

**SFDC UK LIMITED**

**REGISTERED NUMBER OF INCORPORATION:  
5094083**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2011**

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**SFDC UK LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 January 2011**

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**COMPANY INFORMATION**

<b>DIRECTORS</b>	Rafeal E. Brown (US) Jose Luiz Moura Neto (Brazil)
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<b>SECRETARY</b>	Jose Luiz Moura Neto (Brazil) Abogado Nominees Limited
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<b>REGISTERED OFFICE</b>	Block 2 Lotus Park The Causeway Staines, Middlesex TW18 3BA United Kingdom
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<b>REGISTERED NUMBER OF INCORPORATION</b>	5094083
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<b>SOLICITORS</b>	Baker & McKenzie London 100 New Bridge Street London EC4V 6JA United Kingdom
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<b>BANKERS</b>	Deutsche Bank AG 6 Bishopsgate London EC2N 4DA United Kingdom
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<b>AUDITORS</b>	Ernst & Young Chartered Accountants Annville House Newtown Waterford Ireland
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**SFDC UK LIMITED**  
**REGISTERED NUMBER OF INCORPORATION 5094083**

**DIRECTORS' REPORT**  
**For the year ended 31 January 2011**

The Directors present their report and financial statements of SFDC UK Limited (the "Company") for the year ended 31 January 2011.

The Company's immediate parent company is salesforce.com Sàrl, 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. The Company is a member of the salesforce.com group of companies (the "Group").

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

*Review of the business*

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.

The Company's key financial and other performance indicators during the year were as follows:

	FY11 £ '000	FY10 £ '000	Change %
Turnover	43,576	34,436	27%
Total operating expenses	(41,384)	(32,717)	26%
Operating income	2,192	1,719	27%
Profit before taxation	2,492	2,011	24%
Shareholders' funds	17,162	14,669	17%
Average number of employees	170	152	12%

The profit and loss account for the year ended 31 January 2011, and the balance sheet as at that date are set out on pages 8 and 9, respectively. The profit on ordinary activities for the year amounted to £2,492,149 (2010 – profit £2,010,757).

The full year result demonstrates that the movement to Cloud Computing is driving growth for the Company. The Sales Cloud, Service Cloud, and Custom Cloud businesses have delivered outstanding results.

*Principal risks and uncertainties*

Under UK Company Law (Section 417 – Companies Act 2006), the Company is required to give a description of the principal risks and uncertainties faced:

- In the short term, in light of illiquidity in the financial markets, the cost of funds may increase

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**DIRECTORS' REPORT**

**For the year ended 31 January 2011 (continued)**

- The Company has policies in place, such that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The Company benefits from the Group's comprehensive credit insurance coverage.
- The Company aims to mitigate liquidity risk by managing cash generation via its operations and the continuing support of the ultimate parent company, salesforce.com, inc.
- The Company manages its cash flow risk, where significant, by the use of derivatives and other financial instruments.

**DIVIDENDS AND RETENTION**

The Directors of the Company do not propose the payment of a dividend. Therefore, the amount of £2,492,149 is credited to reserves.

**EVENTS SINCE THE BALANCE SHEET DATE**

There are no events requiring comment.

**THE COMPANY AND THE ENVIRONMENT**

The Company is committed to conducting its activities with due care and regard for the environment and to continual improvement to achieve a high standard of environmental performance. The Company is committed to managing and reducing its greenhouse gas emissions and their contribution to climate change and to managing and reducing its water consumption and ensuring that all its wastewater is treated to the highest environmental standards. The Company is committed to reducing quantities of waste produced and actively uses recyclable products.

**FUTURE DEVELOPMENTS**

There are no developments requiring comment.

**GOING CONCERN**

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and, therefore, consider it appropriate to prepare the financial statements on the going concern basis.

**PAYMENT OF SUPPLIERS**

Suppliers are paid from salesforce.com's shared services centre, initially located in Switzerland and outsourced to the Philippines in July 2010. The policy of the Group is to abide by such payment terms as agreed with suppliers. At the balance sheet date, there were 18 days purchases outstanding (2010 - 38 days) calculated on the ratio of trade creditors to total purchases.

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**DIRECTORS' REPORT**  
**For the year ended 31 January 2011 (continued)**

**DIRECTORS**

The Directors who held office throughout the year are noted on page 1.

**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.

**DISABLED EMPLOYEES**

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or in an alternative position and provide appropriate training to achieve this aim.

**EMPLOYEE INVOLVEMENT**

The Company aims to improve the performance of the organisation through the development of its employees. Employee involvement is encouraged by means of team working, workers committees and working parties.

