

**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 October 31, 2012

OR

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

Commission File Number: 001-35680

Workday, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2480422
(IRS Employer
Identification No.)

6230 Stoneridge Mall Road
Pleasanton, California 94588
(Address of principal executive offices)

Telephone Number (925) 951-9000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 30, 2012, there were approximately 166 million shares of the registrant's Common Stock outstanding.

Workday, Inc.

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ITEM 1. FINANCIAL STATEMENTS**Workday, Inc**
Consolidated Balance Sheets

(in thousands, except for number of shares and par value)

	October 31, 2012 (unaudited)	January 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 442,980	\$ 57,529
Marketable securities	354,397	53,634
Accounts receivable, net of allowance for doubtful accounts of \$778 at October 31, 2012 and \$261 at January 31, 2012	61,099	54,467
Deferred costs	8,636	9,450
Prepaid expenses and other current assets	14,542	8,092
Total current assets	881,654	183,172
Property and equipment, net	39,760	25,861
Deferred costs, noncurrent	17,060	13,156
Goodwill and intangible assets, net	8,509	8,578
Other assets	3,165	1,871
Total assets	<u>\$ 950,148</u>	<u>\$ 232,638</u>
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 3,481	\$ 2,730
Accrued expenses and other current liabilities	14,925	6,808
Accrued compensation	22,487	13,891
Capital leases	6,946	3,561
Capital leases with related party	2,634	3,514
Unearned revenue	164,421	114,734
Total current liabilities	214,894	145,238
Capital leases, noncurrent	17,144	6,594
Capital lease with related party, noncurrent	289	2,047
Unearned revenue, noncurrent	87,742	73,363
Other liabilities	14,578	10,051
Total liabilities	334,647	237,293
Commitments and contingencies		
Redeemable convertible preferred stock, \$0.001 par value; no shares and 31 million shares authorized as of October 31, 2012 and January 31, 2012; no shares and 30 million shares issued and outstanding as of October 31, 2012 and January 31, 2012 with liquidation preference of \$174,340 as of January 31, 2012	—	170,906
Stockholder's equity (deficit):		
Convertible preferred stock, \$0.001 par value; no shares and 68 million shares authorized as of October 31, 2012 and January 31, 2012; no shares and 68 million shares issued and outstanding as of October 31, 2012 and January 31, 2012 with liquidation preference of \$93,716 as of January 31, 2012	—	68
Preferred stock, \$0.001 par value; 10 million shares authorized and no shares issued and outstanding as of October 31, 2012	—	—
Class A common stock, \$0.001 par value; 750 million shares authorized as of October 31, 2012 and 26 million shares issued and outstanding as of October 31, 2012	26	—
Class B common stock \$0.001 par value; 240 million shares authorized as of October 31, 2012 and 140 million shares issued and outstanding as of October 31, 2012 (including 4 million shares, subject to repurchase, legally issued and outstanding as of October 31, 2012)	134	—
Common stock, \$0.001 par value; no shares and 200 million shares authorized as of October 31, 2012 and January 31, 2012; no shares and 36 million shares issued and outstanding as of October 31, 2012 and January 31, 2012 (including 3 million shares, subject to repurchase, legally issued and outstanding as of January 31, 2012)	—	33
Additional paid-in capital	986,245	106,457
Accumulated other comprehensive income	32	3
Accumulated deficit	(370,936)	(282,122)
Total stockholders' equity (deficit)	<u>615,501</u>	<u>(175,561)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	<u>\$ 950,148</u>	<u>\$ 232,638</u>

See Notes to Consolidated Financial Statements.

Workday, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
Revenues	\$ 72,618	\$ 36,450	\$ 192,138	\$ 91,269
Costs and expenses ⁽¹⁾ :				
Costs of revenues	30,194	17,679	83,549	45,038
Research and development	28,075	16,404	72,413	43,727
Sales and marketing	32,584	18,215	87,051	47,774
General and administrative	22,633	3,594	36,310	10,083
Total costs and expenses	113,486	55,892	279,323	146,622
Operating loss	(40,868)	(19,442)	(87,185)	(55,353)
Other expense, net	(364)	(243)	(1,036)	(574)
Loss before provision for income taxes	(41,232)	(19,685)	(88,221)	(55,927)
Provision for income taxes	78	46	25	116
Net loss	(41,310)	(19,731)	(88,246)	(56,043)
Accretion of redeemable convertible preferred stock	(161)	(72)	(568)	(85)
Net loss attributable to Class A and Class B common stockholders	\$ (41,471)	\$ (19,803)	\$ (88,814)	\$ (56,128)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (0.67)	\$ (0.66)	\$ (2.06)	\$ (1.93)
Weighted-average shares used to compute net loss per share attributable to Class A and Class B common stockholders	61,960	29,779	43,053	29,013

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

Costs of revenues	\$ 609	\$ 182	\$ 1,101	\$ 416
Research and development	1,300	306	2,227	751
Sales and marketing	970	233	1,838	533
General and administrative	3,273	389	4,714	1,056

See Notes to Consolidated Financial Statements.

Workday, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
Cash flows from operating activities				
Net loss	\$ (41,310)	\$(19,731)	\$ (88,246)	\$ (56,043)
Adjustments to reconcile net loss to net cash provided by (cash used in) operating activities:				
Depreciation and amortization	4,461	2,522	11,938	6,250
Share-based compensation	6,152	1,110	9,880	2,755
Amortization of deferred costs	2,750	1,824	8,336	5,095
Donation of common stock to Workday Foundation	11,250	—	11,250	—
Other	11	15	41	45
Changes in operating assets and liabilities:				
Accounts receivable	7,382	477	(6,632)	(17,251)
Deferred costs	(4,673)	(3,029)	(11,426)	(7,142)
Prepaid expenses and other assets	(3,395)	(2,149)	(7,744)	(4,151)
Accounts payable	(253)	(421)	73	391
Accrued and other liabilities	3,575	3,279	13,738	7,437
Unearned revenue	4,692	10,592	64,066	55,482
Net cash provided by (used in) operating activities	(9,358)	(5,511)	5,274	(7,132)
Cash flows from investing activities				
Purchases of marketable securities	(288,659)	(2,497)	(374,599)	(11,924)
Maturities of marketable securities	19,845	5,005	72,785	8,606
Purchase of cost method investment	—	—	—	(1,000)
Purchases of property and equipment	(801)	(2,663)	(6,803)	(3,742)
Net cash used in investing activities	(269,615)	(155)	(308,617)	(8,060)
Cash flows from financing activities				
Proceeds of initial public offering, net of issuances costs	684,620	—	684,620	—
Proceeds from exercise of stock options	2,955	1,028	10,085	4,198
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	81,473	—	81,473
Principal payments on capital lease obligations	(1,483)	(366)	(3,274)	(366)
Principal payments on capital lease obligations with related party	(886)	(831)	(2,638)	(2,582)
Net cash provided by financing activities	685,206	81,304	688,793	82,723
Effect of exchange rate changes	6	2	1	8
Net increase in cash and cash equivalents	406,239	75,640	385,451	67,539
Cash and cash equivalents at the beginning of period	36,741	22,411	57,529	30,512
Cash and cash equivalents at the end of period	\$ 442,980	\$ 98,051	\$ 442,980	\$ 98,051
Supplemental cash flow data				
Cash paid for interest	\$ 304	\$ 245	\$ 891	\$ 655
Non-cash investing and financing activities:				
Property and equipment acquired under capital leases – related party	—	100	—	4,887
Property and equipment acquired under capital leases	13,663	3,250	17,887	6,258
Accretion of redeemable convertible preferred stock	161	72	568	86
Vesting of early exercise stock options	278	100	490	247

See Notes to Consolidated Financial Statements.

Workday, Inc.
Consolidated Statements Of Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
Net loss	\$(41,310)	\$ (19,731)	\$(88,246)	\$ (56,043)
Other comprehensive income (loss):				
Changes in foreign currency translation adjustment	6	2	2	7
Net change in unrealized gains (losses) on available-for-sale investments	1	—	27	—
Other comprehensive income (loss)	7	2	29	7
Comprehensive loss	\$(41,303)	\$(19,729)	\$(88,217)	\$(56,036)

See Notes to Consolidated Financial Statements.

Workday, Inc.
Notes to Consolidated Financial Statements

Note 1. Overview and Basis of Presentation***Company and Background***

Workday provides enterprise cloud-based applications for human capital management (HCM), payroll, financial management, time tracking, procurement and employee expense management. We offer innovative and adaptable technology focused on the consumer Internet experience and cloud delivery model. Our applications are designed for global enterprises to manage complex and dynamic operating environments. We provide our customers highly adaptable, accessible and reliable applications to manage critical business functions that enable them to optimize their financial and human capital resources. We were incorporated in March 2005 in Nevada. In June 2012, we reincorporated in Delaware.

Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933 with the SEC on October 15, 2012. There have been no changes to our significant accounting policies described in the prospectus that have had a material impact on our consolidated financial statements and related notes.

The consolidated balance sheet as of January 31, 2012, included herein was derived from the audited financial statements as of that date. These unaudited consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, our comprehensive loss and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year ending January 31, 2013.

We changed our fiscal year end from December 31 to January 31, commencing with our fiscal year ended January 31, 2012.

Initial Public Offering

In October 2012, we completed our initial public offering (“IPO”) in which we issued and sold 26.2 million shares of Class A common stock at a public offering price of \$28.00 per share. We received net proceeds of \$684.6 million after deducting underwriting discounts and commissions of \$44.0 million and other offering expenses of \$4.0 million. Upon the closing of the IPO, all shares of our then-outstanding redeemable convertible preferred stock and convertible preferred stock automatically converted into an aggregate of 98.0 million shares of Class B common stock and an aggregate of 42.1 million shares of our then outstanding common stock converted into an equal number of Class B common stock.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. These estimates include, but are not limited to, the determination of the relative selling prices for our services, the recoverability of deferred costs and certain assumptions used in the valuation of equity awards. Actual results could differ from those estimates and such differences could be material to our consolidated financial position and results of operations.

Note 2. Marketable Securities

At October 31, 2012, marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. agency obligations	\$ 608,658	\$ 22	\$ (5)	\$ 608,675
U.S. treasury securities	70,147	—	(1)	70,146
Commercial paper	42,697	—	—	42,697
Certificates of deposit	250	—	—	250
U.S. corporate securities	12,026	2	(1)	12,027
Municipal securities	1,361	—	(1)	1,360
Money market funds	51,047	—	—	51,047
	<u>\$ 786,186</u>	<u>\$ 24</u>	<u>\$ (8)</u>	<u>\$ 786,202</u>
Included in cash and cash equivalents	<u>\$ 431,805</u>	<u>\$ 2</u>	<u>\$ (2)</u>	<u>\$ 431,805</u>
Included in marketable securities	<u>\$ 354,381</u>	<u>\$ 22</u>	<u>\$ (6)</u>	<u>\$ 354,397</u>

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At January 31, 2012, marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
U.S. agency obligations	\$ 14,316	\$ —	\$ —	\$ 14,316
Commercial paper	23,785	1	(1)	23,785
U.S. corporate securities	20,391	—	(11)	20,380
Municipal securities	15,125	1	(1)	15,125
Money market funds	27,152	—	—	27,152
	<u>\$ 100,769</u>	<u>\$ 2</u>	<u>\$ (13)</u>	<u>\$ 100,758</u>
Included in cash and cash equivalents	<u>\$ 47,125</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 47,124</u>
Included in marketable securities	<u>\$ 53,644</u>	<u>\$ 2</u>	<u>\$ (12)</u>	<u>\$ 53,634</u>

We do not believe the unrealized losses represent other-than-temporary impairments based on our evaluation of available evidence as of January 31, 2012. All marketable securities held as of January 31, 2012 have not been in a continuous unrealized loss position for more than 12 months. Sales of available-for-sale securities resulted in no gains or losses during any of the periods presented. All of our marketable securities as of October 31, 2012 and January 31, 2012 mature within one year. Marketable securities on the balance sheets consist of securities with original or remaining maturities at the time of purchase of greater than three months and the remainder of the securities are reflected in cash and cash equivalents.

