

Consolidated Statements of Operations

Condensed Consolidated Statements of Operations- GAAP basis

(amounts in thousands, except per share data and headcount)

	Fiscal 2010					Fiscal 2011					Fiscal 2012					Fiscal 2013				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Revenues																				
Subscription and support	281,768	293,440	306,870	327,394	1,209,472	350,712	368,951	402,948	428,534	1,551,145	473,504	509,279	549,182	594,269	2,126,234	655,220	687,493			1,342,713
Professional services and other	23,156	22,621	23,679	26,655	96,111	26,101	25,421	26,139	28,333	105,994	30,860	36,723	35,078	37,644	140,305	40,247	44,156			84,403
Total revenues	304,924	316,061	330,549	354,049	1,305,583	376,813	394,372	429,087	456,867	1,657,139	504,364	546,002	584,260	631,913	2,266,539	695,467	731,649	-	-	1,427,116
Cost of revenues																				
Subscription and support	37,028	38,971	40,745	42,428	159,172	44,057	48,981	54,089	61,116	208,243	75,243	89,144	96,306	100,065	360,758	108,744	118,519			227,263
Professional services and other	24,772	23,525	24,825	25,631	98,753	27,524	28,809	28,042	31,195	115,570	27,823	31,766	32,259	36,280	128,128	42,807	43,899			86,706
Total cost of revenues	61,800	62,496	65,570	68,059	257,925	71,581	77,790	82,131	92,311	323,813	103,066	120,910	128,565	136,345	488,886	151,551	162,418	-	-	313,969
Gross profit	243,124	253,565	264,979	285,990	1,047,658	305,232	316,582	346,956	364,556	1,333,326	401,298	425,092	455,695	495,568	1,777,653	543,916	569,231	-	-	1,113,147
Gross profit %	80%	80%	80%	81%	80%	81%	80%	81%	80%	80%	80%	78%	78%	78%	78%	78%	78%			78%
Research and development	31,584	31,103	32,763	36,447	131,897	40,122	42,930	47,305	57,530	187,887	65,292	73,393	76,049	80,613	295,347	94,776	99,442			194,218
Marketing and sales	138,267	146,214	152,166	168,552	605,199	175,867	182,401	200,544	233,217	792,029	254,471	283,001	304,571	327,567	1,169,610	369,789	380,160			749,949
General and administrative	43,150	46,759	49,909	55,472	195,290	56,193	61,569	63,951	74,200	255,913	84,338	84,446	85,232	93,765	347,781	101,600	103,095			204,695
Total operating expenses	213,001	224,076	234,838	260,471	932,386	272,182	286,900	311,800	364,947	1,235,829	404,101	440,840	465,852	501,945	1,812,738	566,165	582,697	-	-	1,148,862
Operating income (loss)	30,123	29,489	30,141	25,519	115,272	33,050	29,682	35,156	(391)	97,497	(2,803)	(15,748)	(10,157)	(6,377)	(35,085)	(22,249)	(13,466)	-	-	(35,715)
Other income (expense), net	4,693	6,382	6,875	9,159	27,109	(1,158)	(215)	3,404	4,770	6,801	3,584	(1,965)	1,307	(1,158)	1,768	(2,619)	(566)			(3,185)
