

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended June 30, 2020**

**OR**

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

**Commission File Number: 001-35580**



**SERVICENow, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**20-2056195**

(I.R.S. Employer  
Identification Number)

**2225 Lawson Lane**

**Santa Clara, California 95054**

(Address, including zip code, of registrant's principal executive offices)

**(408) 501-8550**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and formal fiscal year, if changed since last report.)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
<b>Common stock, par value \$0.001 per share</b>	<b>NOW</b>	<b>The New York Stock Exchange</b>

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

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

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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 Act). Yes ☐ No ☒

As of June 30, 2020, there were approximately 191.8 million shares of the Registrant's Common Stock outstanding.

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# PART I

## ITEM 1. FINANCIAL STATEMENTS

### SERVICENOW, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 837,309	\$ 775,778
Short-term investments	1,505,362	915,317
Accounts receivable, net	631,992	835,279
Current portion of deferred commissions	191,877	175,039
Prepaid expenses and other current assets	170,582	125,488
Total current assets	3,337,122	2,826,901
Deferred commissions, less current portion	355,684	333,448
Long-term investments	776,807	1,013,332
Property and equipment, net	547,253	468,085
Operating lease right-of-use assets	463,220	402,428
Intangible assets, net	163,857	143,850
Goodwill	211,416	156,756
Deferred tax assets	594,155	599,633
Other assets	71,795	77,997
Total assets	<u>\$ 6,521,309</u>	<u>\$ 6,022,430</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 85,757	\$ 52,960
Accrued expenses and other current liabilities	446,653	461,403
Current portion of deferred revenue	2,250,719	2,185,754
Current portion of operating lease liabilities	65,742	52,668
Total current liabilities	2,848,871	2,752,785
Deferred revenue, less current portion	31,399	40,038
Operating lease liabilities, less current portion	436,499	383,221
Convertible senior notes, net	696,123	694,981
Other long-term liabilities	29,611	23,464
Total liabilities	<u>4,042,503</u>	<u>3,894,489</u>
Stockholders' equity:		
Common stock	191	189
Additional paid-in capital	2,712,090	2,454,741
Accumulated other comprehensive income	29,772	25,255
Accumulated deficit	(263,247)	(352,244)
Total stockholders' equity	<u>2,478,806</u>	<u>2,127,941</u>
Total liabilities and stockholders' equity	<u>\$ 6,521,309</u>	<u>\$ 6,022,430</u>

See accompanying notes to condensed consolidated financial statements

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>				
Subscription	\$ 1,015,528	\$ 780,989	\$ 2,010,230	\$ 1,520,975
Professional services and other	55,314	52,915	106,952	101,855
Total revenues	1,070,842	833,904	2,117,182	1,622,830
<b>Cost of revenues<sup>(1)</sup>:</b>				
Subscription	171,934	135,479	331,655	262,068
Professional services and other	61,005	62,668	124,650	122,331
Total cost of revenues	232,939	198,147	456,305	384,399
Gross profit	837,903	635,757	1,660,877	1,238,431
<b>Operating expenses<sup>(1)</sup>:</b>				
Sales and marketing	426,519	393,895	867,753	755,304
Research and development	245,081	183,420	471,738	355,942
General and administrative	104,037	85,442	209,785	169,898
Total operating expenses	775,637	662,757	1,549,276	1,281,144
Income (loss) from operations	62,266	(27,000)	111,601	(42,713)
Interest expense	(8,488)	(8,269)	(17,058)	(16,437)
Interest income and other income, net	8,252	18,954	15,849	31,379
Income (loss) before income taxes	62,030	(16,315)	110,392	(27,771)
Provision for (benefit from) income taxes	21,264	(5,236)	21,395	(15,147)
Net income (loss)	\$ 40,766	\$ (11,079)	\$ 88,997	\$ (12,624)
Net income (loss) per share - basic	\$ 0.21	\$ (0.06)	\$ 0.47	\$ (0.07)
Net income (loss) per share - diluted	\$ 0.20	\$ (0.06)	\$ 0.44	\$ (0.07)
Weighted-average shares used to compute net income (loss) per share - basic	191,319	186,678	190,731	184,419
Weighted-average shares used to compute net income (loss) per share - diluted	201,453	186,678	200,843	184,419
<b>Other comprehensive income (loss):</b>				
Foreign currency translation adjustments	\$ 17,577	\$ (410)	\$ (2,816)	\$ 9,225
Unrealized gains on investments, net of tax	26,575	3,629	7,333	8,352
Other comprehensive income, net of tax	44,152	3,219	4,517	17,577
Comprehensive income (loss)	\$ 84,918	\$ (7,860)	\$ 93,514	\$ 4,953

(1) Includes stock-based compensation as follows:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Cost of revenues:</b>				
Subscription	\$ 24,960	\$ 19,117	\$ 46,484	\$ 35,139
Professional services and other	12,791	10,951	24,803	20,882
<b>Operating expenses:</b>				
Sales and marketing	78,967	69,229	149,127	131,359
Research and development	70,163	50,041	129,066	93,623
General and administrative	29,959	22,422	55,645	48,207

*See accompanying notes to condensed consolidated financial statements*

**SERVICENOW, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(in thousands)  
(unaudited)

	Three Months Ended June 30, 2020						Three Months Ended June 30, 2019					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					Shares	Amount				
<b>Balance at beginning of period</b>	190,700	\$ 190	\$ 2,584,298	\$ (304,013)	\$ (14,380)	\$ 2,266,095	184,739	\$ 185	\$ 2,164,930	\$ (980,487)	\$ 10,323	\$ 1,194,951
Common stock issued under employee stock plans	1,101	1	24,178	—	—	24,179	1,120	1	10,206	—	—	10,207
Taxes paid related to net share settlement of equity awards	—	—	(112,845)	—	—	(112,845)	—	—	(108,150)	—	—	(108,150)
Stock-based compensation	—	—	217,174	—	—	217,174	—	—	171,798	—	—	171,798
Settlement of 2018 Warrants	—	—	—	—	—	—	1,602	2	(2)	—	—	—
Settlement of 2022 Notes conversion feature	—	—	(19,027)	—	—	(19,027)	—	—	—	—	—	—
Benefit from exercise of 2022 Note Hedge	—	—	18,312	—	—	18,312	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	44,152	44,152	—	—	—	—	3,219	3,219
Net income (loss)	—	—	—	40,766	—	40,766	—	—	—	(11,079)	—	(11,079)
<b>Balance at end of period</b>	<u>191,801</u>	<u>\$ 191</u>	<u>\$ 2,712,090</u>	<u>\$ (263,247)</u>	<u>\$ 29,772</u>	<u>\$ 2,478,806</u>	<u>187,461</u>	<u>\$ 188</u>	<u>\$ 2,238,782</u>	<u>\$ (991,566)</u>	<u>\$ 13,542</u>	<u>\$ 1,260,946</u>
	Six Months Ended June 30, 2020						Six Months Ended June 30, 2019					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					Shares	Amount				
<b>Balance at beginning of period</b>	189,461	\$ 189	\$ 2,454,741	\$ (352,244)	\$ 25,255	\$ 2,127,941	180,175	\$ 180	\$ 2,093,834	\$ (978,780)	\$ (4,035)	\$ 1,111,199
Cumulative effect adjustment for Topic 842 adoption	—	—	—	—	—	—	—	—	—	(162)	—	(162)
Common stock issued under employee stock plans	2,340	2	91,052	—	—	91,054	3,003	3	63,306	—	—	63,309
Taxes paid related to net share settlement of equity awards	—	—	(238,551)	—	—	(238,551)	—	—	(247,620)	—	—	(247,620)
Stock-based compensation	—	—	405,739	—	—	405,739	—	—	329,267	—	—	329,267
Settlement of 2018 Warrants	—	—	—	—	—	—	4,283	5	(5)	—	—	—
Settlement of 2022 Notes conversion feature	—	—	(22,755)	—	—	(22,755)	—	—	—	—	—	—
Benefit from exercise of 2022 Note Hedge	—	—	21,864	—	—	21,864	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	4,517	4,517	—	—	—	—	17,577	17,577
Net income (loss)	—	—	—	88,997	—	88,997	—	—	—	(12,624)	—	(12,624)
<b>Balance at end of period</b>	<u>191,801</u>	<u>\$ 191</u>	<u>\$ 2,712,090</u>	<u>\$ (263,247)</u>	<u>\$ 29,772</u>	<u>\$ 2,478,806</u>	<u>187,461</u>	<u>\$ 188</u>	<u>\$ 2,238,782</u>	<u>\$ (991,566)</u>	<u>\$ 13,542</u>	<u>\$ 1,260,946</u>

*See accompanying notes to condensed consolidated financial statements*

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

	<b>Six Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 88,997	\$ (12,624)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	158,628	115,777
Amortization of deferred commissions	101,215	79,531
Amortization of debt discount and issuance costs	17,058	16,437
Stock-based compensation	405,125	329,210
Deferred income taxes	(3,177)	(3,073)
Repayments of convertible senior notes attributable to debt discount	(1,975)	—
Unrealized gains on non-marketable securities	(1,944)	(2,932)
Other	1,302	(391)
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	200,015	71,354
Deferred commissions	(143,981)	(97,194)
Prepaid expenses and other assets	(32,429)	(28,483)
Accounts payable	37,324	25,093
Deferred revenue	69,248	100,190
Accrued expenses and other liabilities	(35,784)	11,688
Net cash provided by operating activities	859,622	604,583
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(193,671)	(97,020)
Business combinations, net of cash acquired	(82,948)	—
Purchases of intangibles	(6,500)	(36,160)
Purchases of investments	(1,107,738)	(800,641)
Sales and maturities of investments	765,384	508,318
Realized gains (losses) on derivatives not designated as hedging instruments, net	(2,636)	22,113
Net cash used in investing activities	(628,109)	(403,390)
<b>Cash flows from financing activities:</b>		
Repayments of convertible senior notes attributable to principal	(15,738)	—
Proceeds from employee stock plans	91,056	63,300
Taxes paid related to net share settlement of equity awards	(238,557)	(247,619)
Net cash used in financing activities	(163,239)	(184,319)
Foreign currency effect on cash, cash equivalents and restricted cash	(4,862)	1,286
Net increase in cash, cash equivalents and restricted cash	63,412	18,160
Cash, cash equivalents and restricted cash at beginning of period	777,991	568,538
Cash, cash equivalents and restricted cash at end of period	\$ 841,403	\$ 586,698
<b>Cash, cash equivalents and restricted cash at end of period:</b>		
Cash and cash equivalents	\$ 837,309	\$ 583,581
Restricted cash included in prepaid expenses and other current assets	4,094	3,117
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	\$ 841,403	\$ 586,698
<b>Supplemental disclosures of other cash flow information:</b>		
Income taxes paid, net of refunds	\$ 9,867	\$ 10,560
<b>Non-cash investing and financing activities:</b>		
Settlement of 2022 Notes conversion feature	\$ 22,755	\$ —
Benefit from exercise of 2022 Note Hedge	21,864	—
Property and equipment included in accounts payable and accrued expenses	94,839	31,940

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*See accompanying notes to condensed consolidated financial statements*



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

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

**(1) Description of the Business**

ServiceNow’s purpose is to make the world of work, work better for people. We believe that people should work the way they want to, so we build applications that help automate existing processes and create efficient, digitized workflows. Our products and services enable the steps of a job to flow naturally across disparate departments, systems and processes of a business. When work flows naturally, great experiences follow. We make work flow utilizing our leading enterprise cloud computing services that manage and deliver digital workflows, simplifying the complexity of work across systems, functions and departments on a single enterprise cloud platform, called the Now Platform. Our product portfolio is currently focused on delivering better Information Technology (“IT”), Employee and Customer workflows in pre-packaged product offerings. We also enable our customers to use the Now Platform App Engine to design and build workflow applications which are purpose built for their own business.

**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements due to the permitted exclusion of certain disclosures for interim reporting. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary under GAAP for fair statement of results for the interim periods presented have been included. The results of operations for the three and six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the year ending December 31, 2020 or for other interim periods or future years. The condensed consolidated balance sheet as of December 31, 2019 is derived from audited financial statements; however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 20, 2020.

***Principles of Consolidation***

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

### ***Use of Estimates***

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Such management estimates and assumptions include, but are not limited to, evaluating the terms and conditions included within our customer contracts as well as determining the standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations, the period of benefit for deferred commissions, purchase price allocation for business combinations, stock-based compensation, the useful life of our property and equipment, goodwill and identifiable intangible assets, whether an arrangement is or contains a lease, the discount rate used for operating leases, fair value of convertible notes and income taxes. Actual results could differ from those estimates.

### ***Significant Accounting Policies***

Notwithstanding the addition of policies described below for investments and accounts receivable, there were no significant changes to our significant accounting policies disclosed in “Note 2 – Summary of Significant Accounting Policies” of our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 20, 2020.

### ***Investments***

Investments consist of commercial paper, corporate notes and bonds, certificates of deposit and U.S. government and agency securities. We classify investments as available-for-sale at the time of purchase and re-evaluate such classification as of each balance sheet date. All investments are recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are included in accumulated other comprehensive income (loss), net of tax, a component of stockholders’ equity, except for credit-related impairment losses for available-for-sale debt securities.

We evaluate our investments with unrealized loss positions for other than temporary impairment by assessing if they are related to deterioration in credit risk and whether we expect to recover the entire amortized cost basis of the security, our intent to sell and whether it is more likely than not that we will be required to sell the securities before the recovery of their cost basis. Credit-related impairment losses, not to exceed the amount that fair value is less than the amortized cost basis, are recognized through an allowance for credit losses with changes in the allowance for credit losses recorded in interest income and other income, net in the condensed consolidated statements of comprehensive income (loss). For purposes of identifying and measuring impairment, the policy election was made to exclude the applicable accrued interest from both the fair value and amortized cost basis. Applicable accrued interest, net of the allowance for credit losses (if any) of \$10 million and \$11 million, is recorded in prepaid expenses and other current assets on the condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019, respectively.

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 interest income and other income (expense), net in the condensed consolidated statements of comprehensive income (loss).

### ***Accounts Receivable***

We record trade accounts receivable at the net invoice value and such receivables are non-interest bearing. We consider receivables past due based on the contractual payment terms. We review our exposure to accounts receivable and reserve for specific amounts if collectibility is no longer reasonably assured based on assessment of various factors including historical loss rates and expectations of forward-looking loss estimates.

### ***Concentration of Credit Risk and Significant Customers***

Credit risk arising from accounts receivable is mitigated to a certain extent due to our large number of customers and their dispersion across various industries and geographies. As of June 30, 2020, we had one customer that represented 14% of our accounts receivable balance and no customers that individually exceeded 10% of our total revenues in any of the periods presented. As of December 31, 2019, there were no customers that represented more than 10% of our accounts receivable balance. For purposes of assessing concentration of credit risk and significant customers, a group of customers under common control or customers that are affiliates of each other are regarded as a single customer.

## ***Accounting Pronouncements Adopted in 2020***

### ***Cloud computing arrangements implementation costs***

In August 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-15, “Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,” which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard requires capitalized costs to be amortized on a straight-line basis generally over the term of the arrangement, and the financial statement presentation for these capitalized costs would be the same as that of the fees related to the hosting arrangements. We adopted this standard on a prospective basis as of January 1, 2020. The adoption of this standard did not have a material impact on our previously reported consolidated financial statements for periods ended on or prior to December 31, 2019.

### ***Credit losses***

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected, with further clarifications made more recently regarding the treatment of accrued interest, transfers between classifications for loans and debt securities, recoveries and the option to irrevocably elect the fair value option (on an instrument-by-instrument basis) for eligible financial assets at amortized costs. For trade receivables, loans, and other financial assets, we will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale debt securities are required to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. We adopted Topic 326 on a modified retrospective basis as of January 1, 2020. The adoption of this standard did not result in any cumulative effect adjustment on our condensed consolidated financial statements upon adoption as of January 1, 2020.

## ***Accounting Pronouncement Adopted in 2019***

### ***Leases***

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842),” which requires lessees to generally recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets, and to recognize on the income statement the expenses in a manner similar to prior practice. We adopted Topic 842 using the modified retrospective method as of January 1, 2019 and elected the transition option that allows us not to restate the comparative periods in our financial statements in the year of adoption. We also elected the package of transition expedients available for expired or existing contracts, which allowed us to carryforward our historical assessment of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. As this standard was adopted on a modified prospective basis as of January 1, 2019, the adoption of this standard did not impact our previously reported consolidated financial statements for periods ended on or prior to December 31, 2018. Upon adoption, we recorded operating lease right-of-use assets of \$335 million and corresponding operating lease liabilities of \$363 million on our condensed consolidated balance sheets.

## ***Recently Issued Accounting Pronouncement Pending Adoption***

### ***Income taxes***

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes,” which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and amending existing guidance to improve consistent application. This new standard is effective for our interim and annual periods beginning January 1, 2021 and earlier adoption is permitted. Most amendments within this standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. We are currently evaluating the impact of the adoption of this standard on our condensed consolidated financial statements.

### (3) Investments

#### *Marketable Debt Securities*

The following is a summary of our available-for-sale debt securities recorded within short-term and long-term investments on the condensed consolidated balance sheets (in thousands):

June 30, 2020				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 414,613	\$ 521	\$ (31)	\$ 415,103
Corporate notes and bonds	1,571,083	15,645	(493)	1,586,235
Certificates of deposit	20,077	21	—	20,098
U.S. government and agency securities	259,097	1,641	(5)	260,733
Total available-for-sale securities	<u>\$ 2,264,870</u>	<u>\$ 17,828</u>	<u>\$ (529)</u>	<u>\$ 2,282,169</u>

  

December 31, 2019				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale securities:				
Commercial paper	\$ 101,416	\$ 83	\$ (9)	\$ 101,490
Corporate notes and bonds	1,654,166	7,360	(196)	1,661,330
Certificates of deposit	38,007	38	—	38,045
U.S. government and agency securities	127,544	254	(14)	127,784
Total available-for-sale securities	<u>\$ 1,921,133</u>	<u>\$ 7,735</u>	<u>\$ (219)</u>	<u>\$ 1,928,649</u>

As of June 30, 2020, the contractual maturities of our available-for-sale debt securities, excluding those securities classified within cash and cash equivalents on the condensed consolidated balance sheet, did not exceed 36 months. The fair values of available-for-sale securities, by remaining contractual maturity, are as follows (in thousands):

		June 30, 2020
Due within 1 year		\$ 1,505,362
Due in 1 year through 5 years		776,807
Total		<u>\$ 2,282,169</u>

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

June 30, 2020						
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	\$ 82,317	\$ (31)	\$ —	\$ —	\$ 82,317	\$ (31)
Corporate notes and bonds	273,570	(493)	—	—	273,570	(493)
U.S. government and agency securities	72,843	(5)	—	—	72,843	(5)
Total	<u>\$ 428,730</u>	<u>\$ (529)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 428,730</u>	<u>\$ (529)</u>

  

December 31, 2019						
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Commercial paper	\$ 20,752	\$ (9)	\$ —	\$ —	\$ 20,752	\$ (9)
Corporate notes and bonds	242,012	(181)	16,264	(15)	258,276	(196)
U.S. government and agency securities	17,806	(14)	—	—	17,806	(14)
Total	<u>\$ 280,570</u>	<u>\$ (204)</u>	<u>\$ 16,264</u>	<u>\$ (15)</u>	<u>\$ 296,834</u>	<u>\$ (219)</u>

The decline in fair value below amortized cost basis was not considered other than temporary as it is more likely than not we will hold the securities until maturity or a recovery of the cost basis, and credit-related impairment losses were not deemed material as of June 30, 2020.

#### *Strategic Investments*

As of June 30, 2020 and December 31, 2019, the total amount of equity investments in privately-held companies included in other assets on our condensed consolidated balance sheets was \$27 million and \$22 million, respectively. We classify these assets as Level 3 within the fair value hierarchy only if an impairment or observable adjustment is recognized on these non-marketable equity securities during the period as they are based on observable transaction price at the transaction date of identical or similar investment of the same issuer and other unobservable inputs such as volatility.

#### (4) Fair Value Measurements

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of June 30, 2020 (in thousands):

	Level 1	Level 2	Total
<b>Cash equivalents:</b>			
Money market funds	\$ 489,607	\$ —	\$ 489,607
Commercial paper	—	47,691	47,691
Corporate notes and bonds	—	20,944	20,944
Certificates of deposit	—	5,002	5,002
U.S. government and agency securities	—	28,228	28,228
<b>Marketable securities:</b>			
Commercial paper	—	415,103	415,103
Corporate notes and bonds	—	1,586,235	1,586,235
Certificates of deposit	—	20,098	20,098
U.S. government and agency securities	—	260,733	260,733
Total	\$ 489,607	\$ 2,384,034	\$ 2,873,641

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of December 31, 2019 (in thousands):

	Level 1	Level 2	Total
<b>Cash equivalents:</b>			
Money market funds	\$ 486,982	\$ —	\$ 486,982
Commercial paper	—	86,388	86,388
<b>Marketable securities:</b>			
Commercial paper	—	101,490	101,490
Corporate notes and bonds	—	1,661,330	1,661,330
Certificates of deposit	—	38,045	38,045
U.S. government and agency securities	—	127,784	127,784
Total	\$ 486,982	\$ 2,015,037	\$ 2,502,019

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

Our equity investments in privately-held companies are not included in the table above and are discussed in Note 3. See Note 8 for the fair value measurement of our derivative contracts and Note 10 for the fair value measurement of our convertible senior notes, which are also not included in the table above.

#### (5) Business Combinations

On February 6, 2020, we completed the acquisition of Loom Systems Ltd. (“Loom”) by acquiring all issued and outstanding shares of Loom for \$58 million in an all-cash transaction in order to extend our artificial intelligence (“AI”) capabilities for IT operations management (“ITOM”) by providing customers with analytics solutions. The aggregate purchase price was allocated based on the estimated fair value to developed technology intangible asset of \$17 million (to be amortized over a five-year estimated useful life), deferred tax liabilities of \$4 million and goodwill of \$40 million.

On February 7, 2020, we completed the acquisition of Rupert Labs, Inc. d/b/a Passage AI (“Passage AI”) by acquiring all issued and outstanding shares of Passage AI for \$33 million in an all-cash transaction in order to advance our deep learning of conversational AI capabilities. This acquisition will enhance the Now Platform and products, including ServiceNow Virtual Agent, Service Portal, and Workspaces by enabling support in multiple languages. The aggregate purchase price was allocated based on the estimated fair value to developed technology intangible assets of \$22 million (to be amortized over a five-year estimated useful life), deferred tax liabilities of \$5 million and \$15 million of goodwill.

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

Aggregate acquisition-related costs associated with our business combinations are not material for the six months ended June 30, 2020 and are included in general and administrative expenses in our condensed consolidated statement of comprehensive income (loss). The results of operations of these business combinations have been included in our condensed consolidated financial statements from their respective dates of purchase. These business combinations did not have a material impact on our condensed consolidated financial statements, and therefore historical and pro forma disclosures have not been presented.

## (6) Goodwill and Intangible Assets

Goodwill balances are presented below (in thousands):

	Carrying Amount
Balance as of December 31, 2019	\$ 156,756
Goodwill acquired	54,635
Foreign currency translation adjustments	25
Balance as of June 30, 2020	\$ 211,416

Intangible assets consist of the following (in thousands):

	June 30, 2020	December 31, 2019
Developed technology	\$ 212,533	\$ 177,746
Patents	67,109	67,730
Other	3,594	3,594
Intangible assets, gross	283,236	249,070
Less: accumulated amortization	(119,379)	(105,220)
Intangible assets, net	\$ 163,857	\$ 143,850

During the six months ended June 30, 2020, apart from the business combinations described in Note 5, we acquired \$7 million of intangible assets in developed technology. The weighted-average useful life for the developed technology acquired during the six months ended June 30, 2020 was approximately 5 years.

During the six months ended June 30, 2019, we acquired \$36 million of intangible assets, comprising primarily \$27 million of developed technology and \$9 million in patents. The weighted-average useful lives for the developed technology and patents acquired during the six months ended June 30, 2019 was approximately 5 and 6 years, respectively.

Amortization expense for intangible assets for the three months ended June 30, 2020 and 2019 was \$15 million and \$8 million, respectively, and for the six months ended June 30, 2020 and 2019 was \$25 million and \$15 million, respectively.

The following table presents the estimated future amortization expense related to intangible assets held at June 30, 2020 (in thousands):

Years Ending December 31,

Remainder of 2020	\$	20,883
2021		40,684
2022		36,547
2023		31,396
2024		26,228
Thereafter		8,119
Total future amortization expense	\$	163,857

## (7) Property and Equipment

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

	June 30, 2020	December 31, 2019
Computer equipment	\$ 815,739	\$ 680,160
Computer software	66,094	59,511
Leasehold and other improvements	133,313	125,299
Furniture and fixtures	54,916	53,651
Construction in progress	9,766	6,830
Property and equipment, gross	1,079,828	925,451
Less: Accumulated depreciation	(532,575)	(457,366)
Property and equipment, net	\$ 547,253	\$ 468,085

Construction in progress consists primarily of leasehold and other improvements and in-process software development costs. Depreciation expense for the three months ended June 30, 2020 and 2019 was \$51 million and \$40 million, respectively, and for the six months ended June 30, 2020 and 2019 was \$102 million and \$77 million, respectively.

## (8) Derivative Contracts

As of June 30, 2020 and December 31, 2019, we had foreign currency forward contracts with total notional values of \$638 million and \$358 million, respectively, which are not designated as hedging instruments. Our foreign currency contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates. The fair value of these outstanding derivative contracts was as follows (in thousands):

	Condensed Consolidated Balance Sheet Location	June 30, 2020	December 31, 2019
<i>Derivative Assets:</i>			
Foreign currency derivative contracts	Prepaid expenses and other current assets	\$ 4,850	\$ 2,237
<i>Derivative Liabilities:</i>			
Foreign currency derivative contracts	Accrued expenses and other current liabilities	\$ 3,356	\$ 1,362



**(9) Deferred Revenue and Performance Obligations**

Revenues recognized during the three months ended June 30, 2020 from amounts included in deferred revenue as of March 31, 2020 were \$0.9 billion. Revenues recognized during the three months ended June 30, 2019 from amounts included in deferred revenue as of March 31, 2019 were \$0.7 billion.

Revenues recognized during the six months ended June 30, 2020 from amounts included in deferred revenue as of December 31, 2019 were \$1.5 billion. Revenues recognized during the six months ended June 30, 2019 from amounts included in deferred revenue as of December 31, 2018 were \$1.0 billion.

***Remaining Performance Obligations***

Transaction price allocated to remaining performance obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenues in future periods. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the “right to invoice” practical expedient under relevant accounting guidance.

As of June 30, 2020, the total non-cancelable RPO under our contracts with customers was \$7.0 billion and we expect to recognize revenues on approximately 51% of these RPO over the following 12 months, with the balance to be recognized thereafter.

**(10) Convertible Senior Notes**

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

The 2022 Notes are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

Upon conversion of the 2022 Notes, we may choose to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock upon settlement. We currently intend to settle the principal amount of the 2022 Notes with cash.

	<b>Convertible Date</b>	<b>Initial Conversion Price per Share</b>	<b>Initial Conversion Rate per \$1,000 Par Value</b>	<b>Initial Number of Shares</b>
2022 Notes	February 1, 2022	\$ 134.75	7.42 shares	5,807

*Conversion of the 2022 Notes prior to the Convertible Date.* At any time prior to the close of business on the business day immediately preceding February 1, 2022 (“Convertible Date”), holders of the 2022 Notes may convert their Notes at their option, only if one of the following conditions are met:

- during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day (in each case, the Conversion Condition); or
- during the five-business day period after any five-consecutive trading day period, or the measurement period, in which the trading price per \$1,000 principal amount of the 2022 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or
- upon the occurrence of specified corporate events.