Note 3. Deferred Costs

Deferred costs consisted of the following (in thousands):

	October 31, 2012	January 31, 2012
Current:		
Deferred professional service costs	\$ 1,780	\$ 4,314
Deferred sales commissions	6,856	5,136
Total	<u>\$ 8,636</u>	<u>\$ 9,450</u>
Noncurrent:		
Deferred professional service costs	\$ 6,758	\$ 4,712
Deferred sales commissions	10,302	8,444
Total	<u>\$ 17,060</u>	<u>\$ 13,156</u>

Note 4. Property and Equipment, Net

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

	October 31, 2012	January 31, 2012
Computers, equipment and software	\$ 19,642	\$ 15,738
Computers, equipment and software acquired under capital leases	38,926	20,856
Furniture and fixtures	4,248	3,574
Leasehold improvements	6,600	4,560
	<u>69,416</u>	<u>44,728</u>
Less accumulated depreciation and amortization	<u>(29,656)</u>	<u>(18,867)</u>
Property and equipment, net	<u>\$ 39,760</u>	<u>\$ 25,861</u>

Depreciation expense totaled \$4.1 million and \$2.4 million for the three months ended October 31, 2012 and 2011, respectively, and \$10.8 million and \$6.1 million for the nine months ended October 31, 2012 and 2011, respectively.

These amounts include depreciation of assets recorded under capital leases of \$2.8 million and \$1.2 million for the three months ended October 31, 2012 and 2011, respectively, and \$6.8 million and \$2.7 million for the nine months ended October 31, 2012 and 2011, respectively.

Note 5. Fair Value Measurements

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

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

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

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

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We have no financial assets or liabilities measured using Level 3 inputs. The following tables present information about our assets that are measured at fair value on a recurring basis using the above input categories (in thousands):

Description	Fair Value Measurements at October 31, 2012		
	Level 1	Level 2	Total
U.S. agency obligations	\$ —	\$ 608,675	\$ 608,675
U.S. treasury securities	70,146	—	70,146
Commercial paper	—	42,697	42,697
Certificates of deposit	—	250	250
U.S. corporate securities	—	12,027	12,027
Municipal securities	—	1,360	1,360
Money market funds	51,047	—	51,047
	<u>\$ 121,193</u>	<u>\$ 665,009</u>	<u>\$ 786,202</u>
Included in cash and cash equivalents			<u>\$ 431,805</u>
Included in marketable securities			<u>\$ 354,397</u>

Description	Fair Value Measurements at January 31, 2012		
	Level 1	Level 2	Total
U.S. agency obligations	\$ —	\$ 14,316	\$ 14,316
Commercial paper	—	23,785	23,785
U.S. corporate securities	—	20,380	20,380
Municipal securities	—	15,125	15,125
Money market funds	27,152	—	27,152
	<u>\$ 27,152</u>	<u>\$ 73,606</u>	<u>\$ 100,758</u>
Included in cash and cash equivalents			<u>\$ 47,124</u>
Included in marketable securities			<u>\$ 53,634</u>

Note 6. Commitments and Contingencies

Leases

We lease office space under noncancelable operating leases in the U.S. and overseas with various expiration dates. In addition, we lease certain equipment and related software from an affiliate of one of our co-CEOs (see Note 10) and from various third parties. The equipment lease terms contain a bargain purchase option, therefore, the leases are classified as capital leases.

The facility lease agreements generally provide for rental payments on a graduated basis and for options to renew, which could increase future minimum lease payments if exercised. We recognize rent expense on the straight-line basis over the lease period and have accrued for rent expense incurred but not paid. Rent expense totaled \$1.7 million and \$0.8 million for the three months ended October 31, 2012 and 2011, respectively, and \$4.4 million and \$2.4 million for the nine months ended October 31, 2012 and 2011, respectively.

Legal Matters

We are a party to various legal proceedings and claims which arise in the ordinary course of business. In our opinion, as of January 31, 2012 and October 31, 2012, there was not at least a reasonable possibility that we had incurred a material loss, or a material loss in excess of a recorded accrual, with respect to such loss contingencies.

Note 7. Common Stock and Stockholders' Equity (Deficit)

Common Stock

In connection with our IPO, we amended our certificate of incorporation to provide for Class A common stock, Class B common stock and preferred stock. Upon the closing of the IPO, all shares of our then-outstanding redeemable convertible preferred stock and convertible preferred stock automatically converted into an aggregate of 98.0 million shares of Class B common stock and an aggregate of 42.1 million shares of our then outstanding common stock converted into an equal number of Class B common stock.

Employee Equity Plans

Our board of directors adopted the 2012 Employee Stock Purchase Plan ("ESPP") in August 2012 which became effective on October 10, 2012. The ESPP was approved with a reserve of 2.0 million shares of Class A common stock for future issuance under various terms provided for in the ESPP. We have not yet determined the start date of the initial purchasing period under the ESPP.

Our board of directors adopted the 2012 Equity Incentive Plan ("EIP") in August 2012 which became effective on October 10, 2012 and serves as the successor to our 2005 Stock Plan. The EIP was approved with a reserve of 25.0 million shares for future issuance under various terms provided for in the EIP. Additionally, shares not issued or subject to outstanding grants under the 2005 Stock Plan were rolled into the EIP resulting in a total of 39.2 million available shares under the EIP. Shares issued under the 2005 Stock Plan were Class B common stock and shares issued under the EIP are Class A common stock.

Common Stock Subject to Repurchase

The 2005 Stock Plan and Stock Option Agreements allow for the early exercise of stock options for certain individuals as determined by the board of directors. We have the right to purchase at the original exercise price any unvested (but issued) common shares during the repurchase period following termination of services of an employee. The consideration received for an exercise of an option is considered to be a deposit of the exercise price and the related dollar amount is recorded as a liability. The shares and liability are reclassified into equity as the awards vest. As of October 31, 2012, we had \$11.4 million recorded in liabilities related to early exercises of stock options.

As of October 31, 2012, there were 7.6 million exercisable but unvested options outstanding with early exercise provisions. These options had a weighted-average exercise price of \$2.65 per share and a weighted-average remaining contractual life of 8.2 years. The total intrinsic value of these exercisable but unvested options as of October 31, 2012 was \$350.7 million.

Stock Options

The 2005 Stock Plan provided, and the EIP provides, for the issuance of incentive and nonstatutory options to employees and nonemployees. We have also issued nonstatutory options outside of these plans. Options issued under and outside of the 2005 Stock Plan generally are exercisable for periods not to exceed 10 years and generally vest over five years. Options issued under the EIP generally are exercisable for periods not to exceed 10 years and generally vest over four to five years.

Restricted Stock Awards

The 2005 Stock Plan provided, and the EIP provides, for the issuance of restricted stock awards to employees. Restricted stock awards issued under the 2005 Stock Plan generally vest over five years and restricted stock awards issued under the EIP generally vest over five years. Under these plans, the Company has issued 1.3 million restricted shares of Class B common stock, all of which are subject to forfeiture as of October 31, 2012.

The combined activity under the 2005 Stock Plan and the EIP is as follows:

	Shares Available for Grant	Options Outstanding		
		Outstanding Stock Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Balance as of January 31, 2012	5,443,075	29,211,475	1.55	\$ 98,241
New shares authorized under the 2005 Stock Plan	15,000,000	—	—	
New shares authorized at adoption of the EIP	25,000,000	—	—	
Stock option grants	(5,329,200)	5,329,200	8.35	
Restricted stock awards granted	(1,240,000)			
Stock options exercised	—	(4,426,380)	2.28	
Stock options canceled	327,725	(327,725)	3.85	
Balance as of October 31, 2012	39,201,600	29,786,570	2.64	\$ 1,366,115

The total grant-date fair value of stock options vested during the nine months ended October 31, 2012 was \$3.5 million. The aggregate intrinsic value is the difference between the closing price of our common stock on October 31, 2012 and the exercise price of the outstanding stock options.

Donation to the Workday Foundation

In August 2012, with approval of the board of directors, we donated 500,000 shares of Class B common stock to the Workday Foundation. We have recorded a share-based charge of \$11.3 million for the value of the donated shares to general and administrative expense in the three month period ended October 31, 2012.

Note 8. Income Taxes

The effective tax rates for the three and nine months ended October 31, 2012 were less than one percent primarily as a result of the estimated tax loss for the fiscal year. Our current tax expense relates to state minimum taxes and current foreign income taxes associated with our non-U.S. operations.

There were no material changes to the unrecognized tax benefits in the three and nine months ended October 31, 2012 and the Company does not expect significant changes to unrecognized tax benefits through the end of the fiscal year. Due to the Company's history of tax losses, all years remain open to tax audit.

Note 9. Net loss per share

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential shares of common stock,

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including our redeemable convertible preferred stock, our convertible preferred stock, outstanding stock options, outstanding warrants, stock related to unvested early exercised stock options and stock related to unvested restricted stock awards to the extent dilutive. Basic and diluted net loss per share were the same for each period presented as the inclusion of all potential common shares outstanding would have been anti-dilutive.

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

We consider shares issued upon the early exercise of options subject to repurchase and unvested restricted stock awards to be participating securities because holders of such shares have non-forfeitable dividend rights in the event of our declaration of a dividend for common shares. In future periods to the extent we are profitable, we will subtract earnings allocated to these participating securities from net income to determine net income attributable to common stockholders.

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

	Three Months Ended October 31,				Nine Months Ended October 31,			
	2012		2011		2012		2011	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Basic and diluted net loss attributable to Class A and Class B common stockholders per share:								
Numerator:								
Allocation of distributed net loss attributable to common stockholders	\$ (3,807)	\$ (37,664)	\$ —	\$ (19,803)	\$ (3,939)	\$ (84,875)	\$ —	\$ (56,128)
Denominator:								
Weighted-average common shares outstanding	5,688	56,272	—	29,779	1,910	41,143	—	29,013
Basic and diluted net loss per share	\$ (0.67)	\$ (0.67)	\$ —	\$ (0.66)	\$ (2.06)	\$ (2.06)	\$ —	\$ (1.93)

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

	As of October 31,	
	2012	2011
Shares subject to outstanding common stock options and warrants	31,137	29,914
Shares subject to repurchase	4,338	2,879
Shares subject to unvested restricted stock awards	1,340	100
Redeemable convertible preferred stock	—	29,365
Convertible preferred stock	—	67,586
	<u>36,815</u>	<u>129,844</u>

Note 10. Related-Party Transactions

In June 2010, we entered into a lease agreement with an affiliate of one of our co-CEOs, who is also a significant stockholder. The lease agreement provides for an equipment lease financing facility to be drawn upon for purchases of information technology and related equipment for use in our business operations. The amounts paid under this agreement in the three month periods ended October 31, 2012 and 2011 and in the nine month periods ended October 31, 2012 and 2011 were \$1.0 million, \$1.1 million, \$3.2 million and \$3.5 million, respectively. As of October 31, 2012, the principal balance due under the lease agreement was \$2.9 million.

