

SFDC UK LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JANUARY 2008

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SFDC UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 January 2008

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SFDC UK LIMITED

COMPANY INFORMATION

DIRECTORS	Rafael E Brown (US)
	Simon Arthur Corley (UK)
	Jose Luiz Moura Neto (Brazil)

SECRETARY	Simon Corley (UK)
	Abogado Nominees Limited

REGISTERED OFFICE	Lotus Two, Lotus Park Kingsbury Crescent The Causeway, Staines Middlesex TW18 3BA United Kingdom
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REGISTERED NUMBER OF INCORPORATION	5094083
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SOLICITORS	Baker & McKenzie 100 New Bridge Street London EC4V 6JA United Kingdom
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BANKERS	Deutsche Bank AG 6 Bishopsgate London EC2N 4DA
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AUDITORS	Ernst & Young Chartered Accountants Annaville House Newtown Waterford
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SFDC UK LIMITED

DIRECTORS' REPORT
for the year ended 31 January 2008

The directors present their report and financial statements for the year 31 January 2008

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

SFDC UK Limited (the "Company") provides software as a service (SaaS) and other consulting and support services to assist organisations in the easy distribution of information to customers. In addition, the Company assists other parties in the sale of similar products and services via the provision of sales support, marketing, technical support and other support services.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 JANUARY 2008

The profit and loss account for the year ended 31 January 2008, and the balance sheet as at that date are set out on pages 6 and 7, respectively. The profit on ordinary activities for the year amounted to £1,376,924 (2007 - loss £379,685).

DIVIDENDS AND RETENTION

The directors of the Company do not propose the payment of a dividend therefore an amount of £1,376,924 is credited to reserves.

IMPORTANT EVENTS SINCE YEAR END

There are no events requiring comment.

DIRECTORS

The directors are noted on page 1.

Olivier Kettler (Switzerland) was appointed to the board on 1 March 2007, and resigned from the board on 28 September 2007.

Jose Luiz Moura Neto (Brazil) was appointed to the board on 28 September 2007.

Klaus-Guenter Lemke (Germany) resigned from the board on 1 March 2007.

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARES

The interests of the directors and secretary in the share capital of the Company are set out in Note 14 to the financial statements.

SFDC UK LIMITED

DIRECTORS' REPORT**For the year ended 31 January 2008 (continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

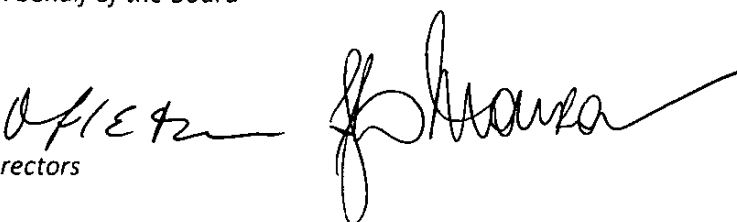
POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no contributions to political parties during the year. Charitable contributions were insignificant.

AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as Auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board


Directors

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SFDC UK LIMITED**

We have audited the company's financial statements for the year ended 31 January 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

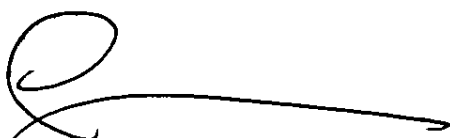
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985



Chartered Accountants and Registered Auditors,
Annville House,
Newtown,
Waterford

21 October 2008

SFDC UK LIMITED


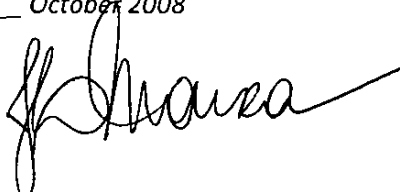
PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2008

