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 18, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2008.

San Jose, California
March 18, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Workday, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Workday, Inc.'s internal control over financial reporting as of January 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Workday, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2019, and the related notes and our report dated March 18, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Jose, California
March 18, 2019

WORKDAY, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and par value data)

	January 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 638,554	\$ 1,134,355
Marketable securities	1,139,864	2,133,495
Trade and other receivables, net of allowance for doubtful accounts of \$5,965 and \$2,212, respectively	704,680	528,208
Deferred costs	80,809	63,060
Prepaid expenses and other current assets	136,689	97,860
Total current assets	2,700,596	3,956,978
Property and equipment, net	796,907	546,609
Deferred costs, noncurrent	183,518	140,509
Acquisition-related intangible assets, net	313,240	34,234
Goodwill	1,379,125	159,376
Other assets	147,360	109,718
Total assets	\$ 5,520,746	\$ 4,947,424
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 29,093	\$ 20,998
Accrued expenses and other current liabilities	123,542	121,879
Accrued compensation	207,924	148,247
Unearned revenue	1,837,618	1,426,241
Current portion of convertible senior notes, net	232,514	341,509
Total current liabilities	2,430,691	2,058,874
Convertible senior notes, net	972,264	1,149,845
Unearned revenue, noncurrent	111,652	110,906
Other liabilities	47,697	47,434
Total liabilities	3,562,304	3,367,059
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10 million shares authorized as of January 31, 2019 and 2018; no shares issued and outstanding as of January 31, 2019 and 2018	—	—
Class A common stock, \$0.001 par value; 750 million shares authorized as of January 31, 2019 and 2018; 157 million and 142 million shares issued and outstanding as of January 31, 2019 and 2018, respectively	157	142
Class B common stock, \$0.001 par value; 240 million shares authorized as of January 31, 2019 and 2018; 65 million and 70 million shares issued and outstanding as of January 31, 2019 and 2018, respectively	64	69
Additional paid-in capital	4,105,334	3,354,423
Accumulated other comprehensive income (loss)	(809)	(46,413)
Accumulated deficit	(2,146,304)	(1,727,856)
Total stockholders' equity	1,958,442	1,580,365
Total liabilities and stockholders' equity	\$ 5,520,746	\$ 4,947,424

See Notes to Consolidated Financial Statements

WORKDAY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
Revenues:			
Subscription services	\$ 2,385,769	\$ 1,787,833	\$ 1,290,733
Professional services	436,411	355,217	283,707
Total revenues	2,822,180	2,143,050	1,574,440
Costs and expenses ⁽¹⁾:			
Costs of subscription services	379,877	273,461	213,389
Costs of professional services	455,073	355,952	270,156
Product development	1,211,832	910,584	680,531
Sales and marketing	891,345	683,367	565,328
General and administrative	347,337	222,909	198,122
Total costs and expenses	3,285,464	2,446,273	1,927,526
Operating loss	(463,284)	(303,223)	(353,086)
Other income (expense), net	39,532	(11,563)	(32,427)
Loss before provision for (benefit from) income taxes	(423,752)	(314,786)	(385,513)
Provision for (benefit from) income taxes	(5,494)	6,436	(814)
Net loss	\$ (418,258)	\$ (321,222)	\$ (384,699)
Net loss attributable to Class A and Class B common stockholders	\$ (418,258)	\$ (321,222)	\$ (384,699)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (1.93)	\$ (1.55)	\$ (1.94)
Weighted-average shares used to compute net loss per share attributable to Class A and Class B common stockholders	216,789	207,774	198,214

(1) Costs and expenses include share-based compensation expenses as follows:

	Year Ended January 31,		
	2019	2018	2017
Costs of subscription services	\$ 36,754	\$ 26,280	\$ 20,773
Costs of professional services	55,535	37,592	26,833
Product development	320,876	229,819	166,529
Sales and marketing	132,810	100,762	86,229
General and administrative	127,443	83,972	78,265

* For further information, see Note 1.

See Notes to Consolidated Financial Statements

WORKDAY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
Net loss	\$ (418,258)	\$ (321,222)	\$ (384,699)
Other comprehensive income (loss), net of tax:			
Net change in foreign currency translation adjustment	(1,635)	1,581	150
Net change in unrealized gains (losses) on available-for-sale debt securities, net of tax provision of \$660, \$0, and \$0, respectively	2,534	(2,687)	(388)
Net change in market value of effective foreign currency forward exchange contracts, net of tax provision of \$6,386, \$0, and \$0, respectively	44,705	(47,378)	1,510
Other comprehensive income (loss), net of tax:	45,604	(48,484)	1,272
Comprehensive loss	\$ (372,654)	\$ (369,706)	\$ (383,427)

* For further information, see Note 1.

See Notes to Consolidated Financial Statements

WORKDAY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
Cash flows from operating activities			
Net loss	\$ (418,258)	\$ (321,222)	\$ (384,699)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	198,111	135,723	105,825
Share-based compensation expenses	652,465	478,425	372,272
Amortization of deferred costs	71,238	57,562	45,345
Amortization of debt discount and issuance costs	59,974	43,916	26,947
Other	(53,195)	(8,379)	23,013
Changes in operating assets and liabilities, net of business combinations:			
Trade and other receivables, net	(160,527)	(114,613)	(91,755)
Deferred costs	(131,996)	(92,552)	(82,848)
Prepaid expenses and other assets	(16,344)	(68,983)	(16,794)
Accounts payable	5,877	(7,249)	6,336
Accrued expenses and other liabilities	54,895	47,515	23,367
Unearned revenue	344,418	315,584	323,617
Net cash provided by (used in) operating activities	606,658	465,727	350,626
Cash flows from investing activities			
Purchases of marketable securities	(1,989,868)	(2,515,997)	(1,917,238)
Maturities of marketable securities	2,090,693	1,591,554	1,986,031
Sales of marketable securities	949,970	243,727	133,292
Business combinations, net of cash acquired	(1,474,337)	(5,744)	(147,879)
Owned real estate projects	(181,180)	(124,811)	(106,997)
Capital expenditures, excluding owned real estate projects	(202,507)	(141,536)	(120,813)
Purchases of non-marketable equity and other investments	(43,016)	(16,199)	(300)
Sales and maturities of non-marketable equity and other investments	17,911	1,026	5,315
Purchase of other intangible assets	(10,450)	(11,000)	—
Other	—	—	(296)
Net cash provided by (used in) investing activities	(842,784)	(978,980)	(168,885)
Cash flows from financing activities			
Proceeds from borrowings on convertible senior notes, net of issuance costs	—	1,132,101	—
Proceeds from issuance of warrants	—	80,805	—
Purchase of convertible senior notes hedges	—	(175,530)	—
Payments on convertible senior notes	(350,030)	—	—
Proceeds from issuance of common stock from employee equity plans	93,567	69,056	58,079
Other	(248)	(170)	1,602
Net cash provided by (used in) financing activities	(256,711)	1,106,262	59,681
Effect of exchange rate changes	(614)	751	385
Net increase (decrease) in cash, cash equivalents, and restricted cash	(493,451)	593,760	241,807
Cash, cash equivalents, and restricted cash at the beginning of period	1,135,654	541,894	300,087
Cash, cash equivalents, and restricted cash at the end of period	\$ 642,203	\$ 1,135,654	\$ 541,894

See Notes to Consolidated Financial Statements

	Year Ended January 31,		
	2019	2018	2017
Supplemental cash flow data			
Cash paid for interest, net of amounts capitalized	\$ 38	\$ 76	\$ 3,156
Cash paid for income taxes	6,007	3,418	5,315
Non-cash investing and financing activities:			
Vesting of early exercised stock options	\$ —	\$ 775	\$ 1,803
Purchases of property and equipment, accrued but not paid	56,308	51,545	27,696
Non-cash additions to property and equipment	8,171	5,396	2,094

	January 31,		
	2019	2018	2017 *As Adjusted
Reconciliation of cash, cash equivalents, and restricted cash as shown in the statements of cash flows			
Cash and cash equivalents	\$ 638,554	\$ 1,134,355	\$ 539,923
Restricted cash included in Prepaid expenses and other current assets	3,519	—	—
Restricted cash included in Other assets	130	1,299	1,971
Total cash, cash equivalents, and restricted cash	<u>\$ 642,203</u>	<u>\$ 1,135,654</u>	<u>\$ 541,894</u>

* For further information, see Note 1.

See Notes to Consolidated Financial Statements

WORKDAY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit *As Adjusted	Total Stockholders' Equity *As Adjusted
	Shares	Amount					
Balances as of January 31, 2016	194,479,350	\$ 193	\$ 2,247,454	\$ —	\$ 799	\$(1,022,166)	\$ 1,226,280
Issuance of common stock under employee equity plans	4,379,787	4	58,075	—	—	—	58,079
Vesting of early exercised stock options	—	1	1,802	—	—	—	1,803
Vested restricted stock units	4,084,268	4	(4)	—	—	—	—
Share-based compensation	—	—	372,272	—	—	—	372,272
Excess tax benefits from share-based compensation	—	—	1,226	—	—	—	1,226
Other	—	—	375	—	—	—	375
Other comprehensive income (loss)	—	—	—	—	1,272	—	1,272
Net loss	—	—	—	—	—	(384,699)	(384,699)
Balances as of January 31, 2017	202,943,405	\$ 202	\$ 2,681,200	\$ —	\$ 2,071	\$(1,406,865)	\$ 1,276,608
Cumulative-effect adjustment to Accumulated deficit related to the adoption of ASU No. 2016-09	—	—	—	—	—	231	231
Issuance of common stock under employee equity plans	3,318,514	3	69,052	—	—	—	69,055
Vesting of early exercised stock options	—	—	775	—	—	—	775
Vested restricted stock units	5,715,576	6	(6)	—	—	—	—
Share-based compensation	—	—	478,425	—	—	—	478,425
Purchase of convertible senior notes hedges	—	—	(175,530)	—	—	—	(175,530)
Issuance of warrants	—	—	80,805	—	—	—	80,805
Equity component of convertible senior notes	—	—	219,702	—	—	—	219,702
Other comprehensive income (loss)	—	—	—	—	(48,484)	—	(48,484)
Net loss	—	—	—	—	—	(321,222)	(321,222)
Balances as of January 31, 2018	211,977,495	\$ 211	\$ 3,354,423	\$ —	\$ (46,413)	\$(1,727,856)	\$ 1,580,365
Cumulative-effect adjustment to Accumulated deficit related to the adoption of ASU No. 2016-16 (see Note 2)	—	—	—	—	—	427	427
Issuance of common stock under employee equity plans	2,317,463	2	37,752	55,813	—	—	93,567
Vested restricted stock units	6,273,733	6	(6)	—	—	—	—
Share-based compensation	—	—	652,404	—	—	—	652,404
Exercise of convertible senior notes hedges	—	—	193,680	(193,679)	—	—	1
Settlement of warrants	25,990	—	(137,245)	137,849	—	(617)	(13)
Settlement of convertible senior notes	1,457,382	2	(24)	17	—	—	(5)
Equity awards assumed in business combination	—	—	4,350	—	—	—	4,350
Other comprehensive income (loss)	—	—	—	—	45,604	—	45,604
Net loss	—	—	—	—	—	(418,258)	(418,258)
Balances as of January 31, 2019	222,052,063	\$ 221	\$ 4,105,334	\$ —	\$ (809)	\$(2,146,304)	\$ 1,958,442

* For further information, see Note 1.

See Notes to Consolidated Financial Statements

Workday, Inc.

Notes to Consolidated Financial Statements

Note 1. Overview and Basis of Presentation

Company and Background

Workday provides financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. We offer innovative and adaptable technology focused on the consumer internet experience and cloud delivery model. Our applications are designed for global enterprises to manage complex and dynamic operating environments. We provide our customers highly adaptable, accessible, and reliable applications to manage critical business functions that enable them to optimize their financial and human capital resources. We were originally incorporated in March 2005 in Nevada and in June 2012, we reincorporated in Delaware.

Fiscal Year

Our fiscal year ends on January 31. References to fiscal 2019, for example, refer to the year ended January 31, 2019.

Basis of Presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The consolidated financial statements include the results of Workday, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Effective February 1, 2017, we adopted the requirements of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and ASU No. 2016-18, *Statement of Cash Flows, Restricted Cash*. All amounts and disclosures set forth in this Form 10-K have been updated to comply with the new standards, as indicated by the "as adjusted" footnote.

Certain prior period amounts reported in our consolidated financial statements and notes thereto have been reclassified to conform to current period presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, the fair value of assets acquired and liabilities assumed through business combinations, the determination of the period of benefit for deferred commissions, certain assumptions used in the valuation of equity awards, and assumptions used in the valuation of non-marketable equity investments. Actual results could differ from those estimates and such differences could be material to our consolidated financial position and results of operations.

Segment Information

We operate in one operating segment, cloud applications. Operating segments are defined as components of an enterprise where separate financial information is evaluated regularly by the chief operating decision maker, who is our chief executive officer, in deciding how to allocate resources and assessing performance. Our chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level.

Note 2. Accounting Standards and Significant Accounting Policies

Summary of Significant Accounting Policies

Revenue Recognition

We derive our revenues primarily from subscription services and professional services. Revenues are recognized when control of these services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

We determine revenue recognition through the following steps:

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

Subscription Services Revenues

Subscription services revenues primarily consist of fees that provide customers access to one or more of our cloud applications for finance, human resources, planning, and analytics, with routine customer support. Revenue is generally recognized on a ratable basis over the contract term beginning on the date that our service is made available to the customer. Our subscription contracts are generally three years or longer in length, billed annually in advance, and non-cancelable.

Professional Services Revenues

Professional services revenues primarily consist of fees for deployment and optimization services, as well as training. The majority of our consulting contracts are billed on a time and materials basis and revenue is recognized over time as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time based on the proportion performed.

Contracts with Multiple Performance Obligations

Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, the cloud applications sold, customer demographics, geographic locations, and the number and types of users within our contracts.

Fair Value Measurement

We measure our cash equivalents, marketable securities and foreign currency derivative contracts at fair value at each reporting period using a fair value hierarchy that requires that we maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs that are supported by little or no market activity.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase. Our cash equivalents primarily consist of investments in U.S. treasury securities, U.S. agency obligations, corporate bonds, commercial paper, and money market funds.

Debt Securities

Our debt securities primarily consist of investments in U.S. treasury securities, U.S. agency obligations, corporate bonds, and commercial paper. We classify our debt securities as available-for-sale at the time of purchase and reevaluate such classification as of each balance sheet date. We consider all debt securities as available for use in current operations, including those with maturity dates beyond one year, and therefore classify these securities as current assets in the accompanying consolidated balance sheets.

All debt securities are recorded at their estimated fair value. Unrealized gains and losses on available-for-sale debt securities are recorded in Accumulated other comprehensive income (loss) ("OCI"). We evaluate our investments to assess whether those in unrealized loss positions are other-than-temporarily impaired. We consider impairments to be other-than-temporary if they are related to deterioration in credit risk or if it is likely we will sell the securities before the recovery of their cost basis. Realized gains and losses and declines in value judged to be other-than-temporary are determined based on the specific identification method and are reported in Other income (expense), net on the consolidated statements of operations.

[Table of Contents](#)

If quoted prices for identical instruments are available in an active market, debt securities are classified within Level 1 of the fair value hierarchy. If quoted prices for identical instruments in active markets are not available, fair values are estimated using quoted prices of similar instruments and are classified within Level 2 of the fair value hierarchy. To date, all of our debt securities can be valued using one of these two methodologies.

Equity Investments

We hold marketable and non-marketable equity investments, over which we do not have a controlling interest or significant influence. Marketable equity investments are measured using quoted prices in active markets with changes recorded in Other income (expense), net on the consolidated statements of operations. Non-marketable equity investments have no readily determinable fair values and are measured using the measurement alternative, which is defined as cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Adjustments are recorded in Other income (expense), net on the consolidated statements of operations.

Non-marketable equity investments are valued using significant unobservable inputs or data in an inactive market and the valuation requires our judgment due to the absence of market prices and inherent lack of liquidity. The carrying value for these investments is not adjusted if there are no observable transactions for identical or similar investments of the same issuer or if there are no identified events or changes in circumstances that may indicate impairment. Valuations of non-marketable equity investments are inherently complex due to the lack of readily available market data. In addition, the determination of whether an orderly transaction is for an identical or similar investment requires significant management judgment, including understanding the differences in the rights and obligations of the investments and the extent to which those differences would affect the fair values of those investments.

We assess our non-marketable equity investments quarterly for impairment. Our impairment analysis encompasses an assessment of the severity and duration of the impairment and a qualitative and quantitative analysis of other key factors including the investee's financial metrics, market acceptance of the investee's product or technology, other competitive products or technology in the market, general market conditions, and the rate at which the investee is using its cash. If our investment is considered to be impaired, we will record an impairment in Other income (expense), net on the consolidated statements of operations and establish a new carrying value for the investment.

Trade and Other Receivables

Trade and other receivables are primarily comprised of trade receivables that are recorded at the invoice amount, net of an allowance for doubtful accounts, which is not material. Other receivables represent unbilled receivables related to subscription and professional services contracts.

Deferred Commissions

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be five years. We determined the period of benefit by taking into consideration our customer contracts, our technology, and other factors. Sales commissions for renewal contracts are deferred and then amortized on a straight-line basis over the related contractual renewal period. Amortization expense is included in Sales and marketing expenses on the consolidated statements of operations.

Derivative Financial Instruments and Hedging Activities

We use derivative financial instruments to manage foreign currency risks. Derivative instruments are carried at fair value and recorded as either an asset or liability on the consolidated balance sheets. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. For foreign currency forward contracts not designated as hedging instruments, which we use to hedge a portion of our net outstanding monetary assets and liabilities, the gains or losses are recorded in Other income (expense), net on the consolidated statements of operations in the period of change. For a derivative instrument designated as a cash flow hedge, which we use to hedge certain customer contracts denominated in foreign currencies, the change in fair value on the effective portion is recorded to OCI on our consolidated balance sheets each reporting period. The balance in OCI is subsequently reclassified to the related revenue line item on the consolidated statements of operations in the same period that the underlying revenues are earned.

Our foreign currency contracts are classified within Level 2 of the fair value hierarchy because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the assets or the related lease term. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Business Combinations

We use our best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed as of the acquisition date. Our estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with the corresponding offset to goodwill. In addition, uncertain tax positions and tax-related valuation allowances are initially established in connection with a business combination as of the acquisition date. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Goodwill and Acquisition-Related Intangible Assets

Acquisition-related intangible assets with finite lives are amortized over their estimated useful lives. Goodwill amounts are not amortized. Acquisition-related intangible assets and goodwill are tested for impairment at least annually, and more frequently upon the occurrence of certain events.

Unearned Revenue

Unearned revenue primarily consists of customer billings in advance of revenues being recognized from our subscription contracts. We generally invoice our customers annually in advance for our subscription services. Our typical payment terms provide that customers pay a portion of the total arrangement fee within 30 days of the contract date. Unearned revenue that is anticipated to be recognized during the succeeding twelve-month period is recorded as current unearned revenue and the remaining portion is recorded as noncurrent.

Convertible Senior Notes

In June 2013, we issued 0.75% convertible senior notes due July 15, 2018 (“2018 Notes”) with a principal amount of \$350 million, which were subsequently converted by note holders during the second quarter of fiscal 2019. Concurrently in June 2013, we issued 1.50% convertible senior notes due July 15, 2020 (“2020 Notes”) with a principal amount of \$250 million. In September 2017, we issued 0.25% convertible senior notes due October 1, 2022 (“2022 Notes”) with a principal amount of \$1.15 billion (together with the 2018 Notes and 2020 Notes, referred to as the “Notes”). In accounting for the issuance of the Notes, we separated each of the Notes into liability and equity components. The carrying amounts of the liability components were calculated by measuring the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity components representing the conversion option were determined by deducting the fair value of the liability components from the par value of the respective Notes. These differences represent debt discounts that are amortized to interest expense over the respective terms of the Notes using the effective interest rate method. The equity components are not remeasured as long as they continue to meet the conditions for equity classification. In accounting for the issuance costs related to the Notes, we allocated the total amount of issuance costs incurred to the liability and equity components based on their relative values. Issuance costs attributable to the liability components are being amortized on a straight-line basis, which approximates the effective interest rate method, to interest expense over the respective terms of the Notes. The issuance costs attributable to the equity components were netted against the respective equity components in Additional paid-in capital.

Advertising Expenses

Advertising is expensed as incurred. Advertising expense was \$51 million, \$43 million, and \$35 million for fiscal 2019, 2018, and 2017, respectively.

Share-Based Compensation

We measure and recognize compensation expense for share-based awards issued to employees and non-employees, including restricted stock units (“RSUs”), performance-based restricted stock units (“PRSUs”), stock options, and purchases under the 2012 Employee Stock Purchase Plan (“ESPP”), on our consolidated statements of operations.

[Table of Contents](#)

For RSUs and PRSUs, fair value is based on the closing price of our common stock on the grant date. Compensation expense, net of estimated forfeitures, is recognized on a straight-line basis over the requisite service period. Non-employee RSUs subject to vesting are required to be periodically revalued over the requisite service period. The requisite service period of the awards is generally the same as the vesting period.

For stock options assumed, fair value is estimated using the Black-Scholes option-pricing model. Compensation expense is recognized on a straight-line basis over the requisite service period. We determine the assumptions for the option-pricing model as follows:

- *Risk-Free Interest Rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date closest to the grant date for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the stock option grants.
- *Expected Term.* The expected term represents the period that our share-based award is expected to be outstanding. The expected term for stock options was determined based on the vesting terms, exercise terms, and contractual lives.
- *Volatility.* The volatility is based on a blend of historical volatility and implied volatility of our common stock. Implied volatility is based on market traded options of our common stock.
- *Dividend Yield.* The dividend yield is assumed to be zero as we have not paid and do not expect to pay dividends.

For shares issued under the ESPP, fair value is estimated using the Black-Scholes option-pricing model. Compensation expense is recognized on a straight-line basis over the offering period. We determine the assumptions for the option-pricing model as follows:

- *Risk-Free Interest Rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date closest to the grant date for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term of the ESPP purchase rights.
- *Expected Term.* The expected term represents the period that our ESPP is expected to be outstanding. The expected term for the ESPP approximates the offering period.
- *Volatility.* The volatility is based on a blend of historical volatility and implied volatility of our common stock. Implied volatility is based on market traded options of our common stock.
- *Dividend Yield.* The dividend yield is assumed to be zero as we have not paid and do not expect to pay dividends.

Income Taxes

We record a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We record a valuation allowance to reduce our deferred tax assets to the net amount that we believe is more likely than not to be realized.

We recognize tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results. The provision for income taxes includes the effects of any accruals that we believe are appropriate, as well as the related net interest and penalties.

Warranties and Indemnification

Our cloud applications are generally warranted to perform materially in accordance with our online documentation under normal use and circumstances. Additionally, our contracts generally include provisions for indemnifying customers against liabilities if use of our cloud applications infringe a third party's intellectual property rights. We may also incur liabilities if we breach the security, privacy and/or confidentiality obligations in our contracts. To date, we have not incurred any material costs, and we have not accrued any liabilities in the accompanying consolidated financial statements, as a result of these obligations.

We have entered into service-level agreements with a majority of our customers committing to defined levels of service availability and performance and permitting those customers to receive credits or refunds for prepaid amounts related to unused subscription services or to terminate their agreements in the event that we fail to meet those levels. To date, we have not experienced any significant failures to meet defined levels of availability and performance of those agreements and, as a result, we have not accrued any liabilities related to these agreements on the consolidated financial statements.

Foreign Currency Exchange

The functional currency for certain of our foreign subsidiaries is the U.S. dollar, while others use local currencies. We translate the foreign functional currency financial statements to U.S. dollars for those entities that do not have U.S. dollars as their functional currency using the exchange rates at the balance sheet date for assets and liabilities, the period average exchange rates for revenues and expenses, and the historical exchange rates for equity transactions. The effects of foreign currency translation adjustments are recorded in OCI as a component of stockholders' equity and related periodic movements are summarized as a line item in our consolidated statements of comprehensive loss. Foreign currency transaction gains and losses are included in Other income (expense), net on the consolidated statements of operations.

Concentrations of Risk and Significant Customers

Our financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, debt securities, and trade and other receivables. Our deposits exceed federally insured limits.

No single customer represented over 10% of trade and other receivables on the consolidated financial statements as of January 31, 2019 or 2018. No single customer represented over 10% of total revenues for any of the periods on the consolidated financial statements.

In order to reduce the risk of down-time of our cloud applications, we have established data centers in various geographic regions. We have internal procedures to restore services in the event of disaster at one of our current data center facilities. We serve our customers and users from data center facilities operated by third parties, located in the United States, Europe, and Canada. Even with these procedures for disaster recovery in place, our cloud applications could be significantly interrupted during the implementation of the procedures to restore services.

In addition, we rely upon third-party hosted infrastructure partners globally, including Amazon Web Services and Dimension Data, to serve customers and operate certain aspects of our services, such as environments for development testing, training, sales demonstrations, and production usage. Given this, any disruption of or interference at our hosted infrastructure partners would impact our operations and our business could be adversely impacted.

Recently Adopted Accounting Pronouncements

ASU No. 2016-01

In January 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*, which amends various aspects of the recognition, measurement, presentation, and disclosure of financial instruments. As of February 1, 2018, we adopted the applicable provisions of ASU No. 2016-01 as follows:

- **Marketable equity investments (readily determinable fair values):** We are now required to account for changes in fair value of our equity investments previously classified as available-for-sale equity investments in the consolidated statements of operations. We have applied the modified retrospective transition method upon adoption, resulting in no impact to our consolidated financial statements as of February 1, 2018.
- **Non-marketable equity investments (no readily determinable fair values):** We now measure our equity investments previously classified as cost method investments at fair value or the measurement alternative, unless they qualify for the net asset value practical expedient. The measurement alternative is defined as cost, less impairment, adjusted for observable price changes from orderly transactions for identical or similar investments of the same issuer. Adjustments resulting from impairment, fair value, or observable price changes are accounted for in the consolidated statements of operations. We adopted the guidance prospectively effective February 1, 2018, and there was no impact to our consolidated financial statements.

Going forward, the impact of this new standard could result in volatility in the consolidated statements of operations.

ASU No. 2016-16

In October 2016, the FASB issued ASU No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)*, which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Prior to the issuance of this ASU, existing guidance prohibited the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset had been sold to an outside party. We adopted this new standard effective February 1, 2018 using the modified retrospective transition method, resulting in a \$0.4 million cumulative-effect adjustment to Accumulated deficit as of February 1, 2018.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires the recognition of right-of-use assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases under Accounting Standards Codification Topic 840 Leases. The guidance is effective for our fiscal year beginning February 1, 2019. We plan to adopt this new standard in the first quarter of our fiscal 2020 using a modified retrospective method, and we will not restate comparative periods per the transition method provided by ASU No. 2018-11. We will recognize and measure leases existing at, or entered into after, the beginning of the period of adoption. The standard will have a material impact on our consolidated balance sheets but will not have a material impact on our consolidated statements of operations. We expect to elect the practical expedient that allows entities to combine lease components with related non-lease components, which will further increase reported assets and liabilities. We will also elect to not recognize right-of-use assets and lease liabilities for leases with a term of 12 months or less. We are completing our evaluation of the accounting, transition, and disclosure requirements of this standard, and we currently expect that all of our operating leases, as disclosed in Note 12, will be subject to the new standard.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815)*, to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The standard eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line item as the respective hedged item. The standard also modifies certain disclosure requirements. The guidance is effective for our fiscal year beginning February 1, 2019 and must be applied using a modified retrospective approach. We plan to adopt this new standard in the first quarter of our fiscal 2020. We are evaluating the accounting, transition, and disclosure requirements of this standard and cannot currently estimate the financial statement impact of adoption.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which provides entities the option to reclassify tax effects stranded in OCI as a result of the 2017 Tax Cuts and Jobs Act (the "Tax Act") to retained earnings. The guidance is effective for our fiscal year beginning February 1, 2019 and must be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. We plan to adopt the new standard in the first quarter of our fiscal 2020 and do not expect it to have a material impact on our consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation - Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from non-employees, with certain exceptions. The guidance is effective for our fiscal year beginning February 1, 2019. We plan to adopt this new standard in the first quarter of our fiscal 2020 and do not expect it to have a material impact on our consolidated financial statements.

Note 3. Investments

Debt Securities

As of January 31, 2019, debt securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury securities	\$ 396,347	\$ 61	\$ (178)	\$ 396,230
U.S. agency obligations	241,914	73	(151)	241,836
Corporate bonds	419,784	336	(352)	419,768
Commercial paper	254,175	—	(2)	254,173
	<u>\$ 1,312,220</u>	<u>\$ 470</u>	<u>\$ (683)</u>	<u>\$ 1,312,007</u>
Included in cash and cash equivalents	\$ 216,270	\$ —	\$ —	\$ 216,270
Included in marketable securities	\$ 1,095,950	\$ 470	\$ (683)	\$ 1,095,737

As of January 31, 2018, debt securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. treasury securities	\$ 797,977	\$ —	\$ (1,142)	\$ 796,835
U.S. agency obligations	683,551	—	(1,127)	682,424
Corporate bonds	470,259	16	(1,154)	469,121
Commercial paper	602,727	—	—	602,727
	<u>\$ 2,554,514</u>	<u>\$ 16</u>	<u>\$ (3,423)</u>	<u>\$ 2,551,107</u>
Included in cash and cash equivalents	\$ 417,613	\$ —	\$ (1)	\$ 417,612
Included in marketable securities	\$ 2,136,901	\$ 16	\$ (3,422)	\$ 2,133,495

We do not believe the unrealized losses represent other-than-temporary impairments based on our evaluation of available evidence as of January 31, 2019, which includes an assessment of whether it is more likely than not we will be required to sell the investment before recovery of the investment's amortized cost basis. The unrealized losses on debt securities that have been in a net loss position for 12 months or more were not material as of January 31, 2019. We sold \$950 million, \$244 million, and \$133 million of our debt securities during fiscal 2019, 2018, and 2017, respectively, and the realized gains and losses from the sales were immaterial.

Equity Investments

Money market funds and marketable equity investments are investments with readily determinable fair values. Non-marketable equity investments consist of investments in privately held companies without readily determinable fair values.

Equity investments consisted of the following (in thousands):

	Consolidated Balance Sheets Location	January 31,	
		2019	2018
Money market funds	Cash and cash equivalents	\$ 237,071	\$ 551,804
Marketable equity investments	Marketable securities	44,127	—
Non-marketable equity investments	Other assets	36,925	28,005
		<u>\$ 318,123</u>	<u>\$ 579,809</u>

[Table of Contents](#)

There were no adjustments made to the carrying value of the non-marketable equity investments as measured under the measurement alternative during fiscal 2019. Realized and unrealized gains and losses associated with our equity investments consisted of the following (in thousands):

	Year Ended January 31,		
	2019	2018	2017
Net realized gains (losses) recognized on equity investments sold	\$ 8,333	\$ 720	\$ 65
Net unrealized gains (losses) recognized on equity investments held	32,127	(692)	(15,000)
Total net gains (losses) recognized in other income (expense), net	<u>\$ 40,460</u>	<u>\$ 28</u>	<u>\$ (14,935)</u>

Note 4. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents information about our assets and liabilities that are measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy as of January 31, 2019 (in thousands):

Description	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ 396,230	\$ —	\$ —	\$ 396,230
U.S. agency obligations	—	241,836	—	241,836
Corporate bonds	—	419,768	—	419,768
Commercial paper	—	254,173	—	254,173
Money market funds	237,071	—	—	237,071
Marketable equity investments	44,127	—	—	44,127
Foreign currency derivative assets	—	22,570	—	22,570
Total assets	<u>\$ 677,428</u>	<u>\$ 938,347</u>	<u>\$ —</u>	<u>\$ 1,615,775</u>
Foreign currency derivative liabilities	<u>\$ —</u>	<u>\$ 3,135</u>	<u>\$ —</u>	<u>\$ 3,135</u>
Total liabilities	<u>\$ —</u>	<u>\$ 3,135</u>	<u>\$ —</u>	<u>\$ 3,135</u>

The following table presents information about our assets and liabilities that are measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy as of January 31, 2018 (in thousands):

Description	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ 796,835	\$ —	\$ —	\$ 796,835
U.S. agency obligations	—	682,424	—	682,424
Corporate bonds	—	469,121	—	469,121
Commercial paper	—	602,727	—	602,727
Money market funds	551,804	—	—	551,804
Foreign currency derivative assets	—	98	—	98
Total assets	<u>\$ 1,348,639</u>	<u>\$ 1,754,370</u>	<u>\$ —</u>	<u>\$ 3,103,009</u>
Foreign currency derivative liabilities	<u>\$ —</u>	<u>\$ 32,912</u>	<u>\$ —</u>	<u>\$ 32,912</u>
Total liabilities	<u>\$ —</u>	<u>\$ 32,912</u>	<u>\$ —</u>	<u>\$ 32,912</u>

Fair Value Measurements of Other Financial Instruments

The following table presents the carrying amounts and estimated fair values of our financial instruments that are not recorded at fair value on the consolidated balance sheets (in thousands):

	January 31, 2019		January 31, 2018	
	Net Carrying Amount	Estimated Fair Value	Net Carrying Amount	Estimated Fair Value
0.75% Convertible senior notes	\$ —	\$ —	\$ 341,509	\$ 504,994
1.50% Convertible senior notes	232,514	557,074	221,378	385,550
0.25% Convertible senior notes	972,264	1,560,228	928,467	1,200,577

The estimated fair values of the Notes, which we have classified as Level 2 financial instruments, were determined based on the quoted bid prices of the Notes in an over-the-counter market on the last trading day of fiscal 2019 and 2018. The if-converted values of the 2020 and 2022 Notes exceeded the principal amounts by \$305 million and \$269 million, respectively. The if-converted values were determined based on the closing price of our common stock of \$181.53 on January 31, 2019. For further information, see Note 11.