One of our board members is the chief executive officer of a customer which holds warrants to purchase 1.4 million shares of our Class B common stock.

11. Geographic Information

We operate in one operating segment, cloud applications. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assessing performance. Our chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level. Since we operate in one operating segment, all required financial segment information can be found in the consolidated financial statements.

Revenue by geography is based on the billing address of the customer. The following tables set forth revenue by geographic area (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
United States	\$ 60,500	\$ 31,189	\$ 158,272	\$ 78,165
International	12,118	5,261	33,866	13,104
Total	<u>\$72,618</u>	<u>\$ 36,450</u>	<u>\$ 192,138</u>	<u>\$91,269</u>

No country other than the United States had material revenues for the three and nine month period ended October 31, 2012 or 2011.

12. Subsequent Event

In November 2012, certain of our office leases, which expire in 2018 with aggregate commitments of \$8.5 million, were assumed in the acquisition of real property by one of our co-CEOs.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

Workday provides enterprise cloud-based applications for human capital management (HCM), payroll, financial management, time tracking, procurement and employee expense management. We offer innovative and adaptable technology focused on the consumer Internet experience and cloud delivery model. Our applications are designed for global enterprises to manage complex and dynamic operating environments. We provide our customers highly adaptable, accessible and reliable applications to manage critical business functions that enable them to optimize their financial and human capital resources.

We were founded in 2005 to deliver cloud-based applications to global enterprises. Our applications are designed around the way people work today – in an environment that is global, collaborative, fast-paced and mobile. Our cycle of frequent updates, which we currently provide three times per year, has facilitated rapid innovation and the introduction of new applications throughout our history. We began offering our Human Capital Management (HCM) application in 2006. Since then we have continued to invest in innovation and have consistently introduced new services to our customers, including our Financial Management application in 2007, our Procurement and Employee Expense Management applications in 2008, our Workday Payroll and mobile applications in 2009, our Talent Management application in 2010, and our native iPad application and Workday integration platform in 2011.

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

We have achieved significant growth in a relatively short period of time. Our diverse customer base includes large, global companies and our direct sales force targets organizations with more than 1,000 workers. As of October 31, 2012, we had more than 350 customers and our applications were available in more than 20 different languages. A substantial majority of our growth comes from new customers choosing to use our services and entering into contracts with us. Our current financial focus is on growing our revenues and expanding our customer base. While we are incurring losses today, we strive to invest in a disciplined manner across all of our functional areas to sustain continued near-term revenue growth and support our long-term initiatives. Our operating expenses have increased significantly in absolute dollars in recent periods, primarily due to our significant growth in employees. We had 1,620 and 941 employees as of October 31, 2012, and October 31, 2011, respectively.

We intend to continue investing for long-term growth. We have invested, and expect to continue to invest, heavily in our application development efforts to deliver additional compelling applications and to address customers' evolving needs. In addition, we plan to continue to expand our sales and marketing organizations to sell our applications globally. We expect to continue to make significant upfront investments in our data center infrastructure and personnel to service our growth in customers. The level of these upfront infrastructure investments will vary based on the rate at which new customers are added and the scale of such deployments. These investments will increase our costs on an absolute basis in the near-term. Many of these investments will occur in advance of experiencing any direct benefit from them and will make it difficult to determine if we are allocating our resources efficiently. As a result of these investments, we do not expect to be profitable in the near future. We expect our research and development, sales and marketing, and general and administrative expenses as a percentage of revenues to decrease over time as we grow our revenues, and we anticipate that we will gain economies of scale by increasing our customer base without direct incremental development costs and by utilizing more of the capacity of our data centers. As a result of this increased operating leverage, we expect our gross and operating margins will improve in the future.

Since inception, we have invested heavily in our professional services organization to help ensure that customers successfully deploy and adopt our applications. More recently, we have expanded our professional services partner ecosystem to further support our customers. We believe our investment in professional services, including partners building their practices around Workday, will drive additional customer subscriptions and continued growth in revenues. In addition, over time we expect professional services revenues and the cost of professional services as a percentage of total revenues to decline as we increasingly rely on third parties to deploy our applications and as the number of our existing customers continues to grow.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. To the extent there are differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical towards fully understanding and evaluating our reported financial results include our policies on revenue recognition, deferred costs, and share-based compensation. We have reviewed these critical accounting policies and related disclosures with the audit committee of our board of directors.

During the three months ended October 31, 2012, there were no significant changes to our critical accounting policies and estimates. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933 with the SEC on October 15, 2012 provides a more complete discussion of our critical accounting policies and estimates.

Components of Results of Operations

Revenues

We primarily derive our revenues from subscription fees and professional services fees. Subscription revenues primarily consist of fees that give our customers access to our cloud-based applications, which include routine customer support at no additional cost. Professional service fees include deployment services, optimization services, and training.

Subscription revenues accounted for 71% of our revenues during the quarter ended October 31, 2012 and represented approximately 90% of our total unearned revenue as of October 31, 2012. Subscription revenues are driven primarily by the number of customers, the number of workers at each customer, the number of applications subscribed to by each customer, the price of our applications, and to a lesser extent, renewal rates. To date, only a small percentage of our subscription agreements have come up for renewal and most of those agreements relate to early customers with a relatively small number of users. Therefore, revenues from renewals have not been a substantial component of revenues.

The mix of the applications to which a customer subscribes can affect our financial performance due to price differentials in our applications. Compared to our other offerings, our HCM application has been available for a longer period of time, is more established in the marketplace and has benefited from continued enhancements of the functionality over a longer period of time, all of which help us to improve our pricing for that application. However, new products or services offerings by competitors in the future could impact the mix and pricing of our offerings.

Subscription fees are recognized ratably as revenues over the contract term beginning on the date the application is made available to the customer, which is generally within one week of contract signing. Our subscription contracts typically have a term of three years and are non-cancelable. We generally invoice our customers in advance, in annual installments. Amounts that have been invoiced are initially recorded as unearned revenue and are recognized ratably over the subscription period. Amounts that have not been invoiced represent backlog and are not reflected in our consolidated financial statements.

Our consulting engagements are typically billed on a time and materials basis, and revenues are typically recognized as the services are performed. We offer a number of training options intended to support our customers in configuring, using and administering our services. Our typical professional services and training payment terms provide that our customers pay us within 30 days of invoice. In some cases, we supplement our consulting teams by subcontracting resources from our service partners and deploying them on customer engagements. As Workday's professional services organization and the Workday-related consulting practices of our partner firms continue to develop, we expect the partners to increasingly contract directly with our subscription customers. As a result of this trend, and the increase of our subscription revenues, we expect professional services revenues as a percentage of total revenues to decline over time.

Approximately 7% of our revenues for the quarter ended October 31, 2012 were derived from multiple-deliverable arrangements that were accounted for as a single unit of accounting, because some of our professional services offerings did not have standalone value when the related contracts were executed. In these situations, all revenue is recognized ratably over the term of the contracts. Additionally, in these situations, we defer the direct costs of the related professional services contract and those direct costs are amortized over the same period as the professional services revenues are recognized. As of October 31, 2012, 11% of our total unearned revenue balance represented multiple-deliverable arrangements accounted for as a single unit of accounting. For contracts executed during the current fiscal year, there was standalone value for all deliverables.

Costs and Expenses

Costs of Revenues. Costs of subscription revenues primarily consist of employee-related expenses (including salaries, benefits and share-based compensation) related to hosting our applications and providing support, the costs of data center capacity, and depreciation of owned and leased computer equipment and software.

Costs of professional services revenues consist primarily of employee-related expenses associated with these services, the cost of subcontractors and travel costs. We are intensely focused on our customers' success and have invested in our professional services ecosystem in order to promote seamless deployments and robust customer adoption. The percentage of revenues derived from professional services was 29% in the quarter ended October 31, 2012. The cost of providing professional services is significantly higher as a percentage of the related revenues than for our subscriptions.

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

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing programs and travel related expenses. Marketing programs consist of advertising, events, corporate communications, brand building and product marketing activities. Commissions earned by our sales force that can be associated specifically with a noncancelable subscription contract are deferred and amortized over the same period that revenues are recognized for the related noncancelable contract.

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

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Results of Operations

The following tables set forth selected consolidated statement of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Three Months Ended		Nine Months Ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
(in thousands)				
Revenues:				
Subscription services	\$ 51,576	\$ 23,868	\$ 130,698	\$ 59,603
Professional services	21,042	12,582	61,440	31,666
Total revenues	72,618	36,450	192,138	91,269
Costs and expenses:				
Costs of revenues:				
Costs of subscription services	10,179	6,040	26,767	15,631
Costs of professional services	20,015	11,639	56,782	29,407
Total costs of revenues	30,194	17,679	83,549	45,038
Research and development	28,075	16,404	72,413	43,727
Sales and marketing	32,584	18,215	87,051	47,774
General and administrative	22,633	3,594	36,310	10,083
Total costs and expenses	113,486	55,892	279,323	146,622
Operating loss	(40,868)	(19,442)	(87,185)	(55,353)
Other income (expense), net	(364)	(243)	(1,036)	(574)
Loss before provision for income taxes	(41,232)	(19,685)	(88,221)	(55,927)
Provision for income taxes	78	46	25	116
Net loss	\$ (41,310)	\$ (19,731)	\$ (88,246)	\$ (56,043)
(in thousands, except percentages)				
	Three Months Ended		Nine Months Ended	
	October 31, 2012	October 31, 2011	October 31, 2012	October 31, 2011
Revenues:				
Subscription services	71.0%	65.5%	68.0%	65.3%
Professional services	29.0	34.5	32.0	34.7
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Costs of revenues:				
Costs of subscription services	14.0	16.5	13.9	17.1
Costs of professional services	27.6	31.9	29.6	32.2
Total costs of revenues	41.6	48.4	43.5	49.3
Research and development	38.7	45.0	37.7	47.9
Sales and marketing	44.9	50.0	45.3	52.3
General and administrative	31.2	9.9	18.9	11.0
Total costs and expenses	156.3	153.3	145.4	160.6
Operating loss	(56.3)	(53.3)	(45.4)	(60.6)
Other income (expense), net	(0.5)	(0.7)	(0.5)	(0.7)
Loss before provision for income taxes	(56.8)	(54.0)	(45.9)	(61.3)
Provision for income taxes	0.1	0.1	—	0.1
Net loss	(56.9%)	(54.1%)	(45.9%)	(61.4%)

Revenues

	Three Months Ended			Nine Months Ended		
	October 31,		% Change	October 31,		% Change
	2012	2011		2012	2011	
(in thousands, except percentages)						
Revenues:						
Subscription services	\$51,576	\$23,868	116%	\$130,698	\$59,603	119%
Professional services	21,042	12,582	67	61,440	31,666	94
Total revenues	\$72,618	\$36,450	99	\$192,138	\$91,269	111

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Total revenues were \$72.6 million for the three months ended October 31, 2012, compared to \$36.4 million during the prior year period, an increase of \$36.2 million, or 99%. Subscription services revenues were \$51.6 million for the three months ended October 31, 2012, compared to \$23.9 million for the prior year period. Subscription revenues accounted for 71% of total revenue for the three months ended October 31, 2012, compared to 65% of total revenues for the three months ended October 31, 2011, an increase of \$27.7 million, or 116%. The increase in subscription revenues was due primarily to the addition of new customers as compared to the prior year period. Professional services revenues were \$21.0 million, or 29% of total revenues, for the three months ended October 31, 2012, compared to \$12.6 million, or 35% of total revenues, for the prior year period. The increase in professional services revenues was due primarily to a greater number of customers requesting deployment and integration services.