*Conversion of the 2022 Notes on or after the Convertible Date.* On or after the Convertible Date, a holder may convert all or any portion of its Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the Maturity Date, regardless of the foregoing conditions, and such conversions will settle upon the Maturity Date. Upon settlement, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

The conversion price of the 2022 Notes will be subject to adjustment in some events. Holders of the 2022 Notes who convert their 2022 Notes in connection with certain corporate events that constitute a “make-whole fundamental change” are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a corporate event that constitutes a “fundamental change,” holders of the 2022 Notes may require us to purchase with cash all or a portion of the 2022 Notes upon the occurrence of a fundamental change, at a purchase price equal to 100% of the principal amount of the 2022 Notes plus any accrued and unpaid special interest, if any.

In accounting for the issuance of the 2022 Notes and the related transaction costs, we separated the 2022 Notes into liability and equity components. The 2022 Notes consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Liability component:		
Principal	\$ 764,778	\$ 782,491
Less: debt issuance cost and debt discount, net of amortization	(68,655)	(87,510)
Net carrying amount	<u>\$ 696,123</u>	<u>\$ 694,981</u>
		<b>2022 Notes</b>
Equity component recorded at issuance:		
Note		\$ 162,039
Issuance cost		(2,148)
Net amount recorded in equity		<u>\$ 159,891</u>

The Conversion Condition for the 2022 Notes was met for all the quarters ended June 30, 2018 through June 30, 2020, except for the quarter ended December 31, 2018. Therefore, our 2022 Notes became convertible at the holders’ option beginning on July 1, 2018 and continue to be convertible through September 30, 2020, except for the quarter ended March 31, 2019 because the Conversion Condition for the 2022 Notes was not met for the quarter ended December 31, 2018.

During the six months ended June 30, 2020, we paid cash to settle \$18 million in principal of the 2022 Notes and the loss on the early note conversions was not material. As a result of the settlements, we also recorded a net reduction to additional paid-in capital, reflecting \$23 million fair value adjustments to the settled conversion option partially offset by a \$22 million benefit from the 2022 Note Hedge (as defined below).

Based on conversion requests we have received through the filing date, we expect to settle in cash an aggregate amount of approximately \$23 million in principal of the 2022 Notes during the third quarter of 2020. We may receive additional conversion requests that require settlement in the third quarter of 2020.

We consider the fair value of the 2022 Notes at June 30, 2020 to be a Level 2 measurement. The estimated fair value of the 2022 Notes at June 30, 2020 and December 31, 2019 based on the closing trading price per \$100 of the 2022 Notes was as follows (in thousands):

	June 30, 2020	December 31, 2019
2022 Notes	\$ 2,244,623	\$ 1,645,970

As of June 30, 2020, the remaining life of the 2022 Notes is 23 months. The following table sets forth total interest expense recognized related to the 2022 Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Amortization of debt issuance cost	\$ 410	\$ 398	\$ 823	\$ 792
Amortization of debt discount	8,078	7,871	16,235	15,645
<b>Total</b>	<b>\$ 8,488</b>	<b>\$ 8,269</b>	<b>\$ 17,058</b>	<b>\$ 16,437</b>
Effective interest rate of the liability component	4.75%			

### Note Hedge

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

	Purchase	Initial Shares (in thousands)	Shares as of June 30, 2020
2022 Note Hedge	\$ 128,017	5,807	5,675

The 2022 Note Hedge covers shares of our common stock at a strike price per share that corresponds to the initial conversion price of the 2022 Notes, subject to adjustment, and are exercisable upon conversion of the 2022 Notes. If exercised, we may elect to receive cash, shares of our common stock, or a combination of cash and shares. The 2022 Note Hedge will expire upon the maturity of the 2022 Notes. The 2022 Note Hedge is intended to reduce the potential economic dilution upon conversion of the 2022 Notes in the event that the fair value per share of our common stock at the time of exercise is greater than the conversion price of the 2022 Notes. The 2022 Note Hedge is a separate transaction and is not part of the terms of the 2022 Notes. Holders of the 2022 Notes will not have any rights with respect to the 2022 Note Hedge. The 2022 Note Hedge does not impact earnings per share, as it was entered into to offset any dilution from the 2022 Notes.

### Warrants

	Proceeds (in thousands)	Initial Shares (in thousands)	Strike Price	First Expiration Date	Shares as of June 30, 2020 (in thousands)
2022 Warrants	\$ 54,071	5,807	\$ 203.40	September 1, 2022	5,807

Separately, we entered into warrant transactions with certain investment banks, whereby we sold warrants to acquire, subject to adjustment, the number of shares of our common stock shown in the table above (the “2022 Warrants”). If the average market value per share of our common stock for the reporting period, as measured under the 2022 Warrants, exceeds the strike price of the respective 2022 Warrants, such 2022 Warrants would have a dilutive effect on our earnings per share to the extent we report net income. The 2022 Warrants are separate transactions and are not remeasured through earnings each reporting period. The 2022 Warrants are not part of the 2022 Notes or 2022 Note Hedge.

According to the terms, the 2022 Warrants will be net share settled and automatically exercised over a 60 trading day period beginning on the first expiration date as set forth above based on the daily volume-weighted average stock prices over the same 60 trading day period. We expect to issue additional shares of our common stock in the second half of 2022 upon the automatic exercise of the 2022 Warrants. The 2022 Warrants could have a dilutive effect to the extent that the daily volume-weighted average stock prices over a 60 trading day period beginning on September 1, 2022 exceeds the strike price of the 2022 Warrants. Based on the volume-weighted average stock price on June 30, 2020, the total number of shares of our common stock to be issued upon the automatic exercise of the 2022 Warrants would be approximately 2.9 million. The actual number of shares of our common stock issuable upon the automatic exercise of the 2022 Warrants, if any, is unknown at this time.

In November 2013, we issued \$575 million of 0% convertible senior notes, which were earlier converted prior to and cash settled on November 1, 2018, in accordance with their terms. The related warrant transactions with certain investment banks (the “2018 Warrants”) were net share settled based on the daily volume-weighted average stock prices over a 60 trading day period beginning on the first expiration date, February 1, 2019. According to the terms of the 2018 Warrants, we issued 1.6 million and 4.3 million shares of our common stock upon the automatic exercise of a portion of the 2018 Warrants during the three and six months ended June 30, 2019, respectively. The 2018 Warrants were no longer outstanding as of June 30, 2019.

### (11) Accumulated Other Comprehensive Income

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

	June 30, 2020	December 31, 2019
Foreign currency translation adjustment	\$ 18,068	\$ 20,884
Net unrealized gain on investments, net of tax	11,704	4,371
Accumulated other comprehensive income	\$ 29,772	\$ 25,255

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

### (12) Stockholders' Equity

#### Common Stock

We are authorized to issue 600.0 million shares of common stock as of June 30, 2020. Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. As of June 30, 2020, we had 191.8 million shares of common stock outstanding and had reserved shares of common stock for future issuance as follows (in thousands):

	June 30, 2020
Stock plans:	
Options outstanding	651
RSUs <sup>(1)</sup>	9,200
Shares of common stock available for future grants:	
2012 Equity Incentive Plan <sup>(2)</sup>	27,604
2012 Employee Stock Purchase Plan <sup>(2)</sup>	9,927
Total shares of common stock reserved for future issuance	47,382

(1) Represents the number of shares issuable upon settlement of outstanding restricted stock units (“RSUs”) and performance-based RSUs, assuming 100% of the target number of shares for performance-based RSUs, as discussed under the section entitled “RSUs” in Note 13.

(2) Refer to Note 13 for a description of these plans.

During the six months ended June 30, 2020 and 2019, we issued a total of 2.3 million shares and 3.0 million shares, respectively, from stock option exercises, vesting of RSUs, net of employee payroll taxes, and purchases from the employee stock purchase plan (“ESPP”). In addition, as described in Note 10, we issued 4.3 million shares of our common stock upon the automatic exercise of a portion of the 2018 Warrants during the six months ended June 30, 2019.

### (13) Equity Awards

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

Our 2012 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, RSUs, performance-based stock awards and other forms of equity compensation (collectively, equity awards). In addition, the 2012 Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other equity awards may be granted to employees, including officers, as well as directors and consultants. The share reserve may increase to the extent outstanding stock options under the 2005 Plan expire or terminate unexercised. Prior to January 2019, the share reserve also automatically increased on January 1 of each year until January 1, 2022, by up to 5% of the total number of shares of common stock outstanding on December 31 of the preceding year as determined by our board of directors. Our board of directors elected not to increase the number of shares of common stock reserved for issuance under the 2012 Plan pursuant to the provision described in the preceding sentence for the year ending December 31, 2019. In January 2019, our Board of Directors amended the 2012 Plan to remove the automatic increase provision. Therefore, for the remaining term of the 2012 Plan, the share reserve will not be increased without stockholder approval.

Our 2012 Employee Stock Purchase Plan (the “2012 ESPP”) authorizes the issuance of shares of common stock pursuant to purchase rights granted to our employees. The price at which common stock is purchased under the 2012 ESPP is equal to 85% of the fair market value of our common stock on the first or last day of the offering period, whichever is lower. Offering periods are six months long and begin on February 1 and August 1 of each year. The number of shares of common stock reserved for issuance automatically increases on January 1 of each year until January 1, 2022, by up to 1% of the total number of shares of common stock outstanding on December 31 of the preceding year as determined by our board of directors. Our board of directors elected not to increase the number of shares of common stock reserved for issuance under the 2012 ESPP pursuant to the provision described in the preceding sentence for the year ending December 31, 2020 and year ended December 31, 2019.

### **Stock Options**

Stock options are exercisable at a price equal to the market value of the underlying shares of common stock on the date of the grant as determined by our board of directors or, for those stock options issued subsequent to our initial public offering, the closing price of our common stock as reported on the New York Stock Exchange on the date of grant. Stock options granted under our 2005 Plan and the 2012 Plan to new employees generally vest 25% one year from the date the requisite service period begins and continue to vest monthly for each month of continued employment over the remaining three years. Options granted generally are exercisable for a period of up to ten years contingent on each holder’s continuous status as a service provider.

A summary of stock option activity for the six months ended June 30, 2020 was as follows:

	<b>Number of Shares</b>	<b>Weighted- Average Exercise Price Per Share</b>	<b>Weighted- Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
	<b>(in thousands)</b>		<b>(in years)</b>	<b>(in thousands)</b>
Outstanding at December 31, 2019	1,154	\$ 77.70		
Exercised	(149)	\$ 28.47		\$ 44,465
Canceled	(11)	\$ 75.77		
Outstanding at March 31, 2020	994	\$ 85.08		
Exercised	(343)	\$ 70.33		\$ 95,041
Outstanding at June 30, 2020	651	\$ 92.87	4.6	\$ 203,138
Vested and expected to vest as of June 30, 2020	624	\$ 85.66	4.4	\$ 199,274
Vested and exercisable as of June 30, 2020	457	\$ 32.17	2.8	\$ 170,320

Aggregate intrinsic value represents the difference between the estimated fair value of our common stock and the exercise price of outstanding, in-the-money options. The total fair value of stock options vested during the six months ended June 30, 2020 was \$1 million.

As of June 30, 2020, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately \$13 million. The weighted-average remaining vesting period of unvested stock options at June 30, 2020 was approximately 4.2 years.

## RSUs

A summary of RSU activity for the six months ended June 30, 2020 was as follows:

	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share	Aggregate Intrinsic Value
	(in thousands)		(in thousands)
Outstanding at December 31, 2019	8,733	\$ 185.39	
Granted	2,810	\$ 352.87	
Vested	(1,183)	\$ 151.19	\$ 411,813
Forfeited	(278)	\$ 199.48	
Outstanding at March 31, 2020	10,082	\$ 235.99	
Granted	398	\$ 341.10	
Vested	(1,061)	\$ 185.99	\$ 394,458
Forfeited	(219)	\$ 213.34	
Outstanding at June 30, 2020	9,200	\$ 246.89	\$ 3,726,547

RSUs outstanding as of June 30, 2020 were comprised of 8.7 million RSUs with only service conditions and 0.5 million RSUs with both service conditions and performance conditions. RSUs granted with only service vesting criteria under the 2012 Plan to employees generally vest over a four-year period.

Performance-based RSUs ("PRSUs") with both service and performance-based vesting criteria are considered as eligible to vest when approved by the compensation committee of our board of directors in January of the year following the grant. The ultimate number of shares eligible to vest for PRSUs range from 0% to 180% of the target number of shares depending on achievement relative to the performance metric over the applicable period. The eligible shares subject to PRSUs granted during the six months ended June 30, 2020 will vest 33% in February 2021 and continue to vest quarterly for the remaining two subsequent years, contingent on each holder's continuous status as a service provider on the applicable vesting dates. The number of PRSUs granted shown in the table above reflects the shares that could be eligible to vest at 100% of target for PRSUs and includes adjustments for over or under achievement for PRSUs granted in the prior year. We recognized \$30 million and \$40 million of stock-based compensation, net of actual and estimated forfeitures, associated with PRSUs on a graded vesting basis during the six months ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs was approximately \$1.7 billion and the weighted-average remaining vesting period was approximately 3 years.

#### (14) Net Income (Loss) Per Share

Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effects of dilutive shares of common stock, which are comprised of outstanding stock options, RSUs, ESPP obligations, the 2022 Notes, the 2022 Warrants and the 2018 Warrants. Stock awards with performance conditions are included in dilutive shares to the extent the performance condition is met. The dilutive potential shares of common stock are computed using the treasury stock method or the as-if converted method, as applicable. The effects of outstanding stock options, RSUs, ESPP obligations, Notes and Warrants are excluded from the computation of diluted net income (loss) per share in periods in which the effect would be antidilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator:				
Net income (loss)	\$ 40,766	\$ (11,079)	\$ 88,997	\$ (12,624)
Denominator:				
Weighted-average shares outstanding - basic	191,319	186,678	190,731	184,419
Weighted-average effect of potentially dilutive securities:				
Common stock options	538	—	647	—
RSUs	3,613	—	3,791	—
ESPP obligations	11	—	—	—
2022 Convertible senior notes	3,500	—	3,370	—
2020 Convertible senior notes settlements	10	—	44	—
2022 Warrants	2,462	—	2,260	—
Weighted-average shares outstanding - diluted	201,453	186,678	200,843	184,419
Net income (loss) per share - basic	\$ 0.21	\$ (0.06)	\$ 0.47	\$ (0.07)
Net income (loss) per share - diluted	\$ 0.20	\$ (0.06)	\$ 0.44	\$ (0.07)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Common stock options	161	1,370	161	1,370
RSUs	195	10,917	2,537	10,917
ESPP obligations	—	212	178	212
2022 Notes	—	5,807	—	5,807
2022 Warrants	—	5,807	—	5,807
Total potentially dilutive securities	356	24,113	2,876	24,113

## **(15) Income Taxes**

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

Our income tax expense was \$21 million for each of the three and six months ended June 30, 2020. For the three months ended June 30, 2020, the income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates, the valuation allowance in the United States and the intercompany sale of certain intellectual property rights. For the six months ended June 30, 2020, the income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the U.S.

Our income tax benefit was \$5 million and \$15 million for the three and six months ended June 30, 2019, respectively. The income tax benefit was primarily attributable to foreign taxes and mix of earnings and losses in countries with differing statutory tax rates.

Governments in certain countries where we do business have enacted legislation in response to the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) enacted by the United States on March 27, 2020. We are continuing to analyze these legislative developments and believe that they have not had a material impact on our provision for income taxes for each of the three and six months ended June 30, 2020.

We are subject to taxation in the United States and foreign jurisdictions. As of June 30, 2020, our tax years 2004 to 2019 remain subject to examination in most jurisdictions.

Due to differing interpretations of tax laws and regulations, tax authorities may dispute our tax filings positions. We periodically evaluate our exposures associated with our tax filing positions and believe that adequate amounts have been reserved for adjustments that may result from tax examinations.

## **(16) Commitments and Contingencies**

### ***Operating Leases***

For some of our offices and data centers, we have entered into non-cancelable operating lease agreements with various expiration dates through 2035. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into our determination of lease payments.

Total operating lease costs were \$21 million and \$40 million, excluding short-term lease costs, variable lease costs and sublease income, each of which were immaterial, for the three and six months ended June 30, 2020, respectively. Total operating lease costs were \$16 million and \$31 million, excluding short-term lease costs variable lease costs and sublease income, each of which were immaterial for the three and six months ended June 30, 2019, respectively.

For the six months ended June 30, 2020, cash paid for amounts included in the measurement of operating lease liabilities was \$26 million and operating lease liabilities arising from obtaining operating right-of-use assets totaled \$94 million.

As of June 30, 2020, the weighted-average remaining lease term is 8.9 years, and the weighted-average discount rate is 3.5%.



Maturities of operating lease liabilities as of June 30, 2020 are presented in the table below (in thousands):

Remainder of 2020	\$	40,937
2021		82,717
2022		81,034
2023		75,961
2024		58,844
Thereafter		257,587
Total operating lease payments		597,080
Less: imputed interest		(94,839)
Present value of operating lease liabilities	\$	502,241

In addition to the amounts above, as of June 30, 2020, we have operating leases, primarily for offices, that have not yet commenced with undiscounted cash flows of \$359 million. These operating leases will commence between 2020 and 2022 with lease terms of 4 to 15 years.

#### ***Other Contractual Commitments***

Other contractual commitments consist of data center and IT operations and sales and marketing activities. There were no material contractual obligations that were entered into during the six months ended June 30, 2020 that were outside the ordinary course of business.

In addition to the amounts above, the repayment of our 2022 Notes with an aggregate principal amount of \$765 million is due on June 1, 2022. Refer to Note 10 for further information regarding our Notes.

Also, \$12 million of unrecognized tax benefits have been recorded as liabilities as of June 30, 2020.

#### ***Letters of Credit***

As of June 30, 2020, we had letters of credit in the aggregate amount of \$20 million, primarily in connection with our customer contracts and operating leases.

#### ***Legal Proceedings***

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

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

## (17) Information about Geographic Areas and Products

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
North America <sup>(1)</sup>	\$ 705,253	\$ 544,794	\$ 1,407,017	\$ 1,070,345
EMEA <sup>(2)</sup>	265,133	212,606	515,964	406,438
Asia Pacific and other	100,456	76,504	194,201	146,047
Total revenues	<u>\$ 1,070,842</u>	<u>\$ 833,904</u>	<u>\$ 2,117,182</u>	<u>\$ 1,622,830</u>

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

	June 30, 2020	December 31, 2019
North America <sup>(3)</sup>	\$ 313,270	\$ 269,754
EMEA <sup>(2)</sup>	150,684	118,399
Asia Pacific and other	83,299	79,932
Property and equipment, net	<u>\$ 547,253</u>	<u>\$ 468,085</u>

(1) Revenues attributed to the United States were 94% of North America revenues for each of the three and six months ended June 30, 2020 and 2019.

(2) Europe, the Middle East and Africa.

(3) Property and equipment, net attributed to the United States were 74% and 73% of property and equipment, net attributable to North America as of June 30, 2020 and December 31, 2019, respectively.

Subscription revenues consist of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Digital workflow products	\$ 886,239	\$ 675,054	\$ 1,753,524	\$ 1,313,711
ITOM products	129,289	105,935	256,706	207,264
Total subscription revenues	<u>\$ 1,015,528</u>	<u>\$ 780,989</u>	<u>\$ 2,010,230</u>	<u>\$ 1,520,975</u>

Our digital workflow products include the Now Platform, Now IT Service Management, Now IT Business Management, Now DevOps, Now IT Asset Management, Now Security Operations, Now Integrated Risk Management, Now HR Service Delivery, Now Customer Service Management, and Now Field Service Management, and are generally priced on a per user basis. Our ITOM products are generally priced on a per node (physical or virtual server) basis. In previously issued consolidated financial statements, we referred to digital workflow products as “service management products.”

## (18) Subsequent Events

On July 1, 2020, we completed the acquisition of Sweagle, a Belgium-based configuration data management company, by acquiring all issued and outstanding shares for approximately \$25 million in an all-cash transaction to extend our Development Operations and ITOM management capabilities. We are currently evaluating the purchase price allocation for this transaction.

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

*The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2019 included in the Annual Report on Form 10-K dated as of, and filed with the Securities and Exchange Commission (the SEC), on February 20, 2020 (File No. 001-35580). This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, impacts on our business, future financial performance and general economic conditions due to the current COVID-19 pandemic, those identified herein, and those discussed in the section titled "Risk Factors," set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.*

*Investors and others should note that we announce material financial information to our investors using our investor relations website (<https://www.servicenow.com/company/investor-relations.html>), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed on our investor relations website.*

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

## Overview

ServiceNow's purpose is to make the world of work, work better for people. We believe that people should work the way they want to, so we build applications that help automate existing processes and create efficient, digitized workflows. Our products and services enable the steps of a job to flow naturally across disparate departments, systems and processes of a business. When work flows naturally, great experiences follow. We primarily deliver our software via the Internet as a service through a simple and easy-to-use interface so that we can rapidly deploy our packaged offerings, and customers can easily build their custom applications. In a minority of cases, customers choose to host our software by themselves or through a third-party service provider.

We generally offer our services on an annual subscription fee basis, which includes access to the ordered subscription service and related support, including updates to the subscription service during the subscription term. Pricing for our subscription services is based on a number of factors, including duration of subscription term, volume, mix of products purchased, and discounts. We generate sales through our direct sales team and, to a lesser extent, indirectly through resale partners and third-party referrals. We also generate revenues from professional services and for training of customer and partner personnel. We are shifting the focus of our professional services organization from implementation services to strategic advisory and consulting services to accelerate platform adoption and drive customer outcomes. We generally bill our customers annually in advance for subscription services and monthly in arrears for our professional services as the work is performed.

A majority of our revenues come from large global enterprise customers. We continue to invest in the development of our services, infrastructure and sales and marketing to drive long-term growth. We increased our overall employee headcount to 11,901 as of June 30, 2020 from 9,382 as of June 30, 2019.

In December 2019, a novel strain of Coronavirus disease ("COVID-19") was reported and in January 2020, the World Health Organization (the "WHO") declared the outbreak a "Public Health Emergency of International Concern." In February 2020, the WHO raised the COVID-19 threat level from high to very high at a global level and in March 2020, the WHO characterized the COVID-19 as a pandemic. The COVID-19 pandemic has created significant global economic uncertainty, adversely impacted the business of our customers, partners and vendors, and impacted our business and results of operations. As of the filing date, the extent to which the COVID-19 pandemic may continue to impact our business and future financial condition or results of operations remains uncertain. We are continuing to monitor the actual and potential effects of the COVID-19 pandemic across our business. While our revenues, billings and earnings are relatively predictable as a result of our subscription-based business model, the effect of the COVID-19 pandemic, along with the seasonality we historically experience, may not be fully reflected in our results of operations and overall financial performance until future periods, if at all, and could cause our future results of operations to vary significantly from period to period. If we experience an increase in curtailed customer demand, reduced customer spend or contract duration, delayed collections, lengthened payment terms, lengthened sales cycles or competition due to changes in terms and conditions and pricing of our competitors' products and services, our business, results of operations and overall financial performance in future periods could be materially adversely affected. The extent and continued impact of the COVID-19 pandemic on our operational and financial performance will depend on certain developments, including: the duration and spread of the outbreak; government responses, including the effectiveness, extent and duration of mitigation efforts such as "shelter in place" and similar directives; impact on our customers, sales cycles and ability to generate new business; impact on our customer, industry or employee events; extent of delays in hiring and onboarding new employees mainly in our general and administrative functions; and effect on our partners, vendors and supply chains; all of which are highly uncertain and difficult to predict.

In response to the COVID-19 pandemic, we focused on maintaining business continuity, helping our employees, customers and communities, and preparing for the future and the long-term success of our business. In the first quarter of 2020, we released four Emergency Response Apps to help customers navigate the COVID-19 pandemic management. In the second quarter of 2020, we released Safe Workplace Apps, a four-app suite and dashboard, designed to help companies manage the essential steps for returning employees to the workplace and to support their health and safety. Additionally, we canceled our in-person, annual Knowledge user conference ("Knowledge") and replaced it with a digital event experience and postponed our Financial Analyst Day. In the first quarter of 2020, we also temporarily closed most of our offices and encouraged our employees to work remotely. These changes remain in effect in the third quarter of 2020 and could extend into future quarters. The impact, if any, of these and any additional operational changes we may implement is uncertain, but changes we have implemented have not affected and are not expected to affect our ability to maintain operations, including financial reporting systems, internal control over financial reporting and disclosure controls and procedures. See the section "Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic on our business.

## Key Business Metrics

*Number of customers with ACV greater than \$1 million.* We count the total number of customers with annual contract value (“ACV”) greater than \$1 million as of the end of the period. We had 964 and 764 customers with ACV greater than \$1 million as of June 30, 2020 and 2019, respectively. For purposes of customer count, a customer is defined as an entity that has a unique Dunn & Bradstreet Global Ultimate (“GULT”) Data Universal Numbering System (“DUNS”) number and an active subscription contract as of the measurement date. The DUNS number is a global standard for business identification and tracking. We make exceptions for holding companies, government entities and other organizations for which the GULT, in our judgment, does not accurately represent the ServiceNow customer. For example, while all U.S. government agencies roll up to “Government of the United States” under the GULT, we count each government agency that we contract with as a separate customer. Our customer count is subject to adjustments for acquisitions, spin-offs and other market activity; accordingly, we restate previously disclosed number of customers with ACV greater than \$1 million calculations to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was signed. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

*Remaining performance obligations.* Transaction price allocated to remaining performance obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that will be invoiced and recognized as revenue in future periods. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the “right to invoice” practical expedient under relevant accounting guidance.

As of June 30, 2020, our RPO was \$7.0 billion and we expect to recognize revenues on approximately 51% of these RPO over the following 12 months, with the balance to be recognized thereafter. Factors that may cause our RPO to vary from period to period include the following:

- *Foreign currency exchange rates.* While a majority of our contracts have historically been in U.S. Dollars, an increasing percentage of our contracts in recent periods has been in foreign currencies, particularly the Euro and British Pound Sterling. Fluctuations in foreign currency exchange rates and volatility in the market, including those resulting from the COVID-19 pandemic, as of the balance sheet date will cause variability in our RPO.
- *Mix of offerings.* In a minority of cases, we allow our customers to host our software by themselves or through a third-party service provider. In self-hosted offerings, we recognize a portion of the revenue upfront upon the delivery of the software and as a result, such revenue is excluded from RPO.
- *Subscription start date.* From time to time, we enter into contracts with a subscription start date in the future and these amounts are included in RPO if such contracts are signed by the balance sheet date.
- *Timing of contract renewals.* While customers typically renew their contracts at the end of the contract term, from time to time, customers may do so either before or after the scheduled expiration date. For example, in cases where we are successful in selling additional products or services to an existing customer, a customer may decide to renew its existing contract early to ensure that all its contracts expire on the same date. In other cases, prolonged negotiations or other factors may result in a contract not being renewed until after it has expired.
- *Contract duration.* While we typically enter into multi-year subscription services, the duration of our contracts varies. We sometimes also enter into contracts with durations that have a 12-month or shorter term to enable the contracts to co-terminate with the existing contract. Additionally, we may see a reduction in contract duration as a result of the COVID-19 pandemic. The contract duration will cause variability in our RPO.

**Free cash flow.** We define free cash flow, a non-GAAP financial measure, as GAAP net cash provided by operating activities reduced by purchases of property and equipment. Purchases of property and equipment are otherwise included in cash used in investing activities under GAAP. We believe information regarding free cash flow provides useful information to investors because it is an indicator of the strength and performance of our business operations. However, our calculation of free cash flow may not be comparable to similar measures used by other companies. A calculation of free cash flow is provided below:

	Six Months Ended June 30,		% Change
	2020	2019	
	(dollars in thousands)		
Free cash flow:			
Net cash provided by operating activities	\$ 859,622	\$ 604,583	42 %
Purchases of property and equipment	(193,671)	(97,020)	100 %
Free cash flow <sup>(1)</sup>	\$ 665,951	\$ 507,563	31 %

(1) Free cash flow for the six months ended June 30, 2020 includes the effect of \$2 million relating to the repayments of convertible senior notes attributable to debt discount.