Note 5. Deferred Costs

Deferred costs, which primarily consist of deferred sales commissions, were \$264 million and \$204 million as of January 31, 2019 and 2018, respectively. Amortization expense for the deferred costs was \$71 million, \$58 million, and \$45 million for fiscal 2019, 2018, and 2017, respectively. There was no impairment loss in relation to the costs capitalized for the periods presented.

Note 6. Property and Equipment, Net

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

	January 31,	
	2019	2018
Land	\$ 22,694	\$ 8,451
Buildings	433,863	255,093
Computers, equipment, and software	539,090	425,025
Furniture and fixtures	38,840	34,809
Leasehold improvements	162,657	132,209
Property and equipment, gross ⁽¹⁾	1,197,144	855,587
Less accumulated depreciation and amortization	(400,237)	(308,978)
Property and equipment, net	\$ 796,907	\$ 546,609

⁽¹⁾ Property and equipment, gross included construction-in-progress for owned real estate projects of \$355 million and \$177 million that had not yet been placed in service as of January 31, 2019 and 2018, respectively.

Depreciation expense totaled \$147 million, \$115 million, and \$92 million for fiscal 2019, 2018, and 2017, respectively. Interest costs capitalized to property and equipment totaled \$11 million, \$8 million, and \$3 million for fiscal 2019, 2018, and 2017, respectively.

Note 7. Business Combinations

Fiscal 2019

Acquisition of Adaptive Insights

On August 1, 2018, we acquired all outstanding stock of Adaptive Insights, Inc. (“Adaptive Insights”) for \$1.5 billion. The acquisition of Adaptive Insights, a cloud-based provider of business planning software, strengthens our product portfolio and will enable our customers to better plan, execute, and analyze in one system.

[Table of Contents](#)

The purchase consideration transferred consisted of the following (in thousands):

	Purchase Consideration
Cash paid to common and preferred stockholders, warrant holders, and vested option holders	\$ 1,408,422
Debt repaid by Workday on behalf of Adaptive Insights	53,696
Transaction costs paid by Workday on behalf of Adaptive Insights	23,375
Fair value of assumed Adaptive Insights awards attributable to pre-combination services ⁽¹⁾	5,424
Total purchase consideration	\$ 1,490,917

⁽¹⁾ The assumed awards were primarily options, which were valued based upon the Black-Scholes option-pricing model.

The purchase consideration was preliminarily allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess recorded to goodwill as shown below. The fair values of assets acquired and liabilities assumed may change over the measurement period as additional information is received. The primary areas that are subject to change include current income taxes payable and deferred taxes. The measurement period will end no later than one year from the acquisition date.

The preliminary purchase consideration allocation, which includes measurement period adjustments, was as follows (in thousands):

Assets acquired:	
Cash and cash equivalents	\$ 37,892
Trade and other receivables, net	23,042
Prepaid expenses and other current assets and other assets	3,183
Property and equipment, net	2,246
Acquisition-related intangible assets, net	316,000
Total assets acquired	\$ 382,363
Liabilities assumed:	
Accounts payable	\$ 3,115
Accrued expenses and other current liabilities	9,092
Accrued compensation	13,545
Unearned revenue ⁽¹⁾	67,754
Other liabilities	1,919
Total liabilities assumed	95,425
Net assets acquired, excluding goodwill	286,938
Total purchase consideration	1,490,917
Estimated goodwill	\$ 1,203,979

⁽¹⁾ The cost build-up method was used to determine the fair value of unearned revenue.

The goodwill recognized was primarily attributable to the value of the acquired workforce, the opportunity to expand our customer base, and the ability to add breadth and depth to our product portfolio by accelerating our financial planning roadmap. The goodwill is not deductible for U.S. federal income tax purposes.

[Table of Contents](#)

The fair value of the separately identifiable finite-lived intangible assets acquired and estimated useful lives are as follows (in thousands, except years):

	<u>Estimated Fair Values</u>	<u>Estimated Useful Lives</u>
Trade name	\$ 12,000	1.5
Developed technology	105,000	5.0
Customer relationships	188,000	9.0 - 10.0
Backlog	11,000	2.0
Total acquisition-related intangible assets	<u>\$ 316,000</u>	

The fair values of the trade name and developed technology were determined utilizing the relief-from-royalty method, and the multi-period excess earnings method was utilized to fair value customer relationships and backlog. The valuation model inputs required the application of considerable judgment by management. The acquired finite-lived intangible assets have a total weighted-average amortization period of 7.6 years. The weighted-average amortization period of customer relationships is 9.7 years.

We have included the financial results of Adaptive Insights in our consolidated financial statements from the date of acquisition. One-time acquisition related transaction costs of \$25 million were expensed as incurred during fiscal 2019 and were recorded within general and administrative expense in our consolidated statements of operations.

The pro forma financial information shown below summarizes the combined results of operations for Workday and Adaptive Insights as if the closing of the acquisition had occurred on February 1, 2017, the first day of our fiscal year 2018. The pro forma financial information includes adjustments that are directly attributable to the business combination and are factually supportable. The adjustments primarily reflect the amortization of acquired intangible assets, share-based compensation expense for replacement awards, as well as the pro forma tax impact for such adjustments. The pro forma financial information reflects \$67 million of nonrecurring expenses related to acquisition costs and certain compensation expenses.

	<u>Year Ended January 31,</u>	
	<u>2019</u>	<u>2018</u>
	(in thousands, except per share data)	
Total revenues	\$ 2,886,057	\$ 2,228,917
Net loss	(425,604)	(529,404)
Net loss per share, basic and diluted	\$ (1.96)	\$ (2.55)

The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have been realized if the acquisition had taken place on February 1, 2017.

Other Fiscal 2019 Acquisitions

In the second quarter of fiscal 2019, we completed two acquisitions resulting in an increase of \$12 million and \$16 million in developed technology and goodwill, respectively.

Fiscal 2018

In the fourth quarter of fiscal 2018, we completed an acquisition resulting in an increase of \$5 million and \$1 million in developed technology and goodwill, respectively.

Fiscal 2017

In fiscal 2017, we acquired two businesses in order to expand our product and service offerings. We have included the financial results of the acquired businesses in our consolidated financial statements from the respective acquisition dates. The consideration paid for these acquisitions was \$148 million, net of cash acquired.

[Table of Contents](#)

The following table summarizes the estimated fair values of assets acquired and liabilities assumed in the business combinations during fiscal 2017 (in thousands):

Cash and cash equivalents	\$ 3,390
Other tangible assets	3,466
Developed technology	45,039
Customer relationships	1,000
Accounts payable and other liabilities	(3,256)
Unearned revenue	(6,000)
Net assets acquired	43,639
Goodwill	107,658
Total purchase consideration	<u>\$ 151,297</u>

The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The goodwill balance is not deductible for U.S. income tax purposes.

Pro forma results of operations for these acquisitions have not been presented because they are not material to the consolidated results of operations, either individually or in aggregate.

Note 8. Acquisition-related Intangible Assets, Net

Acquisition-related intangible assets, net consisted of the following (in thousands):

	January 31,	
	2019	2018
Developed technology	\$ 186,800	\$ 69,700
Customer relationships	189,000	1,000
Trade name	12,000	—
Backlog	11,000	—
	<u>398,800</u>	<u>70,700</u>
Less accumulated amortization	(85,560)	(36,466)
Acquisition-related intangible assets, net	<u>\$ 313,240</u>	<u>\$ 34,234</u>

Amortization expense related to acquisition-related intangible assets was \$49 million, \$19 million, and \$13 million for fiscal 2019, 2018, and 2017, respectively.

As of January 31, 2019, our future estimated amortization expense related to acquisition-related intangible assets is as follows (in thousands):

Fiscal Period:	
2020	\$ 68,856
2021	48,142
2022	43,733
2023	41,009
2024	29,833
Thereafter	81,667
Total	<u>\$ 313,240</u>

Note 9. Other Assets

Other assets consisted of the following (in thousands):

	January 31,	
	2019	2018
Non-marketable equity and other investments	\$ 50,546	\$ 29,205
Prepayments for computing infrastructure platforms	16,976	13,588
Technology patents, net	19,416	11,217
Acquired land leasehold interest, net	9,465	9,570
Deposits	4,383	4,492
Net deferred tax assets	4,544	1,884
Other	42,030	39,762
Total	<u>\$ 147,360</u>	<u>\$ 109,718</u>

Intangible assets with estimable useful lives, including primarily technology patents and acquired land leasehold interests, are amortized on a straight-line basis over their useful lives. As of January 31, 2019, the future estimated amortization expense is as follows (in thousands):

Fiscal Period:		
2020	\$	3,360
2021		3,031
2022		2,617
2023		2,351
2024		2,049
Thereafter		16,392
Total	<u>\$</u>	<u>29,800</u>

Note 10. Derivative Instruments

We conduct business on a global basis in multiple foreign currencies, subjecting Workday to foreign currency risk. To mitigate this risk, we utilize hedging contracts as described below. We do not enter into any derivatives for trading or speculative purposes.

Cash Flow Hedges

We are exposed to foreign currency fluctuations resulting from customer contracts denominated in foreign currencies. We have a hedging program in which we enter into foreign currency forward contracts related to certain customer contracts. We designate these forward contracts as cash flow hedging instruments as the accounting criteria for such designation have been met. The effective portion of the gains or losses resulting from changes in the fair value of these hedges is recorded in OCI on the consolidated balance sheets and will be subsequently reclassified to the related revenue line item on the consolidated statements of operations in the same period that the underlying revenues are earned. The changes in value of these contracts resulting from changes in forward points are excluded from the assessment of hedge effectiveness and are recorded as incurred in Other income (expense), net on the consolidated statements of operations. Cash flows from such forward contracts are classified as operating activities.

As of January 31, 2019 and 2018, we had outstanding foreign currency forward contracts designated as cash flow hedges with total notional values of \$717 million and \$549 million, respectively. All such contracts have maturities not greater than 36 months. The notional value represents the amount that will be bought or sold upon maturity of the forward contract.

Foreign Currency Forward Contracts not Designated as Hedges

We also enter into foreign currency forward contracts to hedge a portion of our net outstanding monetary assets and liabilities. These forward contracts are not designated as hedging instruments under applicable accounting guidance, and therefore all changes in the fair value of the forward contracts are recorded in Other income (expense), net on the consolidated statements of operations. These forward contracts are intended to offset the foreign currency gains or losses associated with the underlying monetary assets and liabilities. Cash flows from such forward contracts are classified as operating activities.

[Table of Contents](#)

As of January 31, 2019 and 2018, we had outstanding forward contracts not designated as hedges with total notional values of \$198 million and \$75 million, respectively.

The fair values of outstanding derivative instruments were as follows (in thousands):

	Consolidated Balance Sheets Location	January 31,	
		2019	2018
Derivative Assets:			
Foreign currency forward contracts designated as cash flow hedges	Prepaid expenses and other current assets	\$ 12,076	\$ 15
Foreign currency forward contracts designated as cash flow hedges	Other assets	10,015	4
Foreign currency forward contracts not designated as hedges	Prepaid expenses and other current assets	459	79
Foreign currency forward contracts not designated as hedges	Other assets	20	—
Total Derivative Assets		\$ 22,570	\$ 98
Derivative Liabilities:			
Foreign currency forward contracts designated as cash flow hedges	Accrued expenses and other current liabilities	\$ 983	\$ 18,355
Foreign currency forward contracts designated as cash flow hedges	Other liabilities	706	11,650
Foreign currency forward contracts not designated as hedges	Accrued expenses and other current liabilities	1,446	2,805
Foreign currency forward contracts not designated as hedges	Other liabilities	—	102
Total Derivative Liabilities		\$ 3,135	\$ 32,912

Gains (losses) associated with foreign currency forward contracts designated as cash flow hedges were as follows (in thousands):

	Consolidated Statements of Operations and Statements of Comprehensive Loss Locations	Year Ended January 31,		
		2019	2018	2017
Gains (losses) recognized in OCI (effective portion) ⁽¹⁾	Net change in market value of effective foreign currency forward exchange contracts	\$ 44,079	\$ (45,869)	\$ 2,145
Gains (losses) reclassified from OCI into income (effective portion)	Revenues	(7,012)	1,509	635
Gains (losses) recognized in income (amount excluded from effectiveness testing and ineffective portion)	Other income (expense), net	13,868	1,607	1,386

⁽¹⁾ Of the total effective portion of foreign currency forward contracts designated as cash flow hedges as of January 31, 2019, net gains of \$2 million are expected to be reclassified out of OCI within the next 12 months.

Gains (losses) associated with foreign currency forward contracts not designated as cash flow hedges were as follows (in thousands):

Derivative Type	Consolidated Statements of Operations Location	Year Ended January 31,		
		2019	2018	2017
Foreign currency forward contracts not designated as hedges	Other income (expense), net	\$ 4,706	\$ (5,641)	\$ 662

[Table of Contents](#)

We are subject to master netting agreements with certain counterparties of the foreign exchange contracts, under which we are permitted to net settle transactions of the same currency with a single net amount payable by one party to the other. It is our policy to present the derivatives gross on the consolidated balance sheets. Our foreign currency forward contracts are not subject to any credit contingent features or collateral requirements. We manage our exposure to counterparty risk by entering into contracts with a diversified group of major financial institutions and by actively monitoring outstanding positions.

As of January 31, 2019, information related to these offsetting arrangements was as follows (in thousands):

	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Consolidated Balance Sheets	Net Amounts of Assets Presented on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets		Net Assets Exposed
				Financial Instruments	Cash Collateral Received	
Derivative Assets:						
Counterparty A	\$ 2,305	\$ —	\$ 2,305	\$ (78)	\$ —	\$ 2,227
Counterparty B	18,053	—	18,053	(1,823)	—	16,230
Counterparty C	2,212	—	2,212	(1,234)	—	978
Total	\$ 22,570	\$ —	\$ 22,570	\$ (3,135)	\$ —	\$ 19,435

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Consolidated Balance Sheets	Net Amounts of Liabilities Presented on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets		Net Liabilities Exposed
				Financial Instruments	Cash Collateral Pledged	
Derivative Liabilities:						
Counterparty A	\$ 78	\$ —	\$ 78	\$ (78)	\$ —	\$ —
Counterparty B	1,823	—	1,823	(1,823)	—	—
Counterparty C	1,234	—	1,234	(1,234)	—	—
Total	\$ 3,135	\$ —	\$ 3,135	\$ (3,135)	\$ —	\$ —

Note 11. Convertible Senior Notes, Net

Convertible Senior Notes

In June 2013, we issued 0.75% convertible senior notes due July 15, 2018 with a principal amount of \$350 million. The 2018 Notes were unsecured, unsubordinated obligations, and interest was payable in cash in arrears at a fixed rate of 0.75% on January 15 and July 15 of each year. During the second quarter of fiscal 2019, the 2018 Notes were converted by note holders and we repaid the \$350 million principal balance in cash. We also distributed approximately 1.5 million shares of our Class A common stock to note holders during the second quarter of fiscal 2019, which represents the conversion value in excess of the principal amount.

In June 2013, we issued 1.50% convertible senior notes due July 15, 2020 with a principal amount of \$250 million. The 2020 Notes are unsecured, unsubordinated obligations, and interest is payable in cash in arrears at a fixed rate of 1.50% on January 15 and July 15 of each year. The 2020 Notes mature on July 15, 2020 unless repurchased or converted in accordance with their terms prior to such date. We cannot redeem the 2020 Notes prior to maturity.

In September 2017, we issued 0.25% convertible senior notes due October 1, 2022 with a principal amount of \$1.15 billion. The 2022 Notes are unsecured, unsubordinated obligations, and interest is payable in cash in arrears at a fixed rate of 0.25% on April 1 and October 1 of each year. The 2022 Notes mature on October 1, 2022 unless repurchased or converted in accordance with their terms prior to such date. We cannot redeem the 2022 Notes prior to maturity.

The terms of the Notes are governed by Indentures by and between us and Wells Fargo Bank, National Association, as Trustee (the "Indentures"). Upon conversion, holders of the Notes will receive cash, shares of Class A common stock, or a combination of cash and shares of Class A common stock, at our election.

[Table of Contents](#)

For the 2020 Notes, the initial conversion rate is 12.2340 shares of Class A common stock per \$1,000 principal amount, which is equal to an initial conversion price of approximately \$81.74 per share of Class A common stock, subject to adjustment. Prior to the close of business on March 13, 2020, conversion of the 2020 Notes is subject to the satisfaction of certain conditions, as described below. For the 2022 Notes, the initial conversion rate is 6.7982 shares of Class A common stock per \$1,000 principal amount, which is equal to an initial conversion price of approximately \$147.10 per share of Class A common stock, subject to adjustment. Prior to the close of business on May 31, 2022, conversion of the 2022 Notes is subject to the satisfaction of certain conditions, as described below.

Holders of the Notes who convert their Notes in connection with certain corporate events that constitute a make-whole fundamental change (as defined in the Indentures) 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 (as defined in the Indentures), holders of the Notes may require us to repurchase all or a portion of their Notes at a price equal to 100% of the principal amount of the Notes, plus any accrued and unpaid interest.

Holders of the 2020 Notes and 2022 Notes may convert all or a portion of their Notes prior to the close of business on March 13, 2020 and May 31, 2022, respectively, in multiples of \$1,000 principal amount, only under the following circumstances:

- if the last reported sale price of Class A common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price of the respective Notes on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of the respective Notes for each day of that five day consecutive trading day period was less than 98% of the product of the last reported sale price of Class A common stock and the conversion rate of the respective Notes on such trading day; or
- upon the occurrence of specified corporate events, as noted in the Indentures.

On or after March 15, 2020 for the 2020 Notes and June 1, 2022 for the 2022 Notes, holders of the respective Notes may convert their Notes at any time until the close of business on the second scheduled trading day immediately preceding the respective maturity date of their Notes.

In accounting for the issuance of the Notes, we separated each of the Notes into liability and equity components. The carrying amounts of the liability components were calculated by measuring the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity components representing the conversion option were determined by deducting the fair value of the liability components from the par value of the respective Notes. These differences represent debt discounts that are amortized to interest expense over the respective terms of the Notes using the effective interest rate method. The equity components are not remeasured as long as they continue to meet the conditions for equity classification.

In accounting for the issuance costs related to the Notes, we allocated the total amount of issuance costs incurred to the liability and equity components based on their relative values. Issuance costs attributable to the liability components are being amortized on a straight-line basis, which approximates the effective interest rate method, to interest expense over the respective terms of the Notes. The issuance costs attributable to the equity components were netted against the respective equity components in Additional paid-in capital. For the 2018 Notes, we recorded liability issuance costs of \$7 million and equity issuance costs of \$2 million. Amortization expense for the liability issuance costs was less than \$1 million for fiscal 2019 and \$1 million for fiscal 2018 and 2017, respectively. For the 2020 Notes, we recorded liability issuance costs of \$5 million and equity issuance costs of \$2 million. Amortization expense for the liability issuance costs was less than \$1 million for fiscal 2019, 2018, and 2017. For the 2022 Notes, we recorded liability issuance costs of \$14 million and equity issuance costs of \$4 million. Amortization expense for the liability issuance costs was \$3 million and \$1 million for fiscal 2019 and 2018, respectively.

[Table of Contents](#)

The Notes, net consisted of the following (in thousands):

	January 31, 2019			January 31, 2018		
	2018 Notes	2020 Notes	2022 Notes	2018 Notes	2020 Notes	2022 Notes
Principal amounts:						
Principal	\$ —	\$ 249,975	\$ 1,150,000	\$ 350,000	\$ 250,000	\$ 1,150,000
Unamortized debt discount	—	(16,480)	(167,249)	(7,850)	(26,968)	(208,188)
Unamortized debt issuance costs	—	(981)	(10,487)	(641)	(1,654)	(13,345)
Net carrying amount	\$ —	\$ 232,514	\$ 972,264	\$ 341,509	\$ 221,378	\$ 928,467
Carrying amount of the equity component ⁽¹⁾	\$ 74,887	\$ 66,007	\$ 219,702	\$ 74,892	\$ 66,007	\$ 219,702

⁽¹⁾ Included on the consolidated balance sheets within Additional paid-in capital, net of \$2 million, \$2 million, and \$4 million for the 2018 Notes, 2020 Notes, and 2022 Notes, respectively, in equity issuance costs.

As of January 31, 2019, the 2020 Notes and 2022 Notes have remaining lives of approximately 17 months and 44 months, respectively.

For more than 20 trading days during the 30 consecutive trading days ended April 30, 2018, July 31, 2018, October 31, 2018, and January 31, 2019, the last reported sale price of our Class A common stock exceeded 130% of the conversion price of the 2020 Notes. As a result, the 2020 Notes were convertible at the option of the holders during the second, third, and fourth quarter of fiscal 2019 and will continue to be convertible during the first quarter of fiscal 2020. Accordingly, the 2020 Notes are classified as current on the condensed consolidated balance sheet as of January 31, 2019. From May 1, 2018 through the date of this filing, the amount of the principal balance of the 2020 Notes that has been converted or for which conversion has been requested was not material.

The effective interest rates of the liability components of the 2018 Notes, 2020 Notes, and 2022 Notes are 5.75%, 6.25%, and 4.60%, respectively. These interest rates were based on the interest rates of similar liabilities at the time of issuance that did not have associated convertible features. The following table sets forth total interest expense recognized related to the Notes (in thousands):

	Year Ended January 31,								
	2019			2018			2017		
	2018 Notes	2020 Notes	2022 Notes	2018 Notes	2020 Notes	2022 Notes	2018 Notes	2020 Notes	2022 Notes
Contractual interest expense	\$ 1,196	\$ 3,750	\$ 2,875	\$ 2,625	\$ 3,750	\$ 1,086	\$ 2,625	\$ 3,750	\$ —
Interest cost related to amortization of debt issuance costs	641	673	2,858	1,409	673	1,080	1,408	675	—
Interest cost related to amortization of the debt discount	7,850	10,488	40,939	16,530	9,852	14,989	15,607	9,257	—

We capitalized interest costs related to the Notes of \$11 million, \$8 million, and \$3 million for fiscal 2019, 2018, and 2017, respectively.

Notes Hedges

In connection with the issuance of the Notes, we entered into convertible note hedge transactions with respect to our Class A common stock (“Purchased Options”). The Purchased Options relating to the 2018 Notes gave us the option to purchase, subject to anti-dilution adjustments substantially identical to those in the 2018 Notes, approximately 4.2 million shares of our Class A common stock for \$83.28 per share, exercisable upon conversion of the 2018 Notes. During the second quarter of fiscal 2019, we received approximately 1.5 million shares of our Class A common stock from the exercise of the Purchased Options relating to the 2018 Notes. These shares were recorded as treasury stock.

The Purchased Options relating to the 2020 Notes give us the option to purchase, subject to anti-dilution adjustments substantially identical to those in the 2020 Notes, approximately 3.1 million shares of our Class A common stock for \$81.74 per share, exercisable upon conversion of the 2020 Notes. The Purchased Options relating to the 2022 Notes give us the option to purchase, subject to anti-dilution adjustments substantially identical to those in the 2022 Notes, approximately 7.8 million shares of our Class A common stock for \$147.10 per share, exercisable upon conversion of the 2022 Notes. The Purchased Options will expire in 2020 for the 2020 Notes and in 2022 for the 2022 Notes, if not exercised earlier.

The Purchased Options are intended to offset potential economic dilution to our Class A common stock upon any conversion of the Notes. The Purchased Options are separate transactions and are not part of the terms of the Notes.

We paid an aggregate amount of \$144 million for the Purchased Options relating to the 2018 Notes and 2020 Notes, and \$176 million for the Purchased Options relating to the 2022 Notes. The amount paid for the Purchased Options is included in Additional paid-in capital on the consolidated balance sheets.

Warrants

In connection with the issuance of the Notes, we also entered into warrant transactions to sell warrants (“Warrants”) to acquire, subject to anti-dilution adjustments, up to approximately 4.2 million shares over 60 scheduled trading days beginning in October 2018, 3.1 million shares over 60 scheduled trading days beginning in October 2020, and 7.8 million shares over 60 scheduled trading days beginning in January 2023 of our Class A common stock at an exercise price of \$107.96, \$107.96, and \$213.96 per share, respectively. If the Warrants are not exercised on their exercise dates, they will expire. If the market value per share of our Class A common stock exceeds the applicable exercise price of the Warrants, the Warrants will have a dilutive effect on our earnings per share assuming that we are profitable. The Warrants are separate transactions, and are not part of the terms of the Notes or the Purchased Options.

We received aggregate proceeds of \$93 million from the sale of the Warrants related to the 2018 Notes and the 2020 Notes, and \$81 million from the sale of the Warrants related to the 2022 Notes. The proceeds from the sale of the Warrants are recorded in Additional paid-in capital on the consolidated balance sheets.

During the third and fourth quarters of fiscal 2019, Warrants related to the 2018 Notes were exercised, and we distributed approximately 1.1 million shares of our Class A common stock to warrant holders primarily utilizing treasury stock. The number of net shares distributed was determined based on the number of Warrants exercised multiplied by the difference between the exercise price of the Warrants and their daily volume weighted-average stock price. As of January 31, 2019, there were zero Warrants outstanding related to the 2018 Notes.

Note 12. Commitments and Contingencies

Facility and Computing Infrastructure-related Commitments

We have entered into non-cancelable agreements for certain of our offices and data centers with various expiration dates. Certain of our office leases are with an affiliate of our Chairman, David Duffield, who is also a significant stockholder (see Note 18). Our operating lease agreements generally provide for rental payments on a graduated basis and for options to renew, which could increase future minimum lease payments if exercised. This includes payments for office and data center square footage as well as data center power capacity for certain data centers. We generally recognize these expenses on a straight-line basis over the period in which we benefit from the lease. Total rent expense was \$99 million, \$82 million, and \$72 million for fiscal 2019, 2018, and 2017, respectively.

In January 2014, we entered into a 95-year lease for a 6.9-acre parcel of vacant land in Pleasanton, California, under which we paid \$2 million for base rent from commencement through December 31, 2020. Annual rent payments of \$0.2 million plus increases based on increases in the Consumer Price Index begin on January 1, 2021 and continue through the end of the lease.

Additionally, we have entered into non-cancelable agreements with computing infrastructure vendors with various expiration dates.

[Table of Contents](#)

As of January 31, 2019, the future minimum payments by year for our non-cancelable leases and computing infrastructure platforms are as follows (in thousands):

	Operating Leases, not including Related Party	Operating Leases with Related Party	Computing Infrastructure Platforms
2020	\$ 64,364	\$ 12,972	\$ 10,667
2021	53,116	16,178	14,000
2022	42,800	16,562	14,000
2023	33,114	16,952	19,000
2024	27,059	14,345	20,000
Thereafter	53,453	13,610	—
Total	\$ 273,906	\$ 90,619	\$ 77,667

Legal Matters

We are a party to various legal proceedings and claims that arise in the ordinary course of business. We make a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular matter. In our opinion, as of January 31, 2019, there was not at least a reasonable possibility that we had incurred a material loss, or a material loss in excess of a recorded accrual, with respect to such loss contingencies.

Note 13. Common Stock and Stockholders' Equity

Common Stock

As of January 31, 2019, there were 157 million shares of Class A common stock and 65 million shares of Class B common stock outstanding. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to 10 votes per share. Each share of Class B common stock can be converted into a share of Class A common stock at any time at the option of the holder. All of our Class A and Class B shares will convert to a single class of common stock upon the date that is the first to occur of (i) October 11, 2032, (ii) such time as the shares of Class B common stock represent less than 9% of the outstanding Class A and Class B common stock, (iii) nine months following the death of both Mr. Duffield and Mr. Bhusri, and (iv) the date on which the holders of a majority of the shares of Class B common stock elect to convert all shares of Class A common stock and Class B common stock into a single class of common stock.

Employee Equity Plans

Our 2012 Equity Incentive Plan ("EIP") serves as the successor to our 2005 Stock Plan (together with the EIP, the "Stock Plans"). Pursuant to the terms of the EIP, the share reserve increased by 11 million shares in March 2018. As of January 31, 2019, we had approximately 65 million shares of Class A common stock available for future grants.

In connection with the acquisition of Adaptive Insights, we assumed unvested awards that had been granted under the Adaptive Insights, Inc. 2013 Equity Incentive Plan.

We also have a 2012 Employee Stock Purchase Plan. Under the ESPP, eligible employees are granted options to purchase shares at the lower of 85% of the fair market value of the stock at the time of grant or 85% of the fair market value at the time of exercise. Options to purchase shares are granted twice yearly on or about June 1 and December 1 and exercisable on or about the succeeding November 30 and May 31, respectively, of each year. As of January 31, 2019, approximately 6 million shares of Class A common stock were available for issuance under the ESPP.

Restricted Stock Units

The Stock Plans provide for the issuance of RSUs to employees and non-employees. RSUs generally vest over four years. A summary of information related to RSU activity during fiscal 2019 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Balance as of January 31, 2018	12,819,516	\$ 84.77
RSUs granted	6,991,459	129.62
RSUs vested	(5,893,133)	84.58
RSUs forfeited	(904,553)	96.79
Balance as of January 31, 2019	<u>13,013,289</u>	<u>\$ 108.12</u>

The weighted-average grant-date fair value of RSUs granted during fiscal 2019, 2018, and 2017 was \$129.62, \$88.90, and \$75.71, respectively. The total fair value of RSUs vested as of the vesting dates during fiscal 2019, 2018, and 2017 was \$801 million, \$528 million, and \$303 million, respectively.

As of January 31, 2019, there was a total of \$1.2 billion in unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over a weighted-average period of approximately 2.7 years.

Performance-based Restricted Stock Units

During fiscal 2018, 0.4 million shares of PRSUs were granted to all employees other than executive management that included both service conditions and performance conditions related to company-wide goals. These performance conditions were met and the PRSUs vested on March 15, 2018. During fiscal 2019, we recognized \$7 million in compensation cost related to these PRSUs.

Additionally, during fiscal 2019, 0.5 million shares of PRSUs were granted to all employees other than executive management that included both service conditions and performance conditions related to company-wide goals. These performance conditions were met and the PRSU awards will vest if the individual employee continues to provide service through the vesting date of March 15, 2019. During fiscal 2019, we recognized \$51 million in compensation cost related to these PRSUs, and as of January 31, 2019, there was a total of \$15 million in unrecognized compensation cost which is expected to be recognized over a weighted-average period of approximately 2 months.

Stock Options

The Stock Plans provide for the issuance of incentive and nonstatutory stock options to employees and non-employees. Stock options issued under the Stock Plans generally are exercisable for periods not to exceed 10 years and generally vest over five years. A summary of information related to stock option activity during fiscal 2019 is as follows (in millions, except share and per share data):

	Outstanding Stock Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Balance as of January 31, 2018	6,595,486	\$ 4.23	\$ 763
Stock options assumed	1,103,942	26.84	
Stock options exercised	(1,872,545)	5.68	
Stock options canceled	(46,141)	18.77	
Balance as of January 31, 2019	<u>5,780,742</u>	<u>\$ 7.96</u>	<u>\$ 1,003</u>
Vested and expected to vest as of January 31, 2019	<u>5,706,507</u>	<u>\$ 7.66</u>	<u>\$ 992</u>
Exercisable as of January 31, 2019	<u>4,985,686</u>	<u>\$ 4.74</u>	<u>\$ 881</u>

The total grant-date fair value of stock options vested during fiscal 2019, 2018, and 2017 was \$29 million, \$5 million, and \$14 million, respectively. The total intrinsic value of stock options exercised during fiscal 2019, 2018, and 2017 was \$261 million, \$234 million, and \$273 million, respectively. The intrinsic value is the difference between the current fair value of the stock and the exercise price of the stock option. The weighted-average remaining contractual life of vested and expected to vest stock options as of January 31, 2019 is approximately 3.2 years.

[Table of Contents](#)

As of January 31, 2019, there was a total of \$72 million in unrecognized compensation cost related to unvested assumed stock options, which is expected to be recognized over a weighted-average period of approximately 2.3 years.

The stock options that are exercisable as of January 31, 2019 have a weighted-average remaining contractual life of approximately 2.4 years. The weighted-average remaining contractual life of outstanding stock options as of January 31, 2019 is approximately 3.3 years.

The weighted-average grant-date fair value of stock options assumed during fiscal 2019 was \$100.69. The fair value of stock options assumed was estimated using the following assumptions:

	Year Ended January 31, 2019
Expected volatility	31.5% – 34.3%
Expected term (in years)	0.03 – 2.42
Risk-free interest rate	2.10% – 2.72%
Dividend yield	—%

There were no stock options granted during fiscal 2019, 2018, or 2017.