Total revenues were \$192.1 million for the nine months ended October 31, 2012, compared to \$91.3 million during the prior year period, an increase of \$100.8 million, or 111%. Subscription services revenues were \$130.7 million, or 68% of total revenues, for the nine months ended October 31, 2012, compared to \$59.6 million, or 65% of total revenues, for the prior year period. The increase in subscription revenues was due primarily to the addition of new customers as compared to the prior year period. Professional services revenues were \$61.4 million, or 32% of total revenues, for the nine months ended October 31, 2012, compared to \$31.7 million, or 35% of total revenues, for the prior year period. The increase in professional services revenues was due primarily to a greater number of customers requesting deployment and integration services. In addition, in the current year-to-date period, we recognized \$2.6 million in subscription revenues and \$2.0 million in professional services revenues related to the expiration of a delivery obligation for a 2009 customer arrangement.

Costs and Expenses

	Three Months Ended October 31,			Nine Months Ended October 31,		
	2012	2011	% Change	2012	2011	% Change
(in thousands, except percentages)						
Costs of revenues:						
Subscription services	\$ 10,179	\$ 6,040	69%	\$ 26,767	\$ 15,631	71%
Professional services	20,015	11,639	72	56,782	29,407	93
Total revenues	<u>\$ 30,194</u>	<u>\$ 17,679</u>	71	<u>\$ 83,549</u>	<u>\$ 45,038</u>	86

Costs of revenues were \$30.2 million for the three months ended October 31, 2012, compared to \$17.7 million for the prior year period, an increase of \$12.5 million or 71%. The \$4.1 million increase in costs of subscription services was primarily due to an increase of \$1.6 million in employee compensation costs related to higher headcount, an increase of \$1.2 million in depreciation and amortization expenses, and an increase of \$0.8 million in service delivery costs, primarily due to our efforts to increase data center capacity.

The costs of professional services were \$20.0 million for the three months ended October 31, 2012 and \$11.6 million for the three months ended October 31, 2011, an \$8.4 million increase. This increase was primarily due to additional costs of \$7.3 million to staff our deployment and integration engagements. Due to the increase in demand for our professional services, we have increased the usage of third party consultants to supplement our professional services staff. We expect costs of professional services as a percentage of total revenues to decline as we increasingly rely on third parties to deploy our applications and as the number of our existing customers continues to grow.

Costs of revenues were \$83.5 million for the nine months ended October 31, 2012, compared to \$45.0 million for the prior year period, an increase of \$38.5 million or 86%. The \$11.1 million increase in costs of subscription services was primarily due to an increase of \$4.0 million in employee compensation costs related to higher headcount and an increase of \$3.2 million in depreciation and amortization expenses for additional data center equipment. In addition, we had an increase of \$1.9 million in service delivery costs and \$1.0 million in facilities costs due to our efforts to increase data center capacity.

The costs of professional services were \$56.8 million for the nine months ended October 31, 2012 and \$29.4 million for the nine months ended October 31, 2011, a \$27.4 million increase. This increase was primarily due to additional costs of \$24.4 million to staff our deployment and integration engagements. Due to the large increase in demand for our professional services versus the prior year-to-date period, we have increased both our internal professional service staff as well as third party supplemental staff.

Research and Development

	Three Months Ended October 31,			Nine Months Ended October 31,		
	2012	2011	% Change	2012	2011	% Change
(in thousands, except percentages)						
Research and development	\$28,075	\$16,404	71%	\$72,413	\$43,727	66%

Research and development expenses were \$28.1 million, or 39% of total revenues, for the three months ended October 31, 2012, compared to \$16.4 million, or 45% of total revenues, for the prior year period, an increase of \$11.7 million. The increase was primarily due to an increase of \$8.6 million in employee compensation costs due to higher headcount and \$0.8 million increase in consulting costs as we supplemented our internal development professionals. We expect that in the future, research and development expenses will continue to increase in absolute dollars as we improve and extend our applications and develop new technologies.

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Research and development expenses were \$72.4 million, or 38% of total revenues, for the nine months ended October 31, 2012, compared to \$43.7 million, or 48% of total revenues, for the prior year period, an increase of \$28.7 million. The increase was primarily due to an increase of \$21.3 million in employee compensation costs due to higher headcount and \$1.8 million increase in contracted labor costs.

Sales and Marketing

	Three Months Ended October 31,			Nine Months Ended October 31,		
	2012	2011	% Change	2012	2011	% Change
(in thousands, except percentages)						
Sales and marketing	\$32,584	\$18,215	79%	\$87,051	\$47,774	82%

Sales and marketing expenses were \$32.6 million, or 45% of total revenues, for the three months ended October 31, 2012, compared to \$18.2 million, or 50% of total revenues, for the prior year period, an increase of \$14.4 million. The increase was primarily due to increases of \$10.7 million in employee compensation costs due to higher headcount, and \$1.0 million in higher travel expense. We expect that sales and marketing expenses will continue to increase in absolute dollars in the future as we continue to invest in sales and marketing by expanding our domestic and international selling and marketing activities, building brand awareness, attracting new customers and sponsoring additional marketing events.

Sales and marketing expenses were \$87.1 million, or 45% of total revenues, for the nine month period ended October 31, 2012, compared to \$47.8 million, or 52% of total revenues, for the prior year period, an increase of \$39.3 million. The increase was primarily due to increases of \$28.1 million in employee compensation costs due to higher headcount, \$2.7 million in advertising, marketing and event costs, and \$2.5 million in travel expense.

General and Administrative

	Three Months Ended October 31,			Nine Months Ended October 31,		
	2012	2011	% Change	2012	2011	% Change
(in thousands, except percentages)						
General and administrative	\$22,633	\$3,594	530%	\$36,310	\$10,083	260%

General and administrative expenses were \$22.6 million, or 31% of total revenues, for the three month period ended October 31, 2012, compared to \$3.6 million, or 10% of total revenues, for the prior year period, an increase of \$19.0 million. The increase was primarily due to a one-time \$11.3 million non-cash charge related to the donation of 500,000 shares of common stock to the Workday Foundation. Also contributing to the increases was a \$5.9 million increase in compensation costs of which \$2.9 million is related to share-based compensation charges, and a \$1.2 million increase in professional services costs as we transition to being a public company. Excluding the charge related to the Workday Foundation stock grant, we expect general and administrative expenses will increase in absolute dollars as we invest in our infrastructure and incur additional employee related costs, professional fees and insurance costs related to the growth of our business and international expansion.

General and administrative expenses were \$36.3 million, or 19% of total revenues, for the nine month period ended October 31, 2012, compared to \$10.1 million, or 11% of total revenues, for the prior year period, an increase of \$26.2 million. The increase was primarily due to the one-time \$11.3 million non-cash charge related to the Workday Foundation, \$10.4 million in higher compensation costs and \$5.3 million in higher professional services costs. Excluding the charge related to the Workday Foundation, the growth in general and administrative expenses during the nine month period ended October 31, 2012 was largely to support the overall growth of the company.

Liquidity and Capital Resources

As of October 31, 2012 our principal sources of liquidity were cash, cash equivalents and marketable securities totaling \$797.4 million, which were held for working capital purposes. Our cash, cash equivalents and marketable securities are composed primarily of U.S. agency obligations, U.S. treasury securities, commercial paper, corporate securities, municipal securities, certificates of deposit and money market funds.

Since our inception, we financed our operations primarily through sales of equity securities, customer prepayments, and capital lease obligations. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced services offerings, and the continuing market acceptance of our services. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results, and financial condition would be adversely affected.

Our cash flows for the third quarter and first nine months of 2012 and 2011 were as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2012	2011	2012	2011
(in thousands)				
Net cash provided by (used in):				
Operating activities	\$ (9,358)	\$ (5,511)	\$ 5,274	\$ (7,132)
Investing activities	(269,615)	(155)	(308,617)	(8,060)
Financing activities	685,206	81,304	688,793	82,723
Effect of exchange rate changes	6	2	1	8
Net increase in cash and cash equivalents	\$ 406,239	\$ 75,640	\$ 385,451	\$ 67,539

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Operating Activities

For the three month period ended October 31, 2012, cash flows used in operating activities was \$9.4 million. The cash used resulted primarily from our net loss, partially offset by lower accounts receivables and higher unearned revenue.

For the three month period ended October 31, 2011, cash flows used in operating activities was \$5.5 million. The cash used primarily related to our net loss, partially offset by a \$10.6 million increase in unearned revenue.

For the nine month period ended October 31, 2012, cash flows provided by operating activities was \$5.3 million. The cash provided primarily related to a \$64.1 million increase in unearned revenue and \$13.7 million increase in accrued liabilities, partially offset by our net loss.

For the nine month period ended October 31, 2011, cash flows used in operating activities was \$7.1 million. The cash used primarily related to our net loss, a \$17.3 million increase in accounts receivable and a \$7.1 million increase in deferred costs, partially offset by a \$55.5 million increase in unearned revenue.

Investing Activities

Cash used in investing activities for the three months ended October 31, 2012 and 2011, and for the nine month period ended October 31, 2012 and 2011 was \$(269.6) million, \$(0.2) million, \$(308.6) million, and \$(8.1) million, respectively, and was primarily the result of the timing of purchases and maturities of marketable securities and of capital expenditures of \$0.8 million, \$2.7 million, \$6.8 million, and \$3.7 million, respectively. Following the initial public offering of our common stock in October 2012, we purchased a significant amount of marketable securities. We expect capital expenditures, some of which will be financed through capital leases, will be approximately \$40 million for the year ended January 31, 2013.

Financing Activities

For the three month period ended October 31, 2012, financing activities generated \$685.2 million primarily due to the \$684.6 million net proceeds from our initial public offering of common stock. In addition, we had \$3.0 million of proceeds from stock option exercises, partially offset by \$2.4 million in principal payments on our outstanding capital leases. For the three month period ended October 31, 2011, financing activities generated \$81.3 million primarily due to the \$81.5 million net proceeds from issuance of redeemable convertible preferred stock. In addition, we generated \$1.0 million from stock option exercises and used \$1.2 million for principal payments on our outstanding capital leases.

For the nine month period ended October 31, 2012, financing activities generated \$688.8 million, primarily due to our initial public offering. For the nine month period ended October 31, 2011, financing activities provided \$82.7 million, primarily due to the issuance of redeemable convertible preferred stock.

Commitments

We had \$27.0 million in capital lease obligations as of October 31, 2012, of which \$2.9 million were to one of our co-CEOs, who is also a significant stockholder.

In November 2012, certain of our office leases, which expire in 2018 with aggregate commitments of \$8.5 million, were assumed in the acquisition of real property by one of our co-CEOs.