**Billings.** We define billings, a non-GAAP financial measure, as GAAP revenues recognized plus the change in total GAAP unbilled receivables, deferred revenue and customer deposits as presented on the condensed consolidated statements of cash flows. A calculation of billings is provided below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Billings:						
Total revenues	\$ 1,070,842	\$ 833,904	28 %	\$ 2,117,182	\$ 1,622,830	30 %
Change in total deferred revenue, unbilled receivables and customer deposits <sup>(1)</sup>	8,374	37,111	(77 %)	65,224	105,716	(38 %)
Total billings	\$ 1,079,216	\$ 871,015	24 %	\$ 2,182,406	\$ 1,728,546	26 %

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

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

- **Billings duration.** While we typically bill customers annually for our subscription services, customers sometimes request, and we accommodate, billings with durations less than or greater than the typical 12-month term.
- **Contract start date.** From time to time, we enter into contracts with a contract start date in the future, and we exclude these amounts from billings as these amounts are not included in our consolidated balance sheets, unless such amounts have been paid as of the balance sheet date.
- **Foreign currency exchange rates.** While a majority of our billings have historically been in U.S. Dollars, an increasing percentage of our billings in recent periods has been in foreign currencies, particularly the Euro and British Pound Sterling. Fluctuations in foreign currency exchange rates and volatility in the market, including those resulting from the COVID-19 pandemic, will cause variability in our billings.
- **Timing of contract renewals.** While customers typically renew their contracts at the end of the contract term, from time to time customers may do so either before or after the scheduled expiration date. For example, in cases where we are successful in selling additional products or services to an existing customer, a customer may decide to renew its existing contract early to ensure that all its contracts expire on the same date. In other cases, prolonged negotiations or other factors may result in a contract not being renewed until after it has expired.

- *Seasonality.* We have historically experienced seasonality in terms of when we enter into customer agreements for our services. We sign a significantly higher percentage of agreements with new customers, as well as renewal agreements with existing customers, in the fourth quarter of each year. The increase in customer agreements for the fourth quarter is primarily a result of both the terms of our commission plans which incentivize our direct sales force to meet their annual quotas by December 31 and large enterprise account buying patterns typical in the software industry, which are driven primarily by the expiration of annual authorized budgeted expenditures. Furthermore, we usually sign a significant portion of these agreements during the last month, and often the last two weeks, of each quarter. This seasonality in the timing of entering into customer contracts is sometimes not immediately apparent in our billings, due to the fact that we typically exclude cloud-offering contracts with a future start date from our billings, unless such amounts have been paid as of the balance sheet date. Similarly, this seasonality is reflected to a much lesser extent, and sometimes is not immediately apparent in our revenues, due to the fact that we recognize subscription revenues from our cloud offering contracts over the term of the subscription agreement, which is generally 12 to 36 months. Although these seasonal factors are common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance. Further, the seasonal factors could be heightened due to the impact of the current gross domestic product contraction and other impacts unknown at this time on our customers and sales cycles caused by the COVID-19 pandemic.

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

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

Foreign currency rate fluctuations had an unfavorable impact of \$13 million and \$26 million on billings for the three and six months ended June 30, 2020, respectively. Changes in billings duration did not have a material impact for each of the three and six months ended June 30, 2020.

*Renewal rate.* We calculate our renewal rate by subtracting our attrition rate from 100%. Our attrition rate for a period is equal to the ACV from customers lost during the period, divided by the sum of (i) the total ACV from all customers that renewed during the period, excluding changes in price or users, and (ii) the total ACV from all customers lost during the period. Accordingly, our renewal rate is calculated based on ACV and is not based on the number of customers that have renewed. Further, our renewal rate does not reflect increased or decreased purchases from our customers to the extent such customers are not lost customers or lapsed renewal. A lost customer is a customer that did not renew an expiring contract and that, in our judgment, will not be renewed. Typically, a customer that reduces its subscription upon renewal is not considered a lost customer. However, in instances where the subscription decrease represents the majority of the customer's ACV, we may deem the renewal as a lost customer. For our renewal rate calculation, we define a customer as an entity with a separate production instance of our service and an active subscription contract as of the measurement date, instead of an entity with a unique GULT or DUNS number. We adjust our renewal rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Additionally, starting in 2020, we simplified our methodology related to contracts less than 12 months to derive ACV used to calculate renewal rate. Previously disclosed renewal rates may be restated to reflect such adjustments or methodology simplification to allow for comparability. While the previously disclosed renewal rates for the three and six months ended June 30, 2019 were restated due to the methodology simplification to allow for comparability, there were no material changes to such previously disclosed renewal rates. Our renewal rate was 97% for each of the three and six months ended June 30, 2020, and 98% for each of the three and six months ended June 30, 2019. As our renewal rate is impacted by the timing of renewals, which could occur in advance of, or subsequent to the original contract end date, period-to-period comparison of renewal rates may not be meaningful.

## Components of Results of Operations

### **Revenues**

*Subscription revenues.* Subscription revenues are primarily comprised of fees that give customers access to the ordered subscription service for both self-hosted offerings and cloud-based subscription offerings, and related support and updates, if any, to the subscription service during the subscription term. For our cloud-based offerings, we recognize revenue ratably over the subscription term. For self-hosted offerings, a substantial portion of the sales price is recognized upon delivery of the software, which may cause greater variability in our subscription revenues and subscription gross margin. Pricing includes multiple instances, hosting and support services, data backup and disaster recovery services, as well as future updates, when and if available, offered during the subscription term. We typically invoice our customers for subscription fees in annual increments upon execution of the initial contract or subsequent renewal. Our contracts are generally non-cancelable during the subscription term, though a customer can terminate for breach if we materially fail to perform.

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

We sell our subscription services primarily through our direct sales organization. We also sell services through managed service providers and resale partners. We also generate revenues from certain professional services and from training of customers and partner personnel, through both our direct team and indirect channel sales. Revenues from our direct sales organization represented 81% of our total revenues for each of the three and six months ended June 30, 2020, and 83% and 82% for the three and six months ended June 30, 2019, respectively. For purposes of calculating revenues from our direct sales organization, revenues from systems integrators and managed services providers are included as part of the direct sales organization.

### **Allocation of Overhead Costs**

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

### **Cost of Revenues**

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

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

Professional services are performed directly by our services team, as well as by contracted third-party partners. Fees paid by us to third-party partners are primarily recognized as cost of revenues as the professional services are delivered. Cost of revenues associated with our professional services engagements contracted with third-party partners as a percentage of professional services and other revenues was 11% for each of the three and six months ended June 30, 2020, and 16% and 15% for the three and six months ended June 30, 2019, respectively.



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

Sales and marketing expenses consist primarily of personnel-related expenses directly associated with our sales and marketing staff, including salaries, benefits, bonuses and stock-based compensation. Sales and marketing expenses also include the amortization of commissions paid to our sales employees, including related payroll taxes and fringe benefits. From time to time, third parties provide us referrals for which we pay a referral fee. We include revenues associated with these referrals as part of revenues from our direct sales organization. Referral fees paid to these third parties are generally 10% of the customer's net new ACV. We defer referral fees paid as they are considered incremental selling costs associated with acquiring customer contracts, and include the amortization of these referral fees in sales and marketing expense. In addition, sales and marketing expenses include branding expenses, expenses offset by proceeds related to Knowledge, other marketing program expenses, which include events other than Knowledge, and costs associated with purchasing advertising and marketing data, software and subscription services dedicated for sales and marketing use and allocated overhead.

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

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

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

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

### ***Provision for Income Taxes***

Provision for income taxes consists of federal, state and foreign income taxes. Due to cumulative losses, we maintain a valuation allowance against our U.S. deferred tax assets as of June 30, 2020. We consider all available evidence, both positive and negative, including but not limited to earnings history, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets in assessing the extent to which a valuation allowance should be applied against our U.S. and foreign deferred tax assets.

## **Results of Operations**

### ***Revenues***

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Revenues:						
Subscription	\$ 1,015,528	\$ 780,989	30 %	\$ 2,010,230	\$ 1,520,975	32 %
Professional services and other	55,314	52,915	5 %	106,952	101,855	5 %
Total revenues	<u>\$ 1,070,842</u>	<u>\$ 833,904</u>	28 %	<u>\$ 2,117,182</u>	<u>\$ 1,622,830</u>	30 %
Percentage of revenues:						
Subscription	95 %	94 %		95 %	94 %	
Professional services and other	5 %	6 %		5 %	6 %	
Total	<u>100 %</u>	<u>100 %</u>		<u>100 %</u>	<u>100 %</u>	

Subscription revenues increased \$235 million and \$489 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively, primarily driven by increased purchases by existing customers and an increase in our customer count. Included in subscription revenues is \$45 million and \$41 million of revenues recognized upfront from the delivery of software associated with self-hosted offerings during the three months ended June 30, 2020 and 2019, respectively, and \$112 million and \$84 million during the six months ended June 30, 2020 and 2019, respectively.

We expect subscription revenues for the year ending December 31, 2020 to increase in absolute dollars as we continue to add new customers and existing customers increase their usage of our products, but remain relatively flat as a percentage of total revenues compared to the year ended December 31, 2019. However, we continue to monitor the COVID-19 pandemic carefully and its impact on customer acquisition and renewal rates.

Our expectations for revenues, cost of revenues and operating expenses for the remainder of 2020 are based on foreign exchange rates as of June 30, 2020.

Subscription revenues consist of the following:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Digital workflow products	\$ 886,239	\$ 675,054	31 %	\$ 1,753,524	\$ 1,313,711	33 %
ITOM products	129,289	105,935	22 %	256,706	207,264	24 %
Total subscription revenues	<u>\$ 1,015,528</u>	<u>\$ 780,989</u>	30 %	<u>\$ 2,010,230</u>	<u>\$ 1,520,975</u>	32 %

Our digital workflow products include the Now Platform, Now IT Service Management, Now IT Business Management, Now DevOps, Now IT Asset Management, Now Security Operations, Now Integrated Risk Management, Now HR Service Delivery, Now Customer Service Management, and Now Field Service Management, and are generally priced on a per user basis. Our ITOM products are generally priced on a per node (physical or virtual server) basis. In previously issued consolidated financial statements, we referred to digital workflow products as “service management products.”

Professional services and other revenues increased \$2 million and \$5 million during the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively, due to an increase in services and trainings provided to new and existing customers. We expect professional services and other revenues for the year ending December 31, 2020 to increase in absolute dollars. We are increasingly focused on deploying our internal professional services organization as a strategic resource and relying on our partner ecosystem to contract directly with customers for implementation services delivery.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Cost of revenues:						
Subscription	\$ 171,934	\$ 135,479	27 %	\$ 331,655	\$ 262,068	27 %
Professional services and other	61,005	62,668	(3 %)	124,650	122,331	2 %
Total cost of revenues	<u>\$ 232,939</u>	<u>\$ 198,147</u>	18 %	<u>\$ 456,305</u>	<u>\$ 384,399</u>	19 %
Gross profit (loss) percentage:						
Subscription	83 %	83 %		84 %	83 %	
Professional services and other	(10 %)	(18 %)		(17 %)	(20 %)	
Total gross profit percentage	78 %	76 %		78 %	76 %	
Gross profit	\$ 837,903	\$ 635,757		\$ 1,660,877	\$ 1,238,431	

Cost of subscription revenues increased \$36 million and \$70 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively. The increase was primarily due to increased headcount and increased costs to support the growth of our subscription offerings. Personnel-related costs including stock-based compensation and overhead expenses increased by \$15 million and \$32 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. Depreciation expense relating to data center hardware and software and maintenance costs to support the expansion of our data center capacity increased by \$16 million and \$31 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. In addition, amortization of intangibles increased by \$6 million and \$9 million for the three and six months ended June 30, 2020, respectively, compared to the same period in the prior year as a result of acquisitions.

We expect our cost of subscription revenues to increase in absolute dollars as we provide subscription services to more customers and increase usage within our customer instances. However, we continue to monitor the COVID-19 pandemic carefully and its impact on our customers.

Our subscription gross profit percentage was 83% and 84% for the three and six months ended June 30, 2020, respectively, compared to 83% for each of the three and six months ended June 30, 2019. We expect our subscription gross profit percentage to remain relatively flat for the year ending December 31, 2020 compared to the year ended December 31, 2019. To the extent future acquisitions are consummated, our cost of subscription revenues may increase due to additional non-cash charges associated with the amortization of intangible assets acquired.

Cost of professional services and other revenues remained relatively flat for each of the three and six months ended June 30, 2020, as compared to the same periods in the prior year, primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation offset by a decrease in third-party implementation costs as we continue to invest and deploy our internal professional service organization and increase their utilization and a reduction in travel expenses a result of travel restrictions due to the COVID-19 pandemic.

Our professional services and other gross loss percentage decreased to 10% and 17% for the three and six months ended June 30, 2020, respectively, from 18% and 20% for the three and six months ended June 30, 2019, respectively, driven by the increased utilization of our internal professional services organization and the reduction in certain travel expenses, both of which are expected to continue for the remainder of the year. As such, we expect our professional services and other gross loss percentage to decrease for the year ending December 31, 2020 compared to the year ended December 31, 2019.

#### *Sales and Marketing*

	Three Months Ended June 30,				Six Months Ended June 30,		
	2020	2019	% Change		2020	2019	% Change
	(dollars in thousands)				(dollars in thousands)		
Sales and marketing	\$ 426,519	\$ 393,895	8 %	\$	867,753	\$ 755,304	15 %
Percentage of revenues	40 %	47 %			41 %	47 %	

Sales and marketing expenses increased \$33 million and \$112 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively. The increase was primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of \$56 million and \$107 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. Amortization expenses associated with deferred commissions and third-party referral fees increased \$13 million and \$22 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year, due to an increase in contracts with new customers, expansion and renewal contracts. Other sales and marketing program expenses, which include branding expenses and costs associated with purchasing advertising and market data, increased by \$11 million during the six months ended June 30, 2020 compared to the same period in the prior year.

Amid the ongoing regulatory restrictions imposed by governments worldwide in response to the COVID-19 pandemic, we temporarily closed most of our offices to ensure the well-being and safety of our global employees, office staff and communities, and encouraged our employees to work remotely and limit travel. Further, in response to the pandemic, we canceled Knowledge and other events and either replaced them with digital events or postponed them to future periods. As a result, expenses related to Knowledge, net of proceeds, decreased \$18 million and \$11 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. Additionally, travel expenses decreased by \$21 million and \$25 million as a result of travel restrictions due to the COVID-19 pandemic for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year.

Given the unprecedented nature of this pandemic and the uncertainty around its duration, we expect sales and marketing expenses to decrease as a percentage of total revenues given the reduction in certain travel expenses and cancellation of live events that has occurred during each of the three and six months ended June 30, 2020 and is expected to continue for the remainder of the year ending December 31, 2020. However, we intend to continue to expand our direct sales organization, increase our marketing activities, grow our international operations and build brand awareness and expect sales and marketing expenses to increase in absolute dollars for the year ending December 31, 2020 compared to the year ended December 31, 2019.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Research and development	\$ 245,081	\$ 183,420	34 %	\$ 471,738	\$ 355,942	33 %
Percentage of revenues	23 %	22 %		22 %	22 %	

Research and development expenses increased \$62 million and \$116 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively. The increase was primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of \$57 million and \$109 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. The remaining increase for the three and six months ended June 30, 2020 was primarily due to increases in hosting costs and data center related depreciation costs to support research and development activities.

We expect research and development expenses for the year ending December 31, 2020 to increase in absolute dollars as we continue to improve the existing functionality of our services, develop new applications to fill market needs and enhance our core platform, and slightly increase as a percentage of total revenues compared to the year ended December 31, 2019.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
General and administrative	\$ 104,037	\$ 85,442	22 %	\$ 209,785	\$ 169,898	23 %
Percentage of revenues	10 %	10 %		10 %	10 %	

General and administrative expenses increased \$19 million and \$40 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively. The increase was primarily due to increased headcount, resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of \$18 million and \$34 million for the three and six months ended June 30, 2020, respectively, compared to the same periods in the prior year. In March 2020, we amended the employment agreement with our Chief Executive Officer and paid \$4 million to restore the benefit of certain non-competition payments our Chief Executive Officer was entitled to receive from his prior employer.

We expect general and administrative expenses to increase in absolute dollars for the year ending December 31, 2020 as we continue to hire new employees, but remain relatively flat as a percentage of total revenues compared to the year ended December 31, 2019.

### Stock-based Compensation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Cost of revenues:						
Subscription	\$ 24,960	\$ 19,117	31 %	\$ 46,484	\$ 35,139	32 %
Professional services and other	12,791	10,951	17 %	24,803	20,882	19 %
Operating expenses:						
Sales and marketing	78,967	69,229	14 %	149,127	131,359	14 %
Research and development	70,163	50,041	40 %	129,066	93,623	38 %
General and administrative	29,959	22,422	34 %	55,645	48,207	15 %
Total stock-based compensation	\$ 216,840	\$ 171,760	26 %	\$ 405,125	\$ 329,210	23 %
Percentage of revenues	20 %	21 %		19 %	20 %	

Stock-based compensation increased \$45 million and \$76 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively, primarily due to additional grants to current and new employees and increased weighted-average grant date fair value of stock awards.

Stock-based compensation is inherently difficult to forecast due to fluctuations in our stock price. Based upon our stock price as of June 30, 2020, we expect stock-based compensation to continue to increase in absolute dollars for the year ending December 31, 2020 as we continue to issue stock-based awards to our employees, but remain relatively flat as a percentage of total revenues compared to the year ended December 31, 2019.

### Foreign Currency Exchange

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 34% and 35% of total revenues for the three months ended June 30, 2020 and 2019, respectively, and 34% of total revenues for each of the six months ended June 30, 2020 and 2019.

Because we primarily transact in foreign currencies for sales outside of the United States, the general strengthening of the U.S. Dollar relative to other major foreign currencies (primarily the Euro and British Pound Sterling) had an unfavorable impact on our revenues for the each of the three and six months ended June 30, 2020. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three and six months ended June 30, 2020 at the exchange rates in effect for the three and six months ended June 30, 2019 rather than the actual exchange rates in effect during the period, our reported subscription revenues would have been \$12 million and \$23 million higher, respectively. The impact from the foreign currency movements from the three and six months ended June 30, 2019 to the three and six months ended June 30, 2020 was not material for professional services and other revenues.

In addition, because we primarily transact in foreign currencies for cost of revenues and operating expenses outside of the United States, the general strengthening of the U.S. Dollar relative to other major foreign currencies (primarily the Euro and British Pound Sterling) had a favorable impact on our cost of revenues and sales and marketing expenses for each of the three and six months ended June 30, 2020. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the three and six months ended June 30, 2020 at the exchange rates in effect for the three and six months ended June 30, 2019 rather than the actual exchange rates in effect during the period, our reported cost of revenues would have been \$4 million and \$6 million higher for the three and six months ended June 30, 2020, respectively. Our sales and marketing expenses would have been \$4 million and \$8 million higher for the three and six months ended June 30, 2020, respectively. The impact from the foreign currency movements from the three and six months ended June 30, 2019 to the three and six months ended June 30, 2020 was not material to research and development expenses and general and administrative expenses.

### Interest Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Interest expense	\$ (8,488)	\$ (8,269)	3 %	\$ (17,058)	\$ (16,437)	4 %
Percentage of revenues	(1 %)	(1 %)		(1 %)	(1 %)	

Interest expense increased for the three and six months ended June 30, 2020 compared to the same period in the prior year primarily due to amortization expense of debt discount and issuance costs related to the 2022 Notes. For the year ending December 31, 2020, we expect to incur approximately \$17 million in amortization expense of debt discount and issuance costs related to the 2022 Notes.

### Interest Income and Other Income, net

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Interest income	\$ 10,475	\$ 14,427	(27 %)	\$ 24,488	\$ 26,933	(9 %)
Foreign currency exchange gain (loss), net of derivative contracts	(3,346)	1,437	NM	(9,891)	1,314	NM
Other	1,123	3,090	(64 %)	1,252	3,132	(60 %)
Interest income and other income, net	\$ 8,252	\$ 18,954	(56 %)	\$ 15,849	\$ 31,379	(49 %)
Percentage of revenues	1 %	2 %		1 %	2 %	

NM - Not meaningful.

Interest income and other income, net decreased \$11 million and \$16 million for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively, primarily driven by the foreign currency exchange loss, net of derivative contracts of \$3 million and \$10 million for the three and six months ended June 30, 2020, respectively, compared to a foreign currency exchange gain, net of derivative contracts of \$1 million for each of the three and six months ended June 30, 2019. Additionally, interest income decreased compared to the same periods in the prior year due to cuts in interest rates and change in our investment strategy to higher quality bonds with shorter duration in response to the global market disruptions and uncertainties resulting from the COVID-19 pandemic.

To mitigate our risks associated with fluctuations in foreign currency exchange rates, we enter into foreign currency derivative contracts with maturities of 12 months or less to hedge a portion of our net outstanding monetary assets and liabilities. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements.

### Provision for (Benefit from) Income Taxes

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(dollars in thousands)			(dollars in thousands)		
Income (loss) before income taxes	\$ 62,030	\$ (16,315)	NM	\$ 110,392	\$ (27,771)	NM
Provision for (benefit from) income taxes	21,264	(5,236)	NM	21,395	(15,147)	NM
Effective tax rate	34 %	32 %		19 %	55 %	

NM - Not meaningful.

Our income tax expense was \$21 million for each of the three and six months ended June 30, 2020. For the three months ended June 30, 2020, the income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates, the valuation allowance in the United States and the intercompany sale of certain intellectual property rights. For the six months ended June 30, 2020, the income tax provision was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and the valuation allowance in the United States.

Our income tax benefit was \$5 million and \$15 million for the three and six months ended June 30, 2019, respectively, primarily attributable to foreign taxes and the mix of earnings and losses in countries with differing statutory tax rates.

Governments in certain countries where we do business have enacted legislation in response to the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) enacted by the United States on March 27, 2020. We are continuing to analyze these legislative developments and believe that they have not had a material impact on our provision for income taxes for the three months ended June 30, 2020.

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

### **Liquidity and Capital Resources**

Our principal sources of liquidity are our cash and cash equivalents, investments, and cash generated from operations. As of June 30, 2020, we had \$2.3 billion in cash and cash equivalents and short-term investments, of which \$261 million represented cash held by foreign subsidiaries and \$190 million is denominated in currencies other than U.S. Dollar. In addition, we had \$0.8 billion in long-term investments that provide additional capital resources. We do not anticipate that we will need funds generated from foreign operations to fund our domestic operations.

In May and June 2017, we issued the 2022 Notes with an aggregate principal amount of \$782.5 million. In connection with the issuance of the 2022 Notes, we entered into the 2022 Note Hedge transactions and 2022 Warrants transactions with certain financial institutions. The price of our common stock was greater than or equal to 130% of the conversion price of the 2022 Notes for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of the quarters ended June 30, 2018 through June 30, 2020, except for the quarter ended December 31, 2018. Therefore, our 2022 Notes became convertible at the holders’ option beginning on July 1, 2018 and continue to be convertible through September 30, 2020, except for the quarter ended March 31, 2019 because the Conversion Condition for the 2022 Notes was not met for the quarter ended December 31, 2018. The impact of the 2022 Notes on our liquidity will depend on the settlement method we elect. We currently intend to settle the principal amount of any converted 2022 Notes in cash. During the six months ended June 30, 2020, we paid cash to settle \$18 million in principal of the 2022 Notes. Based on conversion requests we have received through the filing date, we expect to settle in cash an aggregate amount of approximately \$23 million in principal of the 2022 Notes during the third quarter of 2020. We may receive additional conversion requests that require settlement in the third quarter of 2020.

During the six months ended June 30, 2019, we issued 4.3 million shares of our common stock upon the automatic exercise of a portion of the 2018 Warrants. The 2018 Warrants were no longer outstanding as of June 30, 2019. We expect to issue additional shares of our common stock in the second half of 2022 upon the automatic exercise of the 2022 Warrants. As the 2022 Warrants will be net share settled, there will be no impact on our liquidity. The total number of shares of our common stock we will issue depends on the daily volume-weighted average stock prices over a 60 trading day period beginning on the first expiration date of the 2022 Warrants, which will be September 1, 2022. Refer to Note 10 in the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Cash from operations could be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic and other risks detailed in Part II, Item 1A titled “Risk Factors”. However, we anticipate our current cash, cash equivalents and investment balances and anticipated cash flows generated from operations based on our current business plan and revenue prospects will be sufficient to meet our liquidity needs, including the repayment of any early conversions of our 2022 Notes, expansion of data centers, lease obligations, expenditures related to the growth of our headcount and the acquisition of property and equipment, intangibles, and investments in office facilities, to accommodate our operations for at least the next 12 months. Whether these resources are adequate to meet our liquidity needs beyond that period will depend on our growth, operating results, cash utilized for acquisitions and/or debt retirements if any are consummated, and the capital expenditures required to meet possible increased demand for our services. If we require additional capital resources to grow our business or repay our 2022 Notes at any time in the future, we may seek to finance our operations from the current funds available or seek additional equity or debt financing.

	Six Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Net cash provided by operating activities	\$ 859,622	\$ 604,583
Net cash used in investing activities	(628,109)	(403,390)
Net cash used in financing activities	(163,239)	(184,319)
Net increase in cash, cash equivalents and restricted cash, net of foreign currency effect	63,412	18,160

### *Operating Activities*

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

Net cash provided by operating activities was \$860 million for the six months ended June 30, 2020 compared to \$605 million for the six months ended June 30, 2019. The increase in operating cash flow was primarily due to an increase in net income compared to net loss during the same period in the prior year and an increase in adjustments for non-cash items to reconcile net income (loss) to net cash provided by operations, driven by increase in stock-based compensation from increased headcount and depreciation and amortization from increased capital expenditures to support the business growth offset by the unfavorable impact on operating cash flow from changes in operating assets and liabilities.

### *Investing Activities*

Net cash used in investing activities for the six months ended June 30, 2020 was \$628 million compared to \$403 million for the six months ended June 30, 2019. The increase in cash used in investing activities was mainly due to an \$83 million increase in cash outflow for business combinations, a \$50 million increase in net purchases of investments and a \$97 million increase in capital expenditures.

### *Financing Activities*

Net cash used in financing activities was \$163 million for the six months ended June 30, 2020 compared to \$184 million for the six months ended June 30, 2019. The decrease in cash used in financing activities is primarily due to an increase in proceeds from employee stock plans by \$28 million and a \$9 million decrease in taxes paid related to net share settlement of equity awards partially offset by the repayment of the 2022 Notes of \$16 million.

### **Contractual Obligations and Commitments**

Except as set forth in Note 16, Commitments and Contingencies, of the notes to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q, there have been no material changes outside the ordinary course of business in the contractual obligations and commitments disclosed in our Annual Report on 10-K for the year ended December 31, 2019, which was filed with the SEC on February 20, 2020.



## **Off-Balance Sheet Arrangements**

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

## **Critical Accounting Policies and Significant Judgments and Estimates**

There have been no changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 20, 2020.

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

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

## **ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our market risk as compared to the disclosures in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on February 20, 2020, other than market risk that is created by the global market disruptions and uncertainties resulting from the COVID-19 pandemic. See the section “Risk Factors” for further discussion of the possible impact to our business.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

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

### **Changes in Internal Control over Financial Reporting**

Regulations under the Exchange Act require public companies, including our company, to evaluate any change in our “internal control over financial reporting” as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief 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(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer did not identify any change in our internal control over financial reporting during the quarter covered by this Quarterly Report on Form 10-Q that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

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

***The extent to which the ongoing COVID-19 pandemic, including the resulting global economic uncertainty, and measures taken in response to the pandemic will continue to impact our business and future results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict.***

The COVID-19 pandemic has disrupted the flow of the economy and put unprecedented strains on governments, health care systems, educational institutions, businesses and individuals around the world. The impact on the global population and the duration of the COVID-19 pandemic is difficult to assess or predict. It is even more difficult to predict the impact on the global economic market, which will be highly dependent upon the actions of governments, businesses and other enterprises in response to the pandemic and the effectiveness of those actions. The pandemic has already caused, and is likely to result in further, significant disruption of global financial markets and economic uncertainty. A recession, depression or other sustained adverse market events resulting from the spread of the COVID-19 pandemic could materially and adversely affect our business and the value of our common stock.