Employee Stock Purchase Plan

For fiscal 2019, approximately 1 million shares of Class A common shares were purchased under the ESPP at a weighted-average price of \$96.12 per share, resulting in cash proceeds of \$83 million.

The fair value of stock purchase rights granted under the ESPP was estimated using the following assumptions:

	Year Ended January 31,		
	2019	2018	2017
Expected volatility	30.9% – 41.7%	25.3% – 32.0%	34.5% – 44.5%
Expected term (in years)	0.5	0.5	0.5
Risk-free interest rate	2.09% – 2.50%	1.11% – 1.45%	0.53% – 0.91%
Dividend yield	—%	—%	—%
Grant date fair value per share	\$126.29 – \$167.80	\$98.39 – \$100.52	\$69.00 – \$79.30

Note 14. Unearned Revenue and Performance Obligations

\$1.4 billion, \$1.0 billion, and \$738 million of subscription services revenue was recognized during fiscal 2019, 2018, and 2017, respectively, that was included in the unearned revenue balances at the beginning of the respective periods. Professional services revenue recognized in the same periods from unearned revenue balances at the beginning of the respective periods was not material.

Transaction Price Allocated to the Remaining Performance Obligations

As of January 31, 2019, approximately \$6.7 billion of revenue is expected to be recognized from remaining performance obligations for subscription contracts. We expect to recognize revenue on approximately \$4.47 billion of these remaining performance obligations over the next 24 months, with the balance recognized thereafter. Revenue from remaining performance obligations for professional services contracts as of January 31, 2019 was not material.

Note 15. Other Income (Expense), Net

Other income (expense), net consisted of the following (in thousands):

	Year Ended January 31,		
	2019	2018	2017
Interest income	\$ 42,461	\$ 25,252	\$ 11,303
Interest expense ⁽¹⁾	(60,209)	(44,549)	(30,103)
Other ⁽²⁾	57,280	7,734	(13,627)
Other income (expense), net	<u>\$ 39,532</u>	<u>\$ (11,563)</u>	<u>\$ (32,427)</u>

⁽¹⁾ Interest expense includes the contractual interest expense related to the 2018 Notes, 2020 Notes, and 2022 Notes and non-cash interest expense related to amortization of the debt discount and debt issuance costs, net of capitalized interest costs (for further information, see Note 11).

⁽²⁾ Other includes the net gains (losses) from our equity investments (for further information, see Note 3).

Note 16. Income Taxes

The components of loss before provision for (benefit from) income taxes were as follows (in thousands):

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
Domestic	\$ (263,505)	\$ (85,167)	\$ (190,043)
Foreign	(160,247)	(229,619)	(195,470)
Total	<u>\$ (423,752)</u>	<u>\$ (314,786)</u>	<u>\$ (385,513)</u>

* For further information, see Note 1.

The provision for (benefit from) income taxes consisted of the following (in thousands):

	Year Ended January 31,		
	2019	2018	2017
Current:			
Federal	\$ —	\$ —	\$ 213
State	270	177	17
Foreign	6,596	4,251	3,573
Total	<u>6,866</u>	<u>4,428</u>	<u>3,803</u>
Deferred:			
Federal	(760)	(535)	(466)
State	(2,446)	(100)	(52)
Foreign	(9,154)	2,643	(4,099)
Total	<u>(12,360)</u>	<u>2,008</u>	<u>(4,617)</u>
Provision for (benefit from) income taxes	<u>\$ (5,494)</u>	<u>\$ 6,436</u>	<u>\$ (814)</u>

[Table of Contents](#)

The items accounting for the difference between income taxes computed at the federal statutory income tax rate and the provision for (benefit from) income taxes consisted of the following:

	Year Ended January 31,		
	2019	2018	2017
			*As Adjusted
Federal statutory rate	21.0 %	33.8 %	35.0 %
Effect of:			
Foreign income at other than U.S. rates	(8.9)%	(26.5)%	(18.5)%
Intercompany transactions	3.7 %	10.2 %	4.2 %
Research tax credits	12.6 %	9.1 %	6.4 %
State taxes, net of federal benefit	(0.1)%	— %	— %
U.S. corporate tax rate reduction	— %	(81.3)%	— %
Changes in valuation allowance	(39.7)%	33.0 %	(20.4)%
Stock compensation	12.7 %	20.0 %	(6.1)%
Other	— %	(0.4)%	(0.4)%
	1.3 %	(2.1)%	0.2 %

* For further information, see Note 1.

On December 22, 2017, the Tax Act was enacted into law and reduced the corporate income tax rate to 21% effective January 1, 2018. We adjusted our federal statutory rate to 21% for fiscal 2019 and to a blended rate of 33.8% for fiscal 2018. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, which allows companies to record provisional amounts for the Tax Act during a measurement period not to extend beyond one year from the enactment date. As of January 31, 2019, we have completed our analysis and recorded no adjustments.

As a result of our history of net operating losses, the current provision for income taxes primarily relates to state income taxes and the current foreign provision from our profitable foreign entities. The benefit from domestic deferred federal and state income tax primarily relates to the release of the valuation allowance for certain intangibles from fiscal 2019 business acquisitions, where the balance for financial reporting exceeded the tax basis. The foreign deferred income tax benefit primarily relates to the application of intra-period tax allocation rules for the gains from other comprehensive income and the excess tax benefit in certain foreign jurisdictions from share-based compensation.

[Table of Contents](#)

Significant components of our deferred tax assets and liabilities were as follows (in thousands):

	January 31,	
	2019	2018
Deferred tax assets:		
Unearned revenue	\$ 21,557	\$ 27,934
Other reserves and accruals	23,384	14,945
Federal net operating loss carryforwards	602,310	422,235
State and foreign net operating loss carryforwards	202,607	81,757
Property and equipment	7,168	—
Share-based compensation	51,233	39,294
Research and development credits	164,555	110,694
Intangibles	519,402	—
Other	2,208	5,622
	<u>1,594,424</u>	<u>702,481</u>
Valuation allowance	<u>(1,515,945)</u>	<u>(625,030)</u>
Deferred tax assets, net of valuation allowance	78,479	77,451
Deferred tax liabilities:		
Intangibles	—	(1,453)
Intercompany transactions	(29,885)	(40,338)
Other prepaid assets	(448)	(742)
Deferred commissions	(45,277)	(29,231)
Property and equipment	—	(3,803)
	<u>(75,610)</u>	<u>(75,567)</u>
Net deferred tax assets	<u>\$ 2,869</u>	<u>\$ 1,884</u>

We regularly assess the need for a valuation allowance against our deferred tax assets by considering both positive and negative evidence related to whether it is more likely than not that our deferred tax assets will be realized. In evaluating the need for a valuation allowance, we consider the cumulative losses in recent years as a significant piece of negative evidence that is generally difficult to overcome. As of January 31, 2019, we continue to maintain a full valuation allowance against our U.S. federal, state, and certain foreign jurisdiction deferred tax assets.

As of January 31, 2019, we recorded a valuation allowance of \$1.5 billion for the portion of the deferred tax assets that we do not expect to be realized. The valuation allowance on our net deferred tax assets increased by \$891 million and \$333 million during fiscal 2019 and 2018, respectively. The increase in the valuation allowance during fiscal 2019 is mainly due to an increase in our deferred tax assets on tax deductible intangibles as the result of the adoption of ASU No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory (Topic 740)* and our net operating losses during the fiscal year. The increase in the valuation allowance during fiscal 2018 was mainly due to an increase in our deferred tax assets on our net operating losses as a result of the recognition of excess tax benefits from share-based compensation resulting from the adoption of ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)*. This was partially offset by a decrease in our federal deferred tax assets resulting from the re-measurement of the corporate tax rate from 35% to 21%.

As of January 31, 2019, we had approximately \$2.8 billion of federal, \$1.8 billion of state, and \$703 million of foreign net operating loss carryforwards available to offset future taxable income. If not utilized, the pre-fiscal 2018 federal and the state net operating loss carryforwards expire in varying amounts between fiscal 2020 and 2039. The federal net operating losses generated in and after fiscal 2018 and the foreign net operating losses do not expire and may be carried forward indefinitely.

We also had approximately \$128 million of federal and \$123 million of California research and development tax credit carryforwards as of January 31, 2019. The federal credits expire in varying amounts between fiscal 2023 and 2039. The California research credits do not expire and may be carried forward indefinitely.

Our ability to utilize the net operating loss and tax credit carryforwards in the future may be subject to substantial restrictions in the event of past or future ownership changes as defined in Section 382 of the Internal Revenue Code of 1986, as amended, and similar state tax law.

[Table of Contents](#)

A reconciliation of the gross unrecognized tax benefit is as follows (in thousands):

	Year Ended January 31,		
	2019	2018	2017
Unrecognized tax benefits at the beginning of the period	\$ 107,849	\$ 116,801	\$ 98,460
Additions for tax positions taken in prior years	10,586	1,500	3,981
Reductions for tax positions taken in prior years	—	(8,121)	—
Decrease for tax positions taken in prior years due to federal rate reduction	—	(10,062)	—
Additions for tax positions related to the current year	12,336	7,731	14,475
Reductions related to a lapse of applicable statute of limitations	—	—	(115)
Unrecognized tax benefits at the end of the period	\$ 130,771	\$ 107,849	\$ 116,801

Our policy is to include interest and penalties related to unrecognized tax benefits within our provision for income taxes. We did not accrue any interest expense or penalties during fiscal 2019, 2018, or 2017.

Of the total amount of unrecognized tax benefits of \$131 million, \$2 million, if recognized, would impact the effective tax rate, as of January 31, 2019.

We file federal, state, and foreign income tax returns in jurisdictions with varying statutes of limitations. Due to our net operating loss carryforwards, our income tax returns generally remain subject to examination by federal and most state and foreign tax authorities.

On December 1, 2015, the United States Tax Court issued its final decision with respect to Altera Corporation's litigation with the Internal Revenue Service ("IRS"). The litigation relates to the treatment of share-based compensation expense in an inter-company cost-sharing arrangement with the taxpayer's foreign subsidiary for fiscal 2004 through 2007. In its final decision, the Court accepted Altera's position of excluding share-based compensation in its cost sharing arrangement and concluded that the related IRS Regulations were invalid. Subsequent to the decision, the IRS filed its appeal on February 23, 2016. Although the IRS has appealed the decision, based on the facts and circumstances of the Tax Court Case, we believe that it is more likely than not that the decision will be upheld. We have therefore recorded the effects of the decision and determined that there was no material impact to our effective tax rate and income tax expense due to our current full valuation allowance position. We will continue to monitor ongoing developments and potential impacts to our consolidated financial statements.

Note 17. Net Loss Per Share

Basic net loss per share attributable to common stockholders is computed by dividing the 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 giving effect to all potential shares of common stock, including our outstanding stock options, outstanding warrants, common stock related to unvested early exercised stock options, common stock related to unvested restricted stock units and awards and convertible senior notes to the extent dilutive, and common stock issuable pursuant to the ESPP. Basic and diluted net loss per share was the same for each period presented, as the inclusion of all potential common shares outstanding would have been anti-dilutive.

The net loss per share attributable to common stockholders is allocated based on the contractual participation rights of the Class A common shares and Class B common shares as if the loss for the year had been distributed. As the liquidation and dividend rights are identical, the net loss attributable to common stockholders is allocated on a proportionate basis.

[Table of Contents](#)

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

	Year Ended January 31,					
	2019		2018		2017	
					*As Adjusted	
	Class A	Class B	Class A	Class B	Class A	Class B
Basic and diluted net loss attributable to Class A and Class B common stockholders per share:						
Numerator:						
Allocation of distributed net loss attributable to common stockholders	\$ (287,021)	\$ (131,237)	\$ (208,159)	\$ (113,063)	\$ (236,946)	\$ (147,753)
Denominator:						
Weighted-average common shares outstanding	148,767	68,022	134,642	73,132	122,085	76,129
Basic and diluted net loss per share	\$ (1.93)	\$ (1.93)	\$ (1.55)	\$ (1.55)	\$ (1.94)	\$ (1.94)

* For further information, see Note 1.

The anti-dilutive securities excluded from the weighted-average shares used to calculate the diluted net loss per common share were as follows (in thousands):

	January 31,		
	2019	2018	2017
Outstanding common stock options	5,781	6,595	9,097
Shares subject to repurchase	—	—	110
Unvested restricted stock awards, units, and PRSUs	13,551	13,209	12,155
Shares related to the convertible senior notes	10,876	15,079	7,261
Shares subject to warrants related to the issuance of convertible senior notes	10,876	15,079	7,261
Shares issuable pursuant to the ESPP	402	466	485
Total	41,486	50,428	36,369

Note 18. Related Party Transactions

We lease certain office space from an affiliate of our Chairman, Mr. Duffield, adjacent to our corporate headquarters in Pleasanton, California, under various lease agreements. The average term of the agreements is 8 years. The total rent expense under these agreements was \$11 million, \$8 million, and \$8 million for fiscal 2019, 2018, and 2017, respectively.

Note 19. Geographic Information

Disaggregation of Revenue

We sell our subscription contracts and related services in two primary geographical markets: to customers located in the United States and to customers located outside of the United States. Revenue by geography is generally based on the address of the customer as specified in our master subscription agreement. The following table sets forth revenue by geographic area (in thousands):

	Year Ended January 31,		
	2019	2018	2017 *As Adjusted
United States	\$ 2,173,346	\$ 1,694,347	\$ 1,283,475
Other countries	648,834	448,703	290,965
Total	\$ 2,822,180	\$ 2,143,050	\$ 1,574,440

* Adjusted to reflect the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers*. For further information, see Note 1.

Long-Lived Assets

We attribute our long-lived assets, which primarily consist of property and equipment, to a country based on the physical location of the assets. The following table sets forth Property and equipment, net by geographic area (in thousands):

	January 31,	
	2019	2018
United States	\$ 726,801	\$ 479,996
Ireland	55,306	52,904
Other countries	14,800	13,709
Total	\$ 796,907	\$ 546,609

Note 20. 401(k) Plan

We have a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. In fiscal 2017, we began to match a certain portion of employee contributions up to a fixed maximum per employee. Our contributions to the plan were \$28 million, \$15 million, and \$6 million in fiscal 2019, 2018, and 2017, respectively.

Note 21. Selected Quarterly Financial Data (unaudited)

The following tables set forth selected unaudited quarterly consolidated statements of operations data for each of the eight quarters in fiscal 2019 and 2018 (in thousands except per share data):

	Quarter ended							
	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017	July 31, 2017	April 30, 2017
Consolidated Statements of Operations Data:								
Total revenues	\$ 788,628	\$ 743,189	\$ 671,720	\$ 618,643	\$ 582,480	\$ 555,389	\$ 525,320	\$ 479,861
Operating loss	(120,283)	(182,755)	(88,982)	(71,264)	(81,335)	(80,059)	(81,629)	(60,200)
Net loss	(104,361)	(153,331)	(86,156)	(74,410)	(89,100)	(85,546)	(82,532)	(64,044)
Net loss per share, basic and diluted	(0.47)	(0.70)	(0.40)	(0.35)	(0.42)	(0.41)	(0.40)	(0.31)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are designed to, and are effective to, provide assurance at a reasonable level that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

(b) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of January 31, 2019 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report with respect to our internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K, and is incorporated herein by reference.

(c) Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any material change in our internal control over financial reporting during the fourth quarter of fiscal 2019 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(d) Limitations on Effectiveness of Controls and Procedures and Internal Control over Financial Reporting

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

See Management's Report on Internal Control over Financial Reporting above and the Report of Independent Registered Public Accounting Firm on our internal control over financial reporting in Item 8, which are incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information concerning our directors, compliance with Section 16(a) of the Exchange Act, our Audit Committee and any changes to the process by which stockholders may recommend nominees to the Board required by this Item are incorporated herein by reference to information contained in the Proxy Statement, including “Proposal No. 1: Election of Directors,” “Directors and Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance.”

The information concerning our executive officers required by this Item is incorporated herein by reference to information contained in the Proxy Statement including “Named Executive Officers and Other Executive Management.”

We have adopted a code of ethics, our Code of Conduct, which applies to all employees, including our principal executive officer, our principal financial officer, and all other executive officers. The Code of Conduct is available on our website at www.workday.com/codeofconduct. A copy may also be obtained without charge by contacting Investor Relations, Workday, Inc., 6110 Stoneridge Mall Road, Pleasanton, California 94588 or by calling (925) 951-9000.

We plan to post on our website at the address described above any future amendments or waivers of our Code of Conduct.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including “Directors and Corporate Governance” and “Executive Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including “Directors and Corporate Governance,” “Related Party Transactions,” and “Employment Arrangements and Indemnification Agreements.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to information contained in the Proxy Statement, including “Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

All schedules have been omitted because they are not required, not applicable, or not present in amounts sufficient to require submission of the schedule.

3. Exhibits

Exhibit No.	Exhibit	Incorporated by Reference			Filed Herewith
		Form	File No.	Filing Date	
2.1+	Agreement and Plan of Merger dated June 11, 2018, as amended on July 31, 2018	8-K	001-35680	August 1, 2018	2.1
3.1	Restated Certificate of Incorporation of the Registrant	10-Q	001-35680	December 7, 2012	3.1
3.2	Amended and Restated Bylaws of the Registrant	8-K	001-35680	June 5, 2015	3.1
4.1	Form of Registrant's Class A common stock certificate	S-1/A	333-183640	October 1, 2012	4.1
4.2	Form of Registrant's Class B common stock certificate	S-8	333-184395	October 12, 2012	4.9
4.3	2020 Indenture dated June 17, 2013 between Workday, Inc. and Wells Fargo Bank, National Association	8-K	001-35680	June 17, 2013	4.2
4.4	2022 Indenture dated September 15, 2017 between Workday, Inc. and Wells Fargo Bank, National Association	8-K	001-35680	September 15, 2017	4.1
4.5	Supplemental Indenture to the 2020 Indenture dated January 2, 2018 between Workday, Inc. and Wells Fargo Bank, National Association	8-K	001-35680	January 2, 2018	4.3
4.6	Supplemental Indenture to the 2022 Indenture dated January 2, 2018 between Workday, Inc. and Wells Fargo Bank, National Association	8-K	001-35680	January 2, 2018	4.4
4.7	Second Supplemental Indenture to the 2020 Indenture dated April 27, 2018 between Workday, Inc. and Wells Fargo Bank, National Association	10-Q	001-35680	June 1, 2018	4.1
10.1	Form of Indemnification Agreement	S-1	333-183640	August 30, 2012	10.1
10.2†	2005 Stock Plan, as amended	10-Q	001-35680	June 5, 2013	10.12
10.3†	2012 Equity Incentive Plan	S-8	333-187665	April 2, 2013	4.4
10.4†	2012 Equity Incentive Plan Forms of Award Agreements, as amended				X
10.5†	2012 Employee Stock Purchase Plan, as amended	10-Q	001-35680	December 3, 2018	10.1
10.6†	Adaptive Insights, Inc. 2013 Equity Incentive Plan	S-8	333-226907	August 17, 2018	99.1
10.7†	Adaptive Insights, Inc. 2013 Equity Incentive Plan Forms of Award Agreements	S-8	333-226907	August 17, 2018	99.2

[Table of Contents](#)

10.8†	Offer Letter between James P. Shaughnessy and the Registrant dated July 7, 2011	S-1	333-183640	August 30, 2012	10.6	
10.9†	Offer Letter between James J. Bozzini and the Registrant dated December 4, 2006	10-K	001-35680	March 31, 2014	10.9	
10.10†	Offer Letter between Robynne Sisco and the Registrant dated August 23, 2012	10-Q	001-35680	June 1, 2016	10.11	
10.11†	Offer Letter between Luciano Fernandez Gomez and the Registrant dated December 12, 2013 and related employment arrangements					X
10.12	Office Lease Agreement, dated September 18, 2008, between Registrant and 6200 Stoneridge Mall Road Investors, LLC	S-1	333-183640	August 30, 2012	10.8	
10.13	Restated and Amended Pleasanton Ground Lease by and between San Francisco Bay Area Rapid Transit District and CREA/Windstar Pleasanton, LLC and related assignment agreement dated January 30, 2014	10-K	001-35680	March 31, 2014	10.11	
10.14	Stock Restriction Agreement, by and among the Registrant, David A. Duffield and Aneel Bhusri	S-1/A	333-183640	October 1, 2012	10.11	
10.15	Form of Convertible Bond Hedge Confirmation (2020)	8-K	001-35680	June 17, 2013	99.3	
10.16	Form of Warrant Confirmation (2020)	8-K	001-35680	June 17, 2013	99.4	
10.17	Form of Additional Convertible Bond Hedge Confirmation (2020)	8-K	001-35680	June 24, 2013	99.3	
10.18	Form of Additional Warrant Confirmation (2020)	8-K	001-35680	June 24, 2013	99.4	
10.19	Form of Convertible Bond Hedge Confirmation (2022)	8-K	001-35680	September 15, 2017	99.1	
10.20	Form of Warrant Confirmation (2022)	8-K	001-35680	September 15, 2017	99.2	
10.21	Form of Additional Convertible Bond Hedge Confirmation (2022)	8-K	001-35680	September 15, 2017	99.3	
10.22	Form of Additional Warrant Confirmation (2022)	8-K	001-35680	September 15, 2017	99.4	
21.1	List of Subsidiaries of the Registrant					X
23.1	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K)					X
31.1	Certification of Periodic Report by Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Periodic Report by Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X

[Table of Contents](#)

32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101.INS	XBRL Instance Document	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 Company has omitted schedules and similar attachments to the merger agreement pursuant to Item 601(b) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

† Indicates a management contract or compensatory plan.

* As contemplated by SEC Release No. 33-8212, these exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Workday, Inc. under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in such filings.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pleasanton, State of California, on this 15th day of March, 2019.

WORKDAY, INC.

/s/ Robynne D. Sisco

Robynne D. Sisco

Co-President and Chief Financial Officer (Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robynne D. Sisco or Juliana Capata, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Aneel Bhusri</u> Aneel Bhusri	Chief Executive Officer <i>(Principal Executive Officer)</i>	March 15, 2019
<u>/s/ Robynne D. Sisco</u> Robynne D. Sisco	Co-President and Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 15, 2019
<u>/s/ A. George Battle</u> A. George Battle	Director	March 15, 2019
<u>/s/ Christa Davies</u> Christa Davies	Director	March 15, 2019
<u>/s/ David A. Duffield</u> David A. Duffield	Director	March 15, 2019
<u>/s/ Carl M. Eschenbach</u> Carl M. Eschenbach	Director	March 15, 2019
<u>/s/ Michael M. McNamara</u> Michael M. McNamara	Director	March 15, 2019
<u>/s/ Michael A. Stankey</u> Michael A. Stankey	Director	March 15, 2019
<u>/s/ George J. Still, Jr.</u> George J. Still, Jr.	Director	March 15, 2019
<u>/s/ Lee J. Styslinger III</u> Lee J. Styslinger III	Director	March 15, 2019
<u>/s/ Jerry Yang</u> Jerry Yang	Director	March 15, 2019

WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

The Compensation Committee of the Board of Directors (the “*Committee*”) of Workday, Inc. (“*Workday*”) has granted to Participant a Restricted Stock Unit Award (“*RSU*”) under Workday’s 2012 Equity Incentive Plan (the “*Plan*”). Unless otherwise defined herein, the terms defined in the Plan will have the same defined meanings in this Restricted Stock Unit Award Agreement (the “*Agreement*”) and the electronic representation of the Notice of Restricted Stock Unit Award established and maintained by Workday, or a third party designated by Workday (the “*Notice*”). The RSU is subject to the terms, restrictions and conditions of the Plan, the Notice and this Agreement, including any applicable country-specific provisions in the appendix attached hereto (the “*Appendix*”), which constitutes part of this Agreement.

- 1. Terms.** The number of RSUs provided by the Award and the applicable Vesting Period(s) are set forth in the Notice. Participant’s RSU shall vest provided he or she remains continuously employed by Workday or its subsidiaries during the Vesting Period(s).
- 2. Settlement.** Settlement of RSUs will be made within 30 days following the applicable date of vesting under the Vesting Period(s) set forth in the Notice. Settlement of RSUs will be in Shares.
- 3. No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs and will have no right to dividends or to vote such Shares.
- 4. Dividend Equivalents.** Dividends, if any (whether in cash or Shares), will not be credited to Participant.
- 5. Non-Transferability of RSUs.** The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or by court order or unless otherwise permitted by the Committee on a case-by-case basis.
- 6. Termination.** If Participant’s service Terminates for any reason, all unvested RSUs will be forfeited to Workday forthwith, and all rights of Participant to such RSUs will immediately terminate (unless determined otherwise by the Committee). Participant acknowledges and agrees that the Vesting Period(s) may change prospectively in the event Participant’s service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Workday policies relating to work schedules and vesting of Awards or as determined by the Committee. In case of any dispute as to whether Termination has occurred, the Committee will have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.
- 7. Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by Workday 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, if any, actually withheld by Workday or the Employer. Participant further acknowledges that Workday 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 RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs 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 RSUs 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 Workday 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 Workday and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes Workday 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 Workday and/or the Employer; or
 - (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by Workday (on Participant’s behalf pursuant to this authorization without further consent); or
 - (iii) withholding in Shares to be issued upon settlement of the RSUs, or
 - (iv) any other arrangement approved by the Committee.
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Notwithstanding the foregoing, if Participant is subject to Section 16 of the Exchange Act, Workday will satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon settlement of the RSUs, unless the use of such withholding method is problematic under applicable laws or has materially adverse accounting consequences, in which case Participant may elect to (A) have the Company or the Employer withhold from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer, or (B) have the Company withhold from proceeds of the sale of Shares acquired upon settlement of the RSUs, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization).

Workday may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates in Participant's country, 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 RSUs, 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 Workday or the Employer any amount of Tax-Related Items that Workday 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. Workday 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.

8. Nature of Grant. By accepting the RSUs, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by Workday, it is discretionary in nature and it may be modified, amended, suspended or terminated by Workday at any time, to the extent permitted by the Plan;
 - (b) the grant of the RSUs is exceptional, 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 RSU or other grants, if any, will be at the sole discretion of Workday;
 - (d) the RSU grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or services contract with Workday, 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 are not intended to replace any pension rights or compensation;
 - (g) the RSUs and the Shares subject to the RSUs, and the income from 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, holiday pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
 - (h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - (i) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from (1) the application of any compensation recovery or clawback policy adopted by Workday or otherwise required by law, or (2) Participant's Termination;
 - (j) unless otherwise provided in the Plan or by Workday 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;
 - (k) unless otherwise agreed with Workday, the RSUs and the underlying Shares, and the income from 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) neither Workday, the Employer nor any Parent or Subsidiary will 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.
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9. No Advice Regarding Grant. Workday is not providing any tax, legal or financial advice, nor is Workday making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. Data Privacy.

(a) **Data Collection and Usage.** Workday and any Parent or Subsidiary, including the Employer, may collect, process and use certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in Workday, details of all RSUs or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent.

(b) **Stock Plan Administration Service Providers.** Workday transfers Data to Morgan Stanley Smith Barney LLC and its affiliated companies (collectively, "Morgan Stanley"), an independent service provider based in the United States, which is assisting Workday with the implementation, administration and management of the Plan. Workday may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) **International Data Transfers.** Workday and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. Workday's legal basis, where required, for the transfer of Data is Participant's consent.

(d) **Data Retention.** Workday will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant 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, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that Workday would not be able to grant RSUs or other equity awards to Participant or administer or maintain such awards.

(f) **Data Subject Rights.** Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access or copies of Data Workday processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

By accepting the RSUs and indicating consent via Workday's acceptance procedure, Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by Workday and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Finally, Participant understands that Workday may rely on a different legal basis for the processing or transfer of Data in the future and/or request Participant to provide another data privacy consent. If applicable and upon request of Workday or the Employer, Participant agrees to provide an executed acknowledgment or data privacy consent form (or any other agreements or consents) that Workday and/or the Employer may deem necessary to obtain from Participant for the purpose of administering his or her participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such acknowledgement, agreement or consent requested by Workday and/or the Employer.

11. Language. Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Participant to understand the terms of this Agreement, including the Appendix and any other documents related to the Plan. 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.

12. Appendix. Notwithstanding any provisions in this Agreement, the RSU grant will 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 Workday 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.

13. Imposition of Other Requirements. Workday reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent Workday 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.

14. Entire Agreement; Enforcement of Rights. This Agreement, 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, will 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 will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by Workday and Participant with all applicable U.S. and non-U.S. local, state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which Workday's Common Stock may be listed or quoted at the time of such issuance or transfer.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, 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 will be excluded from this Agreement, (ii) the balance of this Agreement will be interpreted as if such provision were so excluded and (iii) the balance of this Agreement will be enforceable in accordance with its terms.

17. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

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

19. Insider Trading / Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including, but not limited to, the United States and, if different, Participant's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding Workday (as defined by the laws in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Workday insider trading policy. Neither Workday nor any Parent or Subsidiary will be responsible for such restrictions or liable for the failure on Participant's part to know and abide by such restrictions. Participant should consult with his or her own personal legal advisers to ensure compliance with local laws.

20. Foreign Asset/Account Reporting Requirements and Exchange Controls. Participant acknowledges that his or her country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares purchased under the Plan or cash received from participating in the Plan (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, 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 Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility comply with such regulations, and Participant should consult a personal legal advisor for any details.

21 . Acknowledgment; Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and Workday agree that the RSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant acknowledges receipt of a copy of the Plan, the Plan prospectus, the Notice and this Agreement and 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. Participant has reviewed the Plan, the Plan prospectus, 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 Plan prospectus, 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 Workday upon any change in Participant's residence address. By acceptance of the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by Workday or a third party designated by Workday and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of Workday, and all other documents that Workday is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to a Workday 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 Workday's discretion. Participant acknowledges that Participant may receive from Workday a paper copy of any documents delivered electronically at no cost if Participant contacts Workday by telephone, through a postal service or electronic mail at Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to Workday or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying Workday of such revised or revoked consent by telephone, postal service or electronic mail through Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery.

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 Workday, Inc. or a Parent or Subsidiary is for an unspecified duration, can be terminated at any time (*i.e.*, is at will), except where otherwise prohibited by applicable law 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 Workday 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 the RSUs, Participant consents to the electronic delivery as set forth in the Agreement.

WORKDAY, INC.

/s/ Aneel Bhusri

By: Aneel Bhusri

Title: Co-founder, Chief Executive Officer and Director

APPENDIX
WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSUs granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Appendix forms part of the Agreement. Any capitalized term used in this Appendix without definition will have the meaning ascribed to it in the Notice, the Agreement or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, Workday will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Appendix also includes information relating to exchange control, foreign asset/account reporting requirements and other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, Workday strongly recommends that Participant not rely on the information herein 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 vests in the RSUs or sells Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and Workday 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, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

AUSTRALIA

Terms and Conditions

Australia Class Order Exemption. The offer of the RSUs is intended to comply with the provisions of the Corporations Act 2001, Australian Securities & Investments Commission ("**ASIC**") Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of Restricted Stock Units to Australian Resident Employees, which is provided to Participant with this Agreement.

AUSTRIA

Notifications

Foreign Asset/Account Reporting Information. If Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, Participant will be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if Participant holds securities outside of Austria, reporting requirements will apply if the value of such securities meets or exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. Further, if Participant holds cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €10,000,000.

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. If Participant is a Belgian resident, Participant is required to report any securities (e.g., Shares acquired under the Plan) or bank account (including any brokerage account Participant holds at Morgan Stanley or other stock plan service provider as may be selected by Workday in the future) held outside Belgium on Participant's annual tax return. In a separate report, Belgian residents are required to provide the National Bank of Belgium with the account details of any such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will not apply when the RSUs vest, but likely will apply when Shares are sold. Participant should consult with a personal tax or financial advisor for additional details on Participant's obligations with respect to the stock exchange tax.

Brokerage Account Tax Information. A brokerage account tax may apply if the average annual value of the securities (including Shares acquired under the Plan) in a brokerage or other securities account exceeds certain thresholds. The calculation of this tax is complex and Participant should consult a personal tax advisor to determine if the tax applies.

CANADA

Terms and Conditions

Vesting/Termination. This provision supplements Sections 1 and 6 of the Agreement:

Participant's right to vest in the RSUs will terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant ceases to actively provide services, or (c) the date upon which Participant receives a Notice of Termination.

Settlement. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan, the RSUs are payable in Shares only. A grant of RSUs does not provide any right for Participant to receive a cash payment.

Data Privacy. The following provision supplements Section 10 of the Agreement:

Participant hereby authorizes Workday and Workday's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes Workday, the Employer and/or any other Parent or Subsidiary to disclose and discuss such information with their advisors. Participant also authorizes Workday, the Employer and/or any other Parent or Subsidiary to record such information and to keep such information in Participant's employment file.

Consent to Receive Information in English for Quebec Participants. The parties acknowledge that it is their express wish that this 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 que cette convention ["Agreement"], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Notifications

Securities Law Information. Participant understands he or she 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 of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market (the "*Nasdaq*").

Foreign Asset/Account Reporting Information. Canadian residents are required to report foreign specified property, including Shares and rights to receive Shares (e.g., RSUs), on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C\$100,000 at any time during the year. RSUs must be reported (generally, at a nil cost) if the C\$100,000 cost threshold is exceeded because of other foreign specified property held by Participant. When Shares are acquired, their cost generally is the adjusted cost base ("*ACB*") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares.