Our commitments primarily consist of obligations under leases for office space, co-location facilities for data center capacity and computer equipment. We anticipate leasing additional office space during the year ending January 31, 2013 to support our growth. In addition, our existing lease agreements provide us with the option to renew. Our future operating lease obligations would change if we entered into additional operating lease agreements as we expand our operations and if we exercised these options.

We do not consider outstanding purchase orders to be purchase commitments as they are authorizations to purchase rather than binding agreements.

Off-Balance Sheet Arrangements

Through October 31, 2012, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro and British Pound Sterling. Due to the relative size of our international operations to date, our foreign currency exposure has been fairly limited and thus we have not instituted a hedging program. We expect our international operations to continue to grow in the near term and we are continually monitoring the foreign currency exposure to determine when we should begin a hedging program. The substantial majority of our agreements have been and we expect will continue to be denominated in U.S. dollars.

Interest rate sensitivity

We had cash, cash equivalents and marketable securities totaling \$797.4 million at October 31, 2012. This amount was invested primarily in U.S. agency obligations, U. S. treasury securities, commercial paper, corporate securities, municipal securities, certificates of deposit and money market funds. The cash, cash equivalents and short-term marketable securities are held for working capital purposes. Capital preservation is the focus of our investment strategy and we do not enter into investments for trading or speculative purposes.

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

An immediate increase of 100-basis points in interest rates would have resulted in a \$1.7 million market value reduction as of October 31, 2012. Certain of our investments earn less than 100-basis points and as a result, an immediate decrease of 100-basis points in interest rates would have increased the market value by less than \$1.0 million as of October 31, 2012. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities.

At January 31, 2012, we had cash, cash equivalents and marketable securities totaling \$111.2 million. The fixed-income portfolio was also subject to interest rate risk; however, the risk was not material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

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

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

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

(b) Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, we are involved in various legal proceedings and claims related to alleged infringement of third-party patents and other intellectual property rights, commercial, employment, wage and hour, and other claims.

We have been, and may in the future be, put on notice and/or sued by third parties for alleged infringement of their proprietary rights, including patent infringement. We evaluate these claims and lawsuits with respect to their potential merits, our potential defenses and counter claims, and the expected effect on us. Our technologies may be subject to injunction if they are found to infringe the rights of a third party. In addition, many of our subscription agreements require us to indemnify our customers for third-party intellectual property infringement claims, which could increase the cost to us of an adverse ruling on such a claim.

The outcome of any litigation, regardless of its merits, is inherently uncertain. Any intellectual property claims and other lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention from executing our business plan, lead to attempts on the part of other parties to seek similar claims and, in the case of intellectual property claims, require us to change our technology, change our business practices and/or pay monetary damages or enter into short- or long-term royalty or licensing agreements.

In general, the resolution of a legal matter could prevent us from offering our service to others, could be material to our financial condition or cash flows, or both, or could otherwise adversely affect our operating results.

We make a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter. In management's opinion, resolution of these matters is not expected to have a material adverse impact on our consolidated results of operations, cash flows or financial position. However, depending on the nature and timing of any such dispute, an unfavorable resolution of a matter could materially affect our future results of operations or cash flows, or both, of a particular quarter.

ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected, and the market price of our Class A common stock could decline.

Risks Related to Our Business and Industry

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

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

We have a limited operating history, which makes it difficult to predict our future operating results.

We were incorporated in 2005 and introduced our first application in 2006. As a result of our limited operating history, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

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

The markets for HCM and financial management applications are highly competitive, with relatively low barriers to entry for some applications or services. Our primary competitors are Oracle Corporation (Oracle) and SAP AG (SAP), well-established providers of HCM and financial management applications, which have long-standing relationships with many customers. Some customers may be hesitant to adopt cloud-based applications such as ours and prefer to upgrade the more familiar applications offered by these vendors that are deployed on-premise. Oracle and SAP are larger and have greater name recognition, much longer operating histories, larger marketing budgets and significantly greater resources than we do. These vendors, as well as other competitors, could offer HCM and financial management applications on a standalone basis at a low price or bundled as part of a larger product sale. In order to take advantage of customer demand for cloud-based applications, legacy vendors are expanding their cloud-based applications through acquisitions and organic development. For example, Oracle acquired Taleo Corporation, and SAP acquired SuccessFactors and Ariba, Inc. Legacy vendors may also seek to partner with other leading cloud providers. We also face competition from custom-built software vendors and from vendors of specific applications, some of which offer cloud-based solutions. These vendors include, without limitation: Lawson Software, which was acquired by an affiliate of Infor Global Solutions, The Ultimate Software Group, Inc. (Ultimate Software) and Automatic Data Processing (ADP). We also face competition from cloud-based vendors including providers of applications for HCM and payroll services such as Ceridian, providers of cloud-based expense management applications such as Concur Technologies, Inc. and providers of financial management applications such as NetSuite, Inc. We may also face competition from a variety of vendors of cloud-based and on-premise software applications that address only a portion of one of our applications. In addition, other companies that provide cloud-based applications in different target markets, such as Salesforce.com and NetSuite, may develop applications or acquire companies that operate in our target markets, and some potential customers may elect to develop their own internal applications. With the introduction of new technologies and market entrants, we expect this competition to intensify in the future.

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

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

We have recently experienced a period of rapid growth in our headcount and operations. In particular, we grew from 321 employees as of December 31, 2008 to 1,620 employees as of October 31, 2012, and have also significantly increased the size of our customer base. We anticipate that we will significantly expand our operations and headcount in the near term. This growth has placed, and future growth will place, a significant strain on our management, administrative, operational and financial infrastructure. Our success will depend in part on our ability to manage this growth effectively. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer

satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

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If the market for enterprise cloud computing develops more slowly than we expect or declines, our business could be adversely affected.

The enterprise cloud computing market is not as mature as the market for on-premise enterprise software, and it is uncertain whether cloud computing will achieve and sustain high levels of customer demand and market acceptance. Our success will depend to a substantial extent on the widespread adoption of cloud computing in general, and of HCM and financial management services in particular. Many enterprises have invested substantial personnel and financial resources to integrate traditional enterprise software into their businesses, and therefore may be reluctant or unwilling to migrate to cloud computing. It is difficult to predict customer adoption rates and demand for our applications, the future growth rate and size of the cloud computing market or the entry of competitive applications. The expansion of the cloud computing market depends on a number of factors, including the cost, performance, and perceived value associated with cloud computing, as well as the ability of cloud computing companies to address security and privacy concerns. If other cloud computing providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud computing applications as a whole, including our applications, may be negatively affected. If cloud computing does not achieve widespread adoption, or there is a reduction in demand for cloud computing caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in decreased revenues and our business could be adversely affected.

To date, we have derived a substantial majority of our subscription revenues from our HCM application. Our efforts to increase use of our HCM application and our other applications may not succeed, and may reduce our revenue growth rate.

To date we have derived a substantial majority of our subscription revenues from our HCM application. Any factor adversely affecting sales of this application, including application release cycles, market acceptance, product competition, performance and reliability, reputation, price competition, and economic and market conditions, could adversely affect our business and operating results. Our participation in the markets for our payroll, financial management, time tracking, procurement and employee expense management applications is relatively new, and it is uncertain whether these areas will ever result in significant revenues for us. Further, the introduction of new applications beyond these markets may not be successful.

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

If we are unable to provide enhancements and new features for our existing applications or new applications that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. For example, we are focused on enhancing the features and functionality of our non-HCM applications to enhance their utility to larger customers with complex, dynamic and global operations. The success of enhancements, new features and applications depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or applications. Failure in this regard may significantly impair our revenue growth. In addition, because our applications are designed to operate on a variety of systems, we will need to continuously modify and enhance our applications to keep pace with changes in Internet-related hardware, iOS and other software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our applications to operate effectively with future network platforms and technologies could reduce the demand for our applications, result in customer dissatisfaction and adversely affect our business.

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

Our applications involve the storage and transmission of our customers' proprietary information, including personal or identifying information regarding their employees, customers and suppliers, as well as their finance and payroll data. As a result, unauthorized access or security breaches could result in the loss of information, litigation, indemnity obligations and other liability. While we have security measures in place to protect customer information and prevent data loss and other security breaches, if these measures are breached as a result of third-party action, employee error, malfeasance or otherwise, and someone obtains unauthorized access to our customers' data, our reputation could be damaged, our business may suffer and we could incur significant liability. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any or all of these issues could negatively affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage or subject us to third-party lawsuits, regulatory fines or other action or liability, which could adversely affect our operating results.

Large customers often demand more configuration and integration services, or customized features and functions that we do not offer, which could adversely affect our business and operating results.

Large customers may demand more configuration and integration services, which increase our upfront investment in sales and deployment efforts, with no guarantee that these customers will increase the scope of their subscription. As a result of these factors, we must devote a significant amount of sales support and professional services resources to individual customers, increasing the cost and time required to complete sales. Additionally, our applications do not currently permit customers to add new data fields and functions or to modify our code. If prospective customers require customized features or functions that we do not offer, and that would be difficult for them to deploy themselves, then the market for our applications will be more limited and our business could suffer.

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

We generally recognize subscription revenues from customers ratably over the terms of their contracts, which are typically three years. As a result, most of the subscription revenues we report in each quarter is derived from the recognition of unearned revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter will likely have only a small impact on our revenue results for that quarter. However, such a decline will negatively affect our revenues in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our applications, and potential changes in our pricing policies or rate of renewals, may not be fully reflected in our results of operations until future periods. We may be unable to adjust our cost structure to reflect the changes in revenues. In addition, a significant majority of our costs are expensed as

incurred, while revenues are recognized over the life of the customer agreement. As a result, increased growth in the number of our customers could result in our recognition of more costs than revenues in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenues through additional sales in any period, as revenues from new customers must be recognized over the applicable subscription term.

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

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

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

We depend on data centers operated by third parties and any disruption in the operation of these facilities could adversely affect our business.

We host our applications and serve all of our customers from data centers located in Ashburn, Virginia; Lithia Springs, Georgia; Portland, Oregon; Dublin, Ireland; and Amsterdam, the Netherlands. While we control and have access to our servers and all of the components of our network that are located in our external data centers, we do not control the operation of these facilities. The owners of our data center facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

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

Furthermore, our financial management application is essential to our customers' financial projections, reporting and compliance programs. Any interruption in our service may affect the availability, accuracy or timeliness of these programs and could damage our reputation, cause our customers to terminate their use of our application, require us to indemnify our customers against certain losses and prevent us from gaining additional business from current or future customers.

Privacy concerns and laws or other domestic or foreign regulations may reduce the effectiveness of our applications and adversely affect our business.

Our customers can use our applications to collect, use and store personal or identifying information regarding their employees, customers and suppliers. Federal, state and foreign government bodies and agencies have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, storage and disclosure of personal information obtained from consumers and individuals. The costs of compliance with, and other burdens imposed by, such laws and regulations that are applicable to the businesses of our customers may limit the use and adoption of our applications and reduce overall demand, or lead to significant fines, penalties or liabilities for any noncompliance with such privacy laws. Furthermore, privacy concerns may cause our customers' workers to resist providing the personal data necessary to allow our customers to use our applications effectively. Even the perception of privacy concerns, whether or not valid, may inhibit market adoption of our applications in certain industries.

All of these domestic and international legislative and regulatory initiatives may adversely affect our customers' ability to process, handle, store, use and transmit demographic and personal information from their employees, customers and suppliers, which could reduce demand for our applications. The European Union and many countries in Europe have stringent privacy laws and regulations, which may impact our ability to profitably operate in certain European countries.