Some customers or potential customers, particularly in industries most impacted by the COVID-19 pandemic including transportation, hospitality, retail and energy, have reduced their IT spending or delayed their digital transformation initiatives and if more customers or potential customers similarly do so, our business could be materially and adversely impacted. If we experience an increase in curtailed customer demand, reduced customer spend or contract duration, delayed collections, lengthened payment terms, lengthened sales cycles or competition due to changes in terms and conditions and pricing of our competitors' products and services, our business, results of operations and overall financial performance in future periods could be materially and adversely impacted.

In response to the COVID-19 pandemic, we have temporarily closed most of our offices (including our headquarters) around the world, encouraged our employees to work remotely, implemented travel restrictions for all non-essential business, and shifted certain of our customer, industry, analyst, investor, and employee events to virtual-only experiences and we may deem it advisable to similarly alter, postpone or cancel entirely additional events in the future. For example, we canceled our in-person, annual Knowledge conference and replaced it with a digital event experience and postponed our Financial Analyst Day. Certain costs incurred in preparation for these events could not be recovered. Additionally, our efforts to re-open our offices safely may not be successful, could expose our personnel to health risks and could involve additional costs. The COVID-19 pandemic may have a long-term effect on the nature of our office environment and remote working, which may present operational challenges that may adversely affect our business.

The COVID-19 pandemic has impacted our business, and, as a result, in our Q1 2020 earnings we revised our external guidance to investors as to our expectations of our financial performance for the full year 2020 to account for impacts that have occurred and further expected impacts. If the COVID-19 pandemic continues or worsens, especially in regions in which we have material operations or sales, our business activities originating from affected areas, including sales-related activities, could be adversely affected. Disruptive activities could include continued business closures in impacted areas, further or continued restrictions on our employees' and other service providers' ability to travel, impacts to productivity if our employees or their family members experience health issues, and potential delays in hiring and onboarding of new employees mainly in our general and administrative functions. The COVID-19 pandemic could also impact our data center operations, including potential disruptions to the supply chain of hardware needed to maintain these third-party systems, and primary vendors we rely on for products and services that allow our employees to work remotely. Additionally, in the event that internal performance metrics under our short-term and long-term incentive programs are not met due to negative economic conditions arising from the COVID-19 pandemic, these programs may not pay competitively and we may face greater challenges in retaining key employees. Further, we may experience increased cyberattacks and security challenges as our global employee base and vendors and other third parties work remotely on less secure systems.

The extent and continued impact of the COVID-19 pandemic on our business will depend on certain developments including the duration and spread of the outbreak; government responses to the COVID-19 pandemic, including the effectiveness, extent and duration of efforts to limit the spread and impact of the disease, such as "shelter in place" and similar government directives; impact on our customers, sales cycles and ability to generate new business; impact on our customer, industry or employee events; extent of delays in hiring and onboarding new employees; and effect on our partners, vendors and supply chains, all of which are highly uncertain and cannot be predicted. While our revenues, billings and earnings are relatively predictable as a result of our subscription-based business model, the effect of the COVID-19 pandemic may not be fully reflected in our results of operations and overall financial performance until future periods, if at all, and could cause our future results of operations to vary significantly from period to period. In addition the global macroeconomic effects of the COVID-19 pandemic and related impacts to our customers and their demand for our products and services may persist for an indefinite period, even after the COVID-19 pandemic has subsided.

In addition, we have seen significant volatility in the global markets, as well as significant interest rate and foreign currency volatility. As a result, the trading prices for our common stock and other S&P 500 and technology companies have been highly volatile, and such volatility may continue for the duration of and possibly beyond the COVID-19 pandemic. The effects of the COVID-19 pandemic also may heighten many of the other risks described in this "Risk Factors" section.

#### **Risks Related to Our Ability to Grow Our Business**

***We participate in intensely competitive markets, and if we do not compete effectively, our business and operating results will be harmed.***

The markets for our enterprise cloud solutions are rapidly evolving and highly competitive, with relatively low barriers to entry. As the market for digital workflow products matures and new technologies and competitors enter the market, we expect competition to intensify. Our current competitors include:

- large, well-established, enterprise application software vendors and large integrated systems vendors;
- new entrants to the market developing technologies to solve similar problems in different ways;
- solutions developed in-house by our potential customers or using integrations with other tools;
- vendors of infrastructure-as-a-service, platform-as-a-service and development operations; and
- established and emerging cloud vendors.

Many prospective customers have invested substantial personnel and financial resources to implement and integrate their current enterprise software into their businesses and therefore may be reluctant or unwilling to migrate away from their current solution to ours. As our offerings have become more widely adopted and successful in the market, more competitors are developing offerings to compete with ours. Many of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships (including at the executive level of large enterprises where decision-making authority is held), larger marketing budgets and greater resources than we do. While we believe that our platform and products can largely be complementary to large and established systems that traditionally operate as “systems of record,” competitors may try to enter our space. They may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, customer requirements and buying practices. They may utilize acquisitions, integrations or consolidations to offer integrated or bundled products, enhanced functionality or other advantages. They may reduce the price of products or subscriptions that compete with ours or may bundle them with other products and subscriptions, causing our products to appear relatively more expensive. They may also invest in industry-specific solutions that purport to provide a unique solution for that industry. Other potential competitors not currently offering competitive products may expand their services to compete with our services, or we may shift our products and services to compete with current and future competitors in adjacent markets. We have in the past expanded, and we expect to continue to expand the breadth of our services to include offerings in new markets and the use of our platform by developers of custom applications. As a result, we expect increasing competition from platform vendors and application development vendors focused on these other markets. Smaller competitors and new entrants may accelerate pricing pressures, including in the IT service management (“ITSM”) market, which is our more mature offering and from which we derive a large portion of our revenues. For all of these reasons, we may not be able to compete successfully, and competition could result in reduced sales, reduced margins, losses or the failure of our products to achieve or maintain market acceptance, any of which could harm our business.

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

National and local governments or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting data privacy, the use of the Internet as a commercial medium, the use of data in contexts referred to as artificial intelligence and machine learning, and data sovereignty requirements concerning the location of data centers that store and process data. As a cloud based service provider, we optimize performance of our products and services by utilizing data centers that may be located in different political jurisdictions. In addition, we utilize data concerning the use of our products and services to continually improve our offering. Changing laws, regulations and standards applying to the collection, use, sharing, transfer or other processing of data, including personal data, could affect our ability to develop our products and services to maximize their utility, as well as our customers’ ability to use data or share data with service providers. Such changes may restrict our ability to use, store or otherwise process data of our customers in connection with providing and supporting our services. In some cases, this could impact our ability to offer our services in certain locations or our customers’ ability to deploy our services globally. Examples of recent changes include:

- In 2016, the European Union (the “EU”) adopted the General Data Protection Regulation (the “GDPR”), which took effect in May 2018 and established new requirements applicable to the handling of personal data. The particular obligations imposed by GDPR are subject to interpretation, and different regulators may interpret requirements inconsistently.
- On July 16, 2020, the European Court of Justice gave its ruling in the case of Max Schrems v. Facebook Ireland Limited, invalidating the Privacy Shield framework. However, the Standard Contractual Clauses (the “SCCs”) remain lawful mechanisms for transferring personal data from the EU to the US and other third countries deemed to have inadequate protection for the personal information of citizens of the EU by the European Commission. Accordingly, while we believe there will not be any material impact to our business, we continue to monitor for any impacts and developments as a result of this ruling.
- In January 2020, the California Consumer Privacy Act (the “CCPA”) in the US took effect and broadly defines personal information and provides California consumers increased privacy rights and protections. The CCPA, among other things, affords California consumers new abilities to opt out of certain sales of personal information. On June 1, 2020, the California Attorney General submitted the final implementing regulations for review to the Office of Administrative Law and enforcement of the CCPA began on July 1, 2020. In addition, other nations and U.S. states (including California) and the federal government have discussed, are passing or may pass future legislation similar to the GDPR and/or the CCPA, or with other data localization or sovereignty requirements.
- Both US and non-US governments are considering the use of artificial intelligence and machine learning in both consumer and business contexts and whether there is any need for regulation in these areas.

The costs of compliance with, and other obligations imposed by, the GDPR the CCPA and other privacy, data residency and data transfer laws, regulations and standards may cause us to incur substantial operational costs or require us to modify our data handling practices and/or policies, may limit the development, use and adoption of our services and reduce overall demand for our services. In addition, non-compliance could result in proceedings or investigations against us by regulatory authorities or others, lead to significant fines of up to 4% of our worldwide annual revenue or reputational harm and may otherwise adversely impact our business, financial condition and operating results. Changes in our developed or acquired products and how such products utilize data could alter or increase our compliance requirements. As a result, our innovation and business drivers in developing or acquiring new and emerging technologies and the demand for our products could be impacted.

In addition to government activity, privacy advocacy groups and other technology and industry groups have established or may establish various new or different self-regulatory standards that may place additional obligations 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 products and adversely affect our business.

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

We compete in markets that continue to evolve rapidly. The pace of innovation will continue to accelerate as customers increasingly base their purchases on digital technologies and capabilities, including public and private cloud solutions and infrastructure, massively scalable databases, mobile, consumer product-like user experiences, social, collaboration, machine learning, artificial intelligence, Internet-connected devices, high-velocity robotic automation, security, cryptography, internal software development operations, and application and service awareness. Our customers and prospective customers must choose among competing imperatives to adopt digital technologies, or have been built on fully-digital, modern, dynamic IT technologies. Accordingly, to compete effectively, we must: identify and innovate in the right emerging technologies, knowing that we cannot make substantial investments in all of them; accurately predict our customers' changing business needs, priorities and adoption practices, including their technology infrastructures and buying and budgetary practices; invest in and continually optimize our own technology platform so that it continues to meet the very high performance expectations of our customers; successfully deliver new, scalable platform and database technologies and products to meet these needs and priorities; efficiently integrate with other technologies within our customers' digital environments; expand our offerings into industries and to buyers who are not familiar with our offerings; profitably market and sell products to companies and buyers in markets where our sales and marketing teams have less experience, including to companies built on fully-digital, modern, dynamic IT technologies that have not been strong buyers of ITSM and ITOM products; and effectively deliver, either directly or through our partner ecosystem, the business process planning, IT systems architecture planning, and product implementation services that our customers require to be successful. If we fail to meet any of these requirements, our competitive position, strategic relevance and business prospects may be harmed.

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

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

***We do business with federal, state and local governments and agencies, and heavily-regulated U.S. and foreign organizations; as a result, we face risks related to the procurement process, budget decisions driven by statutory and regulatory determinations, termination of contracts, and compliance with government contracting requirements.***

We provide products and services to the U.S. government, state and local governments and heavily-regulated organizations directly and through our partners. We have made, and may continue to make, significant investments to support future sales opportunities in the federal, state and local government sectors. This includes obtaining additional cloud security certification requirements for the ServiceNow GovCommunityCloud, such as the U.S. Federal Risk and Authorization Management Program (“FedRAMP”) High Impact Provisional Authority to Operate (“P-ATO”) from the Joint Authorization Board, and the U.S. Department of Defense Impact Level 4 P-ATO in the Security Requirements Guide for cloud computing by the Defense Information Systems Agency. However, government certification requirements may change, or we may be unable to achieve or sustain one or more government certifications, including those mentioned above. As a result, our ability to sell into the government sector could be restricted until we obtain such certifications.

A substantial majority of our sales to date to government entities have been made indirectly through our distribution and reseller partners. Doing business with government entities presents a variety of risks. The procurement process for governments and their agencies is highly competitive, time-consuming and may, in certain circumstances, be subject to political influence. We incur significant up-front time and expense, such as through engaging lobbyists, which subjects us to additional compliance risks and costs, without any assurance that we (or a third-party distributor or reseller) will win a contract. Beyond this, demand for our products and services may be adversely impacted by public sector budgetary cycles and funding availability that in any given fiscal cycle may be reduced or delayed, including in connection with an extended federal government shutdown. Further, if we are or our partner is successful in receiving a bid award, that award could be challenged by one or more competitive bidders. Bid protests may result in an increase in expenses related to obtaining contract awards or an unfavorable modification or loss of an award. In the event a bid protest is unsuccessful, the resulting delay in the startup and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

In addition, public sector customers may have contractual, statutory or regulatory rights to terminate current contracts with us or our third-party distributors or resellers for convenience or due to a default, though such risk may be assumed by such third-party distributor or reseller. If a contract is terminated for convenience, we may only be able to collect fees for products or services delivered prior to termination and settlement expenses. If a contract is terminated due to a default, we may be liable for excess costs incurred by the customer for procuring alternative products or services or be precluded from doing further business with government entities. Further, entities providing services to governments are required to comply with a variety of complex laws, regulations, and contractual provisions relating to the formation, administration, or performance of government contracts that give public sector customers substantial rights and remedies, many of which are not typically found in commercial contracts. These may include rights with respect to price protection, the accuracy of information provided to the government, contractor compliance with supplier diversity policies, and other terms that are particular to government contracts, such as termination rights. These rules may apply to us and/or third-party resellers or distributors whose practices we may not control. Such parties’ non-compliance could impose repercussions with respect to contractual and customer satisfaction issues.

In addition, federal, state, and local governments routinely investigate and audit contractors for compliance with these requirements. If, as a result of an audit, it is determined that we have failed to comply with these requirements, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, cost associated with the triggering of price reduction clauses, fines, and suspensions or debarment from future government business, and we may suffer reputational harm.

Further, we are increasingly doing business in heavily regulated industries, such as the financial services and health care industries. Current and prospective customers, such as those in these industries, may be required to comply with more stringent regulations in connection with subscribing to and implementing our services or particular regulations regarding third-party vendors that may be interpreted differently by different customers. In addition, regulatory agencies may impose requirements toward third-party vendors generally, or our company in particular, that we may not be able to, or may not choose to, meet. In addition, customers in these heavily-regulated areas often have a right to conduct audits of our systems, products and practices. In the event that one or more customers determines that some aspect of our business does not meet regulatory requirements, we may be limited in our ability to continue or expand our business.

Our customers also include a number of non-U.S. governments, to which similar procurement, budgetary, contract, and audit risks of U.S. government contracting also apply, particularly in certain emerging markets where our customer base is less established. In addition, compliance with complex regulations and contracting provisions in a variety of jurisdictions can be expensive and consume significant management resources. In certain jurisdictions, our ability to win business may be constrained by political and other factors unrelated to our competitive position in the market. Each of these difficulties could materially adversely affect our business and results of operations.

***We rely on our network of partners for an increasing portion of our revenues, and if these partners fail to perform, our ability to sell and distribute our products may be limited, and our operating results and growth rate may be harmed.***

An increasing portion of our revenues is generated by sales through our network of partners, including managed service providers and resellers. In addition, we increasingly rely on our partners to provide professional services, including customer implementations. While we provide our partners with training and programs, including accreditations and certifications, these programs may not be effective or utilized consistently. In addition, new partners may require extensive training and may require significant time and resources to achieve productivity. Our partners may subject us to lawsuits, potential liability, and reputational harm if, for example, any of our partners misrepresent the functionality of our platform or products to customers, fail to perform services to our customers' expectations, or violate laws or our corporate policies. In addition, our partners may utilize our platform to develop products and services that could potentially compete with products and services that we offer currently or in the future. Concerns over competitive matters or intellectual property ownership could constrain these partnerships. If we fail to effectively manage and grow our network of partners, or properly monitor the quality and efficacy of their service delivery, our ability to sell our products and efficiently provide our services may be impacted, and our operating results and growth rate may be harmed.

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

Sales outside of North America represented 34% and 35% of our total revenues for the three months ended June 30, 2020 and 2019, respectively, and 34% of total revenues for each of the six months ended June 30, 2020 and 2019. Our business and future prospects depend on increasing our international sales as a percentage of our total revenues. The failure to grow internationally will harm our business. Additionally, operating in international markets requires significant investment and management attention and subjects us to different regulatory, political and economic risks from those in the United States (the "US"). We have made, and will continue to make, substantial investments in data centers, cloud computing infrastructure, sales, marketing, personnel and facilities as we enter and expand in new geographic markets. When we make these investments, it is typically unclear whether, and when, sales in the new market will justify our investments. We may significantly underestimate the level of investment and time required to be successful, or whether we will be successful. Our rate of acquisition of new large enterprise customers, a factor affecting our growth, has generally been lower in Africa, Asia, Eastern Europe, South America and other markets in which we are less established and where there may be increased or changing regulations and operational and intellectual property risks, as compared to North America, Australia and Western Europe. An increasing proportion of the large enterprises that are not yet our customers are located in emerging markets where we are less established. We have experienced, and may continue to experience, difficulties in some of our investments in geographic expansion, including hiring qualified sales management personnel, penetrating the target market, anticipating and ensuring compliance with regulatory developments, and managing foreign operations in such locales.

Risks inherent with making our products and services available in international markets include without limitation:

- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, competition, requirements to have local partner(s), local entity ownership limitations, technology transfer or sharing requirements, data residency and transfer laws and regulations, privacy and data protection laws and regulations, including the GDPR;
- compliance by us and our business partners with international bribery and anti-corruption laws, including the UK Bribery Act and the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA");
- the risk that illegal or unethical activities of our local employees or business partners will be attributed to or result in liability to us or damage to our reputation;
- longer and potentially more complex sales and accounts receivable payment cycles and other collection difficulties;
- tax treatment of revenues from international sources and changes to tax codes, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions;
- different pricing and distribution environments;
- foreign currency fluctuations, which may cause transactional and translational remeasurement losses;



- potential changes in international trade policies, tariffs, agreements and practices, including the adoption and expansion of formal or informal trade restrictions or regulatory frameworks favoring local competitors;
- potential threatening state-sponsored actions, including cybersecurity threats directed at local data centers, customers or end-users;
- local business practices and cultural norms that may favor local competitors;
- localization of our services, including translation into foreign languages and associated expenses; and
- natural disasters, acts of war, terrorism or pandemics, including the COVID-19 pandemic.

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

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

We have acquired or invested in companies and technologies in the past as part of our business strategy and may continue to evaluate and execute potential strategic transactions, including acquisitions of or investments in businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our service offerings, functionality or our ability to provide services in international locations, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies. Although we conduct reasonably extensive due diligence with each of the entities we engage for a strategic transaction, our due diligence efforts may not reveal every material concern that may exist either with respect to the target entity or our assumptions surrounding the resulting combination. These strategic transactions involve numerous risks, including:

- assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies;
- failing to achieve the expected benefits of the acquisition or investment;
- potential loss of key employees of the acquired company;
- inability to maintain relationships with customers and partners of the acquired business;
- potential adverse tax consequences;
- disruption to our business and diversion of management attention and other resources;
- potential financial and credit risks associated with acquired customers;
- dependence on acquired technologies or licenses for which alternatives may not be available to us without significant cost or complexity;
- in the case of foreign acquisitions, the challenges associated with integrating operations across different cultures and languages and any currency and regulatory risks associated with specific countries;
- increased data privacy or security compliance requirements resulting from integrating the acquired technology or company with ours;
- impairment to our investments if our investees are unable to obtain future funding on favorable terms or at all, including due to the COVID-19 pandemic; and
- potential unknown liabilities associated with the acquired businesses.

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



## **Risks Related to the Operation of Our Business**

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

Our operations involve the storage, transmission and processing of our customers' confidential, proprietary and sensitive data, including personally identifiable information, protected health information, financial information and, in some cases, government information. While we have security measures in place designed to protect customer information and prevent data loss, these measures may be breached because of employee error or third-party actions, including unintentional events or deliberate attacks by cyber criminals, and result in someone obtaining unauthorized access to our customers' data or our data, including our intellectual property and other confidential business information. In addition, third parties have attempted and may continue to attempt to fraudulently induce employees, contractors, or users to disclose information to gain access to our data or our customers' data, and we have been and may continue to be the target of email scams that attempt to acquire personal information or company assets. Additionally, because we do not control our third-party service providers or their processing of data, we cannot ensure the integrity or security of measures they take to protect customer information and prevent data loss. Computer malware, viruses, hacking, phishing and denial of service attacks by third parties have become more prevalent in our industry, and they have occurred on our and our third-party service providers' systems in the past and may occur again on these systems in the future. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not detected until successfully launched against a target, we have been and may continue to be unable to anticipate these techniques or to implement adequate preventative measures. We devote significant financial and personnel resources to implement and maintain security measures; however, as cyber-security threats develop and grow more complex over time, it may be necessary to make significant further investments to protect data and infrastructure. A security breach suffered by us or our third-party service providers, an attack against our service availability or unauthorized access or loss of data could result in a disruption to our service, litigation, the triggering of service availability, indemnification and other contractual obligations, regulatory investigations, government fines and penalties, reputational damage, loss of sales and customers, mitigation and remediation expenses and other significant costs and liabilities. In addition, we may incur significant costs and operational consequences of investigating, remediating, eliminating, complying with notice obligations and implementing additional measures designed to prevent actual or perceived security incidents. We also cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage as to any future claim.

Further, in most instances, our customers administer access to the data held in their particular instance for their employees and service providers. We offer tools and support for what we believe are best practices to maintain security utilizing our services, but customers are not required to utilize those tools or follow our suggested practices. As a result, or for other reasons, a customer may suffer a cyber-security event on its own systems, unrelated to our own, and allow a malicious actor to obtain access to the customer's information held on our platform. Even if such a breach is unrelated to our security programs or practices, such breach could result in our incurring significant economic and operational costs in investigating, remediating, eliminating and implementing additional measures to further protect our customers from their own vulnerabilities, and could result in reputational harm to us.

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

Our success depends largely upon the continued services of our management team, including our Chief Executive Officer and Chief Financial Officer, and many key individual contributors. From time to time in the ordinary course of business, there may be changes in our management team resulting from the hiring or departure of executives. For example, our current President and Chief Executive Officer was appointed in November 2019 and our current Chief Financial Officer was appointed in January 2020. While we seek to manage these transitions carefully, including by establishing strong processes and procedures and succession planning, such changes may result in a loss of institutional knowledge and cause disruptions to our business.

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

In addition, we believe our corporate culture of fostering innovation, teamwork and employee satisfaction has been a key contributor to our success to date. As we continue to grow and expand globally, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our ability to retain and recruit personnel who are essential to our future success.

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

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce and the global economy, and thus could have a negative effect on us. Our business operations are subject to interruption by natural disasters, flooding, fire, power shortages, pandemics such as the continued spread of COVID-19, terrorism, political unrest, telecommunications failure, vandalism, cyber-attacks, geopolitical instability, war, the effects of climate change (such as drought, wildfires, increased storm severity and sea level rise) and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers, could decrease demand for our services, and could cause us to incur substantial expense. Our insurance may not be sufficient to cover losses or additional expense that we may sustain. The majority of our research and development activities, corporate offices, information technology systems, and other critical business operations are located near major seismic faults in California and Washington. Customer data could be lost, significant recovery time could be required to resume operations and our financial condition and operating results could be adversely affected in the event of a major natural disaster or catastrophic event.

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

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

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

From time to time, we experience defects in our services, and new defects may be detected in the future. For example, we provide regular updates to our services, which frequently contain undetected defects when first released. Defects may also be introduced by our use of third-party software, including open source software. Disruptions may result from errors we make in developing, delivering, configuring or hosting our services, or designing, installing, expanding or maintaining our cloud infrastructure. Disruptions in service can also result from incidents that are outside of our control, including denial of service attacks and the ongoing COVID-19 pandemic. We currently serve our customers primarily using equipment managed by us and co-located in third-party data centers operated by several different providers located around the world, and we plan to serve certain of our customers using data center facilities operated by public cloud service providers. These data centers are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, power loss and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, equipment failure and adverse events caused by operator error or negligence. Despite precautions taken at these centers, problems at these centers could result in lengthy interruptions in our services and the loss of customer data. In addition, our customers may use our services in ways that cause disruptions in service for other customers. Our customers use our services to manage important aspects of their businesses, and our reputation and business will be adversely affected if our customers and potential customers believe our services are unreliable. Disruptions or defects in our services may reduce our revenues, cause us to issue credits or pay penalties, subject us to claims and litigation, cause our customers to delay payment or terminate or fail to renew their subscriptions, and adversely affect our ability to attract new customers. Similarly, customers may have unique requirements for system resiliency that we may not be able to, or may not choose to, meet. The occurrence of payment delays, service credit, warranty or termination for material breach or other claims against us could result in an increase in our bad debt expense, an increase in collection cycles for accounts receivable, an increase to our service level credit accruals, other increased expenses or risks of litigation. We may not have insurance sufficient to compensate us for the potentially significant losses that may result from claims arising from disruptions in our services.

**Risks Related to the Financial Performance or Financial Position of Our Business**

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

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

- our ability to attract new customers, retain and increase sales to existing customers, and satisfy our customers' requirements;
- changes in our mix of products and services, including changes in our mix of cloud and self-hosted offerings, market penetration of our products, or use of our products by our customers;
- our ability to increase sales of certain new products;
- volatility in foreign currency exchange rates and our ability to effectively hedge our foreign currency exposure;
- the rate of expansion, retention and productivity of our sales force;
- the number of new employees added;
- the cost, timing and management effort for our development of new products and services;
- general economic conditions that may adversely affect our customers' or a prospective customers' purchasing decisions;
- the amount and timing of operating costs and capital expenditures related to the operation and expansion of our business;
- seasonality in terms of when we enter into customer agreements;
- the length and complexity of the sales cycle and certification process for our services, especially for sales to larger enterprises, government and regulated organizations;
- changes in the size and complexity of our customer relationships;

- changes to our management, sales and account management teams as we scale and as a result of evolving business priorities;
- changes in our or our competitors' pricing policies;
- significant security breaches, technical difficulties or interruptions of our services;
- new solutions or products introduced by our competitors;
- changes in effective tax rates;
- changes in the average contract term of our customer agreements, timing of renewals, renewal rates, expansion within our existing customers and billings duration;
- the timing of customer payments and payment defaults by customers;
- extraordinary expenses such as litigation costs or damages, including settlement payments;
- the costs associated with acquiring new businesses and technologies and the follow-on costs of integration, including the tax effects of acquisitions;
- changes in laws or regulations impacting the delivery of our services;
- our ability to comply with privacy laws and regulations, including the GDPR and the CCPA;
- significant litigation or regulatory actions relating to claims of intellectual property infringement, violation of privacy laws, employment matters or any other significant matter;
- the amount and timing of equity awards and the related financial statement expenses;
- the impact of new accounting pronouncements; and
- our ability to accurately estimate the total addressable market for our products and services.

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

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

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

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

***If we fail to comply with anti-corruption laws, including the FCPA and similar laws of other countries, and general trade regulations, including but not limited to economic sanctions and embargoes, we could be subject to penalties and civil and/or criminal sanctions and our business could be materially adversely affected.***

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. §201, the UK Bribery Act, and possibly other anti-bribery laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption laws that prohibit companies and their employees and third-party intermediaries from promising, authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties, and private-sector recipients for purposes of obtaining or retaining business, directing business to any person, or securing any advantage. In addition, we use various third parties to sell our products and services and conduct our business both in the US and abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented and continue to update an anti-corruption compliance program but there is a risk that our employees and agents, as well as those companies to which we outsource certain of our business operations, could take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

As we continue to expand our business internationally, we will inevitably do more business with large enterprises and the public sector in countries that are perceived to have heightened levels of public sector corruption. Increased business in countries perceived to have heightened levels of corruption could subject us and our officers and directors to increased scrutiny and increased liability from our business operations. In addition, we are subject to compliance with general trade regulations relating to doing business outside the US, including certain restrictions on conducting trade in certain restricted countries or with certain entities or individuals.

Any violation of the FCPA, other anti-corruption laws or general trade regulations by our employees or our third-party intermediaries could result in regulatory investigations, whistleblower complaints, adverse media coverage and/or severe criminal or civil sanctions, which could have a materially adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs.