CHINA

Terms and Conditions

The following provisions govern Participant's participation in the Plan only if Participant is subject to exchange control restrictions in the People's Republic of China ("**China**"), as determined by Workday in its sole discretion.

Vesting and Settlement Conditions.¹ This section supplements Sections 1 and 2 of the Agreement:

Workday is under no obligation to vest RSUs or issue Shares unless and until its registration application is approved by the Chinese State Administration of Foreign Exchange ("**SAFE**"). Further, at Workday's discretion, RSUs will not vest and Shares will not be issued if, at the time Participant's RSUs are otherwise scheduled to vest, the SAFE registration has become invalid or ceased to be effective for any reason. Further, RSUs will not vest and the underlying Shares will not be issued unless and until Workday determines that such vesting and issuance of Shares complies with all relevant laws and regulations.

Required Sale of Shares. Due to exchange control laws in China, Workday may require that any Shares acquired upon the vesting and settlement of RSUs be immediately sold. Workday is authorized to instruct Morgan Stanley or such other broker as may be selected by Workday to assist with the mandatory sale of such Shares (on Participant's behalf pursuant to this authorization), and Participant expressly authorizes such broker to complete the sale of such Shares. In this regard, Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by Workday (or Workday's designated broker) to effectuate the sale of the Shares (including, without limitation, with respect to the transfers of the proceeds and other exchange control matters noted below) and otherwise cooperate with Workday on such matters, provided Participant will not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that Morgan Stanley or such other designated broker as may be selected by Workday is under no obligation to arrange for the sale of the Shares at any particular price.

Alternatively, if Workday, in its discretion, does not exercise its right to require the automatic sale of Shares issuable upon vesting of the RSUs, as described in the preceding paragraph, any Shares acquired by Participant under the Plan must be sold no later than six months from the date of Termination, or within any other such time frame as may be permitted by Workday or required by SAFE. Any Shares acquired by Participant under the Plan that have not been sold within six months of the date of Termination shall be automatically sold by Morgan Stanley or such other broker as may be selected by Workday pursuant to this authorization and subject to the terms of the preceding paragraph. Upon the sale of the Shares, Workday agrees to pay the cash proceeds from the sale (less any applicable Tax-Related Items, brokerage fees and commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth under the "Exchange Control Restrictions" section immediately below.

Exchange Control Requirements. Participant understands and agrees that, due to exchange control laws in China, Participant will be required to immediately repatriate to China the cash proceeds from the sale of Shares or any dividends paid on such Shares. Participant further understands that, under local law, such repatriation of the cash proceeds will need to be effected through a special exchange control account established by Workday, the Employer or another Subsidiary, and Participant hereby consents and agrees that the proceeds from the sale of Shares will be transferred to such special account prior to being delivered to Participant. Participant also understands that Workday will deliver the proceeds to Participant as soon as possible, but there may be delays in distributing the funds to Participant due to exchange control requirements in China. The proceeds may be paid in U.S. dollars or local currency, at Workday's discretion. If the proceeds are paid in U.S. dollars, Participant understands that Participant may be required to open a U.S. Dollar bank account in China into which the proceeds can be deposited. If the proceeds are converted to local currency, Participant acknowledges that Workday is under no obligation to secure any particular currency conversion rate, and that it may face delays in converting the proceeds to local currency. Participant will bear the risk of any currency conversion rate fluctuation between the date that the Shares are sold and the date of conversion of the proceeds to local currency. Participant must comply with any other requirements imposed by Workday in the future in order to facilitate compliance to the exchange control requirements in China.

CZECH REPUBLIC

Notifications

Exchange Control Information. Upon request of the Czech National Bank, Participant may be required to file a report in connection with the RSUs and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, Participant should consult with his or her personal advisor before vesting of the RSUs and before opening any foreign accounts in connection with the RSUs to ensure compliance with current regulations. Participant is responsible for complying with applicable Czech exchange control laws.

¹ This section assumes Workday will file a China SAFE registration application and delays the vesting of any RSUs until such time as the registration is approved.

DENMARK

Terms and Conditions

Danish Stock Option Act. Participant acknowledges that he or she has received the Employer Statement in Danish which sets forth additional terms of the RSUs to the extent that the Danish Stock Options Act applies. To the extent the terms set forth in the Employer Statement are more favorable to Participant and required to comply with the Danish Stock Option Act, such terms will apply to Participant's participation in the Plan.

Nature of Grant. The following provision supplements Section 8 of the Agreement:

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

Notifications

Foreign Asset/Account Reporting Information. Participant must complete a "Declaration V" form in connection with the deposit of any securities (including Shares acquired under the Plan) into a bank or brokerage account outside of Denmark. The form is available at the website of the Danish Tax Authorities. In connection with filing Declaration V to the Danish Tax Authorities, the bank or broker with which the securities are deposited (the "depository") may sign a statement according to which the depository undertakes an obligation, without further request, to forward certain information concerning the shares on an annual basis to the Danish tax authorities. However, if the depository will not agree to sign such a statement Participant is personally responsible for submitting the required information as an attachment to his or her annual tax return.

It is only necessary to submit a Declaration V form the first-time securities are deposited with a depository outside of Denmark. However, if the securities are transferred to a different depository or if Participant begins using a new depository, a new Declaration V is required.

Generally, the Declaration V must be submitted by the depository no later than on February 1 of the year following the calendar year to which the information relates. However, if Participant is responsible for submitting the information, Participant must submit the required information as an attachment to his or her annual tax return.

In addition, if Participant holds Shares or cash in an account outside of Denmark, he or she is required to report the existence of such an account to the Danish Tax Authorities by completing a "Declaration K" form and submitting it to the Danish Tax Authorities following opening of the account. The form is available at the website of the Danish Tax Authorities. A separate form must be submitted for each account held outside of Denmark that holds Shares or cash which are taxable in Denmark. The Declaration K requirement is in addition to the Declaration V requirement discussed above. Participant should consult with his or her personal legal advisor to ensure compliance with the applicable requirements.

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 Plan and this Agreement, which were provided in the English language. Participant accepts the terms of those documents accordingly.

En acceptant ces Droits sur des Actions Assujetties à des Restrictions ["RSUs"], le Participant confirme avoir lu et compris le Plan et le présent Contrat d'Attribution qui ont été transmis en langue anglaise. Le Participant accepte les termes et conditions de ces documents en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds securities (including Shares purchased under the Plan) or maintains a foreign bank account, Participant is required to report these to the French tax authorities when filing Participant's annual tax return.

GERMANY

Notifications

Exchange Control Information. Cross border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). Participant understands that in the event he or she receives a payment in excess of this amount in connection with the sale of securities (including Shares acquired under the Plan), Participant must report the payment to Bundesbank electronically using the “General Statistics Reporting Portal” (“*Allgemeines Meldeportal Statistik*”) available via Bundesbank’s website (www.bundesbank.de).

In addition, in the unlikely event that Participant holds Shares exceeding 10% of the total capital of Workday, Participant must report such holdings in Workday on an annual basis. Participant will be responsible for obtaining the appropriate form from a German federal bank and complying with the applicable reporting obligations.

GREECE

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Securities Law Information. *WARNING: The grant of the RSUs under the Plan and the Shares subject to the RSUs do not constitute a public offer of securities under Hong Kong law and are available only to employees of Workday, its Subsidiaries and any Parent. This Agreement and the Plan and any other incidental communication materials distributed in connection with the Plan (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of eligible employees of Workday, its Subsidiaries and any Parent, and may not be distributed to any other person.*

Participant is advised to exercise caution in relation to the right to acquire Shares. If Participant is in any doubt about any of the contents of this Agreement, the Plan or any other incidental communication materials distributed in connection with the Plan, Participant should obtain independent professional advice.

Sale of Shares. By accepting the RSUs, Participant agrees that in the event Shares are issued in respect of the RSUs within six months of the Date of Grant, Participant will not dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

INDIA

Notifications

Exchange Control Information. Participants resident in India are required to repatriate to India and convert into local currency any cash dividends paid on Shares acquired under the Plan within 180 days of payment and any proceeds from the sale of such Shares within 90 days of receipt, or within such other period of time prescribed upon applicable Indian exchange control regulations. Upon repatriation, a foreign inward remittance certificate (“FIRC”) will be issued by the bank where the foreign currency is deposited. The FIRC should be retained as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant’s responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. Indian residents must declare the following items in their annual tax returns: (i) any foreign assets held (including Shares acquired under the Plan), and (ii) any foreign bank accounts for which the resident has signing authority. It is Participant’s responsibility to comply with applicable tax laws in India. Participant should consult with a personal tax advisor to ensure proper reporting of foreign assets and bank accounts.

IRELAND

Notifications

Director Notification Requirement. If Participant is a director, shadow director or secretary of an Irish Parent or Subsidiary, Participant must notify the Irish Parent or Subsidiary in writing upon (i) receiving or disposing of an interest in Workday (e.g., RSUs, Shares, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time, in each case if the interest represents more than 1% of Workday's share capital or voting rights. This notification requirement also applies with respect to the interests of any spouse or minor children (whose interests will be attributed to the director, shadow director or secretary).

ITALY

Terms and Conditions

Data Privacy. The following provision replaces Section 10 of the Agreement:

Pursuant to Section 13 of the Legislative Decree no. 196/2003, Participant understands that Workday, the Employer and any other Parent or Subsidiary may hold and process 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 (to the extent permitted under Italian law), passport number or other identification number, salary, nationality, job title, any Shares or directorships held in Workday or any Parent or Subsidiary, details of all RSUs under the Plan or other entitlement to Shares or equivalent benefits granted, awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data") for the exclusive purpose of implementing, managing and administering the Plan and in compliance with applicable laws.

Participant also understands that providing Workday 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 Workday to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The controllers of Data processing are Workday, Inc. with registered offices at 6110 Stoneridge Mall Road, Pleasanton, CA 94588, United States of America, and the Employer, which is also Workday'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 transferred to Morgan Stanley, banks, other financial institutions, or brokers involved in the management and administration of the Plan. Participant further understands that Workday, the Employer and any other 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, and that Workday, the Employer and any other Parent or Subsidiary may each further transfer Data to third parties assisting Workday in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom Participant may elect to deposit any Shares acquired under the Plan. Such 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 located in the European Economic Area, or elsewhere, such as in the United States. Should Workday exercise its discretion in suspending all legal obligations connected with the management and administration of 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. In any event, Data will be stored only for the time needed to fulfil the purposes described above.

Participant understands that Data processing for the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication and the transfer of Data abroad, including outside the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to implementation, administration and management of the Plan, which represents the legal basis for the processing. Participant understands that, pursuant to section 7 of the Legislative Decree no. 196/2003, Participant has the right to, including but not limited to, access, delete, update, ask for rectification of Participant's Data and cease, for legitimate reason, the Data processing. Participant also has the right to data portability and to lodge a complaint with the Italian supervisory authority.

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

Plan Document Acknowledgement. Participant acknowledges that by accepting the RSUs, Participant has been given access to the Plan document, have reviewed the Plan and this Agreement in their entirety and fully understand and accept all provisions of the Plan and this Agreement. Further, Participant acknowledges that he or she has read and expressly approves the following sections of the Agreement: Section 1. Vesting; Section 2. Settlement; Section 4. Dividend Equivalents; Section 6. Termination; Section 7. Responsibility for Taxes; Section 8. Nature of Grant; Section 9. No Advice Regarding Grant; Section 11. Language; Section 17. Governing Law and Venue; Section 18. No Rights as Employee, Director or Consultant; Section 21. Acknowledgment; Consent to Electronic Delivery of All Plan Documents and Disclosures; and the Data Privacy section set forth above.

Notifications

Foreign Asset/Account Reporting Information. Participant understands that if Participant is an Italian resident and at any time during the fiscal year Participant holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets, even if Participant does not directly hold investments abroad or foreign assets.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. Participant understands that if Participant holds assets outside of Japan (e.g., Shares acquired under the Plan) with a total net fair market value exceeding ¥50,000,000 (or an equivalent amount in foreign currency) as of December 31 each year, Participant is required to report the details of such assets to the Japanese tax authorities by March 15th of the following year. Participant acknowledges that he or she should consult with Participant's personal tax advisor to determine Participant's personal reporting obligations.

MALAYSIA

Terms and Conditions

Data Privacy. The following provision replaces Section 10 of the Agreement:

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 RSU grant materials by and among, as applicable, Workday, the Employer and any other Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that Workday, the Employer and any other 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, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in Workday, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The source of the Data is the Employer, as well as information which Participant is providing to Workday and the Employer in connection with the Plan and this Agreement.

Participant understands that Data will be transferred to Morgan Stanley or such other stock plan service provider as may be selected by Workday in the future, which is assisting Workday with the implementation, administration and management of the Plan. Participant further understands that Workday, the Employer and any other 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, and that Workday, the Employer and any other Parent or Subsidiary may each further transfer Data to third parties assisting Workday in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom Participant may elect to deposit any Shares acquired under the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country 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, Cynthia Chan, email address is cynthia.chan@workday.com. Participant authorizes Workday, Morgan Stanley and any other possible recipients which may assist Workday (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, including any requisite transfer of such Data to a third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the Restricted Stock Units.

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 additional 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 and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that Workday would not be able to grant Participant RSUs or other equity awards 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.

Malaysian Translation

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi Peserta seperti yang diterangkan dalam Perjanjian dan apa-apa bahan geran RSU lain oleh dan di antara, seperti mana yang terpakai, Workday, Majikan dan mana-mana Syarikat Induk atau Anak-Anak Syarikatnya untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan.

Peserta memahami bahawa Workday, Majikan dan mana-mana Syarikat Induk atau Anak-Anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain (seperti, nombor pendaftaran penduduk tetap atau nombor kad pengenalan), gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang di Workday, butir-butir semua RSUs atau apa-apa hak lain atas syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah Peserta ("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan. Sumber Data adalah daripada Majikan, dan juga maklumat yang Peserta berikan kepada Workday dan Majikan berhubung dengan Pelan dan Perjanjian ini.

Peserta memahami bahawa Data ini akan dipindahkan kepada Morgan Stanley atau pembekal perkhidmatan pelan saham yang ditetapkan oleh Workday pada masa depan yang membantu Workday dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami selanjutnya bahawa Workday, Majikan dan Syarikat Induk atau Anak-Anak Syarikat lain akan memindah Data sesama mereka seperti diperlukan untuk tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan, dan Workday, Majikan dan Syarikat Induk atau Anak-Anak Syarikat yang lain masing-masing boleh memindah Data kepada pihak-pihak ketiga yang membantu Workday dalam pelaksanaan, pentadbiran dan pegurusan Pelan, termasuk pemindahan yang diperlukan kepada broker atau pihak ketiga yang lain yang mana Peserta boleh memilih untuk mendepositkan Syer-Syer yang diperolehi daripada Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain dan bahawa negara penerima-penerima mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama dan alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta Cynthia Chan, alamat emel cynthia.chan@workday.com. Peserta memberi kuasa kepada Workday, Morgan Stanley dan mana-mana penerima-penerima lain yang mungkin membantu Workday (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan, termasuk apa-apa pemindahan Data yang diperlukan kepada pihak ketiga yang lain dengan sesiapa yang Peserta pilih untuk deposit apa-apa Saham yang diperolehi selepas terletak hak RSUs.

Peserta memahami bahawa Data hanya akan disimpan untuk tempoh yang perlu bagi melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan Peserta. Peserta selanjutnya memahami bahawa Peserta memberi persetujuan ini secara sukarela. Sekiranya Peserta tidak bersetuju, atau kemudian membatalkan persetujuannya, status pekerjaan atau perkhidmatan Peserta dengan Majikan tidak akan terjejas; satunya akibat jika Peserta tidak bersetuju atau menarik balik persetujuan Peserta adalah bahawa Workday tidak akan dapat menganugerahkan kepada Peserta RSUs atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan Peserta boleh menjejaskan keupayaannya untuk mengambil bahagian dalam Pelan. Untuk maklumat lanjut mengenai akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan Peserta.

Notifications

Director Notification Obligation. Directors of Workday's Malaysian Subsidiary are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify such entity in writing within 14 business days of the acquisition or disposal of an interest (e.g., RSUs granted under the Plan or Shares) in Workday or any related company.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Notifications

Securities Law Information. **WARNING:** Participant is being granted RSUs to acquire Shares in accordance with the terms of this Agreement and the Plan. The Shares, if issued, will give Participant a stake in the ownership of Workday. Participant may receive a return if dividends are paid.

If Workday runs into financial difficulties and is wound up, Participant will be paid only after all other creditors (including holders of preference shares, if any) have been paid. Participant may lose some or all of Participant's investment, if any.

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 purchase 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.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The Shares are quoted on the Nasdaq. This means that if Participant acquires Shares, Participant may be able to sell the Shares on the Nasdaq if there are interested buyers. Participant may get less than he or she invested. The price will depend on the demand for the Shares.

For information on risk factors impacting Workday's business that may affect the value of the Shares, Participant should refer to the risk factors discussion in Workday's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on Workday's website at <http://www.workday.com/en-us/company/investor-relations/sec-filings.html>.

NORWAY

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. Polish residents holding foreign securities (including Shares) and maintaining accounts abroad (including any brokerage account) must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (calculated individually or together with all other assets/liabilities held abroad) exceeds a specified threshold (currently PLN7,000,000). If required, the reports are due on a quarterly basis on special forms available on the website of the National Bank of Poland.

In addition, any transfer of funds in excess of a specified threshold (currently €15,000, but if such transfer is connected with business activity of an entrepreneur, PLN15,000) must be effected through a bank account in Poland. Participant should maintain evidence of such foreign exchange transactions for five years, in case of a request for their production by the National Bank of Poland.

SINGAPORE

Restriction on Sale of Shares. To the extent the RSUs vest within six months of the Date of Grant, Participant may not dispose of the Shares issued upon settlement of the RSUs, or otherwise offer the Shares to the public, prior to the six-month anniversary of the Grant Date, 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") and in accordance with any other applicable provision of the SFA.

Notifications

Securities Law Information. The grant of RSUs under the Plan is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of SFA and are 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. The Chief Executive Officer (“**CEO**”), directors, associate directors or shadow directors of a Singapore Parent or Subsidiary are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify such entity in writing within two business days of any of the following events: (i) the acquisition or disposal of an interest (*e.g.*, RSUs granted under the Plan or Shares) in Workday or any Parent or Subsidiary, (ii) any change in previously-disclosed interests (*e.g.*, sale of Shares), or (iii) becoming a CEO, director, associate director or shadow director of a Parent or Subsidiary in Singapore, if the individual holds such an interest at that time. These notification requirements apply regardless of whether the CEO or directors are residents of or employed in Singapore.

SOUTH AFRICA

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 7 of the Agreement:

By accepting the RSUs, Participant agrees to immediately notify the Employer of the amount of any gain realized upon vesting of the RSUs. If Participant fails to advise the Employer of the gain realized upon vesting of the RSUs, then he or she may be liable for a fine. Participant will be solely responsible for paying the difference between the actual tax liability and the amount withheld by Workday or the Employer.

Notifications

Securities Law Information. In compliance with South African securities law, the documents listed below are available for Participant’s review on Workday’s website at <https://www.workday.com/en-us/company/investor-relations.html> and on Workday’s intranet, respectively:

1. Workday’s most recent annual financial statements; and
2. Workday’s most recent Plan prospectus.

A copy of the above documents will be sent to Participant free of charge on written request to Workday Global Stock Administration at stock.admin@workday.com.

Participant should carefully read the materials provided before making a decision whether to participate in the Plan.

Exchange Control Information. Participant is solely responsible for complying with applicable South African exchange control regulations. As the exchange control regulations are subject to change, Participant should consult Participant’s legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations.

SOUTH KOREA

Notifications

Exchange Control Information. For transactions that occurred before July 18, 2017, exchange control laws require Korean residents who realize US\$500,000 or more from the sale of Shares or receipt of dividends in a single transaction to repatriate the proceeds to Korea within three years of receipt. Participant should consult a personal legal advisor to determine whether this repatriation requirement applies to any particular transaction.

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the monthly balance of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency) on any month-end date during a calendar year.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 8 of the Agreement:

By accepting the RSUs, Participant consents to participating in the Plan and acknowledges that he or she has received a copy of the Plan.

Participant understands that Workday has unilaterally, gratuitously and discretionally decided to grant RSUs to acquire Shares under the Plan to individuals who may be Employees, Consultants, Directors or Non-Employee Directors of Workday or any 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 Workday or any Parent or Subsidiary. Consequently, Participant understands that the RSUs are granted on the assumption and condition that the RSUs and any Shares acquired at vesting of the RSUs are not part of any employment or service agreement (either with Workday or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever.

In addition, 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 any grant of or right to RSUs shall be null and void.

Further, Participant acknowledges, understands and agrees that Participant will not be entitled to continue vesting in any RSUs once Participant's employment or service Terminates. This will be the case, for example, even in the event of a Termination of a Participant by reason of, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause or adjudged/recognized to be without good cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective dismissal on objective grounds, whether adjudged and/or recognized to be with or without cause, material modification of the terms of employment or service 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 Royal Decree 1382/1985.

Notifications

Securities Law Information. The RSUs do not qualify under Spanish law as securities. No "offer to the public," as defined under Spanish Law, has taken place or will take place in the Spanish territory. The Plan, this Agreement and any other RSU grant documents have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and 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 owned as of December 31 of the prior year on a Form D-6; however, if the value of the Shares purchased under the Plan or sold exceeds €1,502,530, the declaration must be filed within one month of the acquisition or sale, as applicable.

Further, Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), any foreign instruments (*e.g.*, Shares) and any transactions with non-Spanish residents (including any payments of cash or Shares made to Participant by Workday or any U.S. brokerage account) if the balances in such accounts together with the value of such instruments as of December 31, or the volume of transactions with non-Spanish residents during the prior or current year, exceeds €1,000,000.

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.*, cash or Shares) 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. The reporting must be completed by March 31 following the end of the relevant tax year.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The grant of the RSUs is not intended to be publicly offered in or from Switzerland. Neither this document nor any other materials relating to the RSUs constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the RSUs may be publicly distributed nor otherwise made publicly available in Switzerland. Further, neither this document nor any other offering or marketing material relating to the grant of RSUs have been or will be filed with, approved or supervised by the Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

THAILAND

Notifications

Exchange Control Information. Participant must repatriate the proceeds from the sale of Shares and any cash dividends received in relation to the Shares to Thailand immediately upon receipt if the amount of such proceeds received in a single transaction is US\$50,000 or more. Participant must then either convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 days of remitting the proceeds to Thailand. If the amount of the proceeds is equal to or greater than US\$50,000, Participant must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form.

If Participant does not comply with this obligation, Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, Participant should consult a legal advisor before selling Shares to ensure compliance with current regulations. It is Participant's responsibility to comply with exchange control laws in Thailand, and neither Workday nor the Employer will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws.

UNITED KINGDOM

Terms and Conditions

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

Settlement. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan, the RSUs are payable in Shares only. A grant of RSUs does not provide any right for Participant to receive a cash payment.

Responsibility for Taxes. This provision supplements Section 7 of the Agreement:

Without limitation to Section 7 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 Workday or the Employer or by Her Majesty's Revenue and Customs ("**HMRC**") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified Workday and 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 Workday (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is a director or executive officer and income tax is not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax 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 any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying Workday or the Employer (as applicable) for the value of any employee NICs due on this additional benefit, which Workday or the Employer may recover from Participant by any of the means referred to in the Plan or Section 7 of the Agreement.

WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

The Compensation Committee of the Board of Directors (the “*Committee*”) of Workday, Inc. (“*Workday*”) has granted to “Participant a Performance Restricted Stock Unit Award (“*PSU*”) under Workday’s 2012 Equity Incentive Plan (the “*Plan*”). Unless otherwise defined herein, the terms defined in the Plan will have the same defined meanings in this Performance Restricted Stock Unit Award Agreement (the “*Agreement*”) and the electronic representation of the Notice of Performance Restricted Stock Unit Award established and maintained by Workday or a third party designated by Workday (the “*Notice*”). The PSU is subject to the terms, restrictions and conditions of the Plan, the Notice and this Agreement, including any applicable country-specific provisions in the appendix attached hereto (the “*Appendix*”), which constitutes part of this Agreement.

1. **Terms.** The number of PSUs provided by the Award, the Date of Grant and the applicable Vesting Period(s) are set forth in the Notice. Subject to the limitations set forth in this Agreement, the Notice and the Plan, Participant’s PSU will vest at the end of the applicable Vesting Period(s) provided that all of the following corporate performance objectives are achieved in the fiscal year ended January 31, 2018 (the “*Performance Conditions*”): (1) Workday revenue of at least \$2.005 billion; (2) at least a 95% customer satisfaction rate; (3) **one or more customers in production on AWS and five or more customers in production on Workday Prism Analytics**; and (4) a non-GAAP operating profit of 5%.
2. **Settlement.** Settlement of PSUs will be made within 30 days following the applicable date of vesting under the Vesting Period(s) set forth in the Notice provided that the Performance Conditions are met. Settlement of PSUs will be in Shares.
3. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested PSUs, Participant will have no ownership of the Shares allocated to the PSUs and will have no right to dividends or to vote such Shares.
4. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), will not be credited to Participant.
5. **Non-Transferability of PSUs.** The PSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or by court order or unless otherwise permitted by the Committee on a case-by-case basis.
6. **Termination.** If Participant’s service Terminates for any reason, all unvested PSUs will be forfeited to Workday forthwith, and all rights of Participant to such PSUs will immediately terminate (unless determined otherwise by the Committee). Participant acknowledges and agrees that the Vesting Period(s) may change prospectively in the event Participant’s service status changes between full- and part-time and/or in the event Participant is on a leave of absence, in accordance with Workday policies relating to work schedules and vesting of Awards or as determined by the Committee. In case of any dispute as to whether Termination has occurred, the Committee will have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.
7. **Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by Workday 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, if any, actually withheld by Workday or the Employer. Participant further acknowledges that Workday 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 PSUs, including, but not limited to, the grant, vesting or settlement of the PSUs 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 PSUs 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 Workday 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 Workday and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes Workday 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 Workday and/or the Employer; or
 - (ii) withholding from proceeds of the sale of Shares acquired upon settlement of the PSUs either through a voluntary sale or through a mandatory sale arranged by Workday (on Participant’s behalf pursuant to this authorization without further consent); or
 - (iii) withholding in Shares to be issued upon settlement of the PSUs; or
 - (iv) any other arrangement approved by the Committee.
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Notwithstanding the foregoing, if Participant is subject to Section 16 of the Exchange Act, Workday will satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon settlement of the RSUs, unless the use of such withholding method is problematic under applicable laws or has materially adverse accounting consequences, in which case Participant may elect to (A) have Workday or the Employer withhold from Participant's wages or other cash compensation paid to Participant by Workday and/or the Employer, or (B) have Workday withhold from proceeds of the sale of Shares acquired upon settlement of the RSUs, either through a voluntary sale or through a mandatory sale arranged by Workday (on Participant's behalf pursuant to this authorization).

Workday may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates in Participant's country, 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 PSUs, 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 Workday or the Employer any amount of Tax-Related Items that Workday 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. Workday 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.

8. Nature of Grant. By accepting the PSUs (whether in writing, electronically or otherwise), Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by Workday, it is discretionary in nature and it may be modified, amended, suspended or terminated by Workday at any time, to the extent permitted by the Plan;
 - (b) the grant of the PSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past;
 - (c) all decisions with respect to future PSU or other grants, if any, will be at the sole discretion of Workday;
 - (d) the PSU grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming or amending an employment or services contract with Workday, the Employer or any Parent or Subsidiary;
 - (e) Participant is voluntarily participating in the Plan;
 - (f) the PSUs and the Shares subject to the PSUs are not intended to replace any pension rights or compensation;
 - (g) the PSUs and the Shares subject to the PSUs, and the income from 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, holiday pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
 - (h) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - (i) no claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from (1) the application of any compensation recovery or clawback policy adopted by Workday or otherwise required by law, or (2) Participant's Termination;
 - (j) unless otherwise provided in the Plan or by Workday in its discretion, the PSUs and the benefits evidenced by this Agreement do not create any entitlement to have the PSUs 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;
 - (k) unless otherwise agreed with Workday, the PSUs and the underlying Shares, and the income from 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 PSUs and the Shares subject to the PSUs are not part of normal or expected compensation or salary for any purpose;
 - (ii) neither Workday, the Employer nor any Parent or Subsidiary will 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 PSUs or of any amounts due to Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.
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9. **No Advice Regarding Grant.** Workday is not providing any tax, legal or financial advice, nor is Workday making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

10. **Data Privacy.**

(a) **Data Collection and Usage.** Workday and any Parent or Subsidiary, including the Employer, may collect, process and use certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in Workday, details of all PSUs or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent.

(b) **Stock Plan Administration Service Providers.** Workday transfers Data to Morgan Stanley Smith Barney LLC and its affiliated companies (collectively, "Morgan Stanley"), an independent service provider based in the United States, which is assisting Workday with the implementation, administration and management of the Plan. Workday may select a different service provider or additional service providers and share Data with such other provider(s) serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(c) **International Data Transfers.** Workday and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. Workday's legal basis, where required, for the transfer of Data is Participant's consent.

(d) **Data Retention.** Workday will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participation in the Plan is voluntary and Participant 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, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that Workday would not be able to grant PSUs or other equity awards to Participant or administer or maintain such awards.

(f) **Data Subject Rights.** Participant may have a number of rights under data privacy laws in Participant's jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access or copies of Data Workday processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

By accepting the PSUs and indicating consent via Workday's acceptance procedure, Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by Workday and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Finally, Participant understands that Workday may rely on a different legal basis for the processing or transfer of Data in the future and/or request Participant to provide another data privacy consent. If applicable and upon request of Workday or the Employer, Participant agrees to provide an executed acknowledgment or data privacy consent form (or any other agreements or consents) that Workday and/or the Employer may deem necessary to obtain from Participant for the purpose of administering his or her participation in the Plan in compliance with the data privacy laws in Participant's country, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if he or she fails to provide any such acknowledgement, agreement or consent requested by Workday and/or the Employer.

11. **Language.** Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow Participant to understand the terms of this Agreement, including the Appendix and any other documents related to the Plan. 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.

12. Appendix. Notwithstanding any provisions in this Agreement, the PSU grant will 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 Workday 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.

13. Imposition of Other Requirements. Workday reserves the right to impose other requirements on Participant's participation in the Plan, on the PSUs and on any Shares acquired under the Plan, to the extent Workday 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.

14. Acknowledgment. Workday and Participant agree that the PSUs are granted under and governed by the Notice, this Agreement 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 PSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

15. Entire Agreement; Enforcement of Rights. This Agreement, 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, will 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 will not be construed as a waiver of any rights of such party.

16. Compliance with Laws and Regulations. The issuance of Shares will be subject to and conditioned upon compliance by Workday and Participant with all applicable U.S. and non-U.S. local, state and federal laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which Workday's Common Stock may be listed or quoted at the time of such issuance or transfer.

17. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, 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 will be excluded from this Agreement, (ii) the balance of this Agreement will be interpreted as if such provision were so excluded and (iii) the balance of this Agreement will be enforceable in accordance with its terms.

18. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

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

20. Insider Trading / Market Abuse Laws. Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including, but not limited to, the United States and, if different, Participant's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Restricted Stock Units) or rights linked to the value of Shares under the Plan during such times as Participant is considered to have "inside information" regarding Workday (as defined by the laws in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Workday insider trading policy. Neither Workday nor any Parent or Subsidiary will be responsible for such restrictions or liable for the failure on Participant's part to know and abide by such restrictions. Participant should consult with his or her own personal legal advisers to ensure compliance with local laws.

21. Foreign Asset/Account Reporting Requirements and Exchange Controls. Participant acknowledges that his or her country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares purchased under the Plan or cash received from participating in the Plan (including from any dividends paid on or sales proceeds arising from the sale of Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, 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 Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to comply with such regulations, and Participant should consult a personal legal advisor for any details.

22. Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and Workday agree that the PSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. 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 Workday upon any change in Participant's residence address. By acceptance of the PSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by Workday or a third party designated by Workday and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of Workday, and all other documents that Workday is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the PSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to a Workday 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 Workday's discretion. Participant acknowledges that Participant may receive from Workday a paper copy of any documents delivered electronically at no cost if Participant contacts Workday by telephone, through a postal service or electronic mail at Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to Workday or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying Workday of such revised or revoked consent by telephone, postal service or electronic mail through Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery.

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

Participant understands that Participant's employment or consulting relationship or service with Workday or a Parent or Subsidiary is for an unspecified duration, can be terminated at any time (*i.e.*, is at will), except where otherwise prohibited by applicable law and that nothing in this Agreement, the Notice or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the PSUs pursuant to this Agreement is earned only by continuing service as an Employee, Director or Consultant of Workday or Parent or Subsidiary. Participant also understands that this Agreement is subject to the terms and conditions of both the Notice and the Plan, both of which are incorporated herein by reference. Participant has read the Agreement, the Notice and the Plan. By accepting the PSUs, Participant consents to the electronic delivery as set forth in this Agreement.

WORKDAY, INC.