In addition to government activity, privacy advocacy groups and the technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. If the processing of personal information were to be curtailed in this manner, our software applications would be less effective, which may reduce demand for our applications and adversely affect our business.

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

Our ability to increase revenues and maintain profitability depends, in large part, on widespread acceptance of our applications by large businesses and other organizations. As we target our sales efforts at these customers, we face greater costs, longer sales cycles and less predictability in completing some of our sales. In the large enterprise market, the customer's decision to use our applications may be an enterprise-wide decision and, therefore, these types of sales require us to provide greater levels of education regarding the use and benefits of our applications. In addition, because we are a relatively new company with a limited operating history, our target customers may prefer to purchase applications that are critical to their business from one of our larger, more established competitors. Our typical sales cycles are six to nine months, and we expect that this lengthy sales cycle may continue or increase as customers adopt our applications beyond HCM. Longer sales cycles could cause our operating and financial results to suffer in a given period.

Our customers' deployment timeframes vary based on many factors including the number and type of applications being deployed, the complexity and scale of the customers' businesses, the configuration requirements, the number of integrations with other systems and other factors, many of which are beyond our control. Many Workday customers are in production with our applications within nine months of project initiation. Although our contracts are generally noncancellable by the customer, at any given time, a significant percentage of our customers may be still in the process of deploying our applications, particularly during periods of rapid growth.

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

Our business depends on our ability to satisfy our customers, both with respect to our application offerings and the professional services that are performed to help our customers use features and functions that address their business needs. Professional services may be performed by our own staff, by a third party, or by a combination of the two. Our strategy is to work with third parties to increase the breadth of capability and depth of capacity for delivery of these services to our customers, and third parties provide a majority of our deployment services. If a customer is not satisfied with the quality of work performed by us or a third party or with the type of professional services or applications delivered, then we could incur additional costs to address the situation, the profitability of that work might be impaired, and the customer's dissatisfaction with our services could damage our ability to expand the number of applications subscribed to by that customer. In addition, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

We do not have an adequate history with our subscription or pricing models to accurately predict the long-term rate of customer subscription renewals or adoption, or the impact these renewals and adoption will have on our revenues or operating results.

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

In addition, our customers have no obligation to renew their subscriptions for our applications after the expiration of the initial subscription period. Our customers may renew for fewer elements of our applications or on different pricing terms. We have limited historical data with respect to rates of customer subscription renewals, so we cannot accurately predict customer renewal rates. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their dissatisfaction with our pricing or our applications and their ability to continue their operations and spending levels. If our customers do not renew their subscriptions for our applications on similar pricing terms, our revenues may decline and our business could suffer. In addition, over time the average term of our contracts could change based on renewal rates or for other reasons.

Our future success also depends in part on our ability to sell additional features or enhanced elements of our applications to our current customers. This may require increasingly costly sales efforts that are targeted at senior management. If these efforts are not successful, our business may suffer.

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

We rely on our reputation and recommendations from key customers in order to promote subscriptions to our applications. The loss of any of our key customers, or a failure of some of them to renew, could have a significant impact on our revenues, reputation and our ability to obtain new customers. In addition, acquisitions of our customers could lead to cancellation of our contracts with those customers or by the acquiring companies, thereby reducing the number of our existing and potential customers. Acquisitions of our partners could also result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our applications.

We typically provide service level commitments under our customer contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our revenues.

Our customer agreements typically provide service level commitments on a monthly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our applications, we may be contractually obligated to provide these customers with service credits, refunds for prepaid amounts related to unused subscription services, or we could face contract terminations. Our revenues could be significantly affected if we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our customers. Any extended service outages could adversely affect our reputation, revenues and operating results.

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

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

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

A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. To date, we have not realized a substantial portion of our revenues from customers headquartered outside the United States. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in the United States. Because of our limited experience with international operations, our international expansion efforts may not be successful in creating demand for our applications outside of the United States or in effectively selling subscriptions to our applications in all of the international markets we enter. In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our application for specific countries, including translation into foreign languages and associated expenses;
- data privacy laws which require that customer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional and economic political conditions.

Today, our international contracts are only occasionally denominated in local currencies. However, the majority of our local costs are denominated in local currencies. We anticipate that over time, an increasing portion of our international contracts may be denominated in local currencies. Therefore, fluctuations in the value of the U.S. dollar and foreign currencies may impact our operating results when translated into U.S. dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations.

If we fail to manage our technical operations infrastructure, our existing customers may experience service outages and our new customers may experience delays in the deployment of our applications.

We have experienced significant growth in the number of users, transactions and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support version control, changes in hardware and software parameters and the evolution of our applications. However, the provision of new hosting infrastructure requires significant lead time. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and adversely affect our revenues.

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

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

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

We believe that developing and maintaining widespread awareness of our brand in a cost-effective manner is critical to achieving widespread acceptance of our applications and attracting new customers. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our applications.

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

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

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

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

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

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

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

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

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

We depend on our senior management team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

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

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers with high levels of experience in designing and developing software and Internet-related services and senior sales executives. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or Workday have breached their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees in the San Francisco Bay Area often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. 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.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We may in the future seek to acquire or invest in businesses, applications or technologies that we believe could complement or expand our applications, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

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We have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our applications and contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

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

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

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

We have funded our operations since inception primarily through equity financings, capital lease arrangements, and prepayments by customers. We do not know when or if our operations will generate sufficient cash to fund our ongoing operations. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of customer prepayments or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Adverse economic conditions may negatively impact our business.

Our business depends on the overall demand for enterprise software and on the economic health of our current and prospective customers. The recent financial recession resulted in a significant weakening of the economy in the United States and Europe and of the global economy, more limited availability of credit, a reduction in business confidence and activity, and other difficulties that may affect one or more of the industries to which we sell our applications. In addition, there has been pressure to reduce government spending in the United States, and automatic tax increases and spending cuts at the Federal level will go into effect at the beginning of 2013 unless new legislation is passed that provides otherwise. This might reduce demand for our applications from organizations that receive funding from the U.S. government and could negatively affect the U.S. economy, which could further reduce demand for our applications. Further, the economies of countries in Europe have been experiencing weakness associated with high sovereign debt levels, weakness in the banking sector and uncertainty over the future of the Euro zone. We have operations in Ireland and current and potential new customers in Europe. If economic conditions in Europe and other key markets for our applications continue to remain uncertain or deteriorate further, many customers may delay or reduce their information technology spending. This could result in reductions in sales of our applications, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. Any of these events would likely have an adverse effect on our business, operating results and financial position. In addition, there can be no assurance that enterprise software spending levels will increase following any recovery.

Our customers may fail to pay us in accordance with the terms of their agreements, necessitating action by us to compel payment.

We typically enter into multiple year, non-cancelable arrangements with customers of our services. If customers fail to pay us under the terms of our agreements, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. The risk of such negative effects increases with the term length of our customer arrangements. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts more slowly, either of which could adversely affect our operating results, financial position and cash flow.

Catastrophic events may disrupt our business.

Our corporate headquarters are located in Pleasanton, California and our data centers are located in Ashburn, Virginia; Lithia Springs, Georgia; Sacramento, California; Portland, Oregon; Dublin, Ireland; and Amsterdam, the Netherlands. The west coast of the United States contains active earthquake

zones and the southeast is subject to seasonal hurricanes. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, operational support, hosted services and sales activities. In the event of a major earthquake, hurricane or catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our application development, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have an adverse effect on our future operating results.

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

Our success and ability to compete depend in part upon our intellectual property. We currently have six issued patents. We primarily rely on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

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

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

There is considerable patent and other intellectual property development activity in our industry. Our success depends upon our not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. From time to time, third parties may claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. In the future, others may claim that our applications and underlying technology infringe or violate their intellectual property rights. However, we may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

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

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

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

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

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

The future success of our business depends upon the continued use of the Internet as a primary medium for commerce, communication and business applications. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Changes in these laws or regulations could require us to modify our applications in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. These laws or charges could limit the growth of Internet-related commerce or communications or generally, result in reductions in the demand for Internet-based applications such as ours.

In addition, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms” and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet is adversely affected by these issues, demand for our applications could suffer.

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We are obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock may be negatively affected.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and, beginning with our annual report for the fiscal year ending January 31, 2014, provide a management report on the internal controls over financial reporting, which must be attested to by our independent registered public accounting firm to the extent we are no longer an “emerging growth company,” as defined by The Jumpstart Our Businesses Act of 2012 (the JOBS Act). If we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. If we identify material weaknesses in our internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 in a timely manner, if we are unable to assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

The requirements of being a public company may strain our resources, divert management’s attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an emerging growth company, as defined by the JOBS Act. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management’s attention may be diverted from other business concerns, which could harm our business and operating results. Although we have hired additional employees to comply with these requirements, we may need to hire more employees in the future, in particular accounting, financial and internal audit staff, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

In addition, in our prior fiscal year our co-CEOs each received, and in the current fiscal year, they each continue to receive, a base salary of approximately \$33,000. We could incur additional compensation costs in the event that we decide to pay them cash compensation closer to that of CEOs of other public software companies, which would increase our general and administrative expense and could adversely affect our profitability. Additionally, in May 2012, we granted Mr. Duffield a stock option to purchase up to 300,000 shares of Class B common stock and Mr. Bhusri 1,000,000 restricted shares of Class B common stock. These awards and any future equity awards will also increase our compensation expenses.

As a public company that is subject to these rules and regulations, we may find that it is more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an emerging growth company. For as long as we continue to be an emerging growth company, we intend to take advantage of certain other exemptions from various reporting requirements that are applicable to other public companies including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our Class A common stock less attractive because we will rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

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We will remain an emerging growth company until the earliest of (i) the end of the fiscal year in which the market value of our common stock that is held by non-affiliates exceeds \$700 million as of July 31, (ii) the end of the fiscal year in which we have total annual gross revenues of \$1 billion or more during such fiscal year, (iii) the date on which we issue more than \$1 billion in non-convertible debt in a three-year period or (iv) October 11, 2017.

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

As of January 31, 2012, we had federal and state net operating loss carryforwards due to prior period losses, which if not utilized will begin to expire in 2025 and 2015 for federal and state purposes, respectively. We also have federal research tax credit carryforwards, which if not utilized will begin to expire in 2025. These net operating loss and research tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), our ability to utilize net operating loss carryforwards or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an “ownership change.” A Section 382 “ownership change” generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. It is possible that an ownership change, or any future ownership change, could have a material effect on the use of our net operating loss carryforwards or other tax attributes, which could adversely affect our profitability.

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

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the Internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results and cash flows.

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

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

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

Risks Related to Ownership of Our Class A Common Stock

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

The trading price of our Class A common stock has been volatile historically, and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, such as:

- overall performance of the equity markets;
- fluctuations in the valuation of companies perceived by investors to be comparable to us or in valuation metrics, such as our price to revenues ratio;
- changes in the estimates of our operating results that we provide to the public, our failure to meet these projections or changes in recommendations by securities analysts that follow our Class A common stock;
- announcements of technological innovations, new applications or enhancements to services, acquisitions, strategic alliances or significant agreements by us or by our competitors;
- disruptions in our services due to computer hardware, software or network problems;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel
- the economy as a whole, market conditions in our industry, and the industries of our customers;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding common stock;
- the expiration of market standoff or contractual lock-up agreements;
- the size of our market float; and
- our operating performance and the performance of other similar companies.