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

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

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

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

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

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

Further, a decline in new subscriptions, expansion contracts or renewals in a given period may not be fully reflected in our revenues for that period, but they will negatively affect our revenues in future periods. Accordingly, the effect of significant downturns in sales and market acceptance of our services, and changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers are generally recognized over the applicable subscription term. Additionally, due to the complexity of certain of our customer contracts, the actual revenue recognition treatment required under Accounting Standards Update 2014-09, “Revenue from Contracts with Customers (Topic 606)” depends on contract-specific terms and may result in greater variability in revenues from period to period.

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

***As our business grows, we expect our revenue growth rate to continue to decline.***

We have experienced significant revenue growth in prior periods; however, our longer-term revenue growth rate is declining, and we expect that it will continue to decline into the foreseeable future. We also expect our costs to increase in future periods as we continue to invest in our strategic priorities, which may not result in increased revenues or growth in our business. You should not rely on our revenue for any prior periods as any indication of our future revenue growth. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile.

***Changes in our effective tax rate or rejection of our tax position in jurisdictions outside the US could have a material impact on our financial position and results.***

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

Additionally, our future effective tax rate could be impacted by changes in accounting principles or changes in federal, state or international tax laws or tax rulings. 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, which could affect our results of operations in the period issued. Many countries and organizations such as the Organization for Economic Cooperation and Development are actively considering changes to existing tax laws or have proposed or enacted new laws that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business. Recent global tax developments applicable to multinational businesses and increased scrutiny under tax examinations could have a material impact on our business and negatively affect our financial results. Any changes in federal, state or international tax laws or tax rulings may increase our worldwide effective tax rate and harm our financial position and results of operations.

In addition, we may be subject to income tax audits by tax jurisdictions throughout the world, many of which have not established clear guidance on the tax treatment of cloud computing companies. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on our results of operations for that period. Further, many of our most important intangible assets are held outside the US and are subject to inter-company agreements regarding the development and distribution of those assets to other jurisdictions. While we believe that our position is appropriate and well founded, in the event that our position was to be successfully challenged by taxing authorities in other jurisdictions, we may become subject to significant tax liabilities, which could harm our financial position and financial results.

***We may incur losses in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) during future periods.***

Although we have reported quarterly results that were profitable on a GAAP basis, we have incurred net losses in all prior fiscal years since our inception except for the year ended December 31, 2019. Even if our revenues continue to increase, we may incur losses in accordance with GAAP during future periods due to increased costs such as non-cash charges associated with equity awards, business combinations and other expenses. We may also encounter unforeseen operating expenses, difficulties, complications, delays and other unpredictable factors that may result in increased costs. Furthermore, it is difficult to predict the size and growth rate of our market, customer demand for our products, customer adoption and renewal rates, and the entry of competitive products or the success of existing competitive products. As a result of these and other factors, we may not maintain profitability in the future, and our gross margins and ability to generate cash flow from operations may be negatively impacted. If we fail to increase our revenues sufficiently to keep pace with our growing investments and other expenses, our business, operating results and growth prospects will be adversely affected.

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

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



## **Risks Related to General Economic Conditions**

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

We operate globally and as a result our business and revenues are impacted by global macroeconomic conditions. Global financial developments seemingly unrelated to us or the software industry may harm us. From time to time, the US and other key international economies have been impacted by geopolitical and economic instability, high levels of credit defaults, international trade disputes, falling demand for various goods and services, high levels of persistent unemployment, wage and income stagnation, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, international trade agreements, trade restrictions and overall economic uncertainty, such as due to the ongoing COVID-19 pandemic. These conditions can arise suddenly and affect the rate of information technology spending and could adversely affect our customers' or prospective customers' ability or willingness to purchase our services, delay purchasing decisions, reduce the value or duration of their subscriptions, or affect renewal rates, all of which could harm our operating results.

In 2020, for example, the COVID-19 global pandemic, the growth rate in the EU, China, or the US, tariffs or trade relations between the US and China or other countries, political uncertainty in the Middle East and other geopolitical events could directly or indirectly affect our business. Additionally, in connection with Britain's exit from the EU in January 2020 ("Brexit"), the impact of the UK's exit from the EU is still to be fully seen, with the applicable trade agreement to be negotiated before December 2020, or a type of "no-deal" exit would occur. This could be harmful to both the U.K. and E.U. economies and businesses operating there.

In addition, the effects, if any, of global financial conditions on our business can be difficult to distinguish from the effects on our business from product, pricing, and other developments in the markets specific to our products and our relative competitive strength. If we make incorrect judgments about our business for this reason, our business and results of operations could be adversely affected.

### ***Foreign currency exchange rate fluctuations could harm our financial results.***

We conduct significant transactions, including revenue transactions and intercompany transactions, in currencies other than the U.S. Dollar or the functional operating currency of the transactional entities. In addition, our international subsidiaries maintain significant net assets that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of currencies relative to the U.S. Dollar may impact our consolidated revenues and operating results due to transactional and translational remeasurement that is reflected in our earnings. It is particularly difficult to forecast any impact from exchange rate movements, so there is risk that unanticipated currency fluctuations could adversely affect our financial results or cause our results to differ from investor expectations or our own guidance in any future periods. In addition, the announcement of Brexit and the continued uncertainty around the full impact of it and the exact trade arrangements upon exit has adversely impacted global markets, including currencies, and resulted in a decline and volatility in the value of the British pound and the Euro, as compared to the U.S. Dollar and other currencies. Volatility in exchange rates and global financial markets is expected to continue due to a number of factors, related to uncertainty surrounding Brexit trade arrangements and the recent political and economic uncertainty globally, including the COVID-19 pandemic.

In 2018, we began using derivative instruments, such as foreign currency forwards, to hedge certain exposures to fluctuations in certain foreign currency exchange rates. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements. Further, unanticipated changes in currency exchange rates may result in poorer overall financial performance than if we had not engaged in any such hedging transactions. Moreover, for a number of reasons, including our limited experience with these hedging contracts, we may not seek or be able to establish a perfect correlation between such hedging instruments and the exposures being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge, and could expose us to a greater overall risk of loss than if we had not hedged.



## Risks Related to Our Convertible Senior Notes

***We may not have the ability to raise the funds necessary to settle conversions of our convertible senior notes due 2022 (the 2022 Notes) in cash or to repurchase the 2022 Notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the 2022 Notes.***

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

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

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

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

Prior to the business day immediately preceding February 1, 2022, the holders of the 2022 Notes may elect to convert their notes during any calendar quarter (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to \$175.18 (the “Conversion Condition”). The Conversion Condition for the 2022 Notes was met for all the quarters ended June 30, 2018 through June 30, 2020, except for the quarter ended December 31, 2018. Therefore, our 2022 Notes became convertible at the holders’ option beginning on July 1, 2018 and continue to be convertible through September 30, 2020, except for the quarter ended March 31, 2019 because the Conversion Condition for the 2022 Notes was not met for the quarter ended December 31, 2018. During the six months ended June 30, 2020, we paid cash to settle \$18 million in principal amount of the 2022 Notes. Based on conversion requests we have received through the filing date, we expect to settle in cash an aggregate amount of approximately \$23 million in principal of the 2022 Notes during the third quarter of 2020. We may receive additional conversion requests that require settlement in the third quarter of 2020. Global economic uncertainty and market volatility, such as due to the ongoing COVID-19 pandemic, has affected when such conversion requests have settled and may continue to affect when such conversion requests will settle. If more holders elect to convert their 2022 Notes in future periods, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we currently intend to settle all of our conversion obligation in cash, which could adversely affect our liquidity and result in a material adverse effect on our financial position, results of operations and cash flows. In addition, to the extent we receive conversion requests, we may also record a loss on early conversions of the 2022 Notes converted by note holders based on the difference between the fair market value allocated to the liability component on the settlement date and the net carrying amount of the liability component and unamortized debt issuance on the settlement date.

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

In connection with the sale of the 2022 Notes, we entered into convertible note hedge (the “2022 Note Hedge”) transactions with certain financial institutions (option counterparties). We also entered into warrant transactions with the option counterparties pursuant to which we sold warrants for the purchase of our common stock (the “2022 Warrants”). The 2022 Note Hedge is expected generally to reduce the potential dilution upon any conversion of the 2022 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2022 Notes, as applicable. The 2022 Warrant transactions could have a dilutive effect to the extent that our stock price exceeds the exercise price of the 2022 Warrants, which is \$203.40. As the 2022 Warrants will be net share settled, the total number of shares of our common stock we will issue depends on the daily volume-weighted average stock prices over a 60-trading day period beginning on the first expiration date of the 2022 Warrants, which will be September 1, 2022. We expect to issue additional shares of our common stock in the second half of 2022 upon the automatic exercise of the 2022 Warrants. To the extent we repurchase the 2022 Notes, we may accelerate the issuance of shares underlying the 2022 Warrants. Based on the volume-weighted average stock price on June 30, 2020, the total number of shares of our common stock to be issued upon the automatic exercise of the 2022 Warrants would be approximately 2.9 million. The actual number of shares of our common stock issuable upon the automatic exercise of the 2022 Warrants, if any, is unknown at this time. Refer to Note 10 in the notes to our condensed financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

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

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

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

***We are subject to counterparty risk with respect to the 2022 Note Hedge.***

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

## **Risks Related to Ownership of Our Common Stock**

***Our stock price has historically been and is likely to continue to be volatile and could subject us to litigation.***

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

- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to cover our common stock;
- announcements of new products, services or technologies, new applications or enhancements to services, strategic alliances, acquisitions, or other significant events by us or by our competitors;
- fluctuations in the valuation of companies, such as high-growth or cloud companies, investors perceive to be comparable to us;
- changes to our management team;
- trading activity by directors, executive officers and significant stockholders, or the market's perception that large stockholders intend to sell their shares;
- the inclusion, exclusion, or deletion of our stock from any trading indices, such as the S&P 500 Index;
- the size of our market float;
- the volume of trading in our common stock, including sales upon exercise of outstanding options or vesting of equity awards or sales and purchases of any common stock issued upon conversion of the 2022 Notes or in connection with the 2022 Note Hedge and 2022 Warrant transactions;
- the economy as a whole, market conditions in our industry, and the industries of our customers; and
- overall performance of the equity markets.

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

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

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

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

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

- have established a classified board so that not all members of our board are elected at one time, although our board will be fully declassified by our 2023 annual meeting of shareholders;
- permit the board to establish the number of directors;
- provide that directors may only be removed "for cause" and only with the approval of 66 2/3% of our shareholders;
- require super-majority voting to amend some provisions in our certificate of incorporation, as amended, and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a shareholder rights plan;
- do not permit our shareholders to call special meetings of shareholders;
- prohibit shareholder action by written consent, which requires all shareholder actions to be taken at a meeting;
- provide that the board is expressly authorized to make, alter or repeal our restated bylaws; and

- establish advance notice requirements for nominations for election to our board or proposing matters that can be acted upon by shareholders at annual shareholder meetings (though our restated bylaws have shareholder proxy access).

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

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

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

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

<b>Exhibit Number</b>	<b>Description of Document</b>	<b>Incorporated by Reference</b>				<b>Filed Herewith</b>
		<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>	
<a href="#">3.1</a>	<a href="#">Restated Certificate of Incorporation, as amended</a>	8-K	001-35580	3.1	6/19/2020	
<a href="#">3.2</a>	<a href="#">Restated Bylaws</a>	8-K	001-35580	3.2	6/19/2020	
<a href="#">10.1*</a>	<a href="#">Form of Stock Option Award Agreement under 2012 Equity Incentive Plan, adopted as of April 16, 2020</a>					X
<a href="#">10.2*</a>	<a href="#">Form of Restricted Stock Unit Award Agreement under 2012 Equity Incentive Plan, adopted as of April 16, 2020</a>					X
<a href="#">10.3*</a>	<a href="#">Form of Subscription Agreement under 2012 Employee Stock Purchase Plan, adopted as of April 16, 2020</a>					X
<a href="#">31.1</a>	<a href="#">Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">31.2</a>	<a href="#">Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">32.1**</a>	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
<a href="#">32.2**</a>	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	X

\* Indicates a management contract, compensatory plan or arrangement.

\*\* The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**SIGNATURES**

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

Date: July 29, 2020

**SERVICENOW, INC.**

By: /s/ Gina Mastantuono  
Gina Mastantuono  
*Chief Financial Officer*  
(Principal Financial Officer)

Date: July 29, 2020

By: /s/ Fay Sien Goon  
Fay Sien Goon  
*Chief Accounting Officer*  
(Principal Accounting Officer)



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

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

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

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

**Grant Number:** The “Grant Name” as set forth in the electronic representation of this Notice of Global Stock Option Grant.

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

**Exercise Price per Share:** US\$ The “Exercise Price” as set forth in the electronic representation of this Notice of Global Stock Option Grant.

**Total Number of Shares:** The “Shares Granted” as set forth in the electronic representation of this Notice of Global Stock Option Grant.

**Type of Option:** The “Grant Type” as set forth in the electronic representation of this Notice of Global Stock Option Grant.

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

**Vesting Schedule:** Subject to the limitations set forth in this Notice, the Plan and the Agreement, the Option will vest and may be exercised, in whole or in part, in accordance with the following schedule:

[ServiceNow to insert vesting schedule]

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

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Participant understands that Participant's employment or consulting relationship or service with the Company or a Parent or Subsidiary is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the Options pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or a Parent or Subsidiary. Furthermore, the period during which Participant may exercise the Option after such Termination will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's employment agreement (e.g., Participant's employment or consulting relationship or service with the Company would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where he or she is employed or the terms of his or her employment or service agreement, if any); the Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of Participant's Option grant (including whether Participant may still be considered to be providing services while on a leave of absence). Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this Option, Participant consents to the electronic delivery as set forth in the Agreement.

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

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

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

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

**2. Termination Period.**

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

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

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

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

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#### 4. **Exercise of Option.**

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

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

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

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

- a. cash;
  - b. check;
  - c. a "broker-assisted" or "same-day sale" (as described in Section 11(d) of the Plan); or
  - d. other method authorized by the Committee.
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**6. Limited Transferability of Option.** Except as set forth in this Section 6, this Option may not be transferred in any manner other than by will or by the laws of descent or distribution or court order and may be exercised during the lifetime of Participant only by Participant or unless otherwise permitted by the Committee on a case-by-case basis. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant. Notwithstanding anything else in this Section 6, for U.S. Participants, a NQSO may be transferred by instrument to an inter vivos or testamentary trust in which the NQSO is to be passed to beneficiaries upon the death of the trustor (settlor), to a guardian on the disability or to an executor on death of the NQSO holder, or by gift or pursuant to domestic relations orders to Participant's "Immediate Family" (as defined below), provided that any such permitted transferees may not transfer NQSOs to parties other than Participant or Participant's Immediate Family (transfers between a Participant's Immediate Family and between a Participant's Immediate Family and Participant are permitted). For the sake of clarification, multiple transfers of NQSOs may be made, by gift or pursuant to domestic relations orders, back and forth between Immediate Family and a Participant pursuant to this Section 6. "**Immediate Family**" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, domestic partner sharing the same household, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or Participant) control the management of assets, and any other entity in which these persons (or Participant) own more than fifty percent of the voting interests. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs, transferees, successors and assigns of Participant.

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

**8. Tax Consequences.**

(a) Exercising the Option. Participant acknowledges that, regardless of any action taken by the Company or a Parent or Subsidiary of the Company employing or retaining Participant (the "**Employer**"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax related items related to Participant's participation in the Plan and legally applicable to Participant ("**Tax-Related Items**") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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By Participant's signature and the signature of the Company's representative on the Notice, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated on the Notice. By acceptance of this Option, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the Option. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

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

***Terms and Conditions***

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

***Notifications***

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant exercises this Option or sells Shares acquired under the Plan.

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

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

**ALL PARTICIPANTS OUTSIDE THE U.S.**

***Terms and Conditions***

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

- a. the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
  - b. the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;
  - c. all decisions with respect to future Option or other grants, if any, will be at the sole discretion of the Company;
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d. the Option grant and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming or amending any employment or service contract with the Company, the Employer or any Parent or Subsidiary;

e. Participant is voluntarily participating in the Plan;

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

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

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

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

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

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

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

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

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

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

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

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

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

**c. International Data Transfers.** *The Company and its service providers are based in the United States. If Participant is outside the United States, he or she should note that his or her country has enacted data privacy laws that are different from the United States. By participating in the Plan, Participant gives his or her consent to the transfer of his or her data to the United States, or to such other jurisdiction as may be necessary for the delivery of the Plan and administration thereof.*

**d. Data Retention.** *The Company will use Participant's personal data only as long as is necessary to implement, administer and manage his or her participation in the Plan or as required to comply with, or satisfy, any legal or regulatory obligations, including under tax and security laws. The Company may also keep data longer as part of Participant's normal employee file and record, based on such retention policy as may be notified from time to time.*

*e. **Voluntariness and Consequences of Consent Denial or Withdrawal.** Participant's participation in the Plan and his or her grant of consent is purely voluntary. Participant may deny or withdraw his or her consent at any time. If Participant does not consent, or if he or she withdraws his or her consent, he or she cannot participate in the Plan. This would not affect Participant's salary as an employee or his or her career; Participant would merely forfeit the opportunities associated with the Plan.*

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

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

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

4. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions, including Participant's country and the designated broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of the Shares, rights to the Shares (*i.e.*, Options) or rights linked to the value of the Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and is encouraged to speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in his or her country.

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

### AUSTRALIA

#### *Notifications*

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

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

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

### CANADA

#### *Terms and Conditions*

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

**Termination.** Participant's right to vest in the Option under the Plan will terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant receives a Notice of Termination regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided, or (c) the last day on which Participant provides active services to the Employer. The period during which Participant may exercise the Option after such termination of Participant's employment will commence on the same date. Participant will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. In the event that the date Participant is no longer actively providing services cannot be reasonably determined under the terms of the Agreement and the Plan, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination (including whether Participant may still be considered actively employed or actively providing services while on an approved leave of absence).

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

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

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

### ***Notifications***

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

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

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**FRANCE*****Terms and Conditions***

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

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

***Notifications***

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

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

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

**GERMANY*****Notifications***

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

**Foreign Asset/Account Reporting Information.** German residents holding Shares must notify their local tax office of the acquisition of Shares when they file their tax returns for the relevant year if (i) the value of the Shares acquired exceeds €150,000 and Participant owns 1% or more of the total Shares of the Company, or (ii) in the unlikely event that the resident holds Common Stock exceeding 10% of the Company's total Common Stock.

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## INDIA

### *Terms and Conditions*

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

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

### *Notifications*

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

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

## NETHERLANDS

### *Notifications*

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

## SINGAPORE

### *Terms and Conditions*

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

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*Notifications*

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

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

**SWITZERLAND***Notifications*

**Securities Law Information.** The Option is not intended to be publicly offered in or from Switzerland. Because the grant of the Option is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Option or the Plan (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“*FinSA*”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or Employer or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

**UNITED KINGDOM***Terms and Conditions*

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

**Responsibility for Taxes.** The following provisions supplement Section 8(a) of the Agreement:

Without limitation to Section 8(a) of the Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty’s Revenue & Customs (“*HMRC*”) (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant’s behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant understands that Participant may not be able to indemnify the Company for the amount of any income tax not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to Participant on which additional income tax and National Insurance contributions (“*NICs*”) may be payable. Participant understands that Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 8(a) of the Agreement.

**National Insurance Contributions Acknowledgment.** As a condition of participation in the Plan and the exercise of the Option, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the Option and any event giving rise to Tax-Related Items (the “*Employer NICs*”). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the “*Joint Election*”), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in Section 8(a) of the Agreement.

If Participant does not enter into a Joint Election prior to exercising the Option or if approval of the Joint Election has been withdrawn by HMRC, the Option shall become null and void without any liability to the Company and/or the Employer and may not be exercised by Participant.

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**SERVICENOW, INC.  
2012 EQUITY INCENTIVE PLAN  
UNITED KINGDOM**

**Election To Transfer the Employer's National Insurance Liability to the Employee**

This Election is between:

A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to receive a stock option (“**Option**”) pursuant to the 2012 Equity Incentive Plan (the “**Plan**”), and

B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant Options under the Plan and is entering into this Election on behalf of the Employer.

**1. Introduction**

This Election relates to all Options granted to the Employee under the Plan on or after June 18, 2012, up to the termination date of the Plan.

In this Election the following words and phrases have the following meanings:

“**Chargeable Event**” means, in relation to the Options:

the acquisition of securities pursuant to stock options (within section 477(3)(a) of ITEPA);

the assignment (if applicable) or release of the stock options in return for consideration (within section 477(3)(b) of ITEPA);

the receipt of a benefit in connection with the stock options, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);

post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 427 of ITEPA); and/or

post-acquisition charges relating to the shares acquired pursuant to the stock options (within section 439 of ITEPA).

“ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.

“SSCBA” means the Social Security Contributions and Benefits Act 1992.

This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the Options pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

## **2. The Election**

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

## **3. Payment of the Employer's Liability**

The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or

directly from the Employee by payment in cash or cleared funds; and/or

by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or

where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or

through any other method as set forth in the applicable Option agreements entered into between the Employee and the Company.

The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Options until full payment of the Employer's Liability is received.

The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

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#### 4. Duration of Election

The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

This Election will continue in effect until the earliest of the following:

the Employee and the Company agree in writing that it should cease to have effect;

on the date the Company serves written notice on the Employee terminating its effect;

on the date HMRC withdraws approval of this Election; or

after due payment of the Employer's Liability in respect of the entirety of the Options to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

#### Acceptance by the Employee

The Employee acknowledges that by accepting the Options where indicated on the Fidelity award acceptance page, the Employee agrees to be bound by the terms of this Election as stated above.

#### Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on  
behalf of the Company \_\_\_\_\_

Name Russell Elmer

Position General Counsel

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**SCHEDULE OF EMPLOYER COMPANIES**

The following are employer companies to which this Election may apply:

**Service-Now.com UK Limited**

Registered Office:	Strada Building, 1Bridge Street, Ground Floor & 1st Floor, Staines TW18 4TP, United Kingdom
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	201 63597 20602
PAYE Reference:	581/LA08194

**SERVICENOW, INC.  
2012 EQUITY INCENTIVE PLAN  
NOTICE OF GLOBAL RESTRICTED STOCK UNIT AWARD  
GRANT ID NUMBER:**

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the “*Company*”) 2012 Equity Incentive Plan (the “*Plan*”) shall have the same meanings in this Notice of Global Restricted Stock Unit Award (the “*Notice*”).

**Name:**

You (“Participant”) have been granted an award of Restricted Stock Units (“RSUs”) under the Plan subject to the terms and conditions of the Plan, this Notice and the Global Restricted Stock Unit Award Agreement, including any appendix to the Global Restricted Stock Unit Award Agreement for Participant’s country (the “Appendix”) (the Restricted Stock Unit Award Agreement and the Appendix are collectively referred to as the “Agreement”).

**Number of RSUs:**

**Date of Grant:**

**Expiration Date:** The date on which settlement of all RSUs granted hereunder occurs, with earlier expiration upon the Termination Date

**Vesting Schedule:** Subject to the limitations set forth in this Notice, the Plan and the Agreement, the RSUs will vest in accordance with the following schedule:

[ServiceNow to insert vesting schedule]

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

Participant understands that Participant's employment or consulting relationship or service with the Company or a Parent or Subsidiary is for an unspecified duration and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is earned only by continuing service as an Employee, Director or Consultant of the Company or Parent or Subsidiary. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting this RSU, Participant consents to the electronic delivery as set forth in the Agreement.

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**SERVICENOW, INC.**  
**2012 EQUITY INCENTIVE PLAN**  
**GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT**

Unless otherwise defined herein, the terms defined in the ServiceNow, Inc. (the “*Company*”) 2012 Equity Incentive Plan (the “*Plan*”) shall have the same defined meanings in this Global Restricted Stock Unit Award Agreement (the “*Agreement*”).

Participant has been granted Restricted Stock Units (“*RSUs*”) subject to the terms, restrictions and conditions of the Plan, the Notice of Global Restricted Stock Unit Award (the “*Notice*”) and this Agreement, including any appendix to this Agreement for Participant’s country (the “*Appendix*”).

1. **Settlement.** The RSUs shall be settled on or as soon as administratively practicable following each vest date under the vesting schedule set forth in the Notice (and in no event later than 2 1/2 months following the end of the year in which such vest date occurs), provided that Participant continues to provide services to the Company or any Subsidiary or affiliate through such vest date. Settlement of RSUs shall be in Shares.

2. **No Stockholder Rights.** Unless and until such time as Shares are issued in settlement of vested RSUs, Participant shall have no ownership of the Shares allocated to the RSUs and shall have no right dividends or to vote such Shares.

3. **Dividend Equivalents.** Dividends, if any (whether in cash or Shares), shall not be credited to Participant.

4. **Non-Transferability of RSUs.** RSUs may not be transferred in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. **Termination.** If Participant’s service Terminates for any reason, all unvested RSUs shall be forfeited to the Company forthwith, and all rights of Participant to such RSUs shall immediately terminate. In case of any dispute as to whether Termination has occurred, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination.

6. **Withholding Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant’s employer (the “*Employer*”) the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant’s participation in the Plan and legally applicable to Participant (“*Tax-Related Items*”), is and remains Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU, including, but not limited to, the grant, vesting or settlement of the RSU and the subsequent sale of Shares acquired pursuant to such settlement; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU to reduce or eliminate Participant’s liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

- a. withholding from Participant's wages or other cash compensation paid to Participant by the Company and/or the Employer;
- b. withholding from proceeds of the sale of Shares acquired upon settlement of the RSU either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization);
- c. withholding in Shares to be issued upon settlement of the RSU, provided the Company only withholds the amount of Shares necessary to satisfy the minimum statutory withholding amounts; or
- d. any other arrangement approved by the Committee.

However, if Participant is subject to Section 16 of the Exchange Act and there is an obligation to withhold Tax-Related Items, then the Company will withhold in Shares pursuant to (iii) or (iv) above, unless the use of such withholding method has problematic and/or materially adverse accounting consequences, in which case, the obligation for Tax-Related Items may be satisfied pursuant to (i).

The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates in Participant's jurisdiction(s), in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSU, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

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

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

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

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

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

11. **Entire Agreement; Enforcement of Rights.** This Agreement (including the Appendix), the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

12. **Conditions to Issuance; Compliance with Laws and Regulations.** The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by the Company and Participant with all applicable state, federal and foreign laws and regulations, with all applicable requirements of any stock exchange or automated quotation system on which the Company's Shares may be listed or quoted at the time of such issuance or transfer and with any exchange control restrictions. Further, notwithstanding any other provision of this Agreement, the Company shall not be required to issue Shares following the lapse of any such reasonable period of time following the vest date as the Company may from time to time establish for reasons of administrative convenience in accordance with Section 409A of the Code.

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

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

By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement (including the Appendix). Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify the Company upon any change in Participant's residence address. By acceptance of this RSU, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company and consents to the electronic delivery of the Notice, the Appendix, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of the Company, and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSU. Electronic delivery may include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at the Company's discretion.

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**APPENDIX  
SERVICENOW, INC.  
2012 EQUITY INCENTIVE PLAN  
GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENT**

***Terms and Conditions***

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

***Notifications***

This Appendix also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information in this Appendix as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date at the time that Participant receives Shares or sells Shares acquired under the Plan.

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

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working, is considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the Date of Grant, the information contained herein may not be applicable in the same manner to Participant. In addition, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to Participant under these circumstances.

**ALL PARTICIPANTS OUTSIDE THE U.S.**

***Terms and Conditions***

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

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

ii.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;

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iii.all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;

iv.the RSUs grant and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or services contract with the Company, the Employer or any Parent or Subsidiary;

v.Participant is voluntarily participating in the Plan;

vi.the RSUs and the Shares subject to the RSUs, and the income and value of same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of Participant's employment or service contract, if any;

vii.the RSU and the Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;

viii.the RSU and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose, including of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, pension, retirement or welfare benefits or similar mandatory payments;

ix.the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

x.unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the shares of the Company;

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

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

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

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## 2. Data Privacy Information and Consent.