/s/ Aneel Bhusri

By: Aneel Bhusri

Title: Co-founder, Chief Executive Officer and Director

APPENDIX
WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the PSUs granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Appendix forms part of the Agreement. Any capitalized term used in this Appendix without definition will have the meaning ascribed to it in the Notice, the Agreement or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, Workday will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Appendix also includes information relating to exchange control, foreign asset/account reporting requirements and other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2018. Such laws are often complex and change frequently. As a result, Workday strongly recommends that Participant not rely on the information herein 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 vests in the PSUs or sells Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and Workday 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, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

AUSTRALIA

Terms and Conditions

Australia Class Order Exemption. The offer of the PSUs is intended to comply with the provisions of the Corporations Act 2001, Australian Securities & Investments Commission ("ASIC") Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of Restricted Stock Units to Australian Resident Employees, which is provided to Participant with this Agreement.

AUSTRIA

Notifications

Foreign Asset/Account Reporting Information. If Participant holds securities (including Shares acquired under the Plan) or cash (including proceeds from the sale of Shares) outside of Austria, Participant will be required to report certain information to the Austrian National Bank if certain thresholds are exceeded. Specifically, if Participant holds securities outside of Austria, reporting requirements will apply if the value of such securities meets or exceeds (i) €30,000,000 as of the end of any calendar quarter, or (ii) €5,000,000 as of December 31. Further, if Participant holds cash in accounts outside of Austria, monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €10,000,000.

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. If Participant is a Belgian resident, Participant is required to report any securities (e.g., Shares acquired under the Plan) or bank account (including any brokerage account Participant holds at Morgan Stanley or other stock plan service provider as may be selected by Workday in the future) held outside Belgium on Participant's annual tax return. In a separate report, Belgian residents are required to provide the National Bank of Belgium with the account details of any such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will not apply when the PSUs vest, but likely will apply when Shares are sold. Participant should consult with a personal tax or financial advisor for additional details on Participant's obligations with respect to the stock exchange tax.

Brokerage Account Tax Information. A brokerage account tax may apply if the average annual value of the securities (including Shares acquired under the Plan) in a brokerage or other securities account exceeds certain thresholds. The calculation of this tax is complex and Participant should consult a personal tax advisor to determine if the tax applies.

CANADA

Terms and Conditions

Vesting/Termination. This provision supplements Sections 1 and 6 of the Agreement:

Participant's right to vest in the PSUs will terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant ceases to actively provide services, or (c) the date upon which Participant receives a Notice of Termination.

Settlement. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan, the PSUs are payable in Shares only. A grant of PSUs does not provide any right for Participant to receive a cash payment.

Data Privacy. The following provision supplements Section 9 of the Agreement:

Participant hereby authorizes Workday and Workday's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. Participant further authorizes Workday, the Employer and/or any other Parent or Subsidiary to disclose and discuss such information with their advisors. Participant also authorizes Workday, the Employer and/or any other Parent or Subsidiary to record such information and to keep such information in Participant's employment file.

Consent to Receive Information in English for Quebec Participants. The parties acknowledge that it is their express wish that this 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 que cette convention ["Agreement"], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Notifications

Securities Law Information. Participant understands he or she 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 of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market (the "*Nasdaq*").

Foreign Asset/Account Reporting Information. Canadian residents are required to report foreign specified property, including Shares and rights to receive Shares (e.g., PSUs), on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C\$100,000 at any time during the year. PSUs must be reported (generally, at a nil cost) if the C\$100,000 cost threshold is exceeded because of other foreign specified property held by Participant. When Shares are acquired, their cost generally is the adjusted cost base ("*ACB*") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares.

CHINA

Terms and Conditions

The following provisions govern Participant's participation in the Plan only if Participant is subject to exchange control restrictions in the People's Republic of China ("**China**"), as determined by Workday in its sole discretion.

Vesting and Settlement Conditions.¹ This section supplements Sections 1 and 2:

Workday is under no obligation to vest PSUs or issue Shares unless and until its registration application is approved by the Chinese State Administration of Foreign Exchange ("**SAFE**"). Further, at Workday's discretion, PSUs will not vest and Shares will not be issued if, at the time Participant's PSUs are otherwise scheduled to vest, the SAFE registration has become invalid or ceased to be effective for any reason. Further, PSUs will not vest and the underlying Shares will not be issued unless and until Workday determines that such vesting and issuance of Shares complies with all relevant laws and regulations.

Required Sale of Shares. Due to exchange control laws in China, Workday may require that any Shares acquired upon the vesting and settlement of PSUs be immediately sold. Workday is authorized to instruct Morgan Stanley or such other broker as may be selected by Workday to assist with the mandatory sale of such Shares (on Participant's behalf pursuant to this authorization), and Participant expressly authorizes such broker to complete the sale of such Shares. In this regard, Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by Workday (or Workday's designated broker) to effectuate the sale of the Shares (including, without limitation, with respect to the transfers of the proceeds and other exchange control matters noted below) and otherwise cooperate with Workday on such matters, provided Participant will not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that Morgan Stanley or such other designated broker as may be selected by Workday is under no obligation to arrange for the sale of the Shares at any particular price.

Alternatively, if Workday, in its discretion, does not exercise its right to require the automatic sale of Shares issuable upon vesting of the PSUs, as described in the preceding paragraph, any Shares acquired by Participant under the Plan must be sold no later than six months from the date of Termination, or within any other such time frame as may be permitted by Workday or required by SAFE. Any Shares acquired by Participant under the Plan that have not been sold within six months of the date of Termination shall be automatically sold by Morgan Stanley or such other broker as may be selected by Workday pursuant to this authorization and subject to the terms of the preceding paragraph. Upon the sale of the Shares, Workday agrees to pay the cash proceeds from the sale (less any applicable Tax-Related Items, brokerage fees and commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth under the "Exchange Control Restrictions" section immediately below.

Exchange Control Requirements. Participant understands and agrees that, due to exchange control laws in China, Participant will be required to immediately repatriate to China the cash proceeds from the sale of Shares or any dividends paid on such Shares. Participant further understands that, under local law, such repatriation of the cash proceeds will need to be effected through a special exchange control account established by Workday, the Employer or another Subsidiary, and Participant hereby consents and agrees that the proceeds from the sale of Shares will be transferred to such special account prior to being delivered to Participant. Participant also understands that Workday will deliver the proceeds to Participant as soon as possible, but there may be delays in distributing the funds to Participant due to exchange control requirements in China. The proceeds may be paid in U.S. dollars or local currency, at Workday's discretion. If the proceeds are paid in U.S. dollars, Participant understands that Participant may be required to open a U.S. Dollar bank account in China into which the proceeds can be deposited. If the proceeds are converted to local currency, Participant acknowledges that Workday is under no obligation to secure any particular currency conversion rate, and that it may face delays in converting the proceeds to local currency. Participant will bear the risk of any currency conversion rate fluctuation between the date that the Shares are sold and the date of conversion of the proceeds to local currency. Participant must comply with any other requirements imposed by Workday in the future in order to facilitate compliance to the exchange control requirements in China.

CZECH REPUBLIC

Notifications

Exchange Control Information. Upon request of the Czech National Bank, Participant may be required to file a report in connection with the PSUs and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, Participant should consult with his or her personal advisor before vesting of the PSUs and before opening any foreign accounts in connection with the PSUs to ensure compliance with current regulations. Participant is responsible for complying with applicable Czech exchange control laws.

¹ This section assumes Workday will file a China SAFE registration application and delays the vesting of any RSUs until such time as the registration is approved.

DENMARK

Terms and Conditions

Danish Stock Option Act. Participant acknowledges that he or she has received the Employer Statement in Danish which sets forth additional terms of the PSUs to the extent that the Danish Stock Options Act applies. To the extent the terms set forth in the Employer Statement are more favorable to Participant and required to comply with the Danish Stock Option Act, such terms will apply to Participant's participation in the Plan.

Nature of Grant. The following provision supplements Section 8 of the Agreement:

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

Notifications

Foreign Asset/Account Reporting Information. Participant must complete a "Declaration V" form in connection with the deposit of any securities (including Shares acquired under the Plan) into a bank or brokerage account outside of Denmark. The form is available at the website of the Danish Tax Authorities. In connection with filing Declaration V to the Danish Tax Authorities, the bank or broker with which the securities are deposited (the "depository") may sign a statement according to which the depository undertakes an obligation, without further request, to forward certain information concerning the shares on an annual basis to the Danish tax authorities. However, if the depository will not agree to sign such a statement Participant is personally responsible for submitting the required information as an attachment to his or her annual tax return.

It is only necessary to submit a Declaration V form the first-time securities are deposited with a depository outside of Denmark. However, if the securities are transferred to a different depository or if Participant begins using a new depository, a new Declaration V is required.

Generally, the Declaration V must be submitted by the depository no later than on February 1 of the year following the calendar year to which the information relates. However, if Participant is responsible for submitting the information, Participant must submit the required information as an attachment to his or her annual tax return.

In addition, if Participant holds Shares or cash in an account outside of Denmark, he or she is required to report the existence of such an account to the Danish Tax Authorities by completing a "Declaration K" form and submitting it to the Danish Tax Authorities following opening of the account. The form is available at the website of the Danish Tax Authorities. A separate form must be submitted for each account held outside of Denmark that holds Shares or cash which are taxable in Denmark. The Declaration K requirement is in addition to the Declaration V requirement discussed above. Participant should consult with his or her personal legal advisor to ensure compliance with the applicable requirements.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Consent to Receive Information in English. By accepting the PSUs, Participant confirms having read and understood the Plan and this Agreement, which were provided in the English language. Participant accepts the terms of those documents accordingly.

En acceptant ces Droits sur des Actions Assujetties à des Restrictions ["PSUs"], le Participant confirme avoir lu et compris le Plan et le présent Contrat d'Attribution qui ont été transmis en langue anglaise. Le Participant accepte les termes et conditions de ces documents en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds securities (including Shares purchased under the Plan) or maintains a foreign bank account, Participant is required to report these to the French tax authorities when filing Participant's annual tax return.

GERMANY

Notifications

Exchange Control Information. Cross border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). Participant understands that in the event he or she receives a payment in excess of this amount in connection with the sale of securities (including Shares acquired under the Plan), Participant must report the payment to Bundesbank electronically using the “General Statistics Reporting Portal” (“*Allgemeines Meldeportal Statistik*”) available via Bundesbank’s website (www.bundesbank.de).

In addition, in the unlikely event that Participant holds Shares exceeding 10% of the total capital of Workday, Participant must report such holdings in Workday on an annual basis. Participant will be responsible for obtaining the appropriate form from a German federal bank and complying with the applicable reporting obligations.

GREECE

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Securities Law Information. *WARNING: The grant of the PSUs under the Plan and the Shares subject to the PSUs do not constitute a public offer of securities under Hong Kong law and are available only to employees of Workday, its Subsidiaries and any Parent. This Agreement and the Plan and any other incidental communication materials distributed in connection with the Plan (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the personal use of eligible employees of Workday, its Subsidiaries and any Parent, and may not be distributed to any other person.*

Participant is advised to exercise caution in relation to the right to acquire Shares. If Participant is in any doubt about any of the contents of this Agreement, the Plan or any other incidental communication materials distributed in connection with the Plan, Participant should obtain independent professional advice.

Sale of Shares. By accepting the PSUs, Participant agrees that in the event Shares are issued in respect of the PSUs within six months of the Date of Grant, Participant will not dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

INDIA

Notifications

Exchange Control Information. Participants resident in India are required to repatriate to India and convert into local currency any cash dividends paid on Shares acquired under the Plan within 180 days of payment and any proceeds from the sale of such Shares within 90 days of receipt, or within such other period of time prescribed upon applicable Indian exchange control regulations. Upon repatriation, a foreign inward remittance certificate (“FIRC”) will be issued by the bank where the foreign currency is deposited. The FIRC should be retained as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant’s responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. Indian residents must declare the following items in their annual tax returns: (i) any foreign assets held (including Shares acquired under the Plan), and (ii) any foreign bank accounts for which the resident has signing authority. It is Participant’s responsibility to comply with applicable tax laws in India. Participant should consult with a personal tax advisor to ensure proper reporting of foreign assets and bank accounts.

IRELAND

Notifications

Director Notification Requirement. If Participant is a director, shadow director or secretary of an Irish Parent or Subsidiary, Participant must notify the Irish Parent or Subsidiary in writing upon (i) receiving or disposing of an interest in Workday (*e.g.*, PSUs, Shares, etc.), (ii) becoming aware of the event giving rise to the notification requirement, or (iii) becoming a director or secretary if such an interest exists at the time, in each case if the interest represents more than 1% of Workday’s share capital or voting rights. This notification requirement also applies with respect to the interests of any spouse or minor children (whose interests will be attributed to the director, shadow director or secretary).

ITALY

Terms and Conditions

Data Privacy. The following provision replaces Section 10 of the Agreement:

Pursuant to Section 13 of the Legislative Decree no. 196/2003, Participant understands that Workday, the Employer and any other Parent or Subsidiary may hold and process 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 (to the extent permitted under Italian law), passport number or other identification number, salary, nationality, job title, any Shares or directorships held in Workday or any Parent or Subsidiary, details of all PSUs under the Plan or other entitlement to Shares or equivalent benefits granted, awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data") for the exclusive purpose of implementing, managing and administering the Plan and in compliance with applicable laws.

Participant also understands that providing Workday 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 Workday to perform its contractual obligations and may affect Participant's ability to participate in the Plan. The controllers of Data processing are Workday, Inc. with registered offices at 6110 Stoneridge Mall Road, Pleasanton, CA 94588, United States of America, and the Employer, which is also Workday'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 transferred to Morgan Stanley, banks, other financial institutions, or brokers involved in the management and administration of the Plan. Participant further understands that Workday, the Employer and any other 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, and that Workday, the Employer and any other Parent or Subsidiary may each further transfer Data to third parties assisting Workday in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom Participant may elect to deposit any Shares acquired under the Plan. Such 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 located in the European Economic Area, or elsewhere, such as in the United States. Should Workday exercise its discretion in suspending all legal obligations connected with the management and administration of 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. In any event, Data will be stored only for the time needed to fulfil the purposes described above.

Participant understands that Data processing for the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication and the transfer of Data abroad, including outside the European Economic Area, as specified herein and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the processing is necessary for the performance of contractual obligations related to implementation, administration and management of the Plan, which represents the legal basis for the processing. Participant understands that, pursuant to section 7 of the Legislative Decree no. 196/2003, Participant has the right to, including but not limited to, access, delete, update, ask for rectification of Participant's Data and cease, for legitimate reason, the Data processing. Participant also has the right to data portability and to lodge a complaint with the Italian supervisory authority.

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

Plan Document Acknowledgement. Participant acknowledges that by accepting the PSUs, Participant has been given access to the Plan document, have reviewed the Plan and this Agreement in their entirety and fully understand and accept all provisions of the Plan and this Agreement. Further, Participant acknowledges that he or she has read and expressly approves the following sections of the Agreement: Section 1. Vesting; Section 2. Settlement; Section 4. Dividend Equivalents; Section 6. Termination; Section 7. Responsibility for Taxes; Section 8. Nature of Grant; Section 9. No Advice Regarding Grant; Section 11. Language; Section 17. Governing Law and Venue; Section 18. No Rights as Employee, Director or Consultant; Section 21. Acknowledgment; Consent to Electronic Delivery of All Plan Documents and Disclosures; and the Data Privacy section set forth above.

Notifications

Foreign Asset/Account Reporting Information. Participant understands that if Participant is an Italian resident and at any time during the fiscal year Participant holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to Italian residents who are the beneficial owners of foreign financial assets, even if Participant does not directly hold investments abroad or foreign assets.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. Participant understands that if Participant holds assets outside of Japan (e.g., Shares acquired under the Plan) with a total net fair market value exceeding ¥50,000,000 (or an equivalent amount in foreign currency) as of December 31 each year, Participant is required to report the details of such assets to the Japanese tax authorities by March 15th of the following year. Participant acknowledges that he or she should consult with Participant's personal tax advisor to determine Participant's personal reporting obligations.

MALAYSIA

Terms and Conditions

Data Privacy. *The following provision replaces Section 10 of the Agreement:*

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 PSU grant materials by and among, as applicable, Workday, the Employer and any other Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that Workday, the Employer and any other 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, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in Workday, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. The source of the Data is the Employer, as well as information which Participant is providing to Workday and the Employer in connection with the Plan and this Agreement.

Participant understands that Data will be transferred to Morgan Stanley or such other stock plan service provider as may be selected by Workday in the future, which is assisting Workday with the implementation, administration and management of the Plan. Participant further understands that Workday, the Employer and any other 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, and that Workday, the Employer and any other Parent or Subsidiary may each further transfer Data to third parties assisting Workday in the implementation, administration and management of the Plan, including any requisite transfer to a broker or another third party with whom Participant may elect to deposit any Shares acquired under the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country 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, Cynthia Chan, email address is cynthia.chan@workday.com. Participant authorizes Workday, Morgan Stanley and any other possible recipients which may assist Workday (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, including any requisite transfer of such Data to a third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the Restricted Stock Units.

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 additional 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 and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that Workday would not be able to grant Participant PSUs or other equity awards 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.

Malaysian Translation

Peserta dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi Peserta seperti yang diterangkan dalam Perjanjian dan apa-apa bahan geran PSU lain oleh dan di antara, seperti mana yang terpakai, Workday, Majikan dan mana-mana Syarikat Induk atau Anak-Anak Syarikatnya untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan.

Peserta memahami bahawa Workday, Majikan dan mana-mana Syarikat Induk atau Anak-Anak Syarikat mungkin memegang maklumat peribadi tertentu tentang Peserta, termasuk, tetapi tidak terhad kepada, nama Peserta, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain (seperti, nombor pendaftaran penduduk tetap atau nombor kad pengenalan), gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang di Workday, butir-butir semua PSUs atau apa-apa hak lain atas syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah Peserta ("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan. Sumber Data adalah daripada Majikan, dan juga maklumat yang Peserta berikan kepada Workday dan Majikan berhubung dengan Pelan dan Perjanjian ini.

Peserta memahami bahawa Data ini akan dipindahkan kepada Morgan Stanley atau pembekal perkhidmatan pelan saham yang ditetapkan oleh Workday pada masa depan yang membantu Workday dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Peserta memahami selanjutnya bahawa Workday, Majikan dan Syarikat Induk atau Anak-Anak Syarikat lain akan memindah Data sesama mereka seperti diperlukan untuk tujuan melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan, dan Workday, Majikan dan Syarikat Induk atau Anak-Anak Syarikat yang lain masing-masing boleh memindah Data kepada pihak-pihak ketiga yang membantu Workday dalam pelaksanaan, pentadbiran dan pegurusan Pelan, termasuk pemindahan yang diperlukan kepada broker atau pihak ketiga yang lain yang mana Peserta boleh memilih untuk mendepositkan Syer-Syer yang diperolehi daripada Pelan. Peserta memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau mana-mana tempat lain dan bahawa negara penerima-penerima mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Peserta. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh meminta satu senarai yang mengandungi nama dan alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan Peserta Cynthia Chan, alamat emel cynthia.chan@workday.com. Peserta memberi kuasa kepada Workday, Morgan Stanley dan mana-mana penerima-penerima lain yang mungkin membantu Workday (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan, termasuk apa-apa pemindahan Data yang diperlukan kepada pihak ketiga yang lain dengan sesiapa yang Peserta pilih untuk deposit apa-apa Saham yang diperolehi selepas terletak hak PSUs.

Peserta memahami bahawa Data hanya akan disimpan untuk tempoh yang perlu bagi melaksanakan, mentadbir, dan menguruskan penyertaan Peserta dalam Pelan. Peserta memahami bahawa sekiranya Peserta menetap di luar Amerika Syarikat, Peserta boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan Peserta. Peserta selanjutnya memahami bahawa Peserta memberi persetujuan ini secara sukarela. Sekiranya Peserta tidak bersetuju, atau kemudian membatalkan persetujuannya, status pekerjaan atau perkhidmatan Peserta dengan Majikan tidak akan terjejas; satunya akibat jika Peserta tidak bersetuju atau menarik balik persetujuan Peserta adalah bahawa Workday tidak akan dapat menganugerahkan kepada Peserta PSUs atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, Peserta memahami bahawa keengganan atau penarikan balik persetujuan Peserta boleh menjejaskan keupayaannya untuk mengambil bahagian dalam Pelan. Untuk maklumat lanjut mengenai akibat keengganan Peserta untuk memberikan keizinan atau penarikan balik keizinan, Peserta memahami bahawa Peserta boleh menghubungi wakil sumber manusia tempatan Peserta.

Notifications

Director Notification Obligation. Directors of Workday's Malaysian Subsidiary are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify such entity in writing within 14 business days of the acquisition or disposal of an interest (e.g., PSUs granted under the Plan or Shares) in Workday or any related company.

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Notifications

Securities Law Information. WARNING: Participant is being granted PSUs to acquire Shares in accordance with the terms of this Agreement and the Plan. The Shares, if issued, will give Participant a stake in the ownership of Workday. Participant may receive a return if dividends are paid.

If Workday runs into financial difficulties and is wound up, Participant will be paid only after all other creditors (including holders of preference shares, if any) have been paid. Participant may lose some or all of Participant's investment, if any.

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 purchase 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.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The Shares are quoted on the Nasdaq. This means that if Participant acquires Shares, Participant may be able to sell the Shares on the Nasdaq if there are interested buyers. Participant may get less than he or she invested. The price will depend on the demand for the Shares.

For information on risk factors impacting Workday's business that may affect the value of the Shares, Participant should refer to the risk factors discussion in Workday's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on Workday's website at <http://www.workday.com/en-us/company/investor-relations/sec-filings.html>.

NORWAY

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. Polish residents holding foreign securities (including Shares) and maintaining accounts abroad (including any brokerage account) must report information to the National Bank of Poland on transactions and balances of the securities and cash deposited in such accounts if the value of such securities and cash (calculated individually or together with all other assets/liabilities held abroad) exceeds a specified threshold (currently PLN7,000,000). If required, the reports are due on a quarterly basis on special forms available on the website of the National Bank of Poland.

In addition, any transfer of funds in excess of a specified threshold (currently €15,000, but if such transfer is connected with business activity of an entrepreneur, PLN15,000) must be effected through a bank account in Poland. Participant should maintain evidence of such foreign exchange transactions for five years, in case of a request for their production by the National Bank of Poland.

SINGAPORE

Restriction on Sale of Shares. To the extent the PSUs vest within six months of the Date of Grant, Participant may not dispose of the Shares issued upon settlement of the PSUs, or otherwise offer the Shares to the public, prior to the six-month anniversary of the Grant Date, 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") and in accordance with any other applicable provision of the SFA.

Notifications

Securities Law Information. The grant of PSUs under the Plan is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of SFA and are not made with a view to the PSUs 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. The Chief Executive Officer (“**CEO**”), directors, associate directors or shadow directors of a Singapore Parent or Subsidiary are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify such entity in writing within two business days of any of the following events: (i) the acquisition or disposal of an interest (*e.g.*, PSUs granted under the Plan or Shares) in Workday or any Parent or Subsidiary, (ii) any change in previously-disclosed interests (*e.g.*, sale of Shares), or (iii) becoming a CEO, director, associate director or shadow director of a Parent or Subsidiary in Singapore, if the individual holds such an interest at that time. These notification requirements apply regardless of whether the CEO or directors are residents of or employed in Singapore.

SOUTH AFRICA

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 7 of the Agreement:

By accepting the PSUs, Participant agrees to immediately notify the Employer of the amount of any gain realized upon vesting of the PSUs. If Participant fails to advise the Employer of the gain realized upon vesting of the PSUs, then he or she may be liable for a fine. Participant will be solely responsible for paying the difference between the actual tax liability and the amount withheld by Workday or the Employer.

Notifications

Securities Law Information. In compliance with South African securities law, the documents listed below are available for Participant’s review on Workday’s website at <https://www.workday.com/en-us/company/investor-relations.html> and on Workday’s intranet, respectively:

1. Workday’s most recent annual financial statements; and
2. Workday’s most recent Plan prospectus.

A copy of the above documents will be sent to Participant free of charge on written request to Workday Global Stock Administration at stock.admin@workday.com.

Participant should carefully read the materials provided before making a decision whether to participate in the Plan.

Exchange Control Information. Participant is solely responsible for complying with applicable South African exchange control regulations. As the exchange control regulations are subject to change, Participant should consult Participant’s legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations.

SOUTH KOREA

Notifications

Exchange Control Information. For transactions that occurred before July 18, 2017, exchange control laws require Korean residents who realize US\$500,000 or more from the sale of Shares or receipt of dividends in a single transaction to repatriate the proceeds to Korea within three years of receipt. Participant should consult a personal legal advisor to determine whether this repatriation requirement applies to any particular transaction.

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the monthly balance of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency) on any month-end date during a calendar year.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 8 of the Agreement:

By accepting the PSUs, Participant consents to participating in the Plan and acknowledges that he or she has received a copy of the Plan.

Participant understands that Workday has unilaterally, gratuitously and discretionally decided to grant PSUs to acquire Shares under the Plan to individuals who may be Employees, Consultants, Directors or Non-Employee Directors of Workday or any 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 Workday or any Parent or Subsidiary. Consequently, Participant understands that the PSUs are granted on the assumption and condition that the PSUs and any Shares acquired at vesting of the PSUs are not part of any employment or service agreement (either with Workday or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever.

In addition, Participant understands that the PSUs 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 any grant of or right to PSUs shall be null and void.

Further, Participant acknowledges, understands and agrees that Participant will not be entitled to continue vesting in any PSUs once Participant's employment or service Terminates. This will be the case, for example, even in the event of a Termination of a Participant by reason of, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause or adjudged/recognized to be without good cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective dismissal on objective grounds, whether adjudged and/or recognized to be with or without cause, material modification of the terms of employment or service 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 Royal Decree 1382/1985.

Notifications

Securities Law Information. The PSUs do not qualify under Spanish law as securities. No "offer to the public," as defined under Spanish Law, has taken place or will take place in the Spanish territory. The Plan, this Agreement and any other PSU grant documents have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and 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 owned as of December 31 of the prior year on a Form D-6; however, if the value of the Shares purchased under the Plan or sold exceeds €1,502,530, the declaration must be filed within one month of the acquisition or sale, as applicable.

Further, Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), any foreign instruments (*e.g.*, Shares) and any transactions with non-Spanish residents (including any payments of cash or Shares made to Participant by Workday or any U.S. brokerage account) if the balances in such accounts together with the value of such instruments as of December 31, or the volume of transactions with non-Spanish residents during the prior or current year, exceeds €1,000,000.

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.*, cash or Shares) 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. The reporting must be completed by March 31 following the end of the relevant tax year.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The grant of the PSUs is not intended to be publicly offered in or from Switzerland. Neither this document nor any other materials relating to the PSUs constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the PSUs may be publicly distributed nor otherwise made publicly available in Switzerland. Further, neither this document nor any other offering or marketing material relating to the grant of PSUs have been or will be filed with, approved or supervised by the Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

THAILAND

Notifications

Exchange Control Information. Participant must repatriate the proceeds from the sale of Shares and any cash dividends received in relation to the Shares to Thailand immediately upon receipt if the amount of such proceeds received in a single transaction is US\$50,000 or more. Participant must then either convert the funds to Thai Baht or deposit the proceeds in a foreign currency deposit account maintained by a bank in Thailand within 360 days of remitting the proceeds to Thailand. If the amount of the proceeds is equal to or greater than US\$50,000, Participant must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form.

If Participant does not comply with this obligation, Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, Participant should consult a legal advisor before selling Shares to ensure compliance with current regulations. It is Participant's responsibility to comply with exchange control laws in Thailand, and neither Workday nor the Employer will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws.

UNITED KINGDOM

Terms and Conditions

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

Settlement. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan, the PSUs are payable in Shares only. A grant of PSUs does not provide any right for Participant to receive a cash payment.

Responsibility for Taxes. This provision supplements Section 7 of the Agreement:

Without limitation to Section 7 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 Workday or the Employer or by Her Majesty's Revenue and Customs ("**HMRC**") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified Workday and 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 Workday (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is a director or executive officer and income tax is not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax 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 any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying Workday or the Employer (as applicable) for the value of any employee NICs due on this additional benefit, which Workday or the Employer may recover from Participant by any of the means referred to in the Plan or Section 7 of the Agreement.

WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK AWARD
GRANT NUMBER _____

Unless otherwise defined herein, the terms defined in Workday's 2012 Equity Incentive Plan (the "**Plan**") will have the same meanings in this Notice of Restricted Stock Award and the electronic representation of this Notice of Restricted Stock Award established and maintained by Workday, Inc. ("**Workday**") or a third party designated by Workday (the "**Notice**").

Name:

Address:

You ("**Participant**") have been granted an the opportunity to purchase Shares of Common Stock of Workday, Inc. ("**Workday**") that are subject to restrictions (the "**Restricted Shares**") and the terms and conditions of the Plan, this Notice and the attached Restricted Stock Purchase Agreement (the "**Restricted Stock Purchase Agreement**").

**Total Number of Restricted Shares
Awarded:**

**Fair Market Value per Restricted
Share:** \$

Total Fair Market Value of Award: \$

Purchase Price per Restricted Share: \$

**Total Purchase Price for all
Restricted Shares:** \$

Date of Grant:

Vesting Commencement Date:

Vesting Schedule: Subject to the limitations set forth in this Notice, the Plan and the Restricted Stock Purchase Agreement, the Restricted Shares will vest and the right of repurchase will lapse, in whole or in part, in accordance with the following schedule:

By accepting (whether in writing, electronically or otherwise) the opportunity to purchase the Restricted Shares, Participant acknowledges and agrees to the following:

Participant understands that Participant's employment or consulting relationship or service with Workday or a Parent or Subsidiary of Workday is for an unspecified duration, can be terminated at any time (i.e., is "at-will"), and that nothing in this Notice, the Restricted Stock Purchase Agreement or the Plan changes the at-will nature of that relationship. Participant acknowledges that the vesting of the Restricted Shares pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of Workday or a Parent or Subsidiary of Workday. Participant also understands that this Notice is subject to the terms and conditions of both the Restricted Stock Purchase Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Restricted Stock Purchase Agreement and the Plan. By acceptance of this opportunity to purchase the Restricted Shares, Participant consents to the electronic delivery of the Notice, the Restricted Stock Purchase Agreement, the Plan, account statements, Plan prospectuses required by the Securities and Exchange Commission, U.S. financial reports of Workday, and all other documents that Workday is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Restricted Shares. Electronic delivery may include the delivery of a link to a Workday 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 Workday's discretion. If the Restricted Stock Purchase Agreement is not executed by Participant within thirty (30) days of the Date of Grant above, then this grant will be void.

WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
RESTRICTED STOCK PURCHASE AGREEMENT

THIS RESTRICTED STOCK PURCHASE AGREEMENT (this “*Agreement*”) is made by and between Workday, Inc., a Delaware corporation (“*Workday*”), and Participant pursuant to Workday’s 2012 Equity Incentive Plan (the “*Plan*”). Unless otherwise defined herein, the terms defined in the Plan will have the same meanings in this Agreement.

1. Sale of Stock. Subject to the terms and conditions of this Agreement, on the Purchase Date (as defined below) Workday will issue and sell to Participant, and Participant agrees to purchase from Workday the number of Shares shown on the Notice of Restricted Stock Award (the “*Notice*”) at the purchase price per Share set forth in the Notice. The per Share purchase price of the Shares will be not less than the par value of the Shares as of the date of the offer of such Shares to the Participant. The term “Shares” refers to the purchased Shares and all securities received in replacement of or in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other properties to which Participant is entitled by reason of Participant’s ownership of the Shares.

2. Time and Place of Purchase. The purchase and sale of the Shares under this Agreement will occur at the principal office of Workday simultaneously with the execution of this Agreement by the parties, or on such other date as Workday and Participant will agree (the “*Purchase Date*”). On the Purchase Date, Workday will issue a stock certificate registered in Participant’s name, or uncertificated shares designated for the Participant in book entry form on the records of Workday’s transfer agent, representing the Shares to be purchased by Participant against payment of the purchase price therefor by Participant by (a) check made payable to Workday, (b) Participant’s personal services that the Committee has determined have already been rendered to Workday and have a value not less than aggregate par value of the Shares to be issued Participant, or (c) a combination of the foregoing. If Participant has previously rendered services to Workday, the purchase price will be paid pursuant to (b) above.

3. Restrictions on Resale. By signing this Agreement, Participant agrees not to sell any Shares acquired pursuant to the Plan and this Agreement at a time when applicable laws, regulations or Workday or underwriter trading policies prohibit exercise or sale. This restriction will apply as long as Participant is providing service to Workday or a Subsidiary of Workday.

3.1 Repurchase Right on Termination Other Than for Cause. For the purposes of this Agreement, a “*Repurchase Event*” will mean an occurrence of one of the following:

- (i) termination of Participant’s service, whether voluntary or involuntary and with or without cause;
- (ii) resignation, retirement or death of Participant; or
- (iii) any attempted transfer by Participant of the Shares, or any interest therein, in violation of this Agreement.

Upon the occurrence of a Repurchase Event, Workday will have the right (but not an obligation) to purchase the Shares of Participant at a price equal to the Purchase Price per Share (the “*Repurchase Right*”). The Repurchase Right will lapse in accordance with the vesting schedule set forth in the Notice. For purposes of this Agreement, “*Unvested Shares*” means Stock pursuant to which Workday’s Repurchase Right has not lapsed.