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

in the future.

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

There may be a limited market for investors in our industry.

There are few publicly traded companies that provide cloud applications at this time. Investors may have limited funds to invest in the cloud applications sector, and as publicly traded securities in these industries become more available, investors who have purchased or may in the future purchase securities in this sector may choose to sell Workday securities that they have already purchased in favor of other companies, or choose to invest in other companies, including our competitors. As a result, demand for our Class A common stock could decline, which would result in a corresponding decline in our stock price.

Substantial blocks of our total outstanding shares may be sold into the market when “lock-up” or “market standoff” periods end. If there are substantial sales of shares of our common stock, the price of our Class A common stock could decline.

The price of our Class A common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers, and significant stockholders, or if there is a large number of shares of our common stock available for sale. As of October 31, 2012, we have outstanding 26.2 million shares of our Class A common stock. All of the shares of Class A common stock sold in our initial public offering are available for sale in the public market. All of our outstanding shares of Class B common stock are currently restricted from resale as a result of market standoff and “lock-up” agreements. These shares will become available to be sold on April 10, 2013, subject to extension in some circumstances. Shares held by directors, executive officers and other affiliates will be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements.

Certain of our stockholders have rights, subject to some conditions, to require us to file registration statements covering their shares to include their shares in registration statements that we may file for ourselves or our stockholders. All of these shares are subject to market standoff or lock-up agreements restricting their sale until April 10, 2013, subject to extension in certain circumstances. We have registered shares of common stock that we have issued and may issue under our employee equity incentive plans. All of these shares are subject to market standoff or lock-up agreements restricting their sale until April 10, 2013, subject to extension in certain circumstances. Following the expiration of the foregoing market standoff and lock-up agreements, these shares may be sold freely in the public market upon issuance.

The market price of the shares of our Class A common stock could decline as a result of the sale of a substantial number of our shares of Class A common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

We have broad discretion in the use of the net proceeds from our initial public offering and may not use them effectively.

We cannot specify with any certainty the particular uses of the net proceeds that we have received from our initial public offering. We have broad discretion in the application of the net proceeds, including working capital, possible acquisitions, and other general corporate purposes, and we may spend or invest these proceeds in a way with which our stockholders disagree. The failure by our management to apply these funds effectively could adversely affect our business and financial condition. Pending their use, we may invest the net proceeds from our initial public offering in a manner that does not produce income or that loses value. These investments may not yield a favorable return to our investors.

Our co-founders and co-CEOs have control over key decision making as a result of their control of a majority of our voting stock.

Our co-founder and co-CEO David Duffield, together with his affiliates, holds voting rights with respect to an aggregate of 73,457,736 shares of Class B common stock. Our co-founder and co-CEO Aneel Bhusri, together with his affiliates, holds voting rights with respect to an aggregate of 27,375,578 shares of Class B common stock. In addition, Mr. Bhusri holds options to acquire 3,200,000 shares of Class B common stock as of October 31, 2012. Collectively, these shares represent a substantial majority of the voting power of our outstanding capital stock. As a result, they have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. In addition, they have the ability to control the management and affairs of our company as a result of their positions as our co-CEOs and their ability to control the election of our directors. In addition, Messrs. Duffield and Bhusri have entered into a voting agreement under which each has granted a voting proxy with respect to the Class B common stock beneficially owned by him effective upon his death or incapacity. Messrs. Duffield and Bhusri have each initially designated the other as their respective proxies. Accordingly, upon the death or incapacity of either Mr. Duffield or Mr. Bhusri, the other would individually continue to control a substantial majority of the voting power of our outstanding capital stock. As board members and officers, they owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even as controlling stockholders, Mr. Duffield and Mr. Bhusri are entitled to vote their shares in their own interests, which may not always be in the interests of our stockholders generally.

The dual class structure of our common stock has the effect of concentrating voting control with our co-CEOs, and also with employees and directors and their affiliates; this will limit or preclude your ability to influence corporate matters.

Our Class B common stock has ten votes per share, and our Class A common stock, which is the stock we offered in our initial public offering, has one vote per share. Stockholders who hold shares of Class B common stock, including our executive officers, employees, and directors and their affiliates, together hold above 95% of the voting power of our outstanding capital stock as of October 31, 2012. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval until October 11, 2032 or such earlier time as the shares of Class B common stock represent less than 9% of all outstanding shares of our Class A and Class B common stock, at any time if agreed by the holders of the majority of the Class B common stock or nine months following the death of both Mr. Duffield and Mr. Bhusri. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future.

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

majority of the combined voting power of our Class A common stock and Class B common stock.

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If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

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

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

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

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

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

- any transaction that would result in a change in control of our company requires the approval of a majority of our outstanding Class B common stock voting as a separate class;
- we have a dual class common stock structure, which provides our co-CEOs with the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- when the outstanding shares of our Class B common stock represent less than a majority of the combined voting power of common stock:
- certain amendments to our restated certificate of incorporation or restated bylaws will require the approval of two-thirds of the combined vote of our then-outstanding shares of Class A and Class B common stock;
- our stockholders will only be able to take action at a meeting of stockholders and not by written consent;
- vacancies on our board of directors will be able to be filled only by our board of directors and not by stockholders;
- only our chairman of the board, our co-chief executive officers, our president, or a majority of our board of directors are authorized to call a special meeting of stockholders;
- certain litigation against us can only be brought in Delaware;
- we will have two classes of common stock until the date that is the first to occur of (i) October 11, 2032, (ii) such time as the shares of Class B common stock represent less than 9% of the outstanding Class A and Class B common stock, (iii) nine months following the death of both Mr. Duffield and Mr. Bhusri, or (iv) the date on which the holders of a majority of the shares of Class B common stock elect to convert all shares of Class A common stock and Class B common stock into a single class of common stock;
- our restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established, and shares of which may be issued, without the approval of the holders of Class A common stock; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

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

a) Sales of Unregistered Securities

- From August 1, 2012 through October 11, 2012, (the date of the filing of our registration statement on Form S-8) we issued to employees an aggregate of 90,000 shares of restricted Class B common stock under the 2005 Stock Plan in consideration for services rendered. These issuances were undertaken in reliance upon the exemption from registration requirements of Rule 701 of the Securities Act.
- From August 1, 2012 through October 11, 2012 (the date of the filing of our registration statement on Form S-8) we issued and sold to employees, consultants and other service providers an aggregate of 816,553 shares of Class B common stock upon the exercise of options under the 2005 Stock Plan at exercise prices ranging from \$0.10 to \$9.20 per share, for an aggregate exercise price of approximately \$1.5 million. These issuances were undertaken in reliance upon the exemption from registration requirements of Rule 701 of the Securities Act. In addition, we issued to one of our co-CEOs 1,100,000 shares of Class B common stock upon the exercise of options outside the 2005 Stock Plan at an exercise price of \$1.30 per share, for an aggregate exercise price of approximately \$1.4 million. The shares of Class B common stock issued in the above transaction were not registered under the Securities Act in reliance upon exemptions from registration under Section 4(2) of the Securities Act or Regulation D promulgated thereunder.

b) Use of Proceeds from Public Offerings of Common Stock

On October 17, 2012, we closed our initial public offering (IPO), in which we sold 26.2 million shares of Class A common stock at a price to the public of \$28.00 per share. The aggregate offering price for shares sold in the offering was approximately \$732.6 million. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-183640), which was declared effective by the SEC on October 11, 2012. The offering commenced on October 11, 2012 and did not terminate before all of the shares in the IPO were registered in the registration statement were sold. Morgan Stanley & Co. LLC and Goldman, Sachs & Co. acted as the managing underwriters. We raised approximately \$684.6 million in net proceeds from the offering, after deducting underwriter discounts and commissions of approximately \$44.0 million and other offering expenses of approximately \$4.0 million

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on October 15, 2012 pursuant to Rule 424(b). No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries. Pending the uses described, we have invested the net proceeds in short-term, investment-grade interest-bearing securities such as money market funds, certificates of deposit, commercial paper, corporate debt, agencies and guaranteed obligations of the U.S. government.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

OTHER INFORMATION

(a) Procedure for Submitting Stockholder Proposals

Any stockholder proposal intended to be included in Workday's proxy statement for the next annual meeting of stockholders of Workday must satisfy Securities and Exchange Commission (SEC) regulations under Rule 14a-8 of the Securities Exchange Act of 1934, as amended, and be received not later than January 3, 2013.

In order for stockholder business to be properly brought before the next annual meeting of stockholders by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of Workday at 6230 Stoneridge Mall Road, Pleasanton, CA 94588 and must otherwise satisfy the requirements set forth in Workday's Bylaws. Stockholders may contact Workday's Secretary at our principal executive offices for a copy of our current Bylaws, including the relevant provisions regarding the requirements for making stockholder proposals, or may refer to the copy of our Bylaws filed herewith as Exhibit 3.2.

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ITEM 6. EXHIBITS

Exhibits

The Exhibits listed below are filed as part of this Form 10-Q.

<u>Exhibit Number</u>	
3.1	Amended Certificate of Incorporation
3.2	Amended Bylaws
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.3	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
32.2	Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
32.3	Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101.INS††	XBRL Instance Document
101.SCH††	XBRL Taxonomy Schema Linkbase Document
101.CAL††	XBRL Taxonomy Calculation Linkbase Document
101.DEF††	XBRL Taxonomy Definition Linkbase Document
101.LAB††	XBRL Taxonomy Labels Linkbase Document
101.PRE††	XBRL Taxonomy Presentation Linkbase Document

†† In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections.

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.

Dated: December 7, 2012

Workday, Inc.

/s/ Mark S. Peek

Mark S. Peek

Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

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Workday, Inc.

RESTATED CERTIFICATE OF INCORPORATION

Workday, Inc., a Delaware corporation, hereby certifies as follows.

1. The name of this corporation is Workday, Inc. ("Workday"). The date of filing Workday's original Certificate of Incorporation with the Secretary of State was March 16, 2012, under the name Workday, Inc.

2. The Restated Certificate of Incorporation of Workday attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of Workday as heretofore amended and/or restated, has been duly adopted by Workday's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of Workday's stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Workday has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: October 11, 2012

WORKDAY, INC.

By: /s/ James P. Shaughnessy

Name: James P. Shaughnessy

Title: Secretary

EXHIBIT A

WORKDAY, INC.

RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME

The name of this corporation is Workday, Inc.

ARTICLE II: AGENT FOR SERVICE OF PROCESS

The address of Workday's registered office in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle, 19808. The name of the registered agent of Workday at that address is The Corporation Trust Company.

ARTICLE III: PURPOSE

The purpose of Workday is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware ("***General Corporation Law***").

ARTICLE IV: AUTHORIZED STOCK

1. Total Authorized.

The total number of shares of all classes of capital stock that Workday has authority to issue is 1,000,000,000 shares, consisting of: 750,000,000 shares of Class A Common Stock, \$0.001 par value per share ("***Class A Common Stock***"), 240,000,000 shares of Class B Common Stock, \$0.001 par value per share ("***Class B Common Stock***") and together with the Class A Common Stock, the "***Common Stock***") and 10,000,000 shares of Preferred Stock, \$0.001 par value per share. The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of Workday entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

2. Designation of Additional Shares

2.1 The Board of Directors is authorized, subject to any limitations prescribed by the laws of the State of Delaware, by resolution or resolutions, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware ("***Certificate of Designation***"), to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or

restrictions thereof, and to increase (but not above the total number of authorized shares of such class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may also be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of Workday entitled to vote thereon, without a separate vote of the holders of the Preferred Stock or any series thereof, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, unless a vote of any such holders is required pursuant to the terms of any Certificate of Designation designating a series of Preferred Stock.