Benefit (Provision) for income taxes	(15,823)	(14,030)	(15,573)	(12,263)	(57,689)	(12,016)	(12,884)	(16,192)	6,491	(34,601)	(251)	13,445	5,094	3,457	21,745	5,393	4,203			9,596
Consolidated net income (loss)	18,993	21,841	21,443	22,415	84,692	19,876	16,583	22,368	10,870	69,697	530	(4,268)	(3,756)	(4,078)	(11,572)	(19,475)	(9,829)	-	-	(29,304)
Less: Noncontrolling interest	(557)	(643)	(752)	(2,021)	(3,973)	(2,131)	(1,839)	(1,296)	43	(5,223)	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to salesforce.com	18,436	21,198	20,691	20,394	80,719	17,745	14,744	21,072	10,913	64,474	530	(4,268)	(3,756)	(4,078)	(11,572)	(19,475)	(9,829)	-	-	(29,304)
Basic EPS	0.15	0.17	0.17	0.16	0.65	0.14	0.11	0.16	0.08	0.50	0.00	(0.03)	(0.03)	(0.03)	(0.09)	(0.14)	(0.07)			(0.21)
Diluted EPS	0.15	0.17	0.16	0.16	0.63	0.13	0.11	0.15	0.08	0.47	0.00	(0.03)	(0.03)	(0.03)	(0.09)	(0.14)	(0.07)			(0.21)
Basic share count	123,206	123,846	124,561	126,235	124,462	128,032	129,462	130,888	132,344	130,222	133,454	135,093	135,847	136,720	135,302	138,150	139,425			138,789
Diluted share count	125,349	126,566	128,596	130,687	128,114	132,251	134,176	137,044	140,199	136,598	141,062	135,093	135,847	136,720	135,302	138,150	139,425			138,789
Amortization of purchased intangibles from business combinations																				
Cost of revenues					-	1,679	3,891	4,168	5,721	15,459	9,095	16,373	17,469	17,132	60,069	17,448	17,668			35,116
Marketing & sales					-	825	1,225	1,013	1,146	4,209	1,240	2,306	953	2,751	7,250	3,427	2,407			5,834
	-	-	-	-	-	2,504	5,116	5,181	6,867	19,668	10,335	18,679	18,422	19,883	67,319	20,875	20,075	-	-	40,950
Stock-based expense																				
Cost of revenues	3,156	3,171	2,995	3,248	12,570	3,074	3,186	2,357	3,541	12,158	3,651	4,379	4,138	5,283	17,451	7,253	7,864			15,117
R&D	3,084	2,949	2,707	4,388	13,129	4,102	4,041	3,976	6,778	18,897	7,839	11,188	12,197	14,670	45,894	15,667	16,089			31,756
Marketing & sales	9,942	9,316	9,055	11,408	39,722	12,210	12,317	11,969	19,955	56,451	23,787	27,114	29,123	35,706	115,730	41,987	44,781			86,768
G&A	5,481	5,440	5,650	6,901	23,471	7,082	7,071	7,330	11,440	32,923	12,281	11,913	11,548	14,441	50,183	16,359	16,683			33,042
	21,663	20,876	20,407	25,945	88,892	26,468	26,615	25,632	41,714	120,429	47,558	54,594	57,006	70,100	229,258	81,266	85,417	-	-	166,683
Full time equivalent headcount	3,607	3,653	3,814	3,969	3,969	4,106	4,447	4,758	5,306	5,306	5,513	6,352	6,953	7,785	7,785	8,335	8,765			8,765