3.2 Exercise of Repurchase Right. Unless Workday provides written notice to Participant within 90 days from the date of termination of Participant's service to Workday that Workday does not intend to exercise its Repurchase Right with respect to some or all of the Unvested Shares, the Repurchase Right will be deemed automatically exercised by Workday as of the 90th day following such termination, provided that Workday may notify Participant that it is exercising its Repurchase Right as of a date prior to such 90th day. Unless Participant is otherwise notified by Workday pursuant to the preceding sentence that Workday does not intend to exercise its Repurchase Right as to some or all of the Unvested Shares, execution of this Agreement by Participant constitutes written notice to Participant of Workday's intention to exercise its Repurchase Right with respect to all Unvested Shares to which such Repurchase Right applies at the time of Termination of Participant. Workday, at its choice, may satisfy its payment obligation to Participant with respect to exercise of the Repurchase Right by (A) delivering a check to Participant in the amount of the purchase price for the Unvested Shares being repurchased, (B) in the event Participant is indebted to Workday, canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, (C) in the event Participant purchased Unvested Shares pursuant to Section 2(b), at the time of Termination of Participant, Participant will forfeit all of Participant's Unvested Shares or (D) by a combination of (A) and (B) so that the combined payment and cancellation of indebtedness equals such purchase price. In the event of any deemed automatic exercise of the Repurchase Right by canceling an amount of such indebtedness equal to the purchase price for the Unvested Shares being repurchased, such cancellation of indebtedness will be deemed automatically to occur as of the 90th day following termination of Participant's employment or consulting relationship unless Workday otherwise satisfies its payment obligations. As a result of any repurchase of Unvested Shares pursuant to the Repurchase Right, Workday will become the legal and beneficial owner of the Unvested Shares being repurchased and will have all rights and interest therein or related thereto, and Workday will have the right to transfer to its own name the number of Unvested Shares being repurchased by Workday, without further action by Participant.

3.3 Acceptance of Restrictions. Acceptance of the Shares will constitute Participant's agreement to such restrictions and the legending of his or her certificates or the notation in Workday's direct registration system for stock issuance and transfer of such restrictions and accompanying legends set forth in Section 4.1 with respect thereto. Notwithstanding such restrictions, however, so long as Participant is the holder of the Shares, or any portion thereof, he or she will be entitled to receive all dividends declared on and to vote the Shares and to all other rights of a stockholder with respect thereto.

3.4 Non-Transferability of Unvested Shares. In addition to any other limitation on transfer created by applicable securities laws or any other agreement between Workday and Participant, Participant may not transfer any Unvested Shares, or any interest therein, unless consented to in writing by a duly authorized representative of Workday. Any purported transfer is void and of no effect, and no purported transferee thereof will be recognized as a holder of the Unvested Shares for any purpose whatsoever. Should such a transfer purport to occur, Workday may refuse to carry out the transfer on its books, set aside the transfer, or exercise any other legal or equitable remedy. In the event Workday consents to a transfer of Unvested Shares, all transferees of Shares or any interest therein will receive and hold such Shares or interest subject to the provisions of this Agreement, including, insofar as applicable, the Repurchase Right. In the event of any purchase by Workday hereunder where the Shares or interest are held by a transferee, the transferee will be obligated, if requested by Workday, to transfer the Shares or interest to the Participant for consideration equal to the amount to be paid by Workday hereunder. In the event the Repurchase Right is deemed exercised by Workday, Workday may deem any transferee to have transferred the Shares or interest to Participant prior to their purchase by Workday, and payment of the purchase price by Workday to such transferee will be deemed to satisfy Participant's obligation to pay such transferee for such Shares or interest, and also to satisfy Workday's obligation to pay Participant for such Shares or interest.

3.5 Assignment. The Repurchase Right may be assigned by Workday in whole or in part to any persons or organization.

4. Restrictive Legends and Stop Transfer Orders.

4.1 Legends. The certificate or certificates or book entry or book entries representing the Shares will bear or be noted by Workday's transfer agent with the following legend (as well as any legends required by applicable state and federal corporate and securities laws):

THE SHARES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN WORKDAY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF WORKDAY.

4.2 Stop-Transfer Notices. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, Workday may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if Workday transfers its own securities, it may make appropriate notations to the same effect in its own records.

4.3 Refusal to Transfer. Workday will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as the owner or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares will have been so transferred.

5. No Rights as Employee, Director or Consultant. Nothing in this Agreement will affect in any manner whatsoever the right or power of Workday, or a Parent or Subsidiary of Workday, to terminate Participant's service, for any reason, with or without cause.

6. Miscellaneous.

6.1 Acknowledgement. Workday and Participant agree that the Restricted Shares are granted under and governed by the Notice, this Agreement 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 Restricted Shares subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

6.2 Entire Agreement; Enforcement of Rights. This Agreement, 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, will 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 will not be construed as a waiver of any rights of such party.

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

6.4 Governing Law and Venue; Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, 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 will be excluded from this Agreement, (ii) the balance of this Agreement will be interpreted as if such provision were so excluded and (iii) the balance of this Agreement will 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 will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the District of New Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

6.5 Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement will be deemed to be the product of all of the parties hereto, and no ambiguity will be construed in favor of or against any one of the parties hereto.

6.6 Notices. Any notice to be given under the terms of the Plan will be addressed to Workday in care of its principal office, and any notice to be given to the Participant will be addressed to such Participant at the address maintained by Workday for such person or at such other address as the Participant may specify in writing to Workday.

6.7 Consent to Electronic Delivery of All Plan Documents and Disclosures. By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and Workday agree that this opportunity to purchase Restricted Shares is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. 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 Workday upon any change in Participant's residence address. By acceptance of this opportunity to purchase Restricted Shares, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by Workday or a third party designated by Workday and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of Workday, and all other documents that Workday is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Restricted Shares and current or future participation in the Plan. Electronic delivery may include the delivery of a link to a Workday 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 Workday's discretion. Participant acknowledges that Participant may receive from Workday a paper copy of any documents delivered electronically at no cost if Participant contacts Workday by telephone, through a postal service or electronic mail at Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to Workday or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying Workday of such revised or revoked consent by telephone, postal service or electronic mail through Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery.

6.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument.

6.9 U.S. Tax Consequences. Upon vesting of Shares, Participant will include in taxable income the difference between the fair market value of the vesting Shares, as determined on the date of their vesting, and the price paid for the Shares. This will be treated as ordinary income by Participant and will be subject to withholding by Workday when required by applicable law. In the absence of an Election (defined below), Workday will withhold a number of vesting Shares with a fair market value (determined on the date of their vesting) equal to the minimum amount Workday is required to withhold for income and employment taxes. If Participant makes an Election, then Participant must, prior to making the Election, pay in cash (or check) to Workday an amount equal to the amount Workday is required to withhold for income and employment taxes.

7. Section 83(b) Election. Participant hereby acknowledges that he or she has been informed that, with respect to the purchase of the Shares, an election may be filed by the Participant with the Internal Revenue Service, within 30 days of the purchase of the Shares, electing pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the Shares and their Fair Market Value on the date of purchase (the "**Election**"). Making the Election will result in recognition of taxable income to the Participant on the date of purchase, measured by the excess, if any, of the Fair Market Value of the Shares over the purchase price for the Shares. Absent such an Election, taxable income will be measured and recognized by Participant at the time or times on which Workday's Repurchase Right lapses. Participant is strongly encouraged to seek the advice of his or her own tax consultants in connection with the purchase of the Shares and the advisability of filing of the Election. PARTICIPANT ACKNOWLEDGES THAT IT IS SOLELY PARTICIPANT'S RESPONSIBILITY, AND NOT WORKDAY'S RESPONSIBILITY, TO TIMELY FILE THE ELECTION UNDER SECTION 83(b) OF THE CODE, EVEN IF PARTICIPANT REQUESTS WORKDAY, OR ITS REPRESENTATIVE, TO MAKE THIS FILING ON PARTICIPANT'S BEHALF.

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

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

Name:

Address:

You (the “*Participant*”) have been granted an option to purchase shares of Common Stock of Workday under the Plan subject to the terms and conditions of the Plan, this Notice and the Stock Option Award Agreement (the “*Option Agreement*”), including any applicable country-specific provisions in the appendix attached hereto (the “*Appendix*”) which constitutes part of this Option Agreement.

Grant Number:

Date of Grant:

Vesting Commencement Date:

Exercise Price per Share:

Total Number of Shares:

Type of Option:

Non-Qualified Stock Option/Incentive Stock Option

Expiration Date:

_____, 20__; This Option expires earlier in the event of Participant’s Termination, as described in the Stock Option Agreement.

Vesting Schedule:

[Insert applicable vesting 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 Workday or a Parent or Subsidiary is for an unspecified duration, can be terminated at any time (*i.e.*, is at will), except where otherwise prohibited by applicable law and that nothing in this Notice, the Option 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 Workday 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. Participant also understands that this Notice is subject to the terms and conditions of both the Option Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Option Agreement and the Plan. By accepting this Option, Participant consents to the electronic delivery as set forth in the Option Agreement.

WORKDAY, INC.
2012 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

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

Participant has been granted an option to purchase Shares (the “*Option*”) of Workday, Inc. (“*Workday*”), subject to the terms and conditions of the Plan, the Notice of Stock Option Grant (the “*Notice*”) and this Option Agreement, including any applicable country-specific provisions in the appendix attached hereto (the “*Appendix*”) which constitutes part of this Option Agreement.

1. Vesting Rights. Subject to the applicable provisions of the Plan and this Option 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 180 days after Participant’s Termination with Workday. In no event will 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 “permanent and total disability” as described in the Plan, or if a Participant dies within 3 months of the Termination Date, this Option may be exercised for twelve months after the Termination Date, provided that in no event will 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 (other than a “permanent and total disability”), this Option may be exercised for six months after the Termination Date, provided that in no event will 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 will expire on such date of Participant’s Termination Date.

3. Grant of Option. The 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 Option Agreement, the terms and conditions of the Plan will 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 will 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 Option 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 Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the “**Exercise Notice**”), which will 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 Workday pursuant to the provisions of the Plan. The Exercise Notice will be delivered in person, by mail, via electronic mail or facsimile or by other authorized method to the Secretary of Workday or other person designated by Workday. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any Tax-Related Items (as defined in Section 8(a) below). This Option will be deemed to be exercised upon receipt by Workday of such fully executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any Tax-Related Items.

(c) No Shares will 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. Assuming such compliance, for income tax purposes the Exercised Shares will 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 will 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(c) of the Plan); or
- (d) other method authorized by the Committee or permitted under the Plan.

6. **Non-Transferability of Option.** This Option may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Option Agreement will be binding upon the executors, administrators, heirs, successors and assigns of Participant.

7. **Term of Option.** This Option will 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 of Stock Option Grant and Section 5.3 of the Plan applies).

8. **Tax Consequences.**

(a) **Exercising the Option.** Participant acknowledges that, regardless of any action taken by Workday or a Parent or Subsidiary 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 Workday or the Employer. Participant further acknowledges that Workday 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 between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that Workday 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 Workday and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes Workday 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 Workday and/or the Employer; or
- (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 Workday (on Participant’s behalf pursuant to this authorization) without further consent; or
- (iii) withholding in Shares to be issued upon exercise of the Option, provided Workday only withholds from the amount of Shares necessary to satisfy the minimum statutory withholding amount; or
- (iv) any other arrangement approved by the Committee.

Depending on the withholding method, Workday 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 member of Shares issued upon exercise of the Options; notwithstanding that a member 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 Workday or the Employer any amount of Tax-Related Items that Workday 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. Workday 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 will immediately notify Workday in writing of such disposition. Participant agrees that he or she may be subject to income tax withholding by Workday 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.** By accepting the Option, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by Workday, it is discretionary in nature, and may be amended, suspended or terminated by Workday 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 Workday;
- (d) the Option grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming an employment or service contract with Workday, 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 are not intended to replace any pension rights or compensation;
- (g) 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;
- (h) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
- (i) if the underlying Shares do not increase in value, the Option will have no value;
- (j) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;
- (k) no claim or entitlement to compensation or damages will arise from forfeiture of the Option resulting from Participant's Termination, and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against Workday, any Parent or Subsidiary or the Employer, waives his or her ability, if any, to bring any such claim, and releases Workday, 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 will 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;
- (l) unless otherwise provided in the Plan or by Workday 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; and
- (m) 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 Workday, the Employer nor any Parent or Subsidiary will 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.

10. **No Advice Regarding Grant.** Workday is not providing any tax, legal or financial advice, nor is Workday 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, Workday and any Parent or Subsidiary of for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that Workday and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Workday, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, 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 Morgan Stanley Smith Barney LLC or its affiliates or such other stock plan service provider as may be selected by Workday in the future, which is assisting Workday 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 Workday, Morgan Stanley Smith Barney LLC and its affiliates, and any other possible recipients which may assist Workday (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 additional 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 and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that Workday would not be able to grant Participant options or other equity awards 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 will 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 Workday 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. Workday 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 Workday 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. Workday and Participant agree that the Option is granted under and governed by the Notice, this Option Agreement 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, 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 Option Agreement, nor any waiver of any rights under this Option Agreement, will be effective unless in writing and signed by the parties to this Option Agreement. The failure by either party to enforce any rights under this Option Agreement will 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 Workday and Participant with all applicable state, federal and local laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which Workday's Shares may be listed or quoted at the time of such issuance or transfer.

18. 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 will be excluded from this Agreement, (ii) the balance of this Agreement will be interpreted as if such provision were so excluded and (iii) the balance of this Agreement will be enforceable in accordance with its terms.

19. Governing Law and Venue. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

Any and all disputes relating to, concerning or arising from this Option Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Option Agreement, will be brought and heard exclusively in the United States District Court for the District of New Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

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

21. Consent to Electronic Delivery of all Plan Documents and Disclosures. By Participant's signature and the signature of Workday's representative on the Notice, Participant and Workday agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Option Agreement. Participant has reviewed the Plan, the Notice and this Option 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 Option 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 the Option Agreement. Participant further agrees to notify Workday 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 Workday or a third party designated by Workday and consents to the electronic delivery of the Notice, this Option Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of Workday, and all other documents that Workday 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 and current or future participation in the Plan. Electronic delivery may include the delivery of a link to Workday 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 Workday's discretion. Participant acknowledges that Participant may receive from Workday a paper copy of any documents delivered electronically at no cost if Participant contacts Workday by telephone, through a postal service or electronic mail to stock.administration@workday.com. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to Workday or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying Workday of such revised or revoked consent by telephone, postal service or electronic mail through Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery.

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

COUNTRY SPECIFIC PROVISIONS FOR EMPLOYEES OUTSIDE THE U.S.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Option granted to Participant under the Plan if Participant resides and/or works in one of the countries below. This Appendix forms part of the Option Agreement. Any capitalized term used in this Appendix without definition will have the meaning ascribed to it in the Notice, the Option Agreement or the Plan, as applicable.

If Participant is a citizen or resident of a country, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency between countries after the Date of Grant, Workday will, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

Notifications

This Appendix also includes information relating to exchange control and 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 August 2012. Such laws are often complex and change frequently. As a result, Workday strongly recommends that Participant not rely on the information herein 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 the Option or sells Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to Participant's particular situation, and Workday 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, or is considered resident of a country, other than the one in which Participant is currently working, or Participant transfers employment and/or residency after the Date of Grant, the information contained herein may not apply to Participant in the same manner.

CANADA

Terms and Conditions

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

Due to legal restrictions in Canada, Participant is prohibited from surrendering Shares that Participant already owns or attesting to the ownership of Shares to pay the Exercise Price or any Tax-Related Items due in connection with the Option.

Data Privacy. The following provision supplements Section 11 of the Option Agreement:

Participant hereby authorizes Workday and Workday's representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. Participant further authorizes Workday, the Employer and/or any Parent or Subsidiary to disclose and discuss such information with their advisors. Participant also authorizes Workday, the Employer and/or any Parent or Subsidiary to record such information and to keep such information in Participant's employment file.

Consent to Receive Information in English for Quebec Participants. The parties acknowledge that it is their express wish that this Option 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 expressement souhaité que cette convention ["Option Agreement"], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Notifications

Securities Law Information. Participant understands he or she 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 of Canada.

GERMANY

Notifications

Exchange Control Information. If Participant makes cross-border payments in excess of €12,500 in connection with the purchase or sale of securities (including Shares acquired under the Plan), Participant must file a monthly report with the *Servicezentrum Außenwirtschaftsstatistik*, which is the competent federal office of the *Deutsche Bundesbank* (the German Central Bank) for such notifications in Germany. Participant is responsible for satisfying the reporting obligation and should be able to obtain a copy of the form used for this purpose from the German bank Participant uses to carry out the transfer.

In addition, in the unlikely event that Participant holds Shares exceeding 10% of the total capital of Workday, Participant must report such holdings in Workday on an annual basis. Participant must also report any receivables or payables or debts in foreign currency exceeding an amount of €5,000,000 in any month.

HONG KONG

Terms and Conditions

Securities Law Information. *WARNING: The grant of the Option under the terms of the Notice, the Option Agreement, including this Appendix, and the Plan and the Shares subject to the Option do not constitute a public offer of securities and are available only to employees of Workday, a Parent or a Subsidiary.*

Please be aware that the contents of the Notice, Option Agreement, including this Appendix, and the Plan are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor have they been reviewed by any regulatory authority in Hong Kong. Participant is advised to exercise caution in relation to the Option. If Participant is in any doubt about any of the contents of the Notice, the Option Agreement, including this Appendix, or the Plan, Participant should obtain independent professional advice.

Sale of Shares. By accepting the Option, Participant agrees that in the event Shares are issued in respect of the Option within six months of the Date of Grant, Participant will not dispose of any Shares acquired prior to the six-month anniversary of the Date of Grant.

IRELAND

Notifications

Director Notification Requirement. Participant understands that if Participant is a director, shadow director or secretary of an Irish Parent or Subsidiary, Participant must notify the Irish Parent or Subsidiary in writing within five business days of receiving or disposing of an interest in Workday (e.g., options, Shares, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement, or within five business days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of any spouse or minor children (whose interests will be attributed to the director, shadow director or secretary).

NETHERLANDS

Notifications

Securities Law Information. Participant should be aware of Dutch insider trading rules, which may impact the sale of Shares acquired under the Plan. In particular, Participant may be prohibited from effecting certain transactions in the Shares if Participant has “inside information” regarding Workday.

By accepting the Option, Participant acknowledges having read and understood this Securities Law Information section and further acknowledges that it is Participant’s responsibility to comply with the following Dutch insider trading rules:

Under Article 5:56 of the Dutch Financial Supervision Act, anyone who has “inside information” related to Workday is prohibited from effectuating a transaction in securities in or from the Netherlands. “Inside information” is knowledge of a detail concerning the issuer to which the securities relate that is not public and which, if published, would reasonably be expected to affect the stock price, regardless of the development of the price. The insider could be any employee of Workday or a Parent or Subsidiary in the Netherlands who has inside information as described herein.

Given the broad scope of the definition of inside information, certain employees of Workday working at a Parent or Subsidiary in the Netherlands (including a Participant in the Plan) may have inside information and, thus, would be prohibited from effectuating a transaction in securities in the Netherlands at a time when Participant had such inside information.

If it is uncertain whether the insider trading rules apply to Participant, Workday recommends that Participant consult with his or her own legal advisor. Please note that Workday cannot be held liable if Participant violates the Dutch insider trading rules. Participant is responsible for ensuring compliance with these rules.

UNITED KINGDOM

Terms and Conditions

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

Responsibility for Taxes. This provision supplements Section 8(a) of the Option Agreement:

If payment or withholding of the income tax is not made within ninety (90) days of the event giving rise to the Tax-Related Items or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), Participant understands and agrees that the amount of any uncollected income tax will constitute a loan owed by Participant to the Employer, effective on the Due Date. Participant understands and agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue & Customs ("HMRC"), it will be immediately due and repayable, and Workday or the Employer may recover it at any time thereafter by any of the means referred to Section 8(a) in the Option Agreement. Workday is authorized to delay the issuance of Shares to Participant unless and until the loan is repaid in full.

Notwithstanding the foregoing, if Participant is a director or executive officer of Workday (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), Participant will not be eligible for a loan from Workday to cover the income tax due. In the event that Participant is a director or executive officer and income tax is not collected from or paid by me by the Due Date, the amount of any uncollected income tax will constitute a benefit to me on which additional income tax and national insurance contributions ("NICs") may be payable. Participant understands that Participant will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing Workday and/or the Employer (as applicable) the value of any employee NICs due on this additional benefit.

CONTRATO DE TRABAJO	EMPLOYMENT CONTRACT
En Madrid, 12 de diciembre 2013	In Madrid, on December 12, 2013
REUNIDOS	TOGETHER
Workday BV, con domicilio social en Amsteldijk 166, 1079LH Amsterdam con C.R.I. número 53679660 (la "Compañía"), representada en este acto por D. Shaun Redgrave en su calidad de representante legal de la Compañía.	Workday BV with registered office at Amsteldijk 166, 1079LH Amsterdam, with C.R.I. number 53679660 (the "Company"), represented by Mr. Shaun Redgrave acting as legal representative of the Company.
D. Luciano Fernandez Gomez mayor de edad, de nacionalidad española, provisto de D.N.I. 11.757.781S, residente en España (el "Trabajador" y conjuntamente con la Compañía, las "Partes").	D. Mr. Luciano Fernandez Gomez, of legal age, of Spanish nationality, holder of ID 11.767.7815, and resident in Spain (the "Employee" and together with the Company, the "Parties").
MANIFIESTAN	DECLARE
I. Que la Compañía se dedica a proporcionar soluciones de software empresarial.	I. The Company is engaged in providing software solutions for Companies.
II. Que es de interés de ambas partes establecer una relación laboral que se regulará de acuerdo con las siguientes cláusulas.	II. That it is the wish of both parties to establish a common labour relationship which is subject to the following clauses.
III. El Trabajador garantiza (i) que puede asumir la presente relación laboral con la Compañía y que no existen acuerdos, restricciones o términos, verbales o escritos, que pudieran vulnerar o entrar en conflicto con los términos y condiciones establecidas en el presente contrato o impedir el desarrollo de sus funciones para la Compañía y (ii) que el cumplimiento y desarrollo de sus funciones y obligaciones conforme al contrato no dará lugar a reclamaciones o responsabilidades para la Compañía. En consecuencia, reconoce que si en cualquier momento la Compañía tuviese conocimiento de la existencia de tales restricciones o se produjese cualquiera de las mencionadas reclamaciones, la Compañía podría imponerle la correspondiente sanción.	III. The Employee warrants (i) that he is free to take up the present employment relationship with the Company and that there are no agreements, restrictions or terms, whether verbal or written, which could breach or be in conflict with the terms and conditions of your employment with us or prevent or hinder the performance of his duties and (ii) that the obligations pursuant to the Contract will not give rise to any claim against or liability on the part of the Company. As a result, if at any time the Company becomes aware that such restrictions exist or that any such claims are made, he acknowledges that the Company may impose upon him the corresponding sanction.
CLAUSULAS	CLAUSES
1. Duración y período de prueba.	1. Duration and trial period.
1.1 El Contrato surtirá sus efectos a partir del día 1 de Enero de 2014 y con sujeción a la Clausula 15, permanecerá en vigor indefinidamente hasta que sea resuelto por cualquiera de las partes.	1.1 The Contract shall be effective as from January 1, 2014 and, subject to Clause 15 will continue thereafter until terminated by either party.
2. Puesto de trabajo	2. Position
2.1 El Trabajador prestará servicios por cuenta y dentro del ámbito de dirección de la Compañía como Presidente de la región EMEA.	2.1 The Employee will render his services in name of and within the organization and management of the Company as President EMEA.
2.2 En el desempeño de su trabajo, el Trabajador se obliga a actuar diligentemente, velando en todo momento por el interés de la Compañía, realizando cuantas tareas y funciones le sean encomendadas.	2.2 The Employee commits to render services in a diligent manner, always looking after the Company's Interest and undertaking all tasks and duties entrusted to him.

2.3 La ejecución del trabajo convenido se llevara a cabo bajo la dirección de la Compañía, a de las personas que esta puede designer. En particular, el Trabajador reportará a la persona o puesto que en cada momento designe la Compañía.	2.3 The work agreed shall be carried out under the direction of the Company or the persons who the Company may designate. In particular, the Employee will report to any other Individual or position the Company may determine at any moment.
3. Pacto de exclusividad	3. Exclusivity commitment
3.1 De acuerdo con lo establecido en el Código de Conducta de la Compañía si en cualquier momento usted mantiene una relación ye sea laboral, por cuenta propia, coma directivo o consultor que implique que se encuentra trabajando fuera de la Compañía, usted deberá notificarlo or escrito a departamento de recursos humanos de la Compañía para que la misma determine si existe o no un conflicto de intereses. En el caso de que exista un conflicto de intereses, la Compañía le podrá requerir que ponga fin a la citada actividad.	3.1 In accordance with the Company's Code of Conduct, if you are engaged in any form of employment, self-employment, directorships or consulting work outside of the Company, you must notify the Human Resources Department In writing so that the Company can determine whether a conflict of Interest exists. In the event of a conflict of Interest, the Company may ask that you terminate such outside activity.
4. Lugar y horario de trabajo	4. Place and hours of work
4.1 El Trabajador prestará sus servicios desde su lugar de residencia. No obstante, la Compañía a se reserva el derecho a cambiar el centro de trabajo del Trabajador a otros lugares, si ello fuera considerado necesario para el adecuado desarrollo de sus funciones, dentro de los límites que establece el artículo 40 del Estatuto de los Trabajadores.	4.1 The Employee shall perform his services from his home address. However, the Company reserves the right to change the Employee's workplace to other locations should this be considered necessary for the performance of his duties, within the limits established in article 40 of the Worker's Statute.
4.2 Sin perjuicio de lo anterior, el Trabajador acepta desplazarse temporalmente a cualquier lugar en España o en el extranjero cuando ello sea necesario para el desempeño de sus funciones.	4.2 Notwithstanding the above, the Employee accepts to make the necessary trips to any domestic or foreign location should this be considered necessary for the performance of his duties.
4.3 El horario de trabajo del Trabajador será el actualmente vigente en la Compañía. Sin embargo, teniendo en cuenta la responsabilidad del puesto que desempeña el Trabajador, el horario se aplicara con flexibilidad para el adecuado cumplimiento de las necesidades de negocio, siempre dentro de los limites establecidos por el marco normativo.	4.3 The Employee's hours of work will be those currently established In the Company. However, in view of the responsibility of the Employee's position, the timetable will be applied with flexibility In order to guarantee an adequate fulfillment business' needs, always within the limits of the statutory provisions.
5. Vacaciones	5. Annual leave
5.1 El Trabajador tendrá derecho a 23 días laborables de vacaciones anuales, además de los festivos correspondientes, pudiéndolos disfrutar en varios periodos, según las necesidades y de acuerdo con la Compañía. Las vacaciones anuales deberán ser planificadas por anticipado y acordadas y aprobadas por la Compañía.	5.1 The Employee shall be entitled to 23 working days paid holiday per year, plus any public holidays, which can be enjoyed over several periods of time, according to the needs of the Company and as agreed by the Parties. Annual leave has to be planned In advance and agreed and approved by the Company.
5.2 Este derecho se aplicara de modo prorrateado en el presente alio natural.	5.2 This right will apply on pro-rata basis in the present calendar year.
6. Retribución	6. Remuneration
6.1 Remuneración fija	6.1 Fixed remuneration

6.1.1 El Trabajador percibirá una remuneración de 285.000 Euros brutos anuales, que se abonará en 12 mensualidades.	6.1.1. The fixed remuneration of the Employee shall be an annual salary of gross Euros 285,000. This amount shall be payable in 12 monthly installments.
6.2 Retribución variable	6.2 Variable remuneration
6.2.1 El Trabajador podrá percibir una retribución anual variable de 285.000 euros brutos que será calculada de acuerdo con los objetivos que se fijaran anualmente conforme a lo establecido en la Política de la Compañía vigente en cada momento. El pago de la retribución variable será trimestral	6.2.1. The Employee can qualify for an annual variable remuneration in an amount of gross Euros 285,000 per year, which will be calculated in accordance to the objectives fixed on an annual basis following the Company Policy in force at the time. The payment of the variable remuneration will be quarterly in arrears
6.2.2 La percepción de esta retribución variable en un determinado ejercicio no consolida ningún derecho a favor del Trabajador a percibirlo en los ejercicios sucesivos, sea por el mismo, inferior o superior importe, ya que su concesión está reservada a la libre discrecionalidad de la Compañía en función de sus resultados, los del Grupo y la dedicación, esfuerzo y resultados obtenidos por el Trabajador.	6.2.2 Payment of this variable remuneration on a specific year will not constitute a right to receive such payments in future years, whether for the same, higher or lower amounts, as its granting is reserved to the Company's absolute discretion depending on the results obtained by the Company and the Group and the dedication, efforts and results obtained by the Employee.
6.3 Prima de fichaje	6.3 Sign-on bonus
6.3.1 El Trabajador recibirá una cantidad de 325.000 Euros brutos como prima de fichaje. El primer 50% de dicha cantidad (es decir, 162,500 euros brutos) se abonará en los 30 días siguientes al inicio de su relación laboral, y al 50% restante se abonará a los 30 días de que se hayan cumplido 6 meses del inicio de la relación laboral, condicionado a que el Trabajador permanezca empleado por la Compañía en ese momento. Dicha cantidad que la Empresa abona al Trabajador con carácter excepcional a fin de premiar su incorporación a la Empresa, no se volverá a pagar en el futuro y en el supuesto de extinción del presente Contrato, por cualquier causa que se produzca, no será tomada en consideración para calcular la correspondiente indemnización, si es que la misma resultase legalmente obligatoria, al no retribuir esta prima el trabajo del Trabajador en favor de la Empresa.	6.3.1. The Employee will be paid the amount of gross Euros 325,000 as a sign on bonus. The first 50% (i.e. gross Euros 162,500) will be payable within 30 days of your commencement of employment and the second 50% will be payable within 30 days of the six month anniversary of your commencement of employment provided that you remain an employee of Workday at that time. This bonus, which is paid to the Employee as an extraordinary award for his Incorporation to the Company, will not be repeated again in the future. In case of termination of the contract, for any cause, this sign on bonus will not be taken into account for the calculation of the severance (if legally applicable), as it does not constitute a payment for the services provided by the Employee.
6.4 Retribución en especie	6.4 Remuneration in kind
6.4.1. Gastos de automóvil El Trabajador tendrá derecho a la cantidad de 16.800 Euros brutos anuales en concepto de gastos de vehículo.	6.4.1. Car allowance The Employee will be entitled to a car allowance amounting to gross Euros 16,800 per year.