	Note	Year ended 31 January 2008 £	Year ended 31 January 2007 £
Turnover - continuing activities	2	21,056,273	13,089,683
Distribution costs		(16,094,356)	(10,938,603)
Administrative expenses		(3,572,012)	(2,520,987)
Operating profit/(loss) - continuing activities	4	1,389,905	(369,907)
Interest payable and similar charges	5	(12,981)	(9,778)
Profit/(loss) on ordinary activities before taxation		1,376,924	(379,685)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit retained/(loss absorbed) for the financial year		<u>1,376,924</u>	<u>(379,685)</u>

Recognised gains or losses:

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £1,376,924 for the year ended 31 January 2008 (year ended 31 January 2007 - loss £379,685), therefore a separate statement of total recognised gains or losses has not been prepared

Approved by the Board on 10 October 2008

Directors

SFDC UK LIMITED

BALANCE SHEET
at 31 January 2008

	Note	31 January 2008 £	31 January 2007 £
ASSETS EMPLOYED			
FIXED ASSETS			
Tangible fixed assets	7	6,160	5,819
Financial assets	8	2,747	2,747
		<u>8,907</u>	<u>8,566</u>
CURRENT ASSETS			
Debtors	9	8,469,555	9,659,365
CREDITORS (amounts falling due within one year)	10	(4,085,563)	(8,413,163)
NET CURRENT ASSETS		<u>4,383,992</u>	<u>1,246,202</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,392,899</u>	<u>1,254,768</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	4,392,898	1,254,767
Shareholders' funds	12	<u>4,392,899</u>	<u>1,254,768</u>

Approved by the Board on 10 October 2008

 Directors
 

NOTES TO THE FINANCIAL STATEMENTS**31 January 2008****1 ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements of SFDC UK Limited (the "Company") are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable UK accounting standards

(b) Foreign currencies

The financial statements are expressed in British pounds (£)

Transactions during the year denominated in foreign currencies have been translated at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

(c) Cash flow statement

Financial Reporting Standard Number 1 (Revised 1996), "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The Company has availed of this exemption.

(d) Revenue recognition

The Company derives its revenue from the Services Agreements in place with salesforce com Sàrl, the Company's immediate holding company based in Switzerland. The Company invoices salesforce com Sàrl for all expenses incurred in representing salesforce com in the UK and South Africa. Revenue is not deferred and is recognised in the period to which it refers.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

1 ACCOUNTING POLICIES (continued)

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets over their useful lives by equal annual instalments. The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated is as follows

Fixtures and fittings	5 years
Computer hardware	3 years
Computer software	3 years

(f) Operating leases

Rentals in respect of assets held under operating leases are charged to the profit and loss account in the period to which the rentals relate

(g) Pension costs

The Company provides pension arrangements to the majority of employees through a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS**31 January 2008 (continued)****1 ACCOUNTING POLICIES (continued)****(i) *Share-based payments - Equity settled transactions***

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the directors using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2 TURNOVER

Turnover, which is stated net of sales taxes, and operating results derive from one continuing activity, the provision of software as a service (SaaS) and other consulting and support services to assist organisations in the easy distribution of information to customers.

Turnover by class of business and geographical market is not relevant due to the nature of the revenue.

SFDC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

3 EMPLOYEES AND REMUNERATION

The average number of people employed by the Company, including executive directors during the year was 98 (2007 - 57)

	Year ended 31 January 2008 £	Year ended 31 January 2007 £
<i>The staff costs comprise</i>		
Wages and salaries	11,040,323	7,668,843
Social welfare costs	1,990,542	1,172,071
Pension costs	500,140	357,384
Share based payments	1,602,206	1,151,678
	<u>15,133,211</u>	<u>10,349,976</u>

	Year ended 31 January 2008 £	Year ended 31 January 2007 £
4 OPERATING PROFIT/(LOSS)		
<i>This is stated after charging</i>		
Directors' remuneration	158,106	146,120
Auditors' remuneration	16,750	16,000
Depreciation	2,970	2,731
Operating lease rentals - land and buildings	307,889	232,874
- other	23,311	-
	<u>408,026</u>	<u>397,725</u>