Consolidated Balance Sheets

Condensed Consolidated Balance Sheets

(amounts in thousands)

	Fiscal 2010				Fiscal 2011				Fiscal 2012				Fiscal 2013			
	Apr 30, 2009	Jul 31, 2009	Oct 31, 2009	Jan 31, 2010	Apr 30, 2010	Jul 31, 2010	Oct 31, 2010	Jan 31, 2011	Apr 30, 2011	Jul 31, 2011	Oct 31, 2011	Jan 31, 2012	Apr 30, 2012	Jul 31, 2012	Oct 31, 2012	Jan 31, 2013
Assets																
Cash and cash equivalents	341,705	246,169	242,888	1,011,306	690,794	409,925	630,303	424,292	664,612	449,794	502,987	607,284	440,785	1,000,730		
Marketable securities, current & long-term	642,119	784,237	827,204	715,742	1,210,754	1,449,003	1,172,137	983,265	857,673	836,864	793,706	839,890	1,216,304	803,535		
Accounts receivable, net	145,869	168,842	191,297	320,956	183,612	228,550	258,764	426,943	270,816	342,397	312,331	683,745	371,395	446,917		
Deferred commissions, current & long-term	53,006	51,827	54,142	75,528	75,347	77,489	83,217	116,616	112,445	113,666	120,415	176,620	172,492	171,931		
Deferred income taxes, current & long-term	54,873	56,692	57,687	67,695	70,496	80,343	80,121	68,715	71,223	98,134	109,691	119,408	140,226	164,754		
Prepays and other current assets	36,242	49,153	62,227	55,734	45,858	50,138	64,343	55,721	63,886	95,042	79,428	80,319	99,789	146,901		
Property and equipment, net	88,479	96,470	95,598	89,711	86,710	100,946	116,078	387,174	446,268	470,070	504,827	527,946	549,732	556,776		
Goodwill	44,872	44,872	45,402	48,955	47,749	184,539	187,038	396,081	406,889	671,570	732,062	785,381	831,004	840,531		
Other long-term assets	60,535	58,265	66,756	74,574	76,777	117,543	148,693	232,358	234,256	343,791	355,831	343,561	334,365	321,495		
Total assets	1,467,700	1,556,527	1,643,201	2,460,201	2,488,097	2,698,476	2,740,694	3,091,165	3,128,068	3,421,328	3,511,278	4,164,154	4,156,092	4,453,570	-	-
Liabilities and Shareholders' Equity																
Accounts payable, accruals and other	179,524	205,127	227,226	248,989	219,552	298,720	366,824	407,195	382,293	493,039	520,178	621,609	509,281	649,182		
Deferred revenue, current and long-term	549,373	549,010	545,435	704,348	664,529	683,019	694,557	934,941	915,133	935,266	917,821	1,380,295	1,334,716	1,337,184		
0.75% Convertible senior notes due 2015, net	-	-	-	450,198	455,649	461,182	466,847	472,538	478,369	484,128	490,119	496,149	502,326	508,533		
Total liabilities	728,897	754,137	772,661	1,403,535	1,339,730	1,442,921	1,528,228	1,814,674	1,775,795	1,912,433	1,928,118	2,498,053	2,346,323	2,494,899	-	-
Stockholders' Equity - Controlling Interest (including temporary equity)	727,855	791,117	858,891	1,043,802	1,134,510	1,240,626	1,210,288	1,276,491	1,352,273	1,508,895	1,583,160	1,666,101	1,809,769	1,958,671		
Stockholders' Equity - Noncontrolling Interest	10,948	11,273	11,649	12,864	13,857	14,929	2,178	-	-	-	-	-	-	-	-	-
Total liabilities and stockholders' equity	1,467,700	1,556,527	1,643,201	2,460,201	2,488,097	2,698,476	2,740,694	3,091,165	3,128,068	3,421,328	3,511,278	4,164,154	4,156,092	4,453,570	-	-