Where deemed necessary by management, employees or their representative views are taken into account in making decisions which are likely to affect employees' interests.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

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

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

The Directors in office at the date of this Report have each confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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**DIRECTORS' REPORT**  
**For the year ended 31 January 2011 (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the financial statements of the Company 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

**RE-APPOINTMENT OF AUDITORS**

The auditors, Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as auditors of the Company. Per S.485 of the Companies Act 2006, a resolution proposing their reappointment will be submitted at the Annual General Meeting.

*On behalf of the Board*

  
Directors J L MOURA NETO

  
R E BROWN



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

We have audited the financial statements of SFDC UK Limited (the "Company") for the year ended 31 January 2011, which comprise the profit and loss account, the movements on the profit and loss account, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in the preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### ***Respective responsibilities of Directors and Auditors***

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements of the Company and for being satisfied that they give a true and fair view of the state of affairs of the Company. Our responsibility is to audit the financial statements of the Company in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### ***Scope of the audit of the financial statements***

An audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Company's circumstances and whether they have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the Directors, and
- the overall presentation of the financial statements

### ***Opinion on financial statements***

In our opinion, the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 January 2011, and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### ***Opinion on other matters prescribed by the Companies Act 2006***

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements of the Company.



***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of the Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



William Galloway  
(Senior statutory auditor)

for and on behalf of Ernst & Young, Statutory Auditor

Annaville House  
Newtown  
Waterford  
Republic of Ireland

20 October 2011

## SFDC UK LIMITED

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 January 2011**

	<i>Note</i>	Year ended 31.01.2011 £	Year ended 31.01.2010 £
Turnover - continuing activities	2	43,576,326	34,436,168
Distribution costs		(33,187,992)	(26,323,820)
Administrative expenses		(8,196,614)	(6,393,530)
Operating profit - continuing activities	4	2,191,720	1,718,818
Interest receivable/(payable) and similar charges	5	300,429	291,939
Profit on ordinary activities before taxation		2,492,149	2,010,757
Tax on profit on ordinary activities	6	0	0
Profit retained for the financial year		2,492,149	2,010,757


**Recognised gains or losses:**

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company in the amount of £2,492,149 for the year ended 31 January 2011 (year ended 31 January 2010 – profit £2,010,757) Therefore, a separate statement of total recognised gains or losses has not been prepared.

Approved by the Board on September 30, 2011

Directors


  
 R E BROWN


  
 J L MOURA NETO

**SFDC UK LIMITED****BALANCE SHEET  
at 31 January 2011**

	Note	31.01.2011 £	31.01.2010 £
<b>ASSETS EMPLOYED</b>			
<b>FIXED ASSETS</b>			
Tangible fixed assets	7	1,249,152	1,569,662
Financial assets	8	<u>2,747</u>	<u>2,747</u>
		<u>1,251,899</u>	<u>1,572,409</u>
<b>CURRENT ASSETS</b>			
Debtors	9	16,303,261	12,239,984
Cash and bank		<u>7,021,423</u>	<u>5,803,602</u>
		23,324,684	18,043,586
CREDITORS (amounts falling due within 1 year)	10	(7,414,946)	(4,946,507)
NET CURRENT ASSETS		<u>15,909,738</u>	<u>13,097,079</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,161,637</u>	<u>14,669,488</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1	1
Profit and loss account	12	<u>17,161,636</u>	<u>14,669,487</u>
Shareholders' funds	12	<u>17,161,637</u>	<u>14,669,488</u>

Approved by the Board on September 30, 2011

  
Directors  
J L MOURA NETO

  
R E BROWN

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011****1. ACCOUNTING POLICIES***(a) Basis of preparation*

The financial statements 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 (£).

In the past, the majority of the transactions were settled in Euro (€). The accounting records were kept in the functional currency, the Euro, and the presentation currency has been the British pound. From 1<sup>st</sup> February 2009, the Company has changed the functional currency from Euro to British pounds, as the majority of the transactions have been settled 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 British pounds 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 Services Agreements in place with salesforce.com Sàrl, the Switzerland based immediate parent company. 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

*(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 life 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

## NOTES TO THE FINANCIAL STATEMENTS

### 31 January 2011 (continued)

#### 1. ACCOUNTING POLICIES (continued)

##### (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 recognized 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 recognized 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.