	Year ended 31 January 2008 £	Year ended 31 January 2007 £
5 INTEREST PAYABLE AND SIMILAR CHARGES		
Bank overdraft and other interest	<u>12,981</u>	<u>9,778</u>

SFDC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

	Year ended 31 January 2008 £	Year ended 31 January 2007 £
6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
<i>(a) Analysis of charge for the year</i>		
<i>Based on the results for the year</i>		
<i>Current tax</i>		
Corporation tax on profit for the year	-	-
<i>Total current tax (Note 6 (b))</i>	-	-
<i>(b) Factors affecting tax charge for the year</i>		
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom (30%) The differences are explained below		
	£	£
Profit/(loss) on ordinary activities before taxation	1,376,924	(379,685)
(Loss)/profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom of 30%	413,077	(113,906)
<i>Effects of</i>		
Losses forward	451,537	113,906
Permanent differences	(871,357)	-
Accelerated capital allowances	5,110	-
Other timing differences	1,633	-
<i>Current tax charge for year (Note 6 (a))</i>	-	-

SFDC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

The Company has an unrecognised deferred tax asset of £1,470,000 (2007 - £1,042,000) which relates principally to unutilised tax losses. The Company has not recognised the deferred tax asset as it does not expect to make taxable profits in the foreseeable future.

		<i>Computer Hardware</i> £	<i>Total</i> £
7	TANGIBLE FIXED ASSETS		
	<i>Cost</i>		
	At 1 February 2007	8,550	8,550
	Additions during year	3,131	3,131
		<hr/>	<hr/>
	At 31 January 2008	11,681	11,681
		<hr/>	<hr/>
	<i>Accumulated depreciation</i>		
	At 1 February 2007	2,731	2,731
	Charge for the year	2,790	2,790
		<hr/>	<hr/>
	At 31 January 2008	5,521	5,521
		<hr/>	<hr/>
	<i>Net Book Value</i>		
	At 31 January 2008	6,160	6,160
		<hr/>	<hr/>
	At 31 January 2007	5,819	5,819
		<hr/>	<hr/>
8	FINANCIAL FIXED ASSETS		
	<i>Unlisted investments at cost</i>		
	Shares in group company	2,747	2,747
		<hr/>	<hr/>
		<i>31 January 2008</i> £	<i>31 January 2007</i> £

In the opinion of the directors, the value of the unlisted investment is not less than the book amount shown above.

SFDC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

	31 January 2008 £	31 January 2007 £
9 DEBTORS (amounts falling due within one year)		
Trade debtors	17,409	140,190
VAT	138,898	69,326
Amounts due from group companies	8,159,394	9,296,393
Prepayments and accrued income	153,854	153,456
	<u>8,469,555</u>	<u>9,659,365</u>
10 CREDITORS (amounts falling due within one year)		
Trade creditors	98,253	329,296
PAYE and NI	1,510,311	452,584
Amounts due to group companies	118,979	6,239,992
Accruals	2,372,162	1,396,867
Corporation tax	(14,142)	(12,556)
Bank overdraft	-	6,980
	<u>4,085,563</u>	<u>8,413,163</u>
11 CALLED UP SHARE CAPITAL		
<i>Authorised</i>		
1,000 ordinary share of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

SFDC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	Share Capital £	Profit and Loss Account £	Total Shareholders' Funds £
	At 1 February 2007	1	1,254,767	1,254,768
	Profit for the year	-	1,376,924	1,376,924
	Share based payments	-	1,761,207	1,761,207
	At 31 January 2008	1	4,392,898	4,392,899

13 SHARE BASED PAYMENTS

The Company, through its ultimate parent, salesforce com, inc , operates a number of share option plans (collectively, the "Options Plans" All employees are entitled to a grant of options once they commence employment Options granted under the Option Plans generally vest 25% after the first year of service and rateably each month over the remaining 36-month period contingent upon employment with the Company or group on the date of vest

The expense recognised for share-based payments in respect of employee services received during the year to 31 January 2008 is £1,602,206 (2007 - £1,151,678)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