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

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

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

iii. International Data Transfers. *The Company and its service providers are based in the United States. If Participant is outside the United States, he or she should note that his or her country has enacted data privacy laws that are different from the United States. By participating in the Plan, Participant gives his or her consent to the transfer of his or her data to the United States, or to such other jurisdiction as may be necessary for the delivery of the Plan and administration thereof.*

iv. Data Retention. *The Company will use Participant's personal data only as long as is necessary to implement, administer and manage his or her participation in the Plan or as required to comply with, or satisfy, any legal or regulatory obligations, including under tax and security laws. The Company may also keep data longer as part of Participant's normal employee file and record, based on such retention policy as may be notified from time to time.*

v. Voluntariness and Consequences of Consent Denial or Withdrawal. *Participant's participation in the Plan and his or her grant of consent is purely voluntary. Participant may deny or withdraw his or her consent at any time. If Participant does not consent, or if he or she withdraws his or her consent, he or she cannot participate in the Plan. This would not affect Participant's salary as an employee or his or her career; Participant would merely forfeit the opportunities associated with the Plan.*

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

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

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

2. **Insider Trading Restrictions/Market Abuse Laws.** Participant may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the Shares are listed and in applicable jurisdictions, including Participant's country and the designated broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of the Shares, rights to the Shares (*i.e.*, RSUs) or rights linked to the value of the Shares under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions and is encouraged to speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in his or her country.

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

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## AUSTRALIA

### *Terms and Conditions*

**Australian Offer Document.** The RSUs are granted pursuant to the Australian Offer Document. Participation in the Plan and the RSUs granted under the Plan are subject to the terms and conditions stated in the Australian Offer Document, in addition to the Plan, the Agreement and this Appendix. The Plan is intended to comply with the provisions of the Australian Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Instrument 13-0821, signed on 27 June 2013 and gazetted on 2 July 2013.

### *Notifications*

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

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

## AUSTRIA

### *Notifications*

**Foreign Asset/Account Reporting Information.** If Participant holds Shares acquired under the Plan outside Austria, Participant may be required to submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or if the value of the Shares in any given year as of December 31 does not meet or exceed €5,000,000. If the former threshold is met or exceeded, quarterly obligations are imposed, whereas if the latter threshold is met or exceeded, annual reports must be given. The annual reporting date is December 31 and the deadline for filing the annual report is March 31 of the following year.

A separate reporting requirement applies when Participant sells Shares acquired under the Plan or receives a dividend. In that case, there may be exchange control obligations if the cash proceeds are held outside Austria. If the transaction volume of all accounts abroad meets or exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

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**BELGIUM*****Notifications***

**Foreign Asset/Account Reporting Information.** If Participant is a Belgian resident, he or she is required to report any bank or securities accounts, including an account in which Shares are held, opened outside Belgium in his or her annual tax return. The first time Participant reports such accounts, in a separate report, certain details regarding such foreign accounts (including the account number, bank name and country in which such account was opened) must be provided to the Central Contact Point of the National Bank of Belgium. The forms to complete this report, as well as additional information on how to complete the forms are available on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under the *Kredietcentrales / Centrales des crédits caption*.

**Stock Exchange Tax Information.** A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares acquired under the Plan are sold. Participant should consult with his or her tax or financial advisor for additional details on his or her obligations with respect to the stock exchange tax.

**BRAZIL*****Terms and Conditions***

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

**Labor Law Acknowledgment.** By participating in the Plan, Participant acknowledges that (i) Participant is making an investment decision and (ii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to Participant.

***Notifications***

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

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

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**CANADA*****Terms and Conditions***

Vesting/Termination. This provision replaces Section 5 in the Agreement:

For purposes of the RSUs and except as expressly required by applicable legislation, Participant's right to vest in the RSUs shall terminate effective as of the earlier of (a) the Termination Date, (b) the date upon which Participant receives a notice of Termination, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided, or (c) the last day on which Participant provides active services to the Employer. Participant will not earn, or be entitled to earn, any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. In the event that the date Participant is no longer actively providing services cannot be reasonably determined under the terms of the Agreement and the Plan, the Committee shall have sole discretion to determine whether such Termination has occurred and the effective date of such Termination (including whether Participant may still be considered actively employed or actively providing services while on an approved leave of absence).

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

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

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

***Notifications***

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

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

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## DENMARK

### *Terms and Conditions*

**Danish Stock Option Act.** In accepting the RSUs, Participant acknowledges that he or she has received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act.

**Exclusion from Termination Indemnities and Other Benefits.** This provision supplements Section 7 in the Agreement:

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

### *Notifications*

**Foreign Asset/Account Reporting Information.** If Participant establishes an account holding Shares or cash outside Denmark, Participant must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank.

## FINLAND

There are no country-specific provisions.

## FRANCE

### *Terms and Conditions*

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

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

### *Notifications*

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

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

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

### GERMANY

#### *Notifications*

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

**Foreign Asset/Account Reporting Information.** German residents holding Shares must notify their local tax office of the acquisition of Shares when they file their tax returns for the relevant year if (i) the value of the Shares acquired exceeds €150,000 and Participant owns 1% or more of the total Shares of the Company, or (ii) in the unlikely event that the resident holds Common Stock exceeding 10% of the Company's total Common Stock.

### HONG KONG

#### *Terms & Conditions*

**Restriction on Sale of Shares.** Shares received pursuant to the RSUs are accepted as a personal investment. To facilitate compliance with securities laws in Hong Kong, Participant agrees not to sell the Shares issued in settlement of the RSUs within six (6) months of the Date of Grant.

#### *Notifications*

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

## INDIA

### *Notifications*

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

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

## IRELAND

There are no country-specific provisions.

## ISRAEL

### *Terms and Conditions*

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

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

Participant hereby declares that:

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

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

*The following provisions apply to Participants who transfer into Israel after the Date of Grant.*

**Settlement.** The following provision replaces Section 1 of the Agreement.

Settlement of RSUs shall be made within 30 days following the applicable date of vesting under the vesting schedule set forth in the Notice. Participant will be subject to an immediate forced sale restriction, pursuant to which all Shares acquired at vesting will be immediately sold and Participant will receive the sale proceeds less Tax-Related Items and applicable broker fees and commissions. Participant will not be entitled to hold any Shares acquired at vesting.

#### ***Notifications***

**Securities Law Information.** The grant of the RSUs under the Plan is being made pursuant to an exemption from the requirement to file and publish a prospectus in Israel regarding the Plan obtained from the Israeli Securities Authority. Copies of the Plan and the Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission will be made available by request. Alternatively, copies of the Plan and the Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission will be available on the respective Fidelity online portal for employees.

### **ITALY**

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

**Plan Document Acknowledgement.** Participant acknowledges that by accepting the RSUs, Participant has been given access to the Plan document, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. Further, Participant specifically and expressly approves the following clauses of the Agreement: (i) Section 1 – Settlement; (ii) Section 6 – Withholding Taxes; (iii) Section 11 – Entire Agreement; Enforcement of Rights; (iv) Section 13 – Governing Law; Severability; and (v) Section 1 – Nature of Grant and Section 2 - Data Privacy Information and Consent of this Appendix.

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*Notifications*

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

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

**JAPAN***Notifications*

**Foreign Asset/Account Reporting Information.** Participant is required to report details of any assets held outside Japan as of December 31 (including Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. Participant should consult with Participant's personal tax advisor to determine if the reporting obligation applies to Participant's personal situation.

**MEXICO***Terms and Conditions*

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

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

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

The Company, with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between Participant and the Company since Participant is participating in the Plan on a wholly commercial basis, nor does it establish any rights between Participant and the Employer.

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

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

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

### **Spanish Translation**

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

***Modificación.** Al aceptar las Unidades de Acciones Restringidas, el Empleado entiende y acuerda que cualquier modificación al Plan o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.*

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

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

***Reconocimiento del Documento del Plan.** Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Empleado reconoce que el Empleado ha recibido copias del Plan, ha revisado el Plan y el Contrato en su totalidad y entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato.*

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

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

### **NETHERLANDS**

#### ***Notifications***

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

### **NEW ZEALAND**

#### ***Notifications***

**Securities Law Information.** Warning: This is an offer of rights to receive Shares underlying the RSUs to give Participant a stake in the ownership of the Company. Participant may receive a return if dividends are paid on the Shares.

If the Company runs into financial difficulties and is wound up, Participant will be paid only after all creditors and holders of preferred shares have been paid. Participant may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Participant may not be given all the information usually required. Participant will also have fewer other legal protections for this investment.

Participant should ask questions, read all documents carefully, and seek independent financial advice before committing himself or herself.

The Shares are quoted or approved for trading on the New York Stock Exchange. This means that, if Participant vests in RSUs and Shares are issued to Participant, Participant can sell his or her investment on the New York Stock Exchange if there are buyers for it. If Participant sells his or her investment, the price he or she receives may vary depending on factors such as the financial condition of the Company. Participant may receive less than the full amount that he or she paid for it, if anything.

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

As noted above, Participant should carefully read the materials provided before making a decision whether to participate in the Plan. Participant is also encouraged to contact his or her tax advisor for specific information concerning Participant's personal tax situation with regard to Plan participation.

**NORWAY**

There are no country-specific provisions.

**PORTUGAL*****Terms and Conditions***

**Language Consent.** Participant hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepts and agrees with the terms and conditions established in the Plan and the Agreement.

***Conhecimento da Língua.** Participante pelo presente declara, expressamente, que tem pleno conhecimento da língua inglesa e que leu, compreendeu e totalmente aceita e concorda com os termos e condições estabelecidas no Plano e no Acordo.*

***Notifications***

**Foreign Asset/Account Reporting Information.** If Participant holds Shares upon vesting of the RSUs, the acquisition of Shares should be reported to the Banco de Portugal for statistical purposes and to the Portuguese Tax Authorities. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on Participant's behalf. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, Participant is responsible for submitting the report to the Banco de Portugal and to the Portuguese Tax Authorities.

**SINGAPORE*****Terms and Conditions***

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

***Notifications***

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

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**Director Notification Obligation.** If Participant is a director, associate director or shadow director of the Company's Singapore Parent or Subsidiary, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Parent or Subsidiary in writing when Participant receives an interest (e.g., unvested RSUs, Shares, etc.) in the Company or any Parent or Subsidiary within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously disclosed interest (e.g., when Shares acquired at vesting are sold), or (iii) becoming a director, associate director or shadow director.

## **SOUTH AFRICA**

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

**Withholding Taxes.** The following provision supplements Section 6 of the Agreement:

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

### ***Notifications***

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

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

## **SOUTH KOREA**

### ***Notifications***

**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 value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end during the calendar year. Participant understands that Participant should consult with his or her personal tax advisor to determine how to value Participant's foreign accounts for purposes of this reporting requirement and whether he or she is required to file a report with respect to such accounts.

## **SPAIN**

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

**Termination and Nature of Grant.** This provision supplements Section 5 the Agreement and Section 1 of this Appendix:

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

Participant understands and agrees that, as a condition of the grant of the RSUs, Termination for any reason (including the reasons listed below) will automatically result in the loss of the RSUs that may have been granted to Participant and that have not vested as of Participant's Termination Date.

In particular, Participant understands and agrees that any unvested RSUs as of the Termination Date will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of a Termination by reason of, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985. Participant acknowledges that he or she has read and specifically accept the conditions referred to in Section 5 of the Agreement and Section 1 of this Appendix.

Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees or service providers of the Company or a Parent or Subsidiary throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Parent or Subsidiary on an ongoing basis other than as set forth in this Agreement. Consequently, Participant understands that the RSUs are granted on the assumption and condition that the RSUs and any Shares issued upon vesting of the RSUs are not part of any employment or service contract (either with the Company or any Parent or Subsidiary) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, Participant understands that the RSUs would not be granted to Participant but for the assumptions and conditions referred to herein; thus, Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the grant of the RSUs and any right to the RSUs shall be null and void.

### ***Notifications***

**Securities Law Information.** The grant of RSUs and the Shares issued pursuant to the vesting of RSUs are considered a private placement outside the scope of Spanish laws on public offerings and issuances of securities. The Plan and the Agreement, including this Appendix, have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

**Exchange Control Information.** Participant must declare the acquisition, ownership and sale of Shares to the *Spanish Dirección General de Comercio e Inversiones* (the “*DGCI*”) of the Ministry of Economy and Competitiveness for statistical purposes. Generally, the declaration must be filed in January for Shares acquired or sold during (or held as of December 31 of) the prior year; however, if the value of the Shares purchased under the Plan or the amount of the sale proceeds exceeds €1,502,530, the declaration must be filed within one month of the purchase or sale, as applicable.

**Foreign Asset/Account Reporting Information.** To the extent Participant holds assets (e.g., cash or Shares held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of asset (e.g., Shares, cash, and so on) as of December 31 each year, Participant is required to report information on such assets on his or her tax return for such year. After such assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets increases by more than €20,000 or if the ownership of the asset is transferred or relinquished during the year. The reporting must be completed by March 31. Failure to comply with this reporting requirement may result in penalties. Accordingly, Participant should consult with his or her personal tax and legal advisors to ensure that Participant is properly complying with his or her reporting obligations.

Further, Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts if the value of the transactions for all such accounts during the relevant year or the balances in such accounts as of December 31st of the relevant year exceeds €1,000,000. Participant should consult with his or her personal tax or legal advisor for further information regarding his or her exchange control reporting obligations.

### **SWEDEN**

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

**Withholding Taxes.** The following provision supplements Section 6 of the Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Agreement, in accepting the RSUs, Participant authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to Participant upon vesting/settlement to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

### **SWITZERLAND**

#### ***Notifications***

**Securities Law Information.** The RSUs are not intended to be publicly offered in or from Switzerland. Because the grant of the RSUs is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the RSUs or the Plan (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("**FinSA**"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or Employer or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

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**UNITED ARAB EMIRATES*****Notifications***

**Securities Law Information.** The RSUs are available only for select employees of the Company and its Subsidiaries and are in the nature of providing employee incentives in the United Arab Emirates. The Agreement (including this Appendix), the Plan and other incidental communication materials are intended for distribution only to eligible employees for the purposes of an employee incentive scheme, and must not be delivered to, or relied on, by any other person.

The Dubai Creative Clusters Authority, Emirates Securities and Commodities Authority and/or the Central Bank of the United Arab Emirates have no responsibility for reviewing or verifying any documents in connection with the RSUs. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development have approved this Agreement nor taken steps to verify the information set out in it, and have no responsibility for it.

The securities to which this Agreement relate may be illiquid and/or subject to restrictions on their resale. Individuals should conduct their own due diligence on the securities.

Residents of the United Arab Emirates who do not understand or have questions regarding this Agreement (including this Appendix) or the Plan should consult an authorized financial adviser.

**UNITED KINGDOM*****Terms and Conditions***

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

**Withholding Taxes.** The following provisions supplement Section 6 of the Agreement:

Without limitation to Section 6 of the Agreement, Participant agrees that Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("**HMRC**") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant's behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), Participant understands that Participant may not be able to indemnify the Company for the amount of any income tax not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to Participant on which additional income tax and National Insurance contributions ("**NICs**") may be payable. Participant understands that Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from Participant by any of the means referred to in Section 6 of the Agreement.

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**National Insurance Contributions Acknowledgment.** As a condition of participation in the Plan and the vesting of the RSUs, Participant agrees to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the RSUs and any event giving rise to Tax-Related Items (the “***Employer NICs***”). Without limitation to the foregoing, Participant agrees to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the “***Joint Election***”), and any other required consent or election. Participant further agrees to execute such other joint elections as may be required between Participant and any successor to the Company and/or the Employer. Participant further agrees that the Company and/or the Employer may collect the Employer NICs from Participant by any of the means set forth in Section 6 of the Agreement.

If Participant does not enter into a Joint Election prior to the vesting of the RSUs or if approval of the Joint Election has been withdrawn by HMRC, the RSUs shall become null and void without any liability to the Company and/or the Employer.

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**SPECIAL NOTICE FOR EMPLOYEES IN DENMARK****EMPLOYER STATEMENT**

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended effective January 1, 2019 (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the ServiceNow, Inc. 2012 Equity Incentive Plan (the “Plan”) in a separate written statement.

This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your restricted stock unit (“RSU”) grant are described in detail in the Plan, the Notice of Global Restricted Stock Unit Award (the “Notice”), the Global Restricted Stock Unit Award Agreement (the “Agreement”) and the applicable country-specific supplement, which have been made available to you.

**1. Date of grant of unfunded right to receive stock upon satisfying certain conditions**

The grant date of your RSUs is the date that the Company approved a grant for you, which is set forth in the Notice.

**2. Terms or conditions for grant of a right to future award of stock**

Only persons identified in Section 3 of the Plan are eligible to participate in the Plan. The grant of RSUs under the Plan is offered at the sole discretion of the Company and is intended to achieve the purposes identified in Section 1 of the Plan, including (among other things) encouraging share ownership in the Company by employees of the Company and any parents and subsidiaries that exist now or in the future. The Company may decide, in its sole discretion, not to make any RSU grants to you in the future. Under the terms of the Plan, the Agreement and the applicable country-specific supplement, you have no entitlement or claim to receive future RSU grants or awards in lieu of RSUs.

**3. Vesting Date or Period**

Generally, your RSUs will vest over a number of years, as provided in your Notice. Your RSUs shall be converted into an equivalent number of shares of the common stock of the Company upon vesting.

**4. Exercise Price**

No exercise price is payable upon the vesting of your RSUs and the issuance of shares of the Company’s common stock to you in accordance with the vesting schedule described above.

**5. Your rights upon termination of employment**

The treatment of your RSUs upon termination of employment will be determined in accordance with the termination provisions in the Agreement, pursuant to which your unvested RSUs will be cancelled and forfeited upon termination of employment. In the event of a conflict between the terms of the Agreement and the summary here, the terms set forth in the Agreement will govern your RSUs.

**6. Financial aspects of participating in the Plan**

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The grant of RSUs has no immediate financial consequences for you. The value of the RSUs is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

SERVICENOW, INC.  
2225 Lawson Lane  
Santa Clara, CA 95054  
U.S.A.

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**SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK  
ARBEJDSGIVERERKLÆRING**

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret pr. 1. januar 2019 ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om deltagelse i ServiceNow, Inc.'s incitamentsordning - *2012 Equity Incentive Plan* ("Planen").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af restricted stock unit ("RSU") er nærmere beskrevet i Planen, *Notice of Global Restricted Stock Unit Award* ("Meddelelsen"), *Global Restricted Stock Unit Award Agreement* ("Aftalen") og det gældende landespecifikke tillæg, som du har modtaget.

1. Tidspunkt for tildeling af den vederlagsfri ret til at modtage aktier mod opfyldelse af visse betingelser

Tidspunktet for tildeling af RSU er den dato, hvor Selskabet godkendte din tildeling som anført i Meddelelsen.

2. Kriterier og betingelser for tildeling af retten til senere at få tildelt aktier

Kun de i Planens pkt. 3 anførte personer kan deltage i Planen. Tildelingen af RSU i henhold til Planen sker efter Selskabets eget skøn med henblik på at gennemføre de i Planens pkt. 1 anførte formål, herunder bl.a. at tilskynde medarbejdere i Selskabet samt dets nuværende og fremtidige datterselskaber og moderselskab til at eje aktier i Selskabet. Selskabet kan frit vælge ikke at tildele dig RSU fremover. I henhold til Planen, Aftalen og det gældende landespecifikke tillæg har du ikke nogen ret til eller noget krav på fremover at få tildelt RSU eller modtage øvrige tildelinger stedet for RSU.

3. Modningstidspunkt eller -periode

Dine RSU modnes som udgangspunkt over en årrække som anført i Meddelelsen. På modningstidspunktet konverteres dine RSU til et tilsvarende antal ordinære aktier i Selskabet.

4. Udnyttelseskurs

Der betales ingen udnyttelseskurs i forbindelse med modning af dine RSU og Selskabets udstedelse af ordinære aktier til dig i overensstemmelse med den ovenfor beskrevne modningstidsplan.

5. Din retsstilling i forbindelse med fratræden

RSU'erne vil i tilfælde af din fratræden blive behandlet i overensstemmelse med Aftalens bestemmelser, hvorefter ikke-modnede RSU'er bortfalder og fortabes ved ophøret af dit ansættelsesforhold. I tilfælde af uoverensstemmelse mellem bestemmelserne i Aftalen og dette sammendrag gælder Aftalens bestemmelser for RSU'erne.

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**6. Økonomiske aspekter ved at deltage i Planen**

Tildelingen af RSU har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af RSUs indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier er ukendt og kan ikke forudsiges med sikkerhed.

SERVICENOW, INC.  
2225 Lawson Lane  
Santa Clara, CA 95054  
U.S.A.

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**SERVICENOW, INC.**  
**2012 EQUITY INCENTIVE PLAN**  
**ISRAEL**

**If you have not already executed a Section 102 Capital Gains Award Confirmation Letter (“*Confirmation Letter*”) in connection with grants made under the Israeli Subplan to the 2012 Equity Incentive Plan (the “*Plan*”), you must print, sign and deliver the signed copy of this Confirmation Letter within 45 days to the Trustee at the following address and the attention of: Vicky Harman, Account Manager, ESOP Trust Company, Aviv Tower, 7 Jabotinsky St. Ramat Gan, 52520 Israel. If the Trustee does not receive the signed Confirmation Letter within 45 days, the stock options and/or restricted stock units will not qualify for preferential tax treatment.**

Section 102 Capital Gains Award Confirmation Letter

I hereby confirm and agree that the stock options and/or restricted stock units granted to me by ServiceNow, Inc. (the “*Company*”) under the Israeli Subplan to the Plan that have been designated by the board of directors (or a committee thereof) of the Company as awards subject to the “Capital Gains Track”, according to Section 102(b)(2) and 102(b)(3) and the Income Tax Rules issued thereunder (“*Section 102*”) of the Israel Income Tax Ordinance (the “*Awards*”), shall be subject to the terms and conditions of the “Capital Gains Track” set forth in said Section 102 and shall be held by ESOP Management and Trust Services Ltd. as trustee (the “*Trustee*”) in accordance with the requirements of Section 102 (the “*Holding Period*”).

I hereby declare that:

1. I understand and accept the provisions of Section 102 and the “Capital Gains Track” as they apply to Awards.
  2. Subject to the provisions of Section 102, I hereby confirm that I shall not sell and/or transfer the Awards, or any shares or additional rights associated with the Awards, before the “end of the Holding Period” (as defined in Section 102). In the event that I shall elect to sell or release the shares or additional rights, as the case may be, prior to the “end of the Holding Period,” the provisions of Section 102 shall apply and the applicable tax consequences shall be borne solely by me.
  3. I understand that the grant of Awards is subject to the receipt of all required approvals from Israeli tax authorities and compliance with the requirements of Section 102.
  4. I agree to be bound by the provisions of the Company’s trust agreement with the Trustee.
  5. I hereby confirm that I have: (i) read and understand this letter; (ii) received all the clarifications and explanations that I have requested; and (iii) had the opportunity to consult with my advisers before signing this confirmation letter.
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6. I hereby confirm that, in addition to my confirmation and agreement hereunder, the acceptance or settlement of any such Awards shall be deemed as irrevocable confirmation of my acknowledgements and undertakings herein with respect to such specific Award.

Name of Employee: \_\_\_\_\_

Employee ID : \_\_\_\_\_

Signature: \_\_\_\_\_

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**SERVICENOW, INC.  
2012 EQUITY INCENTIVE PLAN  
UNITED KINGDOM**

**Election To Transfer the Employer's National Insurance Liability to the Employee**

This Election is between:

A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to receive restricted stock units (“**RSUs**”) pursuant to the 2012 Equity Incentive Plan (the “**Plan**”), and

B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant RSUs under the Plan and is entering into this Election on behalf of the Employer.

1. Introduction

- a. This Election relates to all RSUs granted to the Employee under the Plan on or after June 18, 2012, up to the termination date of the Plan.
  - b. In this Election the following words and phrases have the following meanings:
    - i. “**Chargeable Event**” means, in relation to the RSUs:
      - the acquisition of securities pursuant to restricted stock units (within section 477(3)(a) of ITEPA);
      - the assignment (if applicable) or release of the restricted stock units in return for consideration (within section 477(3)(b) of ITEPA);
      - the receipt of a benefit in connection with the restricted stock units, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);
      - post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 427 of ITEPA); and/or
      - post-acquisition charges relating to the shares acquired pursuant to the restricted stock units (within section 439 of ITEPA).
      - “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003.
      - “SSCBA” means the Social Security Contributions and Benefits Act 1992.
  - c. This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the RSUs pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.
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- d. This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- e. This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

## 2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

## 3. Payment of the Employer's Liability

- a. The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:
    - i. by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
    - ii. directly from the Employee by payment in cash or cleared funds; and/or
    - iii. by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the RSUs, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to Her Majesty's Revenue & Customs ("**HMRC**") by the due date; and/or
    - iv. where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the RSUs, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or
    - v. through any other method as set forth in the applicable RSU agreements entered into between the Employee and the Company.
  - b. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the RSUs until full payment of the Employer's Liability is received.
  - c. The Company agrees to remit the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).
-



4. Duration of Election

- a. The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.
- b. This Election will continue in effect until the earliest of the following:
  - i. the Employee and the Company agree in writing that it should cease to have effect;
  - ii. on the date the Company serves written notice on the Employee terminating its effect;
  - iii. on the date HMRC withdraws approval of this Election; or
  - iv. after due payment of the Employer's Liability in respect of the entirety of the RSUs to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

**Acceptance by the Employee**

**The Employee acknowledges that by accepting the RSUs where indicated on the Fidelity award acceptance page, the Employee agrees to be bound by the terms of this Election as stated above.**

**Acceptance by the Company**

**The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.**

Signature for and on  
behalf of the Company \_\_\_\_\_

Name Russell Elmer

Position General Counsel

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**SCHEDULE OF EMPLOYER COMPANIES**

The following are employer companies to which this Election may apply:

**Service-Now.com UK Limited**

Registered Office:	Strada Building, 1Bridge Street, Ground Floor & 1st Floor, Staines TW18 4TP, United Kingdom
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	201 63597 20602
PAYE Reference:	581/LA08194

**UK Participants:**

**Note that by accepting this Enrollment/Change Form on the Fidelity Brokerage Services LLC enrollment page you hereby agree to accept all liability for secondary Class 1 NICs that may be payable by the Company and/or the Employer in connection with your participation in the ESPP and any event giving rise to Tax-Related Items. You further agree to the “Election To Transfer the Employer’s National Insurance Liability to the Employee” agreement with the Company in the form attached to this Enrollment /Change Form below (the “Joint Election Agreement”) as if you had manually signed and returned the Joint Election Agreement to the Company.**

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**SERVICENOW, INC. (the “Company”)****Enrollment/Change Form****2012 Employee Stock Purchase Plan (“ESPP”)**

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

Section 1: <b>Actions</b>	<b>Check Desired Action: and Complete Sections</b> Enroll in the ESPP 2 + 3 + 4 + 1 Change Contribution Percentage 2 + 4 + 1 Discontinue Contributions 2 + 5 + 1	
Section 2: <b>Personal Data</b>	Name: Home Address:  Social Security / Identification No.:	Department:
Section 3: <b>Enroll</b>	<p>I hereby elect to participate in the ESPP, effective at the beginning of the next Offering Period. I elect to purchase shares of the Common Stock of the Company subject to the terms and conditions of the ESPP and this Enrollment/Change Form, including any applicable country-specific provisions in the Appendix attached hereto (together, the “Enrollment/Change Form”). I understand that shares of Common Stock purchased on my behalf will be issued in street name and deposited directly into my brokerage account with Fidelity Brokerage Services LLC or its affiliates. I hereby agree to take all steps, and sign all forms, required to establish an account with Fidelity Brokerage Services LLC or its affiliates for this purpose.</p> <p>My participation will continue as long as I remain eligible, unless I withdraw from the ESPP by filing a new Enrollment/Change Form with the Company. If I transfer from the Company to a Participating Corporation or visa-versa or between Participating Corporations, my contributions as of the date of transfer will be used to purchase shares on the next Purchase Date, unless I choose to have such funds refunded to me. I understand that I cannot resume participation following my transfer until the start of the next Offering Period and must timely file a new enrollment form to do so. I understand that if I am a U.S. taxpayer, I must notify the Company of any disposition of shares of Common Stock purchased under the ESPP.</p>	
Section 4: <b>Elect Contribution Percentage</b>	<p>I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period __% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company’s Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. <b>The percentage must be a whole number (from 1%, up to a maximum of 15</b></p> <p>Please -increase -decrease my contribution percentage.</p> <p><b>Note:</b> You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. <u>An increase in your contribution percentage can only take effect with the next Offering Period.</u> Each change will become effective as soon as reasonably practicable after the form is received by the Company</p>	
Section 5: <b>Discontinue Contributions</b>	<p>I hereby elect to <u>stop my contributions under the ESPP</u>, effective as soon as reasonably practicable after this form is received by the Company. Please -refund all contributions to me in cash, without interest OR - use my contributions to purchase shares on the next Purchase Date. <b>I understand that I cannot resume participation until the start of the next Offering Period and must timely file a new enrollment form to do so.</b></p>	