Consolidated Statements of Cash Flows

Condensed Consolidated Statements of Cash Flows

(amounts in thousands)

	Fiscal 2010					Fiscal 2011					Fiscal 2012					Fiscal 2013				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Operating activities																				
Consolidated net income (loss)	18,993	21,841	21,443	22,415	84,692	19,876	16,583	22,368	10,870	69,697	530	(4,268)	(3,756)	(4,078)	(11,572)	(19,475)	(9,829)			(29,304)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:																				
Depreciation and amortization	12,145	12,144	13,601	15,287	53,177	14,505	17,793	19,710	23,738	75,746	29,593	40,239	41,553	45,901	157,286	49,441	49,999			99,440
Amortization of debt discount and transaction costs	-	-	-	728	728	5,451	5,533	6,655	1,982	19,621	2,255	2,077	2,138	3,877	10,347	4,689	6,371			11,040
Amortization of deferred commissions	14,946	15,315	15,698	17,932	63,891	19,489	18,106	19,959	22,605	80,159	24,675	24,916	26,862	30,742	107,195	36,246	35,783			72,029
Expenses related to stock-based awards	21,663	20,877	20,407	25,945	88,892	26,468	26,615	25,632	41,714	120,429	47,558	54,594	57,006	70,100	229,258	81,266	85,417			166,683
Excess tax benefits from employee stock plans	(9,448)	(15,687)	(7,401)	(19,003)	(51,539)	(9,288)	(22,902)	(14,578)	10,777	(35,991)	(2,034)	(2,086)	(6,892)	4,994	(6,018)	(11,043)	(14,702)			(25,745)
Changes in assets and liabilities	39,677	(8,635)	(28,228)	28,256	31,070	66,682	14,368	(5,706)	54,076	129,420	36,941	(32,539)	11,798	88,811	105,011	72,108	(16,842)			55,266
Net cash provided by operating activities	97,976	45,855	35,520	91,560	270,911	143,183	76,096	74,040	165,762	459,081	139,518	82,933	128,709	240,347	591,507	213,212	136,197	-	-	349,409
Investing activities																				
Business combinations, net of cash acquired	-	-	(4,500)	(7,499)	(11,999)	-	(151,503)	(3,834)	(247,994)	(403,331)	(13,335)	(285,335)	(66,115)	(57,914)	(422,699)	(48,913)	(10,078)			(58,991)
Land activity and building improvements	-	-	-	-	-	-	-	(8,000)	(269,944)	(277,944)	(1,014)	(5,422)	(6,654)	(6,565)	(19,655)	(4,106)	-			(4,106)
Changes in marketable securities	(242,638)	(138,393)	(41,243)	109,558	(312,716)	(495,943)	(234,030)	280,340	179,346	(270,287)	126,458	21,662	39,167	(45,608)	141,679	(374,582)	412,797			38,215
Capital expenditures	(13,428)	(18,628)	(10,389)	(7,056)	(49,501)	(11,690)	(27,831)	(20,790)	(30,576)	(90,887)	(27,314)	(45,051)	(34,678)	(44,602)	(151,645)	(44,721)	(29,304)			(74,025)
Strategic investments	-	(700)	(3,700)	-	(4,400)	(500)	(2,000)	(4,000)	(13,605)	(20,105)	(5,433)	(7,782)	(21,508)	(2,647)	(37,370)	(2,665)	(1,129)			(3,794)
Net cash (used in) provided by investing activities	(256,066)	(157,721)	(59,832)	95,003	(378,616)	(508,133)	(415,364)	243,716	(382,773)	(1,062,554)	79,362	(321,928)	(89,788)	(157,336)	(489,690)	(474,987)	372,286	-	-	(102,701)
Financing activities																				
Purchase of subsidiary stock	-	-	-	-	-	(1,273)	-	(150,970)	(19,721)	(171,964)	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings on convertible note	-	-	-	567,094	567,094	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of warrants	-	-	-	59,283	59,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of convertible note hedge	-	-	-	(126,500)	(126,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from equity plans	9,168	5,139	18,559	60,990	93,856	37,516	34,127	44,353	44,406	160,402	32,286	42,282	15,794	26,203	116,565	93,567	33,824			127,391
Excess tax benefits from employee stock plans	9,448	15,687	7,401	19,003	51,539	9,288	22,902	14,578	(10,777)	35,991	2,034	2,086	6,892	(4,994)	6,018	11,043	14,702			25,745
Contingent consideration payment	-	-	-	-	-	-	-	-	-	-	(2,800)	(13,400)	-	-	(16,200)	-	-			-
Principal payments on capital lease obligations	(1,248)	(2,258)	(2,398)	(2,215)	(8,119)	(1,918)	(2,123)	(3,116)	(3,198)	(10,355)	(3,562)	(10,549)	(7,685)	(8,737)	(30,533)	(7,574)	(7,479)			(15,053)
Net cash (used in) provided by financing activities	17,368	18,568	23,562	577,655	637,153	43,613	54,906	(95,155)	10,710	14,074	27,958	20,419	15,001	12,472	75,850	97,036	41,047	-	-	138,083
Effect of exchange rate changes	(1,407)	(2,238)	(2,531)	4,200	(1,976)	825	3,493	(2,223)	290	2,385	(6,518)	3,758	(729)	8,814	5,325	(1,760)	10,415			8,655
Net increase (decrease) in cash and cash equivalents	(142,129)	(95,536)	(3,281)	768,418	527,472	(320,512)	(280,869)	220,378	(206,011)	(587,014)	240,320	(214,818)	53,193	104,297	182,992	(166,499)	559,945	-	-	393,446
Cash and cash equivalents, beginning of period	483,834	341,705	246,169	242,888	483,834	1,011,306	690,794	409,925	630,303	1,011,306	424,292	664,612	449,794	502,987	424,292	607,284	440,785			607,284
Cash and cash equivalents, end of period	341,705	246,169	242,888	1,011,306	1,011,306	690,794	409,925	630,303	424,292	424,292	664,612	449,794	502,987	607,284	607,284	440,785	1,000,730	-	-	1,000,730



GAAP Results Reconciled To NON-GAAP Results

salesforce.com, inc.