##### (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 when 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 to represent the extent to which the vesting period has expired and also to reflect management's best estimate of the achievement or otherwise of non-market conditions. The movement in cumulative expenses since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 January 2011 (continued)

#### 1. ACCOUNTING POLICIES (continued)

##### (i) *Share-based payments - Equity-settled transactions (continued)*

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

#### 3. EMPLOYEES AND REMUNERATION

The average number of people employed by the Company, including Executive Directors during the year was 170 (2010 – 152).

	Year ended 31.01.2011 £	Year ended 31.01.2010 £
<i>The staff costs comprise:</i>		
Wages and salaries	23,409,844	18,690,402
Social welfare costs	3,937,426	2,927,484
Pension costs	891,397	699,585
Share based payments	4,196,920	3,172,937
	<u>32,435,587</u>	<u>25,490,408</u>

## SFDC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)**

	Year ended 31 01 2011 £	Year ended 31.01.2010 £
4. OPERATING PROFIT		
<i>This is stated after charging:</i>		
Directors' remuneration	190,698	43,199
Auditors' remuneration	32,355	27,299
Depreciation	391,749	380,499
Operating lease rentals:		
- land and buildings	717,587	840,255
- other	81,409	20,887
	Year ended 31.01.2011 £	Year ended 31.01.2010 £
5. INTEREST INCOME/(EXPENSES)		
Interest receivable from parent undertaking	309,317	295,905
Bank overdraft and other interest	(8,888)	(3,966)
	<u>300,429</u>	<u>291,939</u>
	31.01.2011 £	31.01.2010 £
6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
(a) Analysis of charge for the year, based on the results for the year:		
Current tax:		
Corporation tax on profits for the period	0	0
Adjustments in respect of previous periods	0	0
Total current tax (Note 6b)	<u>0</u>	<u>0</u>
(b) Factors affecting tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom (28% in 2010, 28.3% in 2009). The differences are explained below:		
Profit on ordinary activities before taxation	<u>2,492,149</u>	<u>2,010,757</u>

**SFDC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)**

	31 01 2011 £	31.01.2010 £
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom of 28.0% (2010 - 28.3%)	697,802	563,012
<i>Effects of</i>		
Losses utilized	0	(39,678)
Permanent differences	(2,571,041)	(630,793)
Accelerated capital allowances	101,951	106,540
Other timing differences	1,719,225	919
Adjustments to tax charge in respect of previous period	52,063	0
<i>Current tax charge for year (Note 6a)</i>	<u>0</u>	<u>0</u>

The permanent difference mainly relates to the tax deduction of exercised options in the employee share scheme.

**New Finance Act**

During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that was effective from 1 April 2011, the relevant deferred tax balances have been re-measured.

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which were expected to be enacted separately each year, proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. These reductions have been amended by the 2011 Budget on 23 March 2011. An additional reduction of 1% is proposed to the Financial year beginning 1 April 2011 and rates will be reduced by three further 1% cuts to 23% by 1 April 2014. The changes have not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

The Company has an unrecognised deferred tax asset of £6,111,721 (2010 - £4,634,063), which relates principally to unutilised tax losses. The Company has not recognised the deferred tax asset as it has not yet established a pattern of taxable profits and the current expectation is that any reversal will be over an extended period.



## SFDC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)**

## 7 TANGIBLE FIXED ASSETS

	Fixture and furniture £	Hardware and software £	Leasehold improvement £	Total £
<i>Cost</i>				
At 01.02.2010	470,444	274,338	1,367,246	2,112,028
Additions of the year	0	35,420	35,819	71,239
At 31.01.2011	470,444	309,758	1,403,065	2,183,267
<i>Accumulated depreciation</i>				
At 01.02.2010	147,889	133,594	260,883	542,366
Charge for the year	105,408	99,291	187,050	391,749
At 31.01.2011	253,297	232,885	447,933	934,115
<i>Net book value</i>				
At 31.01.2010	322,555	140,744	1,106,363	1,569,662
At 31.01.2011	217,147	76,873	955,132	1,249,152

	31.01.2011 £	31.01.2010 £
8 FINANCIAL FIXED ASSETS		
<i>Unlisted investments at cost:</i>		
Shares in group company	2,747	2,747