<p>6.4.2. Segura medico privado, seguro de incapacidad y seguro de vida</p> <p>El Trabajador tendrá derecho a un seguro médico privado, un seguro de incapacidad y un seguro de vida, que serán o bien contratados directamente por la Compañía en favor del Trabajador, o contratados directamente por el Trabajador y reembolsados al mismo por la Compañía, en los términos y con los límites que se pacten con entre el Trabajador y la Compañía, y de acuerdo con las prácticas habituales de Workday en EMEA.</p>	<p>6.4.2. Health insurance, disability and life insurance</p> <p>The Employee will be entitled to a private health insurance, disability insurance and life insurance, which will be either taken by the Company on his behalf, or taken directly by the Employee, in which case the Company shall refund the expenses and premiums derived thereof, in accordance with the terms and limits agreed between the Employee and the Company, and with Workday's standard practices in EMEA.</p>
<p>6.4.3. Contribución al Plan de Pensiones</p> <p>El Trabajador tendrá derecho a una aportación anual a su plan de pensiones por un importe bruto equivalente al 12% de la suma de su salario base (fijado en la cláusula 6.1 anterior) y su remuneración variable (fijada en la cláusula 6.2 anterior), o a una "prima de contribución al Plan de Pensiones", en el mismo importe bruto -12% de la suma de su salario base fijado en la cláusula 6.1 anterior y su remuneración variable fijada en la cláusula 6.2 anterior- hasta que el plan de pensiones sea constituido. El cálculo de la aportación del 12% al plan de pensiones de la suma del salario fijo y variable estará siempre referido a los salarios fijo y variables vigentes/actualizados en cada período anual</p>	<p>6.4.3 Pension contribution</p> <p>The Employee will be entitled to a yearly pension contribution in his pension plan in the gross amount of 12% of the sum of his base salary (as per clause 6.1.above) and annual bonus (as per clause 6.2. above), or a yearly "pension contribution award" by that same gross amount -12% of the sum of his base salary (as per clause 6.1. above) and annual bonus (as per clause 6.2, above)- until the pension plan is properly set up. This 12% gross amount contribution to the pension plan as a calculation of the sum of the base and annual bonus salary will always be done according to the current/updated salary amounts governing in each yearly period</p>
<p>6.4 Deducciones</p>	<p>6.5 Withholdings</p>
<p>6.3.2 De los importes mencionados en la presente Cláusula se deducirán las retenciones a cuenta del Impuesto sobre la Renta de las Personas Físicas, las cuotas de la Seguridad Social a cargo del Trabajador y cualesquiera otras que procedan de acuerdo con la legislación vigente.</p>	<p>Withholdings on account of Personal Income Tax and Social Security contributions for the Employee, as well as any other established in the applicable legislation, shall be deducted from the compensation agreed upon in this Clause.</p>
<p>7. Gastos de viaje y mudanza</p>	<p>7. Travel and relocation expenses</p>
<p>7.1 En sus viajes y desplazamientos y en las atenciones e iniciativas sociales que el desempeño del puesto exija, el Trabajador seguirá, conforme a los criterios generales de la Compañía, el sistema de gastos pagados contra justificación de todos aquellos que resulten adecuados para el desempeño de sus funciones.</p>	<p>7.1 In his travels and journeys and in any corporate entertainment functions that may be required for the performance of his duties, the Employee shall follow the Company's travel expenses reimbursement procedure, providing evidence as to any reasonable expenses that may have been incurred in the performance of his duties.</p>
<p>7.2 En caso de que el Trabajador sea trasladado a Reino Unido en el curso de su prestación de servicios para la Empresa tendrá derecho a recibir apoyo económico por parte de la misma para cubrir los gastos de alojamiento y colegio, así como los generados por la mudanza o gastos externos de agencia soporte en este traslado, durante dos años sin que puedan exceder de 392.593 Euros brutos.</p>	<p>7.2 In case of a relocation of the Employee to the United Kingdom during his rendering of services for the Company he will be entitled to obtain relocation support of two years housing allowance and school expenses, as well as those costs generated by the movement of goods or external agent fees support for the relocation purposes not to exceed gross Euros 392,593.</p>
<p>8. Ausencia y enfermedad</p>	<p>8. Absence and sickness</p>

<p>8.1 En caso de ausencia del trabajo por enfermedad o cualquier otra causa inevitable, el Trabajador deberá notificarlo a la Compañía en el primer día de ausencia, sin perjuicio de las correspondientes notificaciones legales y procedimientos aplicables según la normativa de la Seguridad Social. En todo caso las razones de la ausencia deberán ser justificadas.</p>	<p>8.1 In case of absence from work through illness or other unavoidable cause, the Employee must notify it to the Company, on the first day of absence, notwithstanding the relevant applicable statutory notifications and procedures under the Social Security. In all cases, the reasons for absence must be justified.</p>
<p>9. Seguridad y Salud</p> <p>El Trabajador se compromete a cumplir y hacer cumplir todas las disposiciones legales y convencionales que en materia de higiene, seguridad y salud en el trabajo que legal o convencionalmente resulten de aplicación en cada momento.</p> <p>En cumplimiento de lo dispuesto en dichas disposiciones, el Trabajador se compromete expresamente a cooperar plenamente en cualquier tipo de evaluación de riesgos del puesto de trabajo, así como otras medidas que puedan resultar de aplicación en la oficina de su domicilio particular de conformidad con las referidas disposiciones.</p> <p>A fin de garantizar el cumplimiento de las obligaciones contenidas en la presente cláusula 9, en caso de que el Trabajador cambie de domicilio deberá notificar a la Compañía su nueva dirección en el plazo de 15 días.</p>	<p>9. Health and Safety</p> <p>The Employee agrees to comply and cause others to comply with all hygiene and health and safety labour regulations, legally or conventionally applicable at any time.</p> <p>In compliance with such regulations, the Employee expressly agrees to fully cooperate in any workplace risk evaluation or other reasonable preventive measures that may be required at his home office under the above mentioned regulations.</p> <p>In order to guarantee the fulfilment of the obligations provided for in this clause 9, if the Employee decides to move he will have to notify the Company his new address within 15 days.</p>
<p>10. Protección de datos</p>	<p>10. Data protection</p>
<p>10.1 El Trabajador por la presente declara que conoce y acepta que la Compañía u otras Compañías del Grupo Workday tratarán datos relativos a él (que la Compañía podrá recoger por escrito, electrónicamente o de cualquier otro modo) incluyendo, a meros efectos enunciativos, el nombre, dirección particular, número de tarjeta de la seguridad social, permisos de trabajo y residencia, experiencia, salario y beneficios (los "Datos Personales").</p>	<p>10.1 The Employee hereby agrees and gives his consent to the processing of personal data by the Company or other companies of the Workday Group relating to the Employee (which the Company may obtain in any form, whether in writing, electronically or otherwise), including but not limited to, the name, address, number of the social security card, residence and work permits, expertise, salary and benefits ("Personal Data").</p>
<p>10.2 Los Datos Personales serán incorporados a un fichero cuyo responsable es la Compañía. El domicilio social de la Compañía consta en el encabezamiento del presente contrato.</p>	<p>10.2 The Personal Data will be included in a data file whose controller is the Company. The Company's registered address is included in the heading of this contract.</p>
<p>10.3 Los Datos Personales se tratarán para gestionar la relación empleador/empleado, incluyendo sin carácter limitativo las siguientes finalidades: salario y revisiones salariales, y otros beneficios (tales como planes de pensiones, seguro de vida, médico y de viajes y planes de opciones sobre acciones), así como con el objeto de mejorar los sistemas de seguridad y cumplimiento de obligaciones contractuales y legales (tales como retenciones de Impuesto sobre la Renta de Personas Físicas y contribuciones a la Seguridad Social) y mantenimiento de registros de baja por enfermedad y permisos de paternidad a los meros efectos del cumplimiento de obligaciones laborales y de Seguridad Social.</p>	<p>10.3 Personal Data is processed for the management of the employer/employee relationship, including, but not limited to the following purposes: the payment and review of salaries and other benefits (such as pension, stock option plans and medical, life and travel insurance), facilitating appraisals, maintaining sickness and absence records, exclusively for the mere accomplishment of labour and Social Security obligations, and also more generally to maintain and improve security systems and ensure compliance with its legal and contractual obligations such as income tax withholdings and social security contributions.</p>

<p>10.4 La Compañía solicitará periódicamente al Trabajador la revisión y actualización de los Datos Personales que sobre él se mantengan en el fichero de trabajadores de la Compañía. No obstante lo anterior, el Trabajador tendrá el derecho a revisar, rectificar y actualizar sus Datos Personales en cualquier momento, a acceder a ellos, cancelarlos y a oponerse a cualquier tratamiento que no se encuentre justificado por el mantenimiento de la relación laboral mediante solicitud dirigida al Departamento de Recursos Humanos de la Compañía, a la dirección indicada en el encabezamiento del presente contrato.</p>	<p>10.4 The Company shall ask from time to time the Employee to review and update the Personal Data held in the Company's employee database. Notwithstanding the foregoing the Employee will have the right to periodically review, rectify and update his Personal Data at any time, have access to them, cancel them and oppose to any processing which was not justified by the employment relationship through request to the Human Resources Department of the Company, sent to the address indicated in the heading of this contract.</p>
<p>10.5 El Trabajador conoce y acepta expresamente que la Compañía pueda en cualquier momento poner los Datos Personales a disposición de otras Compañías del Grupo Workday en otros países, ya sean compañías localizadas en la Unión Europea o en otros países, algunos de los cuales pueden no ofrecer un nivel de protección equivalente al que existe en la Unión. Europea, para fines de gestión de recursos humanos dentro del Grupo Workday.</p>	<p>10.5 The Employee expressly acknowledges and agrees that the Company may periodically make available the Personal Data to other Companies of the Workday Group in other countries, which may be located in the European Union and elsewhere, including countries that may not offer, an equivalent level of protection to that applicable in the European Union, for purposes of human resources management within the Workday Group.</p>
<p>10.6 El Trabajador asimismo declare conocer y aceptar que la Compañía puede requerir poner los Datos Personales o parte de ellos a disposición del personal de Workday que necesite conocer dichos Datos Personales, de las autoridades competentes (incluyendo a autoridades fiscales), futuros empleadores y potenciales compradores de la Compañía o de cualquiera de sus activos (negocios, contables, auditores, abogados y otros asesores externos, y terceros, como por ejemplo entidades financieras gestoras de planes de opciones sobre acciones, localizados en la Unión Europea o en otros países, algunos de los cuales pueden no ofrecer un nivel de protección equivalente al que existe en la Unión Europea.</p>	<p>10.6 Moreover, the Employee acknowledges and agrees that the Company may, from time to time, need to make available some or all of the Personal Data to Workday personnel with a need to know such Personal Data, legal and regulatory authorities (including the tax authorities), future employers, potential purchasers of the Company or any of its assets or business, to its accountants, auditors, lawyers and other outside professional advisers and to third parties supplying products or services to the Company, such as stock options brokers, located in the European Union or elsewhere, including countries that may not offer an equivalent level of protection to that applicable in the European Union.</p>
<p>10.7 A los efectos de esta Cláusula, se entenderá por "datos personales" cualquier información relacionada con el Trabajador y necesaria para el cumplimiento de las finalidades del tratamiento anteriormente mencionadas, como su nombre y apellidos, edad, estado civil, datos de contacto personales, número de hijos, datos bancarios, antigüedad, remuneración, evaluaciones de desempeño, puestos y actividades desempeñadas en la Compañía, curriculum vitae, historial laboral, controles de acceso, participación en cursos de formación, seguros médicos, etc.</p>	<p>10.7 For the purposes of this Clause "personal data" shall be understood to include all the information relating to the Employee which is necessary to carry out the processing mentioned above, such as his full name, age, marital status, personal contact information, number of children, bank account data, seniority, compensation, performance evaluations, posts and activities carried out in the Company, curriculum vitae, employment history, access control records, participation in training courses, medical insurance, etc.</p>
<p>11. Variación de datos</p>	<p>11. Change of details</p>

<p>11.1 El Trabajador deberá notificar a la Compañía por escrito cualquier cambio de estado y de datos personales o profesionales que pudieran ser relevantes a los efectos de la relación laboral, o para el cumplimiento de las obligaciones de Seguridad Social o fiscales de la Compañía, en el plazo de un mes desde el acaecimiento del citado cambio. Toda falta de comunicación de esta nueva información eximirá a la Compañía de cualquier responsabilidad y hará que el Trabajador sea responsable de indemnizar a la Compañía por cualquier daño que pudiera corresponderle.</p>	<p>11.1 The Employee must notify the Company in writing of any change of status, personal or professional details that might be relevant for the purposes of the employment relationship, or for the Company's Social Security or tax obligations, within one month of such change. Any failure to provide this new information shall exempt the Company from liability, and make the Employee responsible for compensating the Company for any damages to which it might be entitled.</p>
<p>12. Propiedad intelectual e industrial</p>	<p>12. Intellectual property</p>
<p>12.1 El Trabajador reconoce que los derechos de propiedad industrial e intelectual derivados de los resultados del trabajo realizado por él mismo, solo o en colaboración, durante la vigencia de su contrato y que (I) sean fruto de la actividad explícita o implícitamente constitutiva del mismo o con él relacionada o (II) en ejecución de sus funciones o (III) siguiendo las instrucciones de la Compañía, pertenecen a la Compañía de forma exclusiva, durante toda su vigencia, en todo su alcance material, en todos los Estados, por el máximo tiempo permitido, en todas las modalidades de explotación y con la facultad de transmitirlos a terceros, en cumplimiento con los términos expresados por la Ley 11/1986 de Patentes, por el RDLeg 1/1996 que aprueba el Texto Refundido de la Ley de Propiedad Intelectual y por la normativa especial o sectorial que resulte aplicable.</p>	<p>12.1 The Employee acknowledges that Rights of Intellectual Property derived from the work performed by him/her, as an individual or in collaboration, throughout, the duration of his/her contract and that (i) are the result of the activities directly or indirectly of subject-matter of the contract or related thereto or (ii) are in execution of his/her duties or (iii) under instruction of the Company, belong exclusively to the Company, throughout the duration of these rights, for the maximum extent, in all jurisdictions, for the maximum period of time permissible, in all modes of exploitation and with the ability to subsequent assignment to third parties, in accordance with the terms expressed in Patent Law 11/1986 (Ley 11/1986 de Patentes), Royal Legislative Decree 1/1996 (Real Decreto Legislativo 1/1996) adopting the Modified Text of the law of Intellectual Property (Texto Refundido de la Ley de Propiedad Intelectual) and any and all applicable additional or sectorial regulations.</p>
<p>12.2 El Trabajador deberá prestar su colaboración, sin percibir remuneración adicional a aquella pactada expresamente en este Contrato o descrita en las normas especiales o sectoriales que resulten aplicables, en la medida necesaria para la efectividad de los derechos de la Compañía incluyendo la firma y otorgamiento de todos aquellos documentos o la realización de todos aquellos actos necesarios para que la Compañía pueda solicitar u obtener el registro en cualquier Estado de los derechos de propiedad industrial e intelectual descritos en el párrafo tercero de esta cláusula. El Trabajador se abstendrá de cualquier actuación que pueda redundar en detrimento de tales derechos. Igualmente, el Trabajador no entregará a Workday ningún documento o información confidencial perteneciente a terceras partes.</p>	<p>12.2 The Employee must guarantee their cooperation/assistance, without receiving additional compensation to that expressly and explicitly agreed upon in this contract or described in other additional or sectorial provisions that may prove applicable, to the degree required for the effectiveness of the rights of the Company including the signing and execution of all such documents or the performance of all such acts necessary for the Company's ability to seek or obtain in any jurisdiction the registration of Intellectual property rights outlined in the third paragraph of this clause. The Employee shall abstain from any act which may, in any way, adversely affect the attainment and preservation of such rights. In addition, the Employee will not provide Workday with any documents, records or confidential information belonging to any other parties.</p>

<p>12.3 Por derechos de propiedad industrial e intelectual se entenderán (i) patentes, modelos de utilidad, certificados complementarios de protección, obtenciones vegetales, invenciones, diseños industriales, derechos de autor y derechos conexos, bases de datos, marcas y nombres comerciales registrados o no, denominaciones sociales y el derecho a solicitar su registro (ii) derechos sobre nombres de dominio (iii) secretos comerciales o know-how (iv) solicitudes, extensiones y renovaciones en relación con cualquiera de los derechos anteriores (v) cualquier otro derecho de naturaleza similar o que tenga un efecto equivalente en cualquier Estado y (vi) cualquier licencia a derecho real o contractual sobre cualquier derecho de propiedad intelectual o industrial.</p>	<p>12.3 Intellectual Property Rights means (i) patents, utility models, supplementary protections certificates, plant varieties, inventions, designs, copyright and related or neighboring rights, database rights, trade marks and related goodwill, trade names and related -goodwill, company names, whether registered or unregistered, and rights to apply for registration; (ii) proprietary rights in domain names; (iii) Know How; (iv) applications, extensions and renewals in relation to any of these rights; (v) all other rights of a similar nature or having an equivalent effect anywhere in the world and (vi) any license or right, contractual or in rem, in any intellectual property right.</p>
<p>13. Equipos facilitados al Trabajador</p>	<p>13. Equipment provided to the Employee</p>
<p>13.1 El Trabajador queda obligado a cuidar con la máxima diligencia de todos los documentos, herramientas y materiales que reciba de la Compañía y a conservarlos en un buen estado.</p>	<p>13.1 The Employee must make his best efforts to look after all documents, equipment and materials he may receive from the Company, and to preserve them in good condition.</p>
<p>13.2 La utilización de los documentos, herramientas y materiales que la Compañía proporcione al Trabajador para el desempeño de su puesto de trabajo será conforme al Código de Conducta de la Compañía.</p>	<p>13.2 The use of these tools shall be solely and exclusively for corporate and professional purposes, as a work tool or instrument for the performance of the duties inherent to his work post, in accordance with the Company's Code of Conduct.</p>
<p>13.3 Dada la condición de herramientas de trabajo, la Compañía se reserve el derecho a adoptar las correspondientes medidas de control, que el Trabajador acepta. En caso de detectarse que el Trabajador realiza un uso indebido de las mismas, o si realiza llamadas, visualiza o descarga, envíe o recibe el material anteriormente descrito utilizando un teléfono o equipo informático proporcionado por la Compañía, se adoptarán las medidas disciplinarias correspondientes, incluyendo - en su caso- el despido. Igualmente, la Compañía podrá iniciar las acciones correspondientes como consecuencia de los daños o perjuicios, directos o indirectos, que pudieran derivarse del incumplimiento de las disposiciones en esta materia.</p>	<p>13.3 By virtue of said work tools status, the Company expressly reserves its right to adopt the corresponding control measures, which the Employee accepts. In the event that undue use of these work tools by the Employee is detected, if he makes calls, views or downloads, sends or receives the material indicated above using a telephone or computer provided by the Company, the pertinent disciplinary measures may be adopted, including dismissal. Equally, the Company may bring the corresponding action as a result of damages, be they direct or indirect, suffered due to any infringement on this matter.</p>
<p>14. Normativa interna y procedimientos</p>	<p>14. Company rules and procedures</p>
<p>14.1 El Trabajador asume la obligación de cumplimiento de las normativas y políticas internas y procedimientos de la Compañía y el Grupo Workday; los cuales bien se encuentran a disposición del Trabajador tanto en las páginas web internas como públicas de la misma o bien serán comunicados de modo independiente. El Trabajador también asume el cumplimiento de cualquier otra normativa interna que entre en vigor durante la prestación de sus servicios laborales.</p>	<p>14.1 The Employee undertakes the obligation to be bound by the internal rules, policies and procedures of the Company and the Workday Group, which are posted on Workday's internal or external website or will be communicated to him separately. The Employee also agrees that he will also be bound by any other rules that may come into force during his employment.</p>
<p>15. Confidencialidad</p>	<p>15. Confidentiality</p>

<p>15.1 Las partes asuman y coinciden en que la esencia del negocio de la Compañía se basa en la garantía de una absoluta confidencialidad. El Trabajador se compromete a no revelar a ninguna persona o entidad, durante la vigencia de este Contrato y después de la finalización del mismo, ninguna información referente a los negocios, clientes, operaciones, instalaciones, cuentas o finanzas de la Compañía, el Grupo Workday y/o cualquier Compañía Asociada o perteneciente al Grupo Workday, ni a sus procedimientos, métodos, transacciones, "know-how", o cualquier otro aspecto relacionado con la actividad de dichas entidades que el Trabajador pueda conocer o haya conocido con motivo de la prestación de sus servicios en la Compañía. El Trabajador actuará con la mayor diligencia para evitar la publicación o revelación de cualquier información confidencial referente a esas materias.</p>	<p>15.1 The parties observe that the principal aspect of the Company's business is based on a guarantee of total confidentiality. The Employee undertakes not to disclose to any person or entity, throughout the term and after the end of this Contract, any information relating to business, customers, operations, installations, accounts or finances of the company, the Workday Group and/or any Associated Company or company belonging to the Group, or its procedures, methods, transactions, "know how", or any other aspect relating to the activity of these entities which the Employee may know or have known as a result of the provision of his services to the Company, and the Employee shall act with the greatest diligence to avoid the publication or disclosure of any confidential information relating to these matters.</p>
<p>15.2 Todos los documentos, materiales, archivos o cualquier otro artículo de cualquier tipo relacionado con la Compañía, el Grupo Workday y/o cualquier Compañía Asociada o perteneciente al Grupo Workday serán considerados como confidenciales. Al extinguirse este Contrato por cualquier razón, el Trabajador se compromete a devolver a la Compañía o, en su caso, a cualquier Compañía Asociada o perteneciente al Grupo Workday, cualquier documento, material o soporte de cualquier tipo que contenga información que pudiera considerarse confidencial y que se encuentre todavía en poder del Trabajador, y renuncia expresamente a cualquier derecho que le corresponda a retenerla.</p>	<p>15.2 The documents, material, files or any other item of any type related to the Company, the Workday Group and/or any Associated Company or company belonging to the Group shall be deemed confidential. At the termination date of this Contract for any reason, the Employee undertakes to return to the Company or, if appropriate, to any Associated Company or company belonging to the Group, any type of document, material or support containing confidential information and which is in the Employee's possession at the time, and expressly waives any right that may correspond thereto to retain the same.</p>
<p>15.3 El Trabajador responderá personalmente, por los daños, directos o indirectos que se ocasionen a la Compañía por el incumplimiento de esta Cláusula, sin perjuicio del ejercicio de las acciones pertinentes que pueda entablar la Compañía contra el beneficiario de la información.</p>	<p>15.3 The Employee shall be personally liable, for any direct or indirect damages to the Company arising from the breach of this Clause, notwithstanding any appropriate action which the Company is entitled to take against the beneficiary of the information.</p>
<p>16. Extinción</p>	<p>16. Termination</p>
<p>16.1 Este Contrato se podrá extinguir en los supuestos y condiciones previstos en el Estatuto de Trabajadores y demás legislación aplicable.</p>	<p>16.1 This Contract may be terminated by either party in accordance to Workers' Statute and other applicable legislation.</p>
<p>16.2 Indemnización por despido improcedente</p>	<p>16.2 Severance in case of termination without Fair Cause</p>

<p>16.2.1 En el supuesto de despido improcedente del Trabajador por la Compañía en una fecha anterior a que se cumplan 12 meses desde el inicio de la relación laboral del Trabajador, este tendrá derecho a (i) una indemnización por despido equivalente a 300.000 euros brutos, y (ii) la parte de la Prima de Fichaje (establecida en clausula 6.3) a abonar durante el primer año de la relación laboral, que aún no hubiese sido abonada. Las cantidades establecidas en el punto (i) y (ii) anterior incluirán y absorberán cualquier cantidad indemnizatoria derivada de la aplicación del Estatuto de los Trabajadores.</p>	<p>16.2.1 In the event of the Employee's termination by the Company without Fair Cause ("<i>despido improcedente</i>"), on a date less than twelve months from the commencement of the Employee's employment, he will be entitled to (i) a severance payment equal to gross Euros 300,000, plus (ii) the balance of the unpaid sign-on bonus (established In clause 6.3) due in the first year of the Employee's employment. The amounts stated in (i) and (ii) will include and absorb any statutory severance amounts due under the statutory rights contained in the Spanish Workers' Act.</p>
<p>16.2.2 En el supuesto de despido improcedente del Trabajador por la Compañía en una fecha posterior a que se cumplan 12 meses desde el inicio de la relación laboral del Trabajador, pero anterior a que se cumplan 24 meses desde el inicio de la relación laboral del Trabajador, éste tendrá derecho a una indemnización por despido equivalente a 300.000 euros brutos, que incluirá y absorberá cualquier cantidad indemnizatoria derivada de la aplicación del Estatuto de los Trabajadores.</p>	<p>16.2.2 In the event of the Employee's termination by the Company without Fair Cause ("<i>despido improcedente</i>"), on a date greater than twelve months from the commencement of the Employee's employment but less than twenty four months of the Employee's employment, he will be entitled to a severance payment equal to gross Euros 300,000, which will include and absorb any statutory severance 2 amounts due under the statutory rights contained in the Spanish Workers' Act.</p>
<p>16.2.3 En el supuesto de despido improcedente del Trabajador por la Compañía (sin "Justa Cause") en una fecha posterior a que se cumplan 24 meses desde el inicio de la relación laboral del Trabajador, éste tendrá derecho a una indemnización por despido equivalente a la cantidad indemnizatoria derivada de la aplicación del Estatuto de los Trabajadores.</p>	<p>16.2.3 In the event of the Employee's termination by the Company without Fair Cause ("<i>despido improcedente</i>"), on a date greater than twenty four months of the Employee's employment, he will be entitled to the statutory severance amounts due under the statutory rights contained in the Spanish Workers' Act.</p>
<p>16.2.4 En el supuesto de despido procedente del Trabajador o dimisión voluntaria, éste no tendrá derecho a cantidad alguna en concepto de indemnización o compensación.</p>	<p>16.2.4 In the event of the Employee's termination by the Company with Fair Cause ("<i>despido procedente</i>") or voluntary resignation, the Employee will have no right to any amount as severance.</p>
<p>16.3 Extinción por cambio de control</p> <p>En caso de que se produzca un cambio de control de Workday y la consecuente extinción de la relación laboral (salvo en los supuestos de despido procedente y dimisión voluntaria), el Trabajador tendrá derecho a las cantidades y derechos recogidos en el Plan para el cambio de control establecido por el Consejo de Administración de Workday, que incluirá un pago bruto equivalente de al menos el 100% de la remuneración fija anual del Trabajador de acuerdo con lo establecido en la clausula 6.1 anterior, y la maduración acelerada del 50% de los "equity awards" del Trabajador pendientes de maduración en el momento de la extinción. Los términos y definiciones de la presente clausula serán establecidos en el Plan de cambio de control. Las provisiones de la presente clausula para el caso de extinción en el contexto de un cambio de control prevalecerá sobre lo dispuesto en la clausula 16.2, anterior, que quedará sin efecto en dicho supuesto de cambio de control</p>	<p>16.3 Termination in a change of control</p> <p>In case of a change of control of Workday and subsequent termination of the Employee (other than termination for fair cause or due to voluntary resignation), he will be entitled to the amounts and rights determined by the change of control plan as set forth by Workdays' Board of Directors, which shall include no less than a gross payment of 100% of the Employee's yearly fixed remuneration as per Clause 6.1 above, plus the accelerated vesting of 50% of the Employee's unvested equity awards at the moment of termination. The exact terms and definitions of this covenant will be defined by the change of control Plan. Provisions of the present clause for the event of termination in the context of a change of control shall prevail over the contents of clause 16.2. above, which shall lose its effects in such event of change of control.</p>

<p>16.4 Habida cuenta de la importancia del puesto objeto de este contrato, las partes acuerdan expresamente como condición esencial del presente contrato que en caso de cese voluntario del Trabajador, este se comprometerá a facilitar la transición de sus cometidos a la persona que designe la Compañía colaborando en todo lo necesario hasta la completa entrega de toda la información necesaria para la adecuada y satisfactoria continuidad para la Compañía. Se estima que el período máximo de compromiso para ello puede ser de un mes después del día de cese voluntario</p>	<p>16.4 Considering the importance of the position of the Employee, it is expressly agreed by both parties as an essential part of this contract that in case of voluntary resignation of the Employee, he will facilitate in any and all matters the transition of the files to the person appointed by the Company until total update and under satisfaction of the Company. It is estimated that the maximum period for this transition can be around a month after the voluntary resignation date.</p>
<p>16.5 En caso de extinción del Contrato, con independencia de la causa por que se produzca, el Trabajador hará entrega a la Compañía de la documentación y registros de todos tipos relativos a las operaciones efectuadas por la Compañía o referentes a otros clientes de la Compañía, o a las compañías que hayan tenido alguna relación con ésta. El Trabajador no tendrá derecho a retener copia alguna de la mencionada documentación. Asimismo, en caso de extinción del presente Contrato por cualquier cause que se produzca, el Trabajador deberá entregar a la Compañía o a los delegados de la misma todas aquellos objetos que el Trabajador hubiese recibido de la Compañía, entre los cuales, y de forma meramente enunciativa, se incluyen el, teléfono móvil, hardware y software, tarjetas de crédito, llaves de acceso al centro de trabajo, etc., así como cualquier otra propiedad de o relacionada con la Compañía que pudiera estar en posesión o bajo el control del Trabajador.</p>	<p>16.5 In the event the Contract is terminated for any reason, the Employee shall deliver to the Company any documentation and records of any type relating to the transactions carried out by the Company or related to other clients of the Company or to any companies that have had any relationship with the Company. The Employee shall not be entitled to retain any copies of such documentation. Likewise, in the event of termination of the Contract for any reason, the Employee shall deliver to the Company or its delegates all the objects that the Employee has received from the Company, including but not limited to mobile phone, hardware and software, credit cards, keys to the workplace etc., as well as any other property belonging or relating to the Company which may be in the Employee's possession or control.</p>
<p>17. Único Contrato</p>	<p>17. Whole Agreement</p>
<p>17.1 El presente Contrato constituye la totalidad del entendimiento entre las partes. El resto de manifestaciones, acuerdos, entendimientos y contratos, ya sean escritos o verbales, (en su caso) de servicios entre la Compañía y el Trabajador quedan en este acto anulados y reemplazados.</p>	<p>17.1 This Agreement constitutes the whole agreement between the parties. All other representations, arrangements, understandings and agreements, whether written or oral, (if any) for service between the Company and the Employee are hereby abrogated and superseded.</p>
<p>18. Nulidad parcial</p>	<p>18. Severability</p>
<p>18.1 En el supuesto de que cualquier Cláusula o parte de una Cláusula contenida en este Contrato sea declarada nula o no aplicable por un juzgado o tribunal competente, el resto de Cláusulas a parte de las mismas de este Contrato permanecerán en vigor y con plenos efectos, y no se verán afectadas por dicha declaración.</p>	<p>18.1 In the event of any Clause or part of a Clause contained in this Agreement being declared invalid or unenforceable, by any court of competent jurisdiction, all other Clauses or parts of Clauses contained in this Agreement shall remain in full force and effect and shall not be affected thereby</p>
<p>19. Ley Aplicable</p>	<p>19. Governing Law</p>
<p>19.1 Este Contrato se regirá e interpretará en todos los sentidos conforme al Estatuto de los Trabajadores y al resto de legislación aplicable.</p>	<p>19.1 This Agreement shall be governed by and construed in all respects in accordance with the Statute of Workers, and other applicable legislation.</p>

19.2 Cada una de las partes de este Contrato se somete irrevocablemente a la jurisdicción no exclusiva de los Juzgados y Tribunales españoles.	19.2 Each of the parties hereto hereby irrevocably submits to the non-exclusive jurisdiction of the Spanish Courts.
20. Idioma	20. Language
20.1 Este contrato se ha firmado en inglés y en español. En el supuesto de que surja alguna discrepancia entre ambas versiones, prevalecerá la versión en inglés.	20.1 This agreement has been signed in both English and Spanish. In the event any discrepancies should arise between the two versions, the English version shall prevail.
Y EN TESTIMONIO DE LO CUAL , las partes habiendo leído detenidamente este documento y en prueba de su conformidad, lo ratifican y firman en tres ejemplares originales, en el lugar y fecha señalados en el encabezamiento, siendo cada copia de idéntica fuerza.	AND IN WITNESS WHEREOF , the parties, having read this document carefully, and as evidence of their approval, ratify and sign three copies, each copy having identical weight, in the place and on the date stated at the start of this Contract
<u>/s/ Shaun Redgrave</u> Workday BV Representada por D. Shaun Redgrave	<u>/s/ Shaun Redgrave</u> Workday BV Represented by Mr. Shaun Redgrave
<u>/s/ Luciano Fernandez Gómez</u> EL TRABAJADOR Dr. Luciano Fernandez Gomez	<u>/s/ Luciano Fernandez Gómez</u> THE EMPLOYEE Mr. Luciano Fernandez Gómez

<u>Acuerdo de Transmisión</u> Entre	<u>Transfer Agreement</u> Between
(1) Workday BV , con domicilio social en Amsteldijk 166, 1079LH Amsterdam con C.R.I. número 53679660 (la “Cedente”), representada en este acto pro Da. Sr. Shaun Redgrave su calidad de representante legal de esta compañía.	(1) Workday BV with registered office at Amsteldijk 166, 1079LH Amsterdam, with C.R.I. number 53679660 (the “Transferor”), represented by Mr. Shaun Redgrave acting as legal representative of this company.
Y	And
(2) Workday España S.L. , con domicilio social en C/ Monte Esquinza nº 30 Bajo Izda 28010 Madrid, España, como futuro empleador, con CIF nº B87016325 (la “Cesionaria”), representada por Da. Melanie Vinson en calidad de representante legal de esta sociedad.	(2) Workday España S.L. with registered office at C/ Monte Esquinza nº 30 Bajo Izda 28010 Madrid Spain with corporate identification number B87016325 (the “Transferee”), represented by Ms. Melanie Vinson acting as legal representative of this company.
Y	And
(3) Luciano Fernandez Gomez como empleado (el “Trabajador”), - La Cedente, la Cesionaria y el Trabajador serán referidos asimismo como las “Partes” .	Luciano Fernandez Gomez as employee (the “Employee”). - Transferor, Transferee and the Employee also referred to as the “Parties” .
Preámbulo	Preamble
En fecha 20 de mayo de 2014, Workday ha constituido una sociedad en España. Los trabajadores de Workday que prestaban servicios en España estaban empleados por la Cedente. Desde el 01/07/2014, los empleados de la Cedente que operan en España pasan a estar empleados por la Cesionaria. En este contexto, las Partes acuerdan lo siguiente:	As of May 20, 2014, Workday Group has incorporated a company in Spain. Workday employees rendering services in Spain have been employed by the Transferor. Since 01/07/2014, the employees of the Transferor that render services in Spain will be transferred to the Transferee. In this context, the Parties now agree as follows:
1. Cambio de empleador 1.1 El contrato de trabajo, incluyendo cualesquiera acuerdos adicionales existentes, existente entre el Trabajador y la Cedente se transmite a la Cesionaria con efectos de 01/07/2014. Como resultado de dicha transmisión, se extinguirá la relación laboral existente entre el Trabajador y la Cedente, Iniciándose, desde el día de la transmisión, una relación laboral entre el Trabajador y la Cesionaria. 1.2 La antigüedad que el Trabajador haya adquirido con la Cedente se reconoce de manera explícita a todos los efectos legales, incluyendo expresamente el caso de la indemnización que le pudiese corresponder al Trabajador en caso de despido, y será considerada coma antigüedad en la Cesionaria. En consecuencia, el Trabajador y la Cesionaria aceptan que el 1 enero 2014 es la fecha acordada para el cálculo de los años de prestación de servicios en la Cesionaria.	1. Change of employer 1.1 The employment contract, including existing additional agreements, between the Employee and the Transferor is transferred to the Transferee with effect as of 01/07/2014. As a result of this transfer, an employment relationship will, therefore, be established between the Employee and the Transferee as of the transfer date and the employment relationship between the Employee and the Transferor will cease to exist. 1.2 The Employee’s previous seniority with the Transferor is explicitly acknowledged for all legal purposes, expressly including the severance that may correspond to the Employee in case of termination and shall be deemed as seniority with the Transferee. The Employee and the Transferee, therefore, agree that 1 January 2014 is the authoritative date when calculating the length of services with the Transferee.