GAAP RESULTS RECONCILED TO NON-GAAP RESULTS

The following table reflects selected salesforce.com GAAP results reconciled to non-GAAP results
(in thousands, except per share data)
(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Gross profit				
GAAP gross profit	\$ 569,231	\$ 425,092	\$ 1,113,147	\$ 826,390
Plus:				
Amortization of purchased intangibles (a)	17,668	16,373	35,116	25,468
Stock-based expenses (b)	7,864	4,379	15,117	8,030
Non-GAAP gross profit	<u>\$ 594,763</u>	<u>\$ 445,844</u>	<u>\$ 1,163,380</u>	<u>\$ 859,888</u>
Operating expenses				
GAAP operating expenses	\$ 582,697	\$ 440,840	\$ 1,148,862	\$ 844,941
Less:				
Amortization of purchased intangibles (a)	(2,407)	(2,306)	(5,834)	(3,546)
Stock-based expenses (b)	(77,553)	(50,215)	(151,566)	(94,122)
Non-GAAP operating expenses	<u>\$ 502,737</u>	<u>\$ 388,319</u>	<u>\$ 991,462</u>	<u>\$ 747,273</u>
Income from operations				
GAAP loss from operations	\$ (13,466)	\$ (15,748)	\$ (35,715)	\$ (18,551)
Plus:				
Amortization of purchased intangibles (a)	20,075	18,679	40,950	29,014
Stock-based expenses (b)	85,417	54,594	166,683	102,152
Non-GAAP income from operations	<u>\$ 92,026</u>	<u>\$ 57,525</u>	<u>\$ 171,918</u>	<u>\$ 112,615</u>
Non-operating income (a)				
GAAP non-operating income (loss)	\$ (566)	\$ (1,965)	\$ (3,185)	\$ 1,619
Plus: Amortization of debt discount, net	6,207	2,712	11,090	5,470
Non-GAAP non-operating income	<u>\$ 5,641</u>	<u>\$ 747</u>	<u>\$ 7,905</u>	<u>\$ 7,089</u>
Net income				
GAAP net loss	\$ (9,829)	\$ (4,268)	\$ (29,304)	\$ (3,738)
Plus:				
Amortization of purchased intangibles	20,075	18,679	40,950	29,014
Stock-based expenses	85,417	54,594	166,683	102,152
Amortization of debt discount, net	6,207	2,712	11,090	5,470
Less:				
Income tax effect of Non-GAAP items	(41,154)	(28,635)	(74,249)	(49,926)
Non-GAAP net income	<u>\$ 60,716</u>	<u>\$ 43,082</u>	<u>\$ 115,170</u>	<u>\$ 82,972</u>
Diluted earnings per share				
GAAP diluted loss per share (d)	\$ (0.07)	\$ (0.03)	\$ (0.21)	\$ (0.03)
Plus:				
Amortization of purchased intangibles	0.14	0.13	0.28	0.20
Stock-based expenses	0.58	0.38	1.14	0.72
Amortization of debt discount, net	0.04	0.02	0.08	0.04
Less:				
Income tax effect of Non-GAAP items	(0.27)	(0.20)	(0.50)	(0.35)
Non-GAAP diluted earnings per share	<u>\$ 0.42</u>	<u>\$ 0.30</u>	<u>\$ 0.79</u>	<u>\$ 0.58</u>
Shares used in computing diluted net income per share	146,194	143,456	146,202	142,336

a) Amortization of purchased intangibles were as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Cost of revenues	\$ 17,668	\$ 16,373	\$ 35,116	\$ 25,468
Marketing and sales	2,407	2,306	5,834	3,546
	<u>\$ 20,075</u>	<u>\$ 18,679</u>	<u>\$ 40,950</u>	<u>\$ 29,014</u>

b) Stock-based expenses were as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Cost of revenues	\$ 7,864	\$ 4,379	\$ 15,117	\$ 8,030
Research and development	16,089	11,188	31,756	19,027
Marketing and sales	44,781	27,114	86,768	50,901
General and administrative	16,683	11,913	33,042	24,194
	<u>\$ 85,417</u>	<u>\$ 54,594</u>	<u>\$ 166,683</u>	<u>\$ 102,152</u>

c) Non-operating income consists of investment income, interest expense and other income (expense)

d) Reported GAAP loss per share was calculated using the basic share count.
Non-GAAP diluted earnings per share was calculated using the diluted share count.



Computation Of Basic and Diluted GAAP and NON-GAAP Net Income Per Share

salesforce.com, inc.

COMPUTATION OF BASIC AND DILUTED GAAP AND NON-GAAP NET INCOME (LOSS) PER SHARE

(in thousands, except per share data)

(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
GAAP Basic Net Loss Per Share				
Net loss	\$ (9,829)	\$ (4,268)	\$ (29,304)	\$ (3,738)
Basic net loss per share	\$ (0.07)	\$ (0.03)	\$ (0.21)	\$ (0.03)
Shares used in computing basic net loss per share	139,425	135,093	138,789	134,273

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Non-GAAP Basic Net Income Per Share				
Non-GAAP net income	\$ 60,716	\$ 43,082	\$ 115,170	\$ 82,972
Basic Non-GAAP net income per share	\$ 0.44	\$ 0.32	\$ 0.83	\$ 0.62
Shares used in computing basic net income per share	139,425	135,093	138,789	134,273

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
GAAP Diluted Net Loss Per Share				
Net loss	\$ (9,829)	\$ (4,268)	\$ (29,304)	\$ (3,738)
Diluted net loss per share	\$ (0.07)	\$ (0.03)	\$ (0.21)	\$ (0.03)
Shares used in computing diluted net loss per share	139,425	135,093	138,789	134,273

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Non-GAAP Diluted Net Income Per Share				
Non-GAAP net income	\$ 60,716	\$ 43,082	\$ 115,170	\$ 82,972
Diluted Non-GAAP net income per share	\$ 0.42	\$ 0.30	\$ 0.79	\$ 0.58
Shares used in computing diluted net income per share	146,194	143,456	146,202	142,336