<p>Section 6: <b>Responsibility for Taxes</b></p>	<p>I acknowledge that, regardless of any action the Company or, if different, my employer (the “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit, payment on account or other tax-related items related to my participation in the ESPP and legally applicable to me or deemed by the Company or the Employer to be an appropriate charge to me even if technically due by the Company or the Employer (“Tax-Related Items”), I hereby acknowledge and agree that the ultimate liability for all Tax-Related Items is, and remains, my responsibility and may exceed the amount actually withheld by the Company, the Employer and/or the trustee, if any. I further acknowledge and agree that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of my participation in the ESPP, including, but not limited to, the grant or exercise of the options, the subsequent sale of shares of Common Stock acquired under the ESPP and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the options to reduce or eliminate my liability for Tax-Related Items or achieve any particular tax result. Further, if I have become subject to tax in more than one jurisdiction, I acknowledge that the Company, the Employer (or former employer, as applicable) and/or any trustee may be required to withhold or account for Tax-Related Items in more than one jurisdiction</p> <p>Prior to the relevant taxable or taxable withholding event, as applicable, I agree to pay or make adequate arrangements satisfactory to the Company and/or the Employer, as applicable, to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer, or their respective agents, which are qualified to deduct tax at source, to withhold all applicable Tax-Related Items by one or a combination of the following: (i) withholding from my wages or other cash compensation paid to me by the Company and/or the Employer; (ii) withholding from the proceeds of the sale of shares of Common Stock purchased under the ESPP either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization); (iii) withholding in shares of Common Stock to be issued upon purchase; and/or (iv) requiring that I pay the Tax-Related Items to the Company or my employer in the form of cash, check or wire transfer.</p> <p>The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including the maximum rate in my jurisdiction(s), in which case I may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in shares of Common Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, I am deemed to have been issued the full number of shares of Common Stock subject to the options, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of my participation in the ESPP.</p> <p>Finally, I shall pay to the Company or the Employer any amount of any Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of my participation in the ESPP or my purchase of shares of Common Stock that cannot be satisfied by the means previously described. The Company may refuse to allow me to purchase shares of Common Stock and/or refuse to deliver shares of Common Stock or proceeds of the sale of shares of Common Stock if I fail to comply with my obligations in connection with the payment of Tax-Related Items.</p>
<p>Section 7: <b>No Advice Regarding Grant</b></p>	<p>The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding my participation in the ESPP, or my acquisition or sale of the underlying shares of Common Stock. I am hereby advised to consult with my own personal tax, legal and financial advisors regarding my participation in the ESPP before taking any action related to the ESPP</p>

Section 8: <b>Electronic Delivery and Acceptance.</b>	The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the ESPP by electronic means. I hereby consent to receive such documents by electronic delivery and agree to participate in the ESPP through an on-line or electronic system established and maintained by the Company or a third party designated by the Company
Section 9: <b>Severability</b>	The provisions of this Enrollment/Change Form are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
Section 10: <b>Appendix</b>	Notwithstanding any provisions in this Enrollment/Change Form, the right to participate in the ESPP shall be subject to any special terms and conditions set forth in any Appendix to this Enrollment/Change Form for my country. Moreover, if I relocate to another country, the special terms and conditions for such country will apply to me, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Enrollment/Change Form
Section 11: <b>Imposition of Other Requirements</b>	The Company, at its option, may elect to terminate, suspend or modify the terms of the ESPP at any time, to the extent permitted by the ESPP. I agree to be bound by such termination, suspension or modification regardless of whether notice is given to me of such event, subject in any case to my right to timely withdraw from the ESPP in accordance with the ESPP withdrawal procedures then in effect. In addition, the Company reserves the right to impose other requirements on my participation in the ESPP, on any shares of Common Stock purchased under the ESPP, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require me to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
Section 12: <b>Governing Law</b>	The interpretation, performance and enforcement of this Enrollment/Change Form shall be governed by the laws of the State of Delaware without resort to that State's conflict-of-laws rules. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Enrollment/Change Form, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of San Jose, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.
Section 13: <b>Waiver</b>	I acknowledge that a waiver by the Company of breach of any provision of this Enrollment/Change Form shall not operate or be construed as a waiver of any other provision of this Enrollment/Change Form or of any subsequent breach by me or any other Participant.
Section 14: <b>Acknowledgment and Signature</b>	I acknowledge that I have received a copy of the ESPP and of the Prospectus (which summarizes the major features of the ESPP). I have read the Prospectus and my signature below (or my acceptance of this Enrollment/Change Form on the Fidelity Brokerage Services LLC enrollment page) indicates that I hereby agree to be bound by the terms of the ESPP and this Enrollment/Change Form Signature: _____ Date: _____

## APPENDIX

### SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN COUNTRY SPECIFIC PROVISIONS FOR NON-U.S. EMPLOYEES

I understand that this Appendix includes special terms and conditions applicable to me if I reside outside the United States or am otherwise subject to the laws of a country other than the United States. Unless otherwise stated, these terms and conditions are in addition to those set forth in the Enrollment/Change Form. Any capitalized term used in this Appendix without definition shall have the meaning ascribed to it in the Enrollment/Change Form or the ESPP, as applicable.

I further understand that this Appendix also includes information relating to exchange control, securities laws and other issues of which I should be aware with respect to my participation in the ESPP. The information is based on the laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, I understand that the Company strongly recommends that I not rely on the information herein as the only source of information relating to the consequences of my participation in the ESPP because the information may be out of date at the time that I purchase shares of Common Stock or sell shares of Common Stock purchased under the ESPP.

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

Finally, I understand that if I am a citizen or resident of a country other than the one in which I am currently working and/or residing, transfer employment and/or residency after enrolling in the ESPP, or am considered a resident of another country for local law purposes, the information contained herein may not apply to me, and the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply.

#### All Participants Outside the U.S.

Nature of Grant. By enrolling and participating in the ESPP, I acknowledge, understand and agree that: the ESPP is established voluntarily by the Company and it is discretionary in nature;

the grant of the option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future options to purchase shares of Common Stock, or benefits in lieu of options, even if options have been granted in the past;

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

the grant of the option and my participation in the ESPP shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Subsidiary and shall not interfere with the ability of the Company, the Employer or any Subsidiary to terminate my employment relationship (if any);

I am voluntarily participating in the ESPP;

the ESPP and the shares of Common Stock purchased under the ESPP and the income and value of same, are extraordinary items that do not constitute compensation of any kind for services of any kind

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rendered to the Company or Employer, and which is outside the scope of my employment or service contract, if any;

the ESPP and the shares of Common Stock subject to the ESPP and the income and value of same are not intended to replace any pension rights or compensation;

the ESPP and the shares of Common Stock subject to the ESPP and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

the value of the shares of Common Stock purchased under the ESPP may increase or decrease in the future, even below the purchase price;

in the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in Section 12 of the ESPP, my right to participate in the ESPP will terminate effective as of the date I cease to actively provide services and will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any); the Committee shall have exclusive discretion to determine when I am no longer actively employed for purposes of my option;

unless otherwise provided in the ESPP or by the Company in its discretion, the option to purchase shares of Common Stock and the benefits evidenced by this Enrollment/Change Form do not create any entitlement to have the ESPP or any such benefits granted thereunder, transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company;

unless otherwise agreed with the Company, the ESPP and any shares of Common Stock acquired thereunder, and the income and value of same, are not granted as consideration for, or in connection with, the service I may provide as a director of a Subsidiary;

I acknowledge and agree that neither the Company, the Employer nor any Subsidiary, shall be liable for any foreign exchange rate fluctuation between my local currency and the U.S. dollar that may affect the value of the shares of Common Stock or any amounts due pursuant to the purchase of the shares or the subsequent sale of any shares of Common Stock purchased under the ESPP; and

no claim or entitlement to compensation or damages shall arise when I withdraw from the ESPP due to my termination of employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any) and in consideration of the grant of the option and the issuance of shares of Common Stock under the ESPP, I agree not to institute any claim against the Company, its Subsidiaries or the Employer.

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***Data Privacy Information and Consent.*** *The Company is located at 2225 Lawson Lane, Santa Clara, California 95054 U.S.A. and grants options to employees of the Company and its Subsidiaries and affiliates, at its sole discretion. If I would like to participate in the ESPP, I should review the following information about the Company's data processing practices.*

***Data Collection and Usage.*** *The Company (as well as my Employer and the Company's other Subsidiaries) collects, processes and uses personal data of employees, including name, home address, email address and telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any shares of Common Stock or directorships held in the Company, and details of all options canceled, vested, or outstanding in my favor, which the Company receives from me or the Employer. If the Company offers me an option under the ESPP, then the Company will collect my personal data for purposes of allocating shares of Common Stock and implementing, administering and managing the ESPP. The Company relies on my explicit consent for the processing of my personal data in this manner and as otherwise set out below.*

***Stock Plan Administration Service Providers.*** *The Company transfers employee data amongst its' Subsidiaries and affiliates and also to Fidelity Brokerage Services LLC or its affiliates ("Fidelity") an independent service provider based in the United States which assists the Company with the implementation, administration and management of the ESPP. In the future, the Company may select a different service provider and share my data with another company that serves in a similar manner. By participating in the ESPP, I give my consent to such transfer of data, or to such alternative third party service provider that the Company may select in the future. The Company's service provider will open an account for me to receive and trade shares of Common Stock. I will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of my ability to participate in the ESPP.*

***International Data Transfers.*** *The Company and its service providers are based in the United States. If I am outside the United States, I should note that my country has enacted data privacy laws that are different from the United States. By participating in the ESPP, I give my consent to the transfer of my data to the United States, or to such other jurisdiction as may be necessary for the delivery of the ESPP and administration thereof.*

***Data Retention.*** *The Company will use my personal data only as long as is necessary to implement, administer and manage my participation in the ESPP or as required to comply with, or satisfy, any legal or regulatory obligations, including under tax and security laws. The Company may also keep data longer as part of my normal employee file and record, based on such retention policy as may be notified from time to time.*

***Voluntariness and Consequences of Consent Denial or Withdrawal.*** *My participation in the ESPP and my grant of consent is purely voluntary. I may deny or withdraw my consent at any time. If I do not consent, or if I withdraw my consent, I cannot participate in the ESPP. This would not affect my salary as an employee or my career; I would merely forfeit the opportunities associated with the ESPP.*

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

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*If I agree with the data processing practices as described in this notice, I should declare my consent by accepting this Enrollment/Change Form on the Fidelity enrollment page.*

Language. I acknowledge that I am proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow me to understand the terms and conditions of this Enrollment/Change Form. If I have received this Enrollment/Change Form or any other document related to the ESPP translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Insider Trading Restrictions / Market Abuse Laws. I acknowledge I may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including my country and the designated broker's country, which may affect my ability to accept, acquire, sell or otherwise dispose of the shares of Common Stock, rights to the shares of Common Stock (i.e., options) or rights linked to the value of the shares of Common Stock under the ESPP during such times as I am considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders I placed before I possessed inside information. Furthermore, I could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. I acknowledge that it is my responsibility to comply with any applicable restrictions and I am encouraged to speak to my personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in my country.

Foreign Asset/Account Reporting. I acknowledge that depending on my country of residence, I may be subject to certain foreign asset and/or account reporting requirements which may affect my ability to acquire or hold shares of Common Stock under the ESPP in a brokerage or bank account outside of my country of residence. Further, I may be required to report such amounts, assets or transactions to the tax or other authorities in my country. I also may be required to repatriate sale proceeds or other funds received as a result of my participation in the ESPP to my country through a designated bank or broker and/or within a certain time after receipt. In addition, I may be subject to tax payment and/or reporting obligations in connection with any income realized under the ESPP and/or from the sale of shares of Common Stock. I acknowledge I am responsible for ensuring compliance with such regulations and should speak with a personal legal and tax advisors, as applicable, regarding this matter.

## AUSTRALIA

### Securities Law Notification.

I acknowledge and agree that my rights to participate in the ESPP and purchase shares of Common Stock are subject to the terms and conditions stated in the Offer Document distributed to me with the Enrollment/Change Form and other ESPP documents, and to the requirements of Class Order exemption 14/1000 of the Australian Securities and Investments Commission.

### Exchange Control Notification.

I understand that if I am an Australian resident, exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. If an Australian bank is assisting with

the transaction, the bank will file the report on my behalf. If there is no Australian bank involved in the transfer, I will be required to file the report.

## AUSTRIA

### Interest Waiver.

By enrolling in the ESPP and accepting the terms of the Enrollment/Change Form, I unambiguously consent to waive my right to any interest with respect to payroll deductions accumulated for me during an Offering Period.

### Exchange Control Notification.

If I hold shares of Common Stock acquired under the ESPP outside of Austria, I may be required to submit a report to the Austrian National Bank. An exemption applies if the value of the shares of Common Stock as of any given quarter does not meet or exceed €30,000,000 or as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly reporting obligations are imposed, whereas if the latter threshold is exceeded, annual reporting obligations are imposed. The deadline for filing the quarterly report is the 15th of the month following the respective quarter. The deadline for filing the annual report is January 31 of the following year.

I also understand that when I sell shares of Common Stock acquired under the ESPP, there may be exchange control obligations if the cash proceeds are held outside of Austria. If the transaction volume of all accounts abroad meets or exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

## BELGIUM

### Foreign Asset/Account Reporting Notification.

If I am a Belgian resident, I am required to report any bank or securities accounts, including an account in which shares of Common Stock are held, opened outside Belgium in my annual tax return. The first time

I report such accounts, in a separate report, certain details regarding such foreign accounts (including the account number, bank name and country in which such account was opened) must be provided to the Central Contact Point of the National Bank of Belgium. The forms to complete this report, as well as additional information on how to complete the forms are available on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under the *Kredietcentrales / Centrales des crédits caption*.

### Stock Exchange Tax Notification.

A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when shares of Common Stock are purchased and when such shares are sold. I understand I should consult with my tax or financial advisor for additional details on my obligations with respect to the stock exchange tax.

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**BRAZIL**Authorization for ESPP Participation.

I hereby authorize the Employer to make payroll deductions from each of my paychecks in that percentage of my Compensation (up to 15%) that I have specified in the Enrollment/Change Form and I authorize the Employer to remit such accumulated payroll deductions, on my behalf, to the United States of America, to purchase the shares of Common Stock, as provided by Ruling No. 3,691/13 of the Central Bank, under the terms of the ESPP.

Upon request by the Company or the Employer, I agree to execute a letter of authorization and any other agreements or consents that may be required to enable the Employer, the Company, any Subsidiary or any third party designated by the Employer or the Company to remit my accumulated payroll deductions from Brazil for the purchase of shares of Common Stock. I understand that if I fail to execute a letter of authorization or any other form of agreement or consent that is required for the remittance of my payroll deductions, I will not be able to participate in the ESPP.

Compliance with Law.

By participating in the ESPP, I agree to comply with applicable Brazilian laws and to report and pay any and all Tax-Related Items associated with participation in the ESPP, including the purchase and subsequent sale of shares of Common Stock acquired under the ESPP.

Labor Law Acknowledgment.

By participating in the ESPP, I acknowledge that (i) I am making an investment decision, (ii) shares of Common Stock will be issued to me only if I continue to be an eligible employee through the Purchase Date, and (iii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease without compensation to me.

Foreign Asset/Account Reporting Notification.

If I am resident or domiciled in Brazil, I understand that I will be required to submit an annual declaration of assets and rights held outside Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights equals or exceeds US\$100,000. Assets and rights that must be reported include any shares of Common Stock acquired under the ESPP. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement. It is my responsibility to comply with this reporting obligation and I should consult my personal advisor in this regard.

Tax on Financial Transactions (IOF).

Cross-border financial transactions related to the ESPP may be subject to the IOF (tax on financial transactions). I understand I should consult with my personal tax advisor for additional details.

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## CANADA

Termination of Service.

This provision replaces Section 7(j) of the Enrollment/Change Form:

In the event of termination of my employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where I am employed or the terms of my employment agreement, if any), except for certain leave of absences set forth in Section 12 of the ESPP, my right to participate in the ESPP, if any, will terminate effective as of the earlier of (i) the date of termination, (ii) the date upon which I receive notice of termination, or (iii) the date on which I am no longer actively providing services to the Employer, regardless of any notice period under Canadian provincial laws (including, but not limited to, statutory law, regulatory law and/or common law). In the event that the date I am no longer actively providing services cannot be reasonably determined under the terms of the Enrollment/Change Form and the ESPP, the Committee shall have exclusive discretion to determine when I am no longer actively providing services for purposes of my option.

Securities Law Notification.

I understand that I am permitted to sell shares of Common Stock purchased under the ESPP through the designated broker appointed under the ESPP, provided the resale of shares of Common Stock takes place outside Canada through the facilities of a stock exchange on which the shares are listed. The shares are currently listed on New York Stock Exchange.

Foreign Asset/Account Reporting Notification.

I am required to report any foreign specified property on form T1135 (Foreign Income Verification Statement) if the total cost of my foreign specified property exceeds C\$100,000 at any time in the year. Foreign specified property includes shares of Common Stock acquired under the ESPP and their cost generally is the adjusted cost base ("ACB") of the Common Stock acquired under the ESPP. The ACB would ordinarily equal the fair market value of the shares at the time of acquisition, but if I own other shares of Common Stock (e.g., acquired under other circumstances or at another time), this ACB may be averaged with the ACB of the other shares of Common Stock. The form T1135 must be filed by April 30 of the following year. I am advised to consult with a personal advisor to ensure that I comply with the applicable requirements.

THE FOLLOWING PROVISIONS WILL APPLY IF I AM A RESIDENT OF QUEBEC:

Language Consent.

The parties acknowledge that it is their express wish that the Enrollment/Change Form, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de la convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la convention.*

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**DENMARK**Danish Stock Option Act.

I acknowledge that I have received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act.

Foreign Asset/Account Reporting Notification.

I acknowledge and understand if I establish an account holding shares of Common Stock or cash outside of Denmark, I must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank.

**FINLAND**

There are no country-specific provisions.

**FRANCE**FRENCH TRANSLATIONS OF PROVISIONS CONCERNING AUTHORIZATION TO PARTICIPATE IN ESPPParticipation in the ESPP (Section 6 of the ESPP).

(a) Any employee who is an eligible employee determined in accordance with section 4 of the ESPP immediately prior to the initial Offering Period will be automatically enrolled in the initial Offering Period under the ESPP. With respect to subsequent Offering Periods, any eligible employee determined in accordance with Section 4 of the ESPP will be eligible to participate in the ESPP, subject to the requirement of Section (b) hereof and the other terms and provisions of the ESPP.

(b) Notwithstanding the foregoing, (i) an eligible employee may elect to decrease the number of shares of Common Stock that such employee would otherwise be permitted to purchase for the initial Offering Period under the ESPP and/or purchase shares of Common Stock for the initial Offering Period through payroll deductions by delivering a Enrollment/Change Form to the Company within thirty (30) days after the filing of an effective registration statement pursuant to Form S-8 and (ii) the Committee may set a later time for filing the Enrollment/Change Form authorizing payroll deductions for all eligible employees with respect to a given Offering Period. With respect to Offering Periods after the initial Offering Period, a Participant may elect to participate in the ESPP by submitting an Enrollment/Change Form prior to the commencement of the Offering Period (or such earlier date as the Committee may determine) to which such agreement relates.

(c) Once an employee becomes a Participant in an Offering Period, then such Participant will automatically participate in the Offering Period commencing immediately following the last day of such prior Offering Period unless the Participant withdraws or is deemed to withdraw from the ESPP or terminates further participation in the Offering Period as set forth in section 11 of the ESPP. Such Participant is not required to file any additional Enrollment / Change Form in order to continue participation in the ESPP.

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Participation dans l'ESPP (Section 6 du ESPP).

(a) Tout salarié qui est un salarié éligible conformément à la section 4 de l'ESPP immédiatement avant la Période initiale d'Offre participera automatiquement à la Période initiale d'Offre de l'ESPP. Concernant les Périodes d'Offres suivantes, tout salarié éligible conformément à la Section 4 de l'ESPP sera éligible pour participer à l'ESPP, à la condition de respecter les conditions énoncées Section (b) des présentes et tous les autres termes et conditions de l'ESPP.

(b) Nonobstant ce qui précède, (i) un salarié éligible peut choisir de diminuer le nombre d'Actions Ordinaires dont il aurait pu être autorisé à faire l'acquisition au titre de la Période initiale d'Offre de l'ESPP, et/ou d'acquérir des Actions Ordinaires au titre de la Période initiale d'Offre par prélèvement sur son salaire par la remise d'un Formulaire de Participation/Modification à la Société dans les trente (30) jours suivant le dépôt d'une déclaration d'enregistrement conformément au Formulaire S-8, et, (ii) le Comité peut décider, concernant une Période d'Offre donnée, que le dépôt du Formulaire de Participation/Modification, autorisant le prélèvement sur salaire de tout salarié éligible, peut être repoussé. Concernant les Périodes d'Offres qui suivent la Période initiale d'Offre, un Participant peut choisir de participer à l'ESPP par le dépôt d'un Formulaire de Participation/Modification avant le début de la Période d'Offre concernée (ou toute date antérieure décidée par le Comité).

(c) Dès lors qu'un salarié devient un Participant pour une Période d'Offre, alors ledit Participant participera automatiquement à la Période d'Offre commençant immédiatement après le dernier jour de la Période d'Offre antérieure à moins que le Participant se retire, ou soit considéré comme se retirant de l'ESPP, ou cesse sa participation à la Période d'Offre tel que cela est prévu à la Section 11 de l'ESPP. Ledit Participant n'a pas à déposer de Formulaire pour continuer à participer à l'ESPP.

Payroll Deduction Authorization.

This provision replaces Section 4 of the Enrollment/Change Form:

I hereby authorize the Company to withhold from each of my paychecks such amount as is necessary to equal at the end of the applicable Offering Period \_\_\_% of my Compensation (as defined in the ESPP) paid during such Offering Period as long as I continue to participate in the ESPP. That amount will be applied to the purchase of shares of the Company's Common Stock pursuant to the ESPP. If I am paid in a currency other than U.S. dollars, my contributions will be converted into U.S. dollars prior to the purchase of the Common Stock. **The percentage must be a whole number (from 1%, up to a maximum of 5%).**

Please -increase -decrease my contribution percentage.

You may change your contribution percentage only once within a Purchase Period to be effective during such Purchase Period and such change can only be to decrease your contribution percentage. An increase in your contribution percentage can only take effect with the next Offering Period. Each change will become effective as soon as reasonably practicable after the form is received by the Company.

Autorisation du Prélèvement sur Salaire.

Cette disposition remplace Section 4 du Formulaire de Participation/Modification:

*Par les présentes, j'autorise la Société à prélever sur chacun de mes salaires le montant nécessaire afin d'égaliser, à la fin de ladite Période d'Offre, \_\_% de ma Rémunération (telle que définie dans l'ESPP) payée pendant ladite Période d'Offre et ce, aussi longtemps que je continuerais à participer à l'ESPP. Ce montant servira à l'acquisition d'Actions Ordinaires de la Société conformément à l'ESPP. Si je suis payé dans une devise autre que le dollar U.S., mes contributions devront être converties en dollars U.S. avant l'acquisition des Actions Ordinaires. Le pourcentage doit être un chiffre entier (de 1% à un maximum de 5%).*

*Veuillez -augmenter- diminuer mon pourcentage de contribution.*

*Remarque : Vous pouvez modifier le pourcentage de votre contribution seulement une fois lors d'une Période d'Acquisition pour que cette modification soit effective lors de cette même Période d'Acquisition, et cette modification ne peut que diminuer votre pourcentage de contribution. Une augmentation de votre pourcentage de contribution ne peut prendre effet que lors de la Période d'Offre suivante. Toute modification deviendra effective aussitôt que cela sera raisonnablement pratiquement possible après réception du formulaire par la Société.*

Limitations on Shares of Common Stock to be Purchased.

Notwithstanding anything in Section 10 of the ESPP to the contrary, I understand that I am subject to the following additional requirements: (i) I may not purchase more than two hundred (200) whole shares of Common Stock in any individual Purchase Period; and (ii) I will not be granted a right to purchase Common Stock under the ESPP at a rate which exceeds one thousand two hundred and fifty dollars (\$1,250) of the fair market value of such shares of Common Stock (determined at the time such right is granted) for each calendar year in which such right is outstanding at any time.

Language Consent.

By signing and returning or by otherwise accepting the Enrollment/Change Form, I confirm having read and understood the documents relating to the ESPP (the ESPP, the Enrollment/Change Form and this Appendix) which were provided to me in the English language, except for the payroll authorization set forth in French above. I accept the terms of those documents accordingly.

Consentement relatif à la Langue utilisée.

*En signant et en renvoyant le présent Formulaire de Participation/Modification ou en l'approuvant d'une quelconque manière, je confirme avoir lu et compris les documents relatifs à cette attribution de droits d'achat d'actions qui m'ont été remis en langue anglaise hormis l'autorisation du prélèvement sur salaire tel que stipulé en français ci-dessus (l'ESPP, le Formulaire de Participation/Modification ainsi que la présente Annexe). J'accepte les conditions afférentes à ces documents en connaissance de cause.*



Exchange Control Notification.

I acknowledge and understand I must declare to the customs and excise authorities any cash or securities I import or export without the use of a financial institution when the value of the cash or securities is equal to or exceeds €10,000. With respect to any foreign account balances exceeding €1,000,000, I must report any transactions carried out on those accounts to the Bank of France on a monthly basis.

Foreign Asset/Account Reporting Notification.

I acknowledge and understand that I may hold shares of Common Stock acquired under the ESPP outside France provided that I declare all foreign accounts, whether open, current, or closed in my income tax return. Failure to comply could trigger significant penalties.

**GERMANY**Exchange Control Notification.

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

Foreign Asset/Account Reporting Information.

German residents holding shares of Common Stock must notify their local tax office of the acquisition of shares of Common Stock when they file their tax returns for the relevant year if (i) the value of the shares of Common Stock acquired exceeds €150,000 and I own 1% or more of the total shares of Common Stock of the Company, or (ii) in the unlikely event that the resident holds Common Stock exceeding 10% of the Company's total Common Stock.

**HONG KONG**Restriction on Sale of Shares of Common Stock.

I understand that shares of Common Stock received at purchase are acquired as a personal investment. To facilitate compliance with securities laws in Hong Kong, I agree that I will not dispose of any shares of Common Stock acquired under the ESPP within six (6) months of the beginning of the relevant Offering Period under which such shares of Common Stock were acquired.

Securities Law Notification.

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*WARNING: The contents of the ESPP, the Enrollment/Change Form and this Appendix have not been reviewed by any regulatory authority in Hong Kong. I am advised to exercise caution in relation to the offer. If there is any doubt about any of the contents of the ESPP, the Enrollment/Change Form, including this Appendix, or any other communication materials, I should obtain independent professional advice. The option to purchase shares of Common Stock and the shares of Common Stock to be issued under the ESPP do not constitute a public offer of securities and are available only for employees of the Company or any of its Participating Corporations. The ESPP, the Enrollment/Change Form, including this Appendix, and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each Participant and may not be distributed to any other person.*

### **INDIA**

#### **Exchange Control Notification.**

Due to exchange control restrictions in India, I understand that I am required to repatriate any cash dividends paid on shares of Common Stock acquired under the ESPP within such time as prescribed under applicable Indian exchange control laws, as may be amended from time to time. I understand I must obtain a foreign inward remittance certificate (“FIRC”) from the bank where I deposit the funds and must maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. I understand that it is my responsibility to comply with exchange control laws in India.