<p>1.3 La Cesionaria empleará al Trabajador en los mismos términos y condiciones que vinieran siendo de aplicación entre la Cedente y el Trabajador. Incluyendo sus funciones y categoría profesional actuales como Presidente de EMEA.</p> <p>La relación laboral entre el Trabajador y la Cesionaria continuará siendo regida por el Convenio Colectivo que de aplicación en la Cedente.</p> <p>1.4 En relación con el centro de trabajo del Trabajador, el mismo seguirá prestando servicios desde <i>su domicilio</i>.</p>	<p>1.3 The Employee will be employed by the Transferee on the same terms and conditions than the Transferor. Including his/her current functions and professional category as President of EMEA</p> <p>The employment relationship between the Employee and the Transferee will remain subject to the same Collective Bargaining Agreement currently applied in the Transferor.</p> <p>1.4 In relation to the place of work of the Employee, he/she will continue to render services <i>from his home address</i>.</p>
<p>2. Obligaciones</p> <p>Desde la fecha de la transmisión, la Cesionaria se subrogará en todas las obligaciones de la Cedente correspondientes a la relación laboral con el Trabajador.</p> <p>Desde la fecha de la transmisión, la Cesionaria será, por tanto, responsable de todos los costes y de cualquier reclamación del Trabajador referentes a su relación laboral, independientemente de que aquellas se refieran a un período anterior o posterior a la fecha de la transmisión.</p>	<p>2. Liabilities</p> <p>As of the transfer date, the Transferee assumes all liabilities from the Transferor in relation to the Employee's employment relationship.</p> <p>As of the transfer date, the Transferee will be liable for all costs and any claims of the Employee in relation to his employment relationship, irrespective of whether these relate to the period before or after the transfer date.</p>
<p>3. Varios</p> <p>3.1 Para ser válidamente efectivo, cualquier modificación o añadido a este Acuerdo deberá hacerse por escrito. Ello resultará asimismo de aplicación para cualquier modificación que afecte a esta cláusula de requerimiento de forma escrita.</p> <p>3.2 Si se declarase la invalidez total o parcial de alguna de las cláusulas de este Acuerdo, todas las cláusulas restantes mantendrán su validez. La cláusula no válida se entenderá reemplazada por aquella cláusula válida que se corresponda en la mayor medida posible con la intención y finalidad de la cláusula no válida.</p> <p>3.3 El presente Acuerdo se firma en español y en inglés. En caso de controversia entre ambas versiones, prevalecerá la versión española del mismo.</p>	<p>3. Miscellaneous</p> <p>3.1 Any amendments or additions to this Agreement must be carried out in writing in order to be legally effective. This also applies to any amendment of this written form requirement clause.</p> <p>3.2 If any provision of this Agreement is or becomes in total or in part ineffective, the effectiveness of the other provisions is not affected thereby. The ineffective provision is deemed replaced by such effective provision which corresponds as closely as possible to the intention and purpose of the ineffective provision.</p> <p>3.3 This Agreement is signed in Spanish and in English. In case of controversy between the two versions, the Spanish one shall prevail.</p>
<p>Y para que así conste, ambas partes visan cada página y firman el presente Acuerdo de Transmisión en el lugar y fecha mencionados anteriormente.</p> <p>Workday BV P.p. <u>/s/ Sr. Shaun Redgrave</u> Sr. Shaun Redgrave</p> <p>Workday Spain P.p. <u>/s/ D. Melanie Vinson</u> D. Melanie Vinson</p> <p>El Trabajador <u>/s/ Luciano Fernandez Gomez</u> D Luciano Fernandez Gomez</p>	<p>In witness whereof, the Parties initial each page and sign each of the pages in which this Agreement is issued in the place and on the date written above.</p> <p>Workday BV B.p. _____ Mr Shaun Redgrave</p> <p>Workday Spain B.p. _____ Ms. Melanie Vinson</p> <p>The Employee _____ Mr Luciano Fernandez Gomez</p>

[WORKDAY LOGO]

Luciano Fernandez Gomez

July 30, 2014

Dear Luciano,

We are pleased to offer you a position on a temporary basis on assignment as President, EMEA with the UK subsidiary of Workday Inc., Workday UK Limited ("the Company") reporting to Michael Stankey.

You will also receive a UK Secondment Agreement recording the terms of the assignment that will be used purely to comply with UK employment law requirements but your ultimate employer will continue to be Workday Espana while you are on this temporary assignment.

You will receive an annual base salary of £235,700 pounds sterling, which will be paid monthly in arrears. In addition, you will be eligible to participate in a variable ("incentive") compensation plan, target at £235,700 pounds sterling per annum, paid quarterly. This plan, including terms and conditions, shall be confirmed shortly after commencing your secondment.

You will receive a car allowance amounting to gross of £13,300 pounds sterling per year. You will be entitled to a yearly pension contribution in your pension plan in the gross amount of 12% of the sum of your base salary and annual bonus, or a yearly "pension contribution award" by the same gross amount - 12% of the sum of your base salary and annual bonus - until the pension plan is properly set up. This 12% gross amount contribution to the pension plan is a calculation of the sum of the base and annual bonus salary will always be done according to the current/updated salary amounts governing in each yearly period.

Your temporary place of work during the assignment will be the Company's offices at 3rd Floor, Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB. Your normal hours of work will be 9:00 am to 6:00 pm Mondays to Fridays. In addition, you shall be required to work at such other times as reasonably required to meet the needs of the business, including overseas travel to the Company's offices in Dublin, Ireland and meetings in Europe, Middle East and Africa (EMEA) and the United States of America (USA).

By accepting this offer you warrant and agree that:

- (a) You are under no employment contract, bond, proprietary information agreement, invention agreement, confidentiality agreement or other obligation, which would breach or be in conflict with the terms and conditions of your employment with us or encumber your performance of duties assigned to you by us;
- (b) You have not signed or committed to any employment or consultant duties or other obligations, which would divert your full attention from the duties assigned to you by us under your employment;
- (c) You are currently in good health and will pass any medical examination necessary for the establishment of your benefits package; and
- (d) As a pre-condition of your secondment with the Company, you will provide to the Company, before you commence your secondment, your passport and documentation which gives you the unrestricted right to work in the UK (which will be copied and returned to you).
- (e) We may pass details relating to you to Workday UK Ltd and may pass these details to other group companies in any country to which you are transferred. Your details will continue to be handled with appropriate care.

Upon meeting the Company's eligibility requirements mentioned above, you will be covered by the Company's insurance scheme, which gives permanent health cover and death in service benefit immediately upon joining subject to the terms of your UK secondment agreement. Additionally, you will be entitled to 29 vacation days per year, excluding statutory and public holidays set by the UK Government. To the extent that any of the benefits offered to you in your employment package constitute taxable income you will be responsible for all related tax liabilities.

No grant of stock options under the Plan will be made to you until and unless you agree to indemnify the Company in full in respect of any liability of the Company to account for any amount of employee's income tax responsibilities or primary (employee's) Class I National Insurance contributions arising in respect of the grant, exercise, release, cancellation or other disposal of the stock options, and that you will within 14 days of the end of the income tax month in which such grant, exercise, release, cancellation or other disposal took place, pay to the Company the full amount due in respect of this indemnity. By signing this letter you agree to indemnify the Company against this liability. The Company may require security for monies due pursuant to this as a precondition of exercise.

This offer of assignment to the Company comprises this letter, and the UK secondment agreement. Your acceptance of this offer requires you signing this letter and returning it to us by [August 15, 2014] failing which the offer shall lapse. The start date for your secondment is to be no later than [August 1, 2014]. This offer also requires that the Company receive two satisfactory references, failing which the offer will lapse unless you have accepted the offer in which case the offer will terminate. You will be given the Secondment Agreement in the form attached within one month of your start date, which you will be required to sign.

No prior promises, representations or understandings relative to any terms or conditions of your employment are to be considered as part of the offer of employment to you unless expressed in writing in this offer package.

Yours sincerely,

/s/ Kate Mellon

I accept the offer of an assignment with Workday UK Limited.

/s/ Luciano Fernandez Gomez

Luciano Fernandez Gomez

[WORKDAY LOGO]

UK Secondment Agreement

1. Parties

- (1) Workday UK Limited of 3rd Floor, Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB. ("the Host")
- (2) Luciano Fernandez Gomez ("the Employee")
- (3) Workday España S.L. of Monte Esquinza 30, Bajo Izquierda, 28010, Madrid (the "Primary Employer")

This agreement sets out the contractual terms between the Host and the Employee during the term of his secondment to the Host from the Primary Employer.

2. Date of Employment

The Employee began work at Workday B.V. (Netherlands entity) on 1 January 2014 and transferred to Workday Espana S.L. (Spain entity) on 1 July 2014. Workday Espana S.L. will continue to be the Employee's Primary Employer while on assignment in the UK.

The Employee's assignment will commence on 1 August 2014 and the Employee's period of continuous employment with the Host for the purposes of the Employment Rights Act 1996 commenced on 1 January 2014.

The Employee's secondment agreement is expected to last for no longer than 24 months and the Employee will return to Workday Espana S.L. following the end of the UK assignment. During the assignment, the terms set out in this secondment agreement will apply between the parties. To the extent that there is any duplication in this agreement of the terms of the agreement between the Employee and the Primary Employer or conflict between such terms (such as, for example, in relation to the Employee's entitlement to remuneration, and other benefits), those terms of the agreement between the Employee and the Primary Employer are suspended for the duration of the assignment.

Any other terms and provisions (such as, for example, termination rights) not covered in this secondment agreement remain fully valid and in place as the per conditions set out in the Primary Employer's agreement between the employee and Workday BV signed between the parties on December 12th, 2013

3. Nature of Employment

The Employee is assigned to the role of President, EMEA, with the Host.

The Employee shall carry out such duties as shall from time to time be assigned to him by the Host.

The Employee will be expected, to report on a frequent basis and at least weekly to Michael Stankey ("his Line Manager"). The line manager may be altered at the discretion of the Primary Employer or the Host.

The Employee agrees that he will spend the whole of his time and attention on the Host's business during normal working hours and that during the term of his assignment with the Host he will not engage in any other employment, occupation, consulting or other business activity. The Employee may, however, at the absolute discretion of the Host, devote a reasonable amount of time and attention to civic, community or charitable activities and with the written approval of the Host the Employee may serve as a director of other corporations or companies not competitive with the Primary Employer or the Host and to other types of business or public activities not expressly mentioned in this paragraph.

There are no collective agreements applicable to the Employee's employment.

4. Right to work in the UK

The Employee warrants that he is entitled to work in the United Kingdom without any additional approvals and will notify the Host immediately if he ceases to be so entitled.

5. Notice of Termination of the Assignment

Subject to the remaining terms of this agreement, a period of one (1) month's written notice of termination of assignment will be required by either party to terminate the assignment with the Host.

After notice has been served by the Host or the Employee to terminate the assignment, the Host may:

- (a) require the Employee to perform such duties as the Host may direct or require the Employee to perform no duties;
- (b) require the Employee not to have any communication with any customer, client or supplier, employee, officer, director, agent or consultant of the Host or any group undertaking in relation to the business of the Primary Employer, the Host or any group undertaking;
- (c) require the Employee not to remain or become involved in any respect with the business of the Primary Employer, the Host or any group undertaking.

For the avoidance of doubt during the notice period the Employee will continue to be bound by the terms of the secondment agreement and the agreement with the Primary Employer. The Employee shall return to the Primary Employer on termination of the assignment.

For the avoidance of doubt, in the case of termination of the Employee's employment with the Primary Employer, the terms set out at clause 16 of the agreement between the Primary Employer and the Employee will apply.

6. Remuneration

The Employee's gross remuneration will be GBP £235,700 per annum and shall be paid monthly in arrears net of tax and national insurance and shall be deemed to accrue from day to day based on a 5 day working week. In addition, the Employee will be eligible to participate in a variable ("incentive") compensation plan, target at GBP £235,700 per annum, paid quarterly. This plan, including terms and conditions, shall be confirmed shortly after commencing employment.

You will receive a car allowance amounting to gross of £13,300 pounds sterling per year paid monthly in arrears. You will be entitled to a yearly pension contribution in your pension plan in the gross amount of 12% of the sum of your base salary and annual bonus, or a yearly "pension contribution award" by the same gross amount - 12% of the sum of your base salary and annual bonus - until the pension plan is properly set up. This 12% gross amount contribution to the pension plan is a calculation of the sum of the base and annual bonus salary will always be done according to the current/updated salary amounts governing in each yearly period.

Salaries are normally paid by direct transfer to the Employee's bank account on the twenty-fifth day of the month except that, where such day does not fall on a working day, payment will be made on the next working day.

7. Expenses

The Employee shall be reimbursed all reasonable expenses properly incurred in discharge of the Employee's duties in accordance with this secondment agreement and subject to any other instructions or regulations issued by the Host from time to time. As a pre-condition of payment, the Employee will be expected to produce vouchers, receipts, or other evidence of the expenses in respect of which the Employee claims reimbursement.

The Employee must not without the prior written authorization of the Host or in breach of any applicable legislation directly or indirectly seek, receive or obtain, in respect of the performance of his duties or of any goods or services sold or purchased or other business transacted (whether or not by the Employee) by or on behalf of the Host or any group undertaking, any personal benefits, discount, rebate, commission, bribe, kickback or other inducement ("Inducement") (whether in cash or in kind). In the event that the Employee or any person on the Employee's behalf directly or indirectly receives any such Inducement, the Employee must immediately account to the Host for the amount so received.

8. Other Benefits

In addition to the above remuneration and subject to the terms of any scheme from time to time, the Employee shall be eligible to receive the following benefits:

- (a) to be a member of the Host's medical expenses scheme or such other medical expenses scheme as the Host may make available from time to time provided the Employee is accepted at normal rates of premium;
- (b) to be a member of the Host's stakeholder or group personal pension scheme subject to satisfying certain eligibility criteria and subject to the rules of the scheme as amended from time to time.

To the extent that any of the benefits are taxable the Employee will be responsible for all those liabilities.

Details on health and pension schemes are available from Workday's HR department.

A contracting out certificate is not in force in respect of the employment.

Participation in any insurance based benefit (including Private Medical Insurance, Death in Service and PHI) is subject to the terms and conditions from time to time in force, is conditional on the Employee satisfying any applicable requirements of the insurer and being accepted at normal rates of premium and is subject to the Host's right to amend, alter or cease to provide (without compensation) the benefit at any time. The Host shall have no liability to pay any benefit to the Employee unless it receives payment from the insurer.

Participation in any insurance or assurance scheme will end when the Employee attains whichever is the greater of the age of 65 and the state pensionable age.

Nothing in this agreement shall constrain or prevent the Primary Employer or Host from terminating the Employee's employment or assignment, notwithstanding that the Employee is or may be entitled to receive benefit payments or other benefits under any PHI Scheme from time to time in force.

9. Place of Work

The Employee's temporary place of work will be from the Host's Finsbury Circus office or such other place within the United Kingdom as the Host may reasonably require.

In addition the Employee will be required to work at such other places as the Host may from time to time specify for the performance of the Employee's duties.

If the Host requires the Employee to change his residence the Host will reimburse such removal and other incidental expenses, as the Host considers reasonable in the circumstances.

In addition, the Employee shall travel to such parts of the world as the Host may direct or authorise. If the Host requires the Employee to work outside the United Kingdom for a period of more than one month it will provide him with written details of any terms and conditions which may apply to that work.

10. Hours of Work

The normal working hours of the Employee will be from 9.00 a.m. to 6.00 p.m. on Mondays to Fridays. The Employee will be entitled to an hour's lunch break during each working day.

In addition the Employee shall be required to work at such other times as the Host may reasonably require to meet the needs of the business. The Employee will not receive additional payment for such further work. The Employee accepts that by signing this agreement he has agreed that regulation 4(1) of the Working Time Regulations 1998 shall not apply. The Employee may terminate his agreement to this provision by giving three months' notice in writing.

11. Holidays

(a) **Annual Holidays**

The Employee's annual paid holiday entitlement is 29 working days in each holiday year. Holiday entitlement will accrue pro-rata to each completed month of employment.

The Employee is required to submit a holiday request form to his Line Manager for approval for all periods of leave.

The holiday year runs from January to January.

It is not permitted to carry forward holiday entitlement from one holiday year to the next nor will payments in lieu be made in respect of holiday not taken in the relevant holiday year.

The Employee must ensure that there is no unnecessary overlapping with the holidays of other staff who would be responsible for the Employee's duties whilst he is on holiday.

Holiday pay on termination of assignment will be calculated by establishing the number of days holiday accrued in the holiday year up to the date of termination and subtracting from this the number of days taken during the current holiday year. The number of days remaining, if any, will be paid.

(b) **Bank Holidays and Public Holidays**

In addition to annual holidays the Employee shall be entitled to paid holidays on all UK statutory and public holidays together with any additional holidays awarded by the Host.

12. Sickness or Injury

(a) If the Employee is absent from work due to sickness, he may be entitled to statutory sick pay. Any other payment will be at the discretion of the Host.

(b) If the Employee is prevented by sickness from performing his duties properly, he shall report this fact promptly to his Line Manager, or to the CEO of the Host ("CEO") if the Line Manager is not available, before 10.00 a.m. on the first day of sickness together with an estimate of the period of absence envisaged. Any change in the estimated period of absence must be notified as soon as possible.

If the absence continues for more than 5 continuous working days a "fit-note" from the Employee's doctor should be submitted explaining the nature of the sickness or injury.

During all periods of absence due to sickness or injury the Employee should keep the Host informed as to his likely date of return.

A Form SC2 (Self Certification of Sickness) is required in all cases of uncertified sickness.

(c) If the Employee is absent for more than 12 weeks in any 12-month period due to sickness or injury then the Host is entitled to terminate the assignment.

(d) The Host may at any time require the Employee to be medically examined at its expense by a medical practitioner nominated by it and for a report of such examination to be provided to the Host and to cease payment of Host Sick Pay if it is advised by the medical practitioner that the Employee is fit to return to work.

(e) If the sickness, injury or accident is caused by the act or omission of a third party the Employee must, at the Host's request, include in any claim for damages against such third party a claim in respect of monies paid by the Host under clause 12(a) and must refund to the Host any damages recovered under that head.

13. Maternity Leave, Paternity Leave and Parental Leave

Employees with the requisite period of service may be entitled to statutory maternity, paternity and/or parental leave.

Full details of the relevant regulations and entitlements may be obtained on request from the Host's HR department.

14. Health and Safety

The Employee is bound to comply with the duties imposed by the Health and Safety at Work Act 1974 or any substitution thereof or amendment or alteration thereto ("the Act") and the Health and Safety Regulations made or to be made under the Act and in particular with the duties set out under section 7 of the Act which require an employee to:

- (a) take reasonable care for the health and safety of him or herself and of others who may be affected by his acts or omissions at work;
 - (b) as regards any duty imposed on the Host or any other person, co-operate with the Host so far as is necessary to enable that duty to be performed or complied with.
-

15. Grievance Procedure

It is expected that most grievances may be resolved informally. However, if the Employee wishes to raise a formal grievance relating to his assignment, he should raise it in the first instance in writing with his Line Manager setting out the nature of the grievance. The Line Manager will then invite the Employee to a hearing to discuss the grievance. The hearing will be scheduled to allow time for the Host to consider the issues raised. After the meeting, the Host will inform the Employee of the decision and of his right to appeal.

If the grievance is not satisfactorily resolved in this way then the Employee should appeal the matter in writing to the CEO. The CEO will invite the Employee to an appeal hearing, following which the CEO shall communicate that decision in writing to the Employee. The decision of the CEO shall be final.

This policy does not form part of the secondment agreement, save and only to the extent expressly required by law. If the Employee wishes, he may be accompanied at either or both hearings by a colleague or trade union official.

16. Summary Dismissal

- (a) In the following circumstances, which are all intended by way of example only of what may be regarded as gross misconduct, and not by way of a complete list, the Employee will be dismissed summarily by written notice to operate from the date of such notice and the Employee will not be entitled to any further payment under his terms of assignment except such sum as has accrued and is due at the date of termination:
- (i) refusing to carry out any proper direction given in the course of the employment
 - (ii) improperly divulging to any third party any confidential or non-public information regarding the Primary Employer, the Host its employees or any person with whom the Primary Employer or the Host deals
 - (iii) committing any act or divulging any information which is contrary to or damages the interests or objectives of the Primary Employer or the Host
 - (iv) committing any criminal offence which in the opinion of the Primary Employer or the Host makes the Employee unsuitable for the type of work that the Employee is employed to do or may reasonably be expected to do or which makes him unacceptable to other employees
 - (v) dishonest conduct
 - (vi) violent, obscene or abusive behaviour towards other employees or officers of the Primary Employer or the Host
 - (vii) serious or willful breach of the Employee's duties
 - (viii) attending the Primary Employer's or the Host's premises or engaging in the Primary Employer's business whilst under the influence of alcohol or unlawful drugs.
- (b) Any other serious or irreparable act or omission by the Employee may be regarded as gross misconduct where such act or omission is, in the reasonable opinion of the Primary Employer or the Host is likely to (or has) cause(d) serious harm to the business or reputation of the Primary Employer or the Host.

17. Disciplinary Procedure

This disciplinary procedure does not form part of the Employee's contractual terms of the secondment agreement. The Host accepts that it is in the interests of good relations with its staff to ensure that there is a fair and proper disciplinary procedure.

Any Employee who departs from normally expected standards or who violates the Host's rules will be liable to disciplinary action.

- (a) The following disciplinary procedure will usually be adopted. The stages will normally be implemented in order but action may start at any stage in the event of serious misconduct or an aspect of poor performance that creates a risk to other employees. At each stage of the procedure, the Host will set a reasonable timeframe within which the Employee will be expected to improve their performance or conduct or remedy any minor breach of secondment agreement.
-

At the end of that timeframe, if the Employee's performance, conduct, etc. has not met the targets set by the Host, the next stage of the disciplinary procedure may be implemented. The Employee accepts that in the case of a senior employee of the Host it may not always be appropriate to follow this procedure.

- (i) On the first occasion that an Employee fails to reach the standards required, the Employee will receive a formal verbal warning.
- (ii) If the required improvement is not made, or if the first offence is considered too serious for a formal verbal warning, the Employee will receive a formal written warning.
- (iii) Continued failure to achieve the required improvement, or further transgressions, will result in a final written warning being issued.
- (iv) Failure to comply with the conditions of a final written warning will result in dismissal after the requisite period of notice or payment of salary in lieu thereof.

The following, which are intended by way of example only and not by way of a complete list, are examples of conduct warranting disciplinary action:

- (i) poor timekeeping
 - (ii) poor attendance
 - (iii) inadequate or incompetent performance of the Employee's job
 - (iv) failure to comply with the Host's established procedures, as notified from time to time
 - (v) rudeness or discourtesy to people with whom the Host deals or to other employees.
- (b) If disciplinary action which may lead to disciplinary measures is to be taken against the Employee (other than suspension under (c) below or issuing of a warning - where modified procedures may apply), the following procedure will normally apply. The Employee will receive a letter setting out the alleged conduct or other circumstances and inviting the Employee to attend a disciplinary hearing. The hearing will be set at a time and date to allow the Employee time to consider the allegations against him. At the disciplinary hearing (which the Employee must take all reasonable steps to attend) the Employee will be given the opportunity to respond to the issues raised. The decision on the hearing will be notified to the Employee after the hearing, along with details of the right to appeal. The Employee will have the right to be accompanied to any disciplinary hearing and subsequent appeal by a colleague or trade union official.
 - (c) The Host reserves the right to suspend the Employee on full pay pending investigation where the Host has reasonable grounds to believe that the Employee's continued assignment might be prejudicial to the Host's business or other employees.
 - (d) The Host reserves the right to exclude the Employee from the premises during his period of notice and shall be under no obligation to provide any work for the Employee or to assign him any duties.
 - (e) If the Employee has outside interests which in the opinion of the Host conflict with its interests, the Employee may be asked to leave the service of the Host.
 - (f) The Host reserves the right to suspend the Employee without pay and benefits as a disciplinary measure.

The Employee may appeal any disciplinary action taken. He will then be invited to attend an appeal hearing (and must take all reasonable steps to do so). Following any such appeal, the Employee will be informed of the outcome.

18. Sexual Harassment

The Host considers that sexual harassment in the workplace is unacceptable and will treat all complaints seriously.

An Employee who feels that he has been subjected to sexual harassment should raise the matter with his Line Manager under the terms of the grievance procedure set out in Clause 15 above.

An Employee who is found to be the perpetrator of harassment will be liable to disciplinary action under the terms of the disciplinary procedure set out in Clause 17 above. The Host may exercise its discretion as to the disciplinary measures which will be taken, depending on the nature of the conduct.

19. Confidentiality

The Employee agrees that clause 15 of his contract of employment with the Primary Employer shall remain fully valid and in place during the assignment. Furthermore, during the assignment the Employee shall also be required to observe the confidentiality of any similar information relating to the Host to which the Employee has access during the assignment.

20. Intellectual property

The Employee agrees that clause 12 of his contract of employment with the Primary Employer shall remain fully valid and in place during the assignment.

21. Data Protection

The Employee agrees that personal data relating to the Employee (including sensitive personal data such as medical details) may to the extent that it is reasonably necessary in connection with the Employee's assignment or the business of the Host:

- (a) be collected and held (in hard copy and computer readable form) and processed by the Host; and
- (b) be disclosed to:
 - (i) other employees of the Host and the Host's group companies;
 - (ii) any other persons as may be reasonably necessary (such as third party benefit providers or administrators) or as authorised by the Employee; or
 - (iii) as otherwise required or permitted by law.

This consent applies regardless of the country to which the data is to be transferred. Where the disclosure or transfer is to a destination outside the European Economic Area, the Host shall take reasonable steps to ensure that the Employee's personal data continues to be adequately protected, though the Employee may no longer have rights under data protection law.

If the Employee has any queries regarding the Employee's personal data, these should be raised with the line manager.

22. Deductions

The Employee consents to the deduction from any sum otherwise payable to the Employee by reason of his assignment (or its termination) the value of any claim of whatever nature and in whatever capacity that the Host may bona fide have against the Employee, including but not limited to:

- (a) Overpayment of wages;
- (b) Overpayment in respect of expenses incurred by the Employee in carrying out his duties;
- (c) Loans which the Host may from time to time make to the Employee;
- (d) Advances on wages, which the Host may from time to time make to the Employee.

The Employee further consents that the Host has the right to deduct from the employee's salary or other sums due to the Employee a sum in respect of accrued holiday entitlement if at the date of termination of the Employee's assignment he has taken in excess of his accrued holiday entitlement.

23. Third Party Rights

The Primary Employer shall have the right to enforce the terms of this agreement. Any other person who is not a party to this agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this agreement are not subject to the consent of any other person.

24. Choice of Law

This secondment agreement shall be governed by and construed in accordance with the law of England and Wales and each party to this secondment agreement submits to the non-exclusive jurisdiction of the courts and tribunals of England and Wales.

SIGNED by Kate Mellon
for and on behalf of the Host
/s/ Kate Mellon
Date 2/9/14

SIGNED by Shaun Redgrave
for and on behalf of the Primary Employer
/s/ Shaun Redgrave
Date 2/9/14

SIGNED by the Employee
/s/ Luciano Fernandez Gomez
Date 2/9/14

[WORKDAY LOGO]

BENEFIT EXTENSION LETTER

May 26, 2016

Chano Fernandez

Re: Extension of benefits

Dear Chano,

This letter serves to formally extend your current international benefits in the UK for 2 years through July 2018 as the President of EMEA & APJ reporting to Phil Wilmington. The current terms and conditions of your international benefits remain in effect through July 2018 with the exception of the benefits outlined below:

- Rent - not to exceed GBP £12,100.00 per month
- Education – expenses for tuition to be covered for children (3)
- Furniture allowance – not to exceed GBP £500.00 per month
- Miscellaneous allowance - up to GBP £10,000.00 annually
- Repatriation
 - o Household goods move
 - o Resettling allowance of EUR€ 5,000.00

Signature: /s/ Chano Fernandez 5/27/16

Employee Signature Date

Signature: /s/ Jennifer Pasqualini 5/31/16

Jennifer Pasqualini - VP Human Resources Date

Cc: Human Resources
 Phil Wilmington, Co-President, Workday, Inc.

PLEASE SIGN AND RETURN TO - Kelly Tracy, Global Mobility Manager, Workday, Inc.

[WORKDAY LOGO]

BENEFIT EXTENSION LETTER

June 21, 2018

Chano Fernandez

Re: Extension of Benefits

Dear Chano,

This letter serves to formally extend your current international assignment in the UK for additional 12 months through July 2018 as Co-President reporting to Aneel Bhusri. The current terms and conditions of your international assignment remain in effect through the end of June 2019 with the exception of the benefits outlined below:

- Rent - not to exceed £12,000.00 per month
- Education – expenses for tuition to be covered for children (3)
- Miscellaneous allowance - up to £10,000.00 annually
- Repatriation
 - o Transportation to home country for you and your dependents
 - o Household goods move
 - o Resettling allowance of EUR€ 5,000.00

Signature: /s/ Chano Fernandez 6/26/18

Chano Fernandez, Co-President Date

Signature: /s/ Pattie Egan 6/22/18

Patricia Egan, Director, ER & Global Mobility Date

PLEASE SIGN AND RETURN TO - Kelly Tracy, Manager, Global Mobility

SUBSIDIARIES AS OF JANUARY 31, 2019

Name	Jurisdiction
Adaptive Insights Co., Ltd.	Japan
Adaptive Insights Limited	United Kingdom
Adaptive Insights LLC	Delaware
Adaptive Insights, Ltd.	Canada
Adaptive Insights Pty Ltd	Australia
Canada Workday ULC	Canada
Rallyteam, Inc.	Delaware
Rallyteam Software Solutions, Inc.	Canada
Skipflag, Inc.	Delaware
Tri-Valley Resellers, LLC	Delaware
Vineyard Sound, LLC	Delaware
Workday (Beijing) Co., Ltd.	China
Workday (NZ) Unlimited	New Zealand
Workday (Thailand) Co., Ltd.	Thailand
Workday (UK) Limited	United Kingdom
Workday Asia Pacific Limited	Hong Kong
Workday Australia Pty Ltd	Australia
Workday Austria GmbH	Austria
Workday B.V.	Netherlands
Workday Belgium SPRL	Belgium
Workday CZ s.r.o	Czech Republic
Workday Denmark ApS	Denmark
Workday España SL	Spain
Workday Finland Oy	Finland
Workday France	France
Workday Global, Inc.	Delaware
Workday GmbH	Germany
Workday India Private Limited	India
Workday International Limited	Ireland
Workday Italy S.r.l.	Italy
Workday K.K.	Japan
Workday Korea Limited	South Korea
Workday Limited	Ireland
Workday Malaysia Sdn. Bhd.	Malaysia
Workday Norway AS	Norway
Workday Polska sp. z.o.o	Poland
Workday Singapore Pte. Ltd.	Singapore
Workday South Africa (Pty) Ltd	South Africa
Workday Sweden Aktiebolag	Sweden
Workday Switzerland GmbH	Switzerland

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-3 ASR No. 333-218426) of Workday, Inc.,
- Registration Statements (Form S-8 Nos. 333-184395, 333-187665, 333-194934, 333-203004, 333-210330, 333-216834, and 333-223656) pertaining to employee benefit plans of Workday, Inc., and
- Registration Statement (Form S-8 No. 333-226907) pertaining to the Adaptive Insights, Inc. 2013 Equity Incentive Plan;

of our reports dated March 18, 2019, with respect to the consolidated financial statements of Workday, Inc., and the effectiveness of internal control over financial reporting of Workday, Inc., included in this Annual Report (Form 10-K) of Workday, Inc. for the year ended January 31, 2019.

/s/ Ernst & Young LLP

San Jose, California
March 18, 2019

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

I, Aneel Bhusri, certify that:

1. I have reviewed this annual report on Form 10-K of Workday, 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(s) 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(s) 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: March 15, 2019

By: /s/ Aneel Bhusri

Aneel Bhusri

Chief Executive Officer

(Principal Executive Officer)

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

I, Robynne D. Sisco, certify that:

1. I have reviewed this annual report on Form 10-K of Workday, 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(s) 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(s) 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: March 15, 2019

By: /s/ Robynne D. Sisco

Robynne D. Sisco
Co-President and Chief Financial Officer
(Principal Financial Officer)

**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**

I, Aneel Bhusri, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report of Workday, Inc. on Form 10-K for the year ended January 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Workday, Inc.

Date: March 15, 2019

By: /s/ Aneel Bhusri

Aneel Bhusri

Chief Executive Officer

(Principal Executive Officer)

**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**

I, Robynne D. Sisco, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report of Workday, Inc. on Form 10-K for the year ended January 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Workday, Inc.

Date: March 15, 2019

By: /s/ Robynne D. Sisco

Robynne D. Sisco

Co-President and Chief Financial Officer

(Principal Financial Officer)