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 2011 (continued)**

	31.01.2011 £	31.01.2010 £
<b>9. DEBTORS</b> (amounts falling due within one year)		
Trade debtors	77	60,545
VAT	248,198	77,375
Group notes receivable	9,000,000	9,100,000
Group interest receivable	604,643	295,905
Amounts due from group companies	6,190,826	2,448,651
Prepayments and accrued income	253,009	218,730
Other	6,508	38,778
	<u>16,303,261</u>	<u>12,239,984</u>
	31.01.2011 £	31.01.2010 £
<b>10. CREDITORS</b> (amounts falling due within one year)		
Trade creditors	215,431	42,203
PAYE and NI	651,502	1,199,487
Accruals	6,548,013	3,704,817
	<u>7,414,946</u>	<u>4,946,507</u>
	31.01.2011 £	31.01.2010 £
<b>11. CALLED UP SHARE CAPITAL</b>		
<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 each	<u>1</u>	<u>1</u>

**SFDC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)****12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £	Profit and Loss Account £	Total Shareholders' funds £
At 01 02 2010	1	14,669,487	14,669,488
Profit for the year		2,492,149	2,492,149
At 31 01 2011	1	17,161,636	17,161,637

**13. SHARE-BASED PAYMENTS**

The Company, through its ultimate parent, salesforce.com, inc., operates a number of share option plans (the "Option 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 2011, is £4,196,920 (2010 - £3,172,937).

As of February 1, 2010, a Stock Option Reimbursement Agreement was made effective between SFDC International Ltd and SFDC UK Ltd, whereby SFDC UK will pay to SFDC International an amount equal to SFDC UK's stock option expense.

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 Dollars (US\$) as this is the currency in which the options are exercisable and the underlying stocks are quoted

	2011 No	2011 WAEP US\$	2010 No	2010 WAEP US\$
Outstanding at start of the year	603,703		732,144	
Granted during the year	224,721	116.41	139,375	65.23
Forfeited during the year	(54,430)	47.78	(32,434)	41.52
Exercised during the year	(249,828)	35.30	(235,382)	36.72
Outstanding at end of the year	524,166		603,703	

## SFDC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (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 17.

The weighted average remaining contractual life of options outstanding at year end was three (2.83) 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 4-year weighted average expected life of its option grants. As of 31 January 2011, the Company's estimate of its future stock price volatility is 50%.

The risk-free rate for periods within the contractual life of the option is based on the rate for a 4-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 2011, and 31 January 2010.

	2011	2010
Dividend yield (%)	-	-
Expected share price volatility (%)	45 - 50%	50.2 - 60.3%
Risk-free interest rate (%)	0.98 - 2.10%	1.78 - 2.39%
Expected life of option (years)	3.7 - 3.8 years	3.76 - 4 years
Weighted average share price	\$116.4063	\$65.2307

## 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.

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.

## SFDC UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)**

<i>Share options</i>		<i>No at start of period</i>	<i>Awarded in period</i>	<i>Exercised during period</i>	<i>Cancelled</i>	<i>No. at 31 01.2011</i>	<i>Exercise price</i>
Rafeal E. Brown (US)	(1)	5,078		2,843		2,235	US\$52 48
	(2)	1,219		1,219		0	US\$29 35
	(3)	875		437		438	
	(4)	219		219		0	
	(5)	1,488		496		992	
	(6)	8,287		2,992		5,295	US\$25 97
	(7)	2,917		729		2,188	
	(8)	16,250		4,401		11,849	US\$65 44
	(9)		13,000			13,000	US\$142 50
	(10)		2,333			2,333	
Jose Luiz Moura Neto	(1)	6,875		3,750		3,125	US\$49 91
	(2)	1,500		750		750	
	(3)	7,312		2,437		4,875	US\$25.97
	(4)	1,313		437		876	
	(5)	7,800		1,950		5,850	US\$65 44
	(6)	1,400		350		1,050	
	(7)		6,500			6,500	US\$142 50
	(8)		1,167			1,167	

## 15. 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 £891,397. Contributions outstanding at year-end amounted to £154,540 due to the Company.

## 16. RELATED PARTY TRANSACTIONS

The Company is a member of the salesforce.com group of companies and the financial statements reflect the effect of this membership. The Company is not separately disclosing transactions with other group companies where both parties to the transaction are 100% subsidiaries of the Group as it is availing of the exemption in accordance with Financial Reporting Standard 8, and the consolidated financial statements of the Group are publicly available.

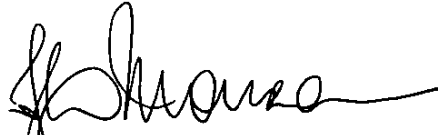
**SFDC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**31 January 2011 (continued)****17. CONTROLLING PARTIES**


The Company's immediate parent company is salesforce.com Sàrl, 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 its 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.

**18. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on September 30, 2011.

*On behalf of the Board*

  
Directors  
JL MOURA NETO

  
RE BROWN