The exercise price disclosures are given in US\$ as this is the currency in which the options are exercisable and the underlying stocks are quoted

	2008 No	2008 WAEP US\$	2007 No	2007 WAEP US\$
Outstanding at start of year	1,464,248		1,370,562	
Granted during the year	152,228	51 58	384,069	35 14
Forfeited during the year	(57,601)	25 37	(43,192)	28 27
Exercised during the year	(245,353)	49 33	(247,191)	37 30
Outstanding at end of year	1,313,522		1,464,248	

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

13 SHARE BASED PAYMENTS (continued)

The opening and, consequently, the closing number of share options in issue and exercisable are not disclosed for administrative reasons. This information is available for the entire group but not by individual entity. Group accounts are available as disclosed at note 18.

The weighted average remaining contractual life of options outstanding at year end was seven years.

Options are exercised on a regular basis throughout the year.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted.

The Company estimated its future stock price volatility considering both observed option-implied volatilities and historical volatility calculations for both the Company and a group of peer comparable companies. Management believes this is the best estimate of the expected volatility over the four year weighted average expected life of its option grants. As of 31 January 2007, the Company's estimate of its future stock price volatility is 46%.

The risk-free rate for periods within the contractual life of the option is based on the rate for a four year U.S. government security at the time of the option grant.

The following table lists the inputs to the model used for the years ended 31 January 2008, and 31 January 2007.

	2008	2007
Dividend yield (%)	-	-
Expected share price volatility (%)	46-47%	46-50%
Risk-free interest rate (%)	3.32%	4.42%
Expected life of option (years)	4 years	4 years
Weighted average share price	\$20.49	\$14.92

NOTES TO THE FINANCIAL STATEMENTS

31 January 2008 (continued)

14 DIRECTORS' AND SECRETARY'S INTERESTS IN SHARE CAPITAL

The directors who served throughout the year had no interest in the share capital of the Company during the year

<i>Share options</i>		<i>No at start of period</i>	<i>Awarded in period</i>	<i>Exercised during period</i>	<i>No at 31 Jan 2008</i>	<i>Exercise price</i>
Rafael E Brown (US)	(1)	8,750	-	-	8,750	US\$15
	(2)	9,150	-	-	9,150	US\$29 35
Simon Arthur Corley	(1)	1,000	-	-	1,000	US\$4
	(2)	1,151	-	-	1,151	US\$13 73
	(3)	1,375	-	-	1,375	US\$29 35
	(4)	610	-	-	610	US\$8
	(5)	-	9,750	-	9,750	US\$52 48
Jose Luis Moura Neto	(1)	-	15,000	-	15,000	US\$49 81

All of the share options are for shares in salesforce com, inc , the ultimate controlling party and the parent undertaking of both the largest and smallest group of undertakings of which the Company is a member

15 COMMITMENTS AND CONTINGENCIES

Operating leases

The Company has non-cancellable operating lease commitments payable of £82,726 which expires as follows

	<i>Land and buildings £</i>
Within one year	<u>82,726</u>

NOTES TO THE FINANCIAL STATEMENTS**31 January 2008 (continued)****16 PENSIONS**

The group operates a defined contribution pension scheme in which the majority of employees participate. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the scheme and amounted to £500,140. Unpaid contributions outstanding at the year end amounted to £97,698.

17 RELATED PARTY TRANSACTIONS

Financial Reporting Standard Number 8, "Related Party Disclosures" exempts subsidiary undertakings from the requirement to give details of transactions with group entities where 90% or more of the voting rights are controlled by a group that prepares consolidated financial statements in which the subsidiary undertaking's results are included. The Company has availed of this exemption.

18 CONTROLLING PARTIES

The Company's immediate parent company is salesforce com Sarl, a company incorporated in Switzerland. The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up, is salesforce com, inc, a company incorporated in the United States of America. Copies of salesforce com, inc's consolidated financial statements may be obtained from salesforce com, inc, The Landmark@One Market Street, Suite 300, San Francisco, CA 94105, United States of America.

19 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 10 October 2008.