#### **Foreign Asset/Account Reporting Notification.**

I understand if I am an Indian resident I am required to declare any foreign bank accounts and any foreign financial assets (including shares of Common Stock acquired under the ESPP) in my annual tax returns. It is my responsibility to comply with this reporting obligation and I should consult my personal advisor in this regard.

### **IRELAND**

There are no country-specific provisions.

### **ISRAEL**

#### **Immediate Sale Restriction.**

Notwithstanding anything to the contrary in the ESPP or Enrollment/Change Form, due to tax requirements in Israel, the Company reserves the right to immediately sell shares of Common Stock acquired upon exercise of my options. If the Company forces the sale of shares acquired upon exercise of my options, I agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of the shares of Common Stock (on my behalf pursuant to this authorization) and I expressly authorize such broker to complete the sale of such shares. I acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the shares of Common Stock at any particular price. Upon the sale of the shares of Common Stock, the Company agrees to pay the cash proceeds from the sale, less any brokerage fees or commissions, to me provided any liability for Tax-Related Items resulting from the exercise of my options has been satisfied. Due to fluctuations in the share price and/or the U.S. dollar exchange rate between the purchase date and (if later) the date on which the shares are sold, the sale proceeds may be more or less than the market value of the shares on

the purchase date (which is the amount relevant to determining my tax liability). I understand and agree that the Company is not responsible for the amount of any loss I may incur and that the Company assumes no liability for any fluctuations in the share price and/or U.S. dollar exchange rate.

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Securities Law Information.

The offer to participate in the ESPP is being made pursuant to an exemption from the requirement to file and publish a prospectus in Israel regarding the ESPP obtained from the Israeli Securities Authority. Copies of the ESPP and the Form S-8 registration statement for the ESPP filed with the U.S. Securities and Exchange Commission will be made available by request. Alternatively, copies of the ESPP and the Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission will be available on the respective Fidelity online portal for employees.

**ITALY**ESPP Document Acknowledgment.

By enrolling and participating in the ESPP, I acknowledge that I have received a copy of the ESPP and the Enrollment/Change Form and have reviewed the ESPP and the Enrollment/Change Form in their entirety and fully understand and accept all provisions of the ESPP and the Enrollment/Change Form. I further acknowledge that I have read and specifically and expressly approve the Sections of the Enrollment/Change Form addressing (i) Responsibility for Taxes (Section 6), (ii) Imposition of Other Requirements (Section 11), and (iii) Governing Law (Section 12) and the Nature of Grant (Section 1) and Data Privacy (Section 2) of this Appendix.

Tax Notification.

I acknowledge I may be eligible to exempt up to EUR 2,065 per year of the discount from income tax and social insurance contributions, provided that I do not sell my shares of Common Stock purchased under the ESPP to the Company or to my Employer and I do not otherwise sell the shares of Common Stock within three (3) years of purchase. If I sell my shares of Common Stock purchased under the ESPP to the Company or my Employer or otherwise sell the shares of Common Stock within three (3) years of purchase, the previously exempted amount, if any, will be subject to income tax and social insurance contributions in the year of sale and I must notify my Employer of such sale. I should consult my personal tax advisor for additional information.

Foreign Asset/Account Reporting Notification.

Italian residents who, during any fiscal year, hold investments or financial assets outside of Italy (*e.g.*, cash, shares of Common Stock) which may generate income taxable in Italy (or who are the beneficial owners of such an investment or asset even if not directly holding the investment or asset), are required to report such investments or assets on the annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if not required to file a tax return).

Foreign Financial Asset Tax Notification.

The value of any shares of Common Stock (and certain other foreign assets) an Italian resident holds outside Italy may be subject to a foreign financial assets tax. The taxable amount is equal to the fair market value of the shares of Common Stock on December 31 or on the last day the shares of Common Stock were held (the tax is levied in proportion to the number of days the shares of Common Stock were held over the calendar year). The value of financial assets held abroad must be reported in Form RM of the annual tax return. I should consult my personal tax advisor for additional information about the foreign financial assets tax.

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**JAPAN**Limitation on Offering.

If I reside and/or work in Japan, my participation in the ESPP may be limited as a result of applicable securities laws. Specifically, the aggregate value of shares of Common Stock to be offered for purchase by all ESPP participants residing and/or working in Japan will be limited to less than an aggregate amount of ¥100,000,000 on an annual basis. It is also possible that certain other equity awards in Japan will count against this ¥100,000,000 threshold. If ESPP participants in the Japan elect to contribute more than this amount during any year, contribution rates will be prorated to ensure that this threshold is not exceeded.

If my participation is prorated, I understand that I will receive a notice from the Company explaining the proration.

Exchange Control Notification.

I understand if I am a Japanese resident and I pay more than ¥30,000,000 for the purchase of shares of Common Stock in any one transaction, I must file a Payment Report with the Ministry of Finance (through the Bank of Japan or the bank carrying out the transaction). The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan. If I acquire shares of Common Stock whose value exceeds ¥100,000,000 in a single transaction, I must also file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of acquiring the shares of Common Stock. The forms to make these reports can be acquired at the Bank of Japan.

A Payment Report is required independently of a Securities Acquisition Report. Consequently, if the total amount that I pay on a one-time basis to purchase shares exceeds ¥100,000,000, I must file both a Payment Report and a Securities Acquisition Report.

Foreign Asset/Account Reporting Notification.

I am required to report details of any assets held outside Japan as of December 31 (including shares of Common Stock acquired under the ESPP), to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 each year. I am advised to consult with my personal tax advisor to determine if the reporting obligation applies to my personal situation.

**MEXICO**No Entitlement or Claims for Compensation.

The following provisions supplement Section 1 of this Appendix.

Modification.

By participating in the ESPP, I understand and agree that any modification of the ESPP or the Enrollment/Change Form or its termination shall not constitute a change or impairment of the terms and conditions of my employment.

Policy Statement.

I acknowledge that the option to purchase shares of Common Stock is making under the ESPP is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

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I acknowledge that the Company, with registered offices at 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A., is solely responsible for the administration of the ESPP and participation in the ESPP and the acquisition of shares does not, in any way, establish an employment relationship between myself and the Company since I am participating in the ESPP on a wholly commercial basis, nor does it establish any rights between myself and the Employer.

Plan Document Acknowledgment.

By participating in the ESPP, I acknowledge that I have received copies of the ESPP, have reviewed the ESPP and the Enrollment/Change Form in their entirety and fully understand and accept all provisions of the ESPP and the Enrollment/Change Form.

In addition, by accepting the Enrollment/Change Form, I further acknowledge that I have read and specifically and expressly approved the terms and conditions in Section 1 of this Appendix, in which the following is clearly described and established: (i) participation in the ESPP does not constitute an acquired right; (ii) the ESPP and participation in the ESPP is offered by the Company on a wholly discretionary basis; (iii) participation in the ESPP is voluntary; and (iv) the Company and any Subsidiary are not responsible for any decrease in the value of the shares.

Finally, I hereby declare that I do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of my participation in the ESPP and therefore grant a full and broad release to the Employer, the Company and any Subsidiary with respect to any claim that may arise under the ESPP.

*Spanish Translation*

*Sin derecho a compensación o reclamaciones por compensación*

*Las siguientes disposiciones complementan la Sección 1 del Apéndice:*

*Modificación.*

*Al participar en el ESPP, entiendo y acuerdo que cualquier modificación el ESPP o al Contrato o su terminación no constituirá un cambio o perjuicio a los términos y condiciones de empleo.*

*Declaración de Política.*

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

*Reconozco que la Compañía, con oficinas registradas ubicadas en 2225 Lawson Lane, Santa Clara, CA 95054, EE.UU. es únicamente responsable de la administración del ESPP y la participación en el ESPP y la adquisición de acciones no establece, de forma alguna, una relación de trabajo entre la Compañía y yo, ya que estoy participando en el ESPP de una forma totalmente comercial, y tampoco establece ningún derecho entre el Patrón y yo.*

*Reconocimiento del Documento del ESPP.* *Al participar en el ESPP, reconozco que he recibido copias del ESPP, he revisado el ESPP y el Contrato en su totalidad y entiendo y acepto completamente todas las disposiciones contenidas en el ESPP y en el Contrato.*

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*Adicionalmente, al aceptar el Contrato, reconozco que he leído y específica y expresamente he aprobado los términos y condiciones de la Sección 1 del Apéndice, en la que lo siguiente está claramente descrito y establecido: (i) la participación en el ESPP no constituye un derecho adquirido; (ii) el ESPP y la participación en el ESPP es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el ESPP es voluntaria; y (iv) la Compañía y cualquier empresa Subsidiaria no son responsables por cualquier disminución en el valor de las acciones.*

*Finalmente, declaro que no me reservo ninguna acción o derecho para interponer cualquier demanda o reclamación en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de mi participación en el ESPP y, por lo tanto, otorgo el más amplio finiquito al Patrón, la Compañía y cualquier empresa Subsidiaria con respecto a cualquier demanda o reclamación que pudiera surgir en virtud del ESPP.*

## NETHERLANDS

### Labor Law Acknowledgment.

By enrolling in the ESPP, I acknowledge that the options and shares of Common Stock purchased under the ESPP are intended as an incentive for me to remain employed with the Company or Employer and are not intended as remuneration for labor performed.

## NEW ZEALAND

### Securities Law Notification.

**Warning:** This is an offer of options to purchase shares of Common Stock under the ESPP. Options to purchase shares of Common Stock under the ESPP give me the opportunity to acquire a stake in the ownership of the Company. I may receive a return if dividends are paid on the shares of Common Stock.

If the Company runs into financial difficulties and is wound up, I will be paid only after all creditors have been paid. I may lose some or all of my investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, I may not be given all the information usually required. I will also have fewer other legal protections for this investment.

I should ask questions, read all documents carefully, and seek independent financial advice before committing myself.

For information on risk factors impacting the Company's business that may affect the value of the shares of Common Stock, I should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov](http://www.sec.gov), as well as on the Company's "Investor Relations" website at <http://www.servicenow.com/company/investor-relations.html>.

## NORWAY

There are no country-specific provisions.

**SINGAPORE**Restriction on Sale of Shares of Common Stock.

I understand, to the extent I sell, offer to sell or otherwise dispose of shares of Common Stock purchased under the ESPP within six months of the beginning of the relevant Offering Period, I am permitted to dispose of such shares of Common Stock through the designated broker under the ESPP, if any, provided the resale of shares of Common Stock acquired under the ESPP takes place outside of Singapore through the facilities of a stock exchange on which the shares of Common Stock are listed. The shares are currently listed on New York Stock Exchange.

Securities Law Notification.

I understand that the option is being granted to me pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). I further understand that the ESPP has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. I understand and acknowledge that my option to purchase shares of Common Stock is subject to section 257 of the SFA and I am not permitted to sell, or offer to sell any shares of Common Stock in Singapore unless such sale or offer is made (i) within six months from the date of offering or (ii) pursuant to exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation.

I acknowledge that if I am a director, associate director or shadow director of a Singapore Subsidiary, I am subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when I receive an interest (e.g., an option or shares of Common Stock) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Common Stock are sold), or (iii) becoming a director, associate director or shadow director.

**SOUTH KOREA**Power of Attorney.

I am an employee working for a Subsidiary or affiliate of the Company in Korea (“ServiceNow Korea”), a corporation duly organized and existing under the laws of the Republic of Korea, and, by my election to participate in the Plan, I hereby appoint attorney-in-fact, ServiceNow Korea (including any successor entity), through its duly appointed representative, as my true and lawful representative, with full power and authority to do the following:

1. To prepare, execute and file any report/application and all other documents required for implementation of the ServiceNow, Inc. 2012 Employee Stock Purchase Plan (the “ESPP”) in Korea;
  2. To take any action that may be necessary or appropriate for implementation of the ESPP with the competent Korean authorities, including but not limited to the transfer of my payroll deductions through a foreign exchange bank; and
  3. To constitute and appoint, in its place and stead, and as its substitute, one or more representatives, with power of revocation.
-



I hereby ratify and confirm as my own act and deed all that such representative may do or cause to be done by virtue of this instrument.

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 value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end during the calendar year. I understand that I should consult with my personal tax advisor to determine how to value my foreign accounts for purposes of this reporting requirement and whether I am required to file a report with respect to such accounts.

**SPAIN**

Nature of Grant.

The following provision supplements Section 1 of this Appendix:

By completing the enrollment process and accepting the Enrollment/Change Form, I consent to participation in the ESPP and acknowledge that I have received a copy of the ESPP.

I understand that the Company has unilaterally, gratuitously and discretionally decided to offer participation in the ESPP to eligible employees of the Company or any Subsidiary. This decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any Subsidiary other than as expressly set forth in the Enrollment/Change Form. Consequently, I understand that the ESPP is offered on the assumption and condition that the ESPP and any shares of Common Stock issued upon exercise of this purchase right are not a part of any employment or service contract (either with the Company or any Parent or any Subsidiary) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever.

Further, I understand and agree that, unless otherwise expressly provided for by the Company or set forth in the ESPP or the Enrollment/Change Form, I will cease to be a Participant in the ESPP upon the termination of my status as an eligible employee for any reason (including for the following reasons) and my contributions to the ESPP shall cease and the amounts returned to me, without interest, as soon as administratively possible. Such reasons for termination include, but are not limited to resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985. The Company, in its sole discretion, shall determine the date when my status as an eligible employee has terminated for purposes of the right to purchase shares of Common Stock under the ESPP.

In addition, I understand that this grant would not be made to me but for the assumptions and conditions referred to above; thus, I acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any offer of the right to participate in the ESPP shall be null and void.

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Securities Law Notification.

The offer of the option to purchase shares of Common Stock described in the Enrollment/Change Form does not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the offer of the ESPP. The Enrollment/Change Form (including this Appendix) has not been, nor will it be, registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Foreign Asset/Account Reporting Notification.

To the extent that I hold assets (*e.g.*, shares of Common Stock, cash, etc.) in a bank or brokerage account outside of Spain with a value in excess of €50,000 per type of asset as of December 31 each year, I am required to report information on such rights and assets on my tax return for such year. Shares of Common Stock acquired under the ESPP constitute securities for purposes of this requirement, but unvested awards (*e.g.*, the right to purchase shares of Common Stock under the ESPP) will not be considered an asset for purposes of this requirement. If applicable, I must report the assets on Form 720 by no later than March 31 following the end of the relevant year. After such assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported assets increases by more than €20,000. Failure to comply with this reporting requirement may result in penalties to me. Accordingly, Spanish residents should consult with personal tax and legal advisors to ensure proper compliance with their reporting obligations.

Spanish residents are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities held in such accounts (including shares of Common Stock), if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000. I understand I should consult with my personal tax or legal advisor for further information regarding my exchange control reporting obligations.

Exchange Control Notification.

Spanish residents who acquire shares of Common Stock under the ESPP must declare such acquisition to the *Spanish Dirección General de Comercio e Inversiones* (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. Residents also must declare ownership of any shares of Common Stock by filing a Form D-6 with the Directorate of Foreign Transactions each January while such shares of Common Stock are owned. In addition, the sale of shares of Common Stock must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

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**SWEDEN**Responsibility for Taxes.

The following provisions supplement Section 6 of the Enrollment/Change Form:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Enrollment/Change Form, in enrolling in the ESPP I authorize the Company and/or the Employer to withhold shares of Common Stock or to sell shares of Common Stock otherwise deliverable to me upon purchase to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

**SWITZERLAND**Securities Law Notification.

The ESPP is not intended to be publicly offered in or from Switzerland. Because the offer of participation in the ESPP is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the ESPP (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or Employer or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (FINMA).

**United Kingdom**Responsibility for Taxes.

The following provisions supplement Section 6 of the Enrollment/Change Form:

Without limitation to Section 6 of the Enrollment/Change Form, I agree that I am liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or, if different, the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). I also agree to indemnify and keep indemnified the Company and, if different, the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on my behalf.

Notwithstanding the foregoing, if I am a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), I understand that I may not be able to indemnify the Company for the amount of any income tax not collected from or paid by me within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to me on which additional income tax and National Insurance contributions ("NICs") may be payable. I understand that I will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any NICs (including Employer NICs, as defined below) due on this additional benefit, which may also be recovered from me by any of the means referred to in Section 6 of the Enrollment/Change Form.

If I fail to comply with my obligations in connection with the income tax as described in this section, the Company may refuse to deliver the shares of Common Stock subject to the ESPP

National Insurance Contributions Acknowledgment.

As a condition of participation in the ESPP and the purchase of shares of Common Stock, I agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the option/purchase of shares and any event giving rise to Tax-Related Items (the “Employer NICs”). Without limitation to the foregoing, I agree to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the “Joint Election”), and any other required consent or election. I further agree to execute such other joint elections as may be required between me and any successor to the Company and/or the Employer. I further agree that the Company and/or the Employer may collect the Employer NICs from me by any of the means set forth in section 6 of the Enrollment/Change Form.

If I do not enter into a Joint Election prior to purchasing shares or if approval of the Joint Election has been withdrawn by HMRC, the option shall become null and void without any liability to the Company and/or the Employer and I may not purchase shares under the ESPP.

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**SPECIAL NOTICE FOR EMPLOYEES IN DENMARK  
EMPLOYER STATEMENT**

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended effective January 1, 2019 (the “Stock Option Act”), you are entitled to receive the following information regarding participation in the ServiceNow, Inc. 2012 Employee Stock Purchase Plan (the “ESPP”) in a separate written statement.

This statement contains only the information mentioned in the Stock Option Act, while the other terms and conditions of your grant of stock options to purchase shares of the common stock of ServiceNow, Inc. (the “Company”) are described in detail in the ESPP, the Enrollment/Change Form and the applicable country-specific supplement, which have been made available to you.

**1. Time of grant of right to purchase stock**

Provided always that at the relevant time you are eligible to participate in the ESPP, at the beginning of successive six (6)-month offering periods, the Company will grant you a right to purchase shares of stock in the Company that may be exercised on the last day of each offering period.

**2. Terms or conditions for grant of a right to future purchase of stock**

The ESPP is offered at the discretion of the Company’s Board of Directors.

**3. Purchase Date**

If you are employed by the Company or one of its participating subsidiaries or affiliates on the last day of an offering period, shares of common stock will automatically be purchased for you with your accumulated payroll deductions. If shares are purchased for you at the end of an offering period, the number of shares purchased will depend on the purchase price, the amount of your accumulated payroll deductions and the share purchase limits in the ESPP. You will be the immediate owner of the common stock purchased with your accumulated payroll deductions and, subject to the limitations in the ESPP, you may sell your shares of common stock purchased under the ESPP at any time, subject to any Company insider trading restrictions.

**4. Purchase Price**

The purchase price per share is the lower of 85% of the fair market value of the Company’s common stock on the first market day of the offering period or on the date the stock purchase right is exercised, *i.e.*, the last market day of the offering period.

**5. Your rights upon termination of employment**

Termination of your employment for any reason, including retirement, death, disability, or the failure to remain an eligible employee under the ESPP, immediately terminates your participation in the ESPP. In such event, accumulated payroll deductions credited to your account will be returned to you or, in the case of your death, to your legal representative, without interest (except to the extent required due to local legal requirements).

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## 6. Financial aspects of participating in the ESPP

Aside from the payroll deductions which will start after you enroll in the ESPP, the ESPP offering has no immediate financial consequences for you. The value of the purchase rights and the value of the shares purchased for you under the ESPP are not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stocks will always have financial risk. The possibility of profit at the time you sell your shares will not only be dependent on the Company's financial development, but inter alia also on the general development on the stock market. In addition, after you purchase shares, the shares could decrease in value even below the purchase price.

SERVICENOW, INC.  
2225 Lawson Lane  
Santa Clara, CA 95054  
U.S.A.

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**SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK  
ARBEJDSGIVERERKLÆRING**

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret pr. 1. januar 2019 ("Aktieoptionsloven") er du berettiget til i en særskilt skriftlig erklæring at modtage følgende oplysninger om deltagelse i ServiceNow, Inc.'s medarbejderaktieordning - 2012 *Employee Stock Purchase Plan* ("ESPP-planen").

Denne erklæring indeholder kun de oplysninger, der er nævnt i Aktieoptionsloven, mens de øvrige vilkår og betingelser for din tildeling af aktieoptioner til køb af ordinære aktier i ServiceNow, Inc. ("Selskabet") er nærmere beskrevet i ESPP-planen, Tilmeldings-/Ændringsblanketten (*Enrollment/Change Form*) og det gældende landespecifikke tillæg, som du har modtaget.

**1. Tidspunkt for tildeling af retten til at købe aktier**

Forudsat at du er berettiget til at deltage i ESPP-planen på det pågældende tidspunkt vil Selskabet ved påbegyndelsen af successive tilbudsperioder på seks (6) måneder tildele dig retten til at købe aktier i Selskabet, som kan udøves på den sidste dag i hver tilbudsperiode.

**2. Kriterier og betingelser for tildeling af retten til senere at købe aktier**

ESPP-planen tilbydes efter Selskabets bestyrelses eget skøn.

**3. Købsdato**

Hvis du er ansat i Selskabet eller i et af de deltagende datterselskaber eller en af de deltagende tilknyttede virksomheder på den sidste dag i en tilbudsperiode, vil der automatisk blive købt ordinære aktier til dig for det akkumulerede beløb, der er fratrasket dine nettolønudbetalinger. Hvis der købes aktier til dig ved udløbet af en tilbudsperiode, vil antallet af købte aktier afhænge af købskursen, størrelsen på det akkumulerede beløb, der er fratrasket dine nettolønudbetalinger, samt af de begrænsninger for aktiekøb, der er fastsat i ESPP-planen. Du vil blive indehaver af de ordinære aktier, der er købt for det akkumulerede beløb, der er fratrasket dine nettolønudbetalinger, og du kan, med de begrænsninger, der følger af ESPP-planen, til enhver tid sælge de ordinære aktier, som du har købt i henhold til ESPP-planen, med forbehold for eventuelle begrænsninger i Selskabets regler om insiderhandel.

**4. Købskurs**

Købskursen pr. aktie er den værdi, der er lavest af 85 % af kursværdien af Selskabets ordinære aktier på enten den første handelsdag i tilbudsperioden eller på den dato, hvor retten til at købe aktier udøves, dvs. den sidste handelsdag i tilbudsperioden.

**5. Din retsstilling i forbindelse med fratræden**

Opsigelse af din ansættelse, uanset årsagen hertil, herunder pensionering, død, invaliditet eller den manglende fortsatte opfyldelse af at forblive en berettiget medarbejder under ESPP'en, medfører øjeblikkeligt ophør af din deltagelse i ESPP. I et sådant tilfælde vil akkumulerede løntræks beløb krediteret til din konto blive returneret til dig, eller i tilfælde af din død, til din juridiske repræsentant, uden renter (bortset fra i det omfang, det er påkrævet af lokale juridiske krav).

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## 6. Økonomiske aspekter ved at deltage i ESPP-planen

Bortset fra de fradrag i dine nettolønudbetalinger, som påbegynder, når du er blevet tilmeldt ESPP-planen, har deltagelsen i ESPP-planen ingen umiddelbare økonomiske konsekvenser for dig. Værdien af købsretten og af de aktier, der købes til dig i henhold til ESPP-planen, indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Muligheden for at opnå en gevinst, når du sælger dine aktier, afhænger ikke alene af Selskabets økonomiske udvikling, men også af den generelle udvikling på aktiemarkedet. Derudover kan aktierne efter købet falde til en værdi, der måske endda ligger under købskursen.

SERVICENOW, INC.  
2225 Lawson Lane  
Santa Clara, CA 95054  
U.S.A.

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## SERVICENOW, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN

### Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to participate in the Employee Stock Purchase Plan pursuant to the 2012 Employee Stock Purchase Plan (the “**ESPP**”), and

B. ServiceNow, Inc., 2225 Lawson Lane, Santa Clara, CA 95054, U.S.A. (the “**Company**”), which may grant options under the ESPP and is entering into this Election on behalf of the Employer.

#### **Introduction**

This Election relates to the options granted to the Employee under the ESPP on or after June 19, 2012, up to the termination date of the ESPP.

In this Election the following words and phrases have the following meanings:

“**Chargeable Event**” means, in relation to the ESPP:

- the acquisition of securities pursuant to the options (within section 477(3)(a) of ITEPA);
- the assignment (if applicable) or release of the options in return for consideration (within section 477(3)(b) of ITEPA);
- the receipt of a benefit in connection with the options, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);
- post-acquisition charges relating to the shares acquired pursuant to the ESPP (within section 427 of ITEPA); and/or
- post-acquisition charges relating to the shares acquired pursuant to the ESPP (within section 439 of ITEPA).

TEPA” means the Income Tax (Earnings and Pensions) Act 2003.

SSCBA” means the Social Security Contributions and Benefits Act 1992.

This Election relates to the employer's secondary Class 1 National Insurance Contributions (the “**Employer's Liability**”) which may arise on the occurrence of a Chargeable Event in respect of the ESPP pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

his Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

### **The Election**

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that, by signing or electronically accepting this Election, he or she will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

### **Payment of the Employer's Liability**

a. The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:

- i. by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- i. directly from the Employee by payment in cash or cleared funds; and/or
- i. by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive pursuant to the options, the proceeds of which must be delivered to the Employer in sufficient time for payment to be made to HMRC by the due date; and/or
- /. where the proceeds of the gain are to be made through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive pursuant to the options, such amount to be paid in sufficient time to enable the Company to make payment to HMRC by the due date; and/or
- /. through any other method as set forth in the applicable Enrollment/Change Form entered into between the Employee and the Company.

b. The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the ESPP until full payment of the Employer's Liability is received.

c. The Company agrees to remit the Employer's Liability to HM Revenue & Customs on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

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**Duration of Election**

- a. The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.
- b. This Election will continue in effect until the earliest of the following:
  - i. the Employee and the Company agree in writing that it should cease to have effect;
  - ii. on the date the Company serves written notice on the Employee terminating its effect;
  - iii. on the date HMRC withdraws approval of this Election; or
  - iv. after due payment of the Employer's Liability in respect of the ESPP to which this Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

**Acceptance by the Employee**

**The Employee acknowledges that by accepting enrolling in the ESPP where indicated on the Fidelity enrollment page, the Employee agrees to be bound by the terms of this Election as stated above.**

**Acceptance by the Company**

**The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.**

Signature for and on  
behalf of the Company \_\_\_\_\_

Name Russell Elmer

Position General Counsel

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**SCHEDULE OF EMPLOYER COMPANIES**

The following are employer companies to which this Election may apply:

**Service-Now.com UK Limited**

Registered Office:	Strada Building, 1Bridge Street, Ground Floor & 1st Floor, Staines TW18 4TP, United Kingdom
Company Registration Number:	6299383
Corporation Tax District:	201 South London
Corporation Tax Reference:	201 63597 20602
PAYE Reference:	581/LA08194

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, William R. McDermott, certify that:

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

Date: July 29, 2020

/s/ William R. McDermott

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William R. McDermott  
*President, Chief Executive Officer and Director*  
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Gina Mastantuono, certify that:

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

Date: July 29, 2020

/s/ Gina Mastantuono

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Gina Mastantuono  
*Chief Financial Officer*  
(Principal Financial Officer)

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

I, William R. McDermott, Chief Executive Officer of ServiceNow, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: July 29, 2020

/s/ William R. McDermott

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William R. McDermott  
*President, Chief Executive Officer and Director*  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Gina Mastantuono, Chief Financial Officer of ServiceNow, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: July 29, 2020

/s/ Gina Mastantuono

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Gina Mastantuono  
*Chief Financial Officer*  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to ServiceNow, Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.