2.2 Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this ARTICLE IV, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock or any future class or series of Preferred Stock or Common Stock.

3. Rights of Class A Common Stock and Class B Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Class A Common Stock and Class B Common Stock are as set forth below in this Section 3.

3.1 Equal Status. Except as otherwise provided in this Restated Certificate of Incorporation or required by applicable law, shares of Class A Common Stock and Class B Common Stock will have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of Workday), share ratably and be identical in all respects and as to all matters.

3.2 Voting Rights. Except as otherwise expressly provided by this Restated Certificate of Incorporation or as provided by law, the holders of shares of Class A Common Stock and Class B Common Stock will (a) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote or for the consent (if action by written consent of the stockholders is permitted at such time under this Restated Certificate of Incorporation) of the stockholders of Workday, (b) be entitled to notice of any stockholders' meeting in accordance with the Bylaws of Workday, and (c) be entitled to vote upon such matters and in such manner as may be provided by applicable law. Except as otherwise expressly provided herein or required by applicable law, each holder of Class A Common Stock will have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock will have the right to ten (10) votes per share of Class B Common Stock held of record by such holder.

3.3 Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, shares of Class A Common Stock and Class B Common Stock will be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any assets of Workday legally available therefor; provided, however, that in the event a dividend is paid in the form of shares of Class A Common Stock or

Class B Common Stock (or rights to acquire such shares), then holders of Class A Common Stock will receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and holders of Class B Common Stock will receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock, as applicable. Notwithstanding the foregoing, the Board of Directors may pay or make a disparate dividend or distribution per share of Class A Common Stock or Class B Common Stock (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if such disparate dividend or distribution is approved in advance by the holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class.

3.4 Subdivisions or Combinations. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class are concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and the holders of the outstanding Class B Common Stock on the record date for such subdivision, combination or reclassification; provided, however, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved in advance by holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class.

3.5 Liquidation Rights. Subject to the preferential liquidation or other rights of any holders of Preferred Stock, the holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of Workday available for distribution to the holders of its common stock upon any liquidation, dissolution or winding up of Workday, unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class.

3.6 Redemption. Neither the Class A Common Stock nor the Class B Common Stock is redeemable.

3.7 Change in Control Vote. Workday will not consummate a Change in Control Transaction (as defined below) without first obtaining the approval of the holders of at least a majority of the then outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Restated Certificate of Incorporation or the Bylaws. For the purposes of this Section 3.7, a “**Change in Control Transaction**” means the occurrence of any of the following events:

(a) the sale, lease, exchange, encumbrance or other disposition (other than licenses in the ordinary course of business, and the grant of security interests in the ordinary course of business) by Workday of all or substantially all of the assets of Workday and its subsidiaries, taken as a whole;

(b) the merger or consolidation of Workday with or into any other corporation or entity, other than a merger or consolidation that would result in the Class B Common Stock of Workday outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its sole parent entity) more than fifty percent (50%) of the total voting power represented by the voting securities of Workday or such surviving entity or its sole parent entity outstanding immediately after such merger or consolidation; or

(c) the issuance by Workday of securities that, after giving effect to such issuance or, in the case of options, warrants and other convertible or exchangeable securities, after giving effect to the exercise, conversion or exchange of such securities, would result in the Class B Common Stock converting into Class A Common Stock under Section 3.8(c)(ii) of this Restated Certificate of Incorporation.

3.8 Voluntary and Automatic Conversion of Class B Common Stock.

(a) Voluntary Conversion of Shares of Class B Common Stock. Each share of Class B Common Stock will be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to Workday. Before any holder of Class B Common Stock will be entitled to voluntarily convert any shares of such Class B Common Stock, such holder will surrender the certificate or certificates therefor (if any), duly endorsed, at the principal corporate office of Workday or of any transfer agent for the Class B Common Stock, and will give written notice to Workday at its principal corporate office, of the election to convert the same and will state therein the name or names (i) in which the certificate or certificates for shares of Class A Common Stock are to be issued if such shares are certificated, or (ii) in which such shares are to be registered in book entry if such shares are uncertificated. Workday will, as soon as practicable thereafter, issue and deliver at such office to such holder of Class B Common Stock, or to the nominee or nominees of such holder, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder will be entitled as aforesaid (if such shares are certificated) or, if such shares are uncertificated, register such shares in book-entry form. Such conversion will be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Class B Common Stock to be converted following or contemporaneously with the written notice of such holder's election to convert required by this Section 3.8(a), and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion will be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. Each share of Class B Common Stock that is converted pursuant to this Section 3.8(a) will be retired by Workday and will not be available for reissuance.

(b) Automatic Conversion of Shares of Class B Common Stock. Shares of Class B Common Stock will be automatically, without further action by the holder thereof, converted into an equal number of fully paid and nonassessable shares of Class A Common Stock, upon the occurrence of any of the following events:

(i) any Transfer of such shares of Class B Common Stock, except for a Transfer to one or more Permitted Transferees of the holder of such shares;

(ii) the date that any such Permitted Transferee of such shares ceases to meet the qualifications to be a Permitted Transferee of the holder of Class B Common Stock who effected the Transfer of such shares to such Permitted Transferee; and

(iii) the death or Incapacity of a holder of such shares other than a Founder who is a natural person, or the death or Incapacity of the transferor of such shares who is a natural person from whom a Permitted Transferee acquired such shares of Class B Common Stock.

Each outstanding stock certificate that, immediately prior to such conversion, represented one or more shares of Class B Common Stock subject to such conversion will, upon such conversion, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. Workday will, upon the request of any holder whose shares of Class B Common Stock have been converted into shares of Class A Common Stock as a result of such conversion and upon surrender by such holder to Workday of the outstanding certificate(s) formerly representing such holder's shares of Class B Common Stock (if any), issue and deliver to such holder certificate(s) representing the shares of Class A Common Stock into which such holder's shares of Class B Common Stock were converted as a result of such conversion (if such shares are certificated) or, if such shares are uncertificated or the stockholder otherwise consents, register such shares in book-entry form. Shares of Class B Common Stock that are converted pursuant to this Section 3.8(b) will be retired by Workday and will not be available for reissuance.

(c) Conversion of All Outstanding Class B Common Stock. Each share of Class B Common Stock then outstanding will be automatically, without further action by the holder thereof, converted into one (1) fully paid and nonassessable share of Class A Common Stock, upon the earliest to occur of:

(i) the date specified by the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class;

(ii) the first date on which the number of outstanding shares of Class B Common Stock represents less than 9% of the aggregate number of outstanding shares of Class A Common Stock and Class B Common Stock;

(iii) October 17, 2032; or

(iv) the date that is nine months after the death of the last to die of the Founders.

Each outstanding stock certificate that, immediately prior to such conversion, represented one or more shares of Class B Common Stock subject to such conversion will, upon such conversion, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. Workday will, upon the request of any holder whose shares of Class B Common Stock have been converted into shares of Class A

Common Stock as a result of such conversion and upon surrender by such holder to Workday of the outstanding certificate(s) formerly representing such holder's shares of Class B Common Stock (if any), issue and deliver to such holder certificate(s) representing the shares of Class A Common Stock into which such holder's shares of Class B Common Stock were converted as a result of such conversion (if such shares are certificated) or, if such shares are uncertificated or the stockholder otherwise consents, register such shares in book-entry form.

Following such conversion, the reissuance of shares of Class B Common Stock will be prohibited, and such shares of Class B Common Stock will be retired by Workday and cancelled in accordance with the General Corporation Law and the filing with the Delaware Secretary of State required thereby. Upon such retirement and filing, all references herein to Class A Common Stock will be deemed to be references to Common Stock. Each outstanding stock certificate that, immediately prior to such retirement and filing, represented one or more shares of Class A Common Stock will, following such retirement and filing, be deemed to represent an equal number of shares Common Stock, without the need for surrender or exchange thereof.

(d) Workday may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Restated Certificate, relating to the conversion of the Class B Common Stock into Class A Common Stock pursuant to the terms of this Restated Certificate, as Workday may deem necessary or advisable in connection therewith. If Workday has reason to believe that a Transfer giving rise to a conversion of shares of Class B Common Stock into Class A Common Stock has occurred but has not theretofore been reflected on the books of Workday, Workday may request that the holder of such shares furnish affidavits or other evidence to Workday as Workday deems necessary to determine whether a conversion of shares of Class B Common Stock to Class A Common Stock has occurred, and if such holder does not within ten (10) days after the date of such request furnish sufficient evidence to Workday (in the manner provided in the request) to enable Workday to determine that no such conversion has occurred, any such shares of Class B Common Stock, to the extent not previously converted, will be automatically converted into shares of Class A Common Stock and the same will thereupon be registered on the books and records of Workday. In connection with any action of stockholders taken at a meeting or by written consent (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation), the stock ledger of Workday will be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders or in connection with any such written consent and the class or classes or series of shares held by each such stockholder and the number of shares of each class or classes or series held by such stockholder.

3.9 Definitions. For purposes of this Restated Certificate of Incorporation,

(a) “**Designated Proxy Holder**” means, with respect to a Founder, a person designated by such Founder and approved by the Board of Directors to act as such Founder's proxy and attorney-in-fact or, if there is no such designee, the members of the Board of Directors acting by majority vote.

(b) “**Founders**” means David A. Duffield and Aneel Bhusri (and each of them is referred to as a “**Founder**”).

(c) “**Incapacity**” means, for a holder of Class B Common Stock other than a Founder, incapacity such that such holder is incapable of managing his financial affairs under the criteria set forth in California Probate Code Section 810 et. seq that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months as determined by a licensed medical practitioner. In the event of a dispute regarding whether a holder of Class B Common Stock other than a Founder has suffered an Incapacity, no Incapacity of such holder will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction, and such ruling has become final and non-appealable.

(d) “**Permitted Transferee**” means:

(i) Any trust, corporation, limited liability company, partnership, foundation or similar entity established by a holder of Class B Common Stock or a Founder’s estate, or the estate of a Founder itself; provided that:

(A) either (a) in the case of a holder of Class B Common Stock other than a Founder, an entity established by a Founder or a Founder’s estate, the holder of Class B Common Stock has sole dispositive power and exclusive right to vote all of the shares of Class B Common Stock held by such entity or (b) in the case of a Founder’s estate or an entity established by a Founder or a Founder’s estate, the Founder or such Founder’s Designated Proxy Holder (pursuant to a voting agreement or voting trust established by such Founder) has the exclusive right to vote all of the shares of Class B Common Stock held by such estate or entity; and

(B) the Transfer to the transferee does not involve any payment of cash, securities, property or other consideration (other than an interest in such entity) to the holder of Class B Common Stock.

(ii) a Founder; provided that the distribution of Class B Common Stock (or securities convertible into or exercisable for Class B Common Stock) is made to such Founder by a venture capital or other investment fund in accordance with the terms of such venture capital or investment fund’s charter and/or organizational documents; provided, further, that such distribution does not involve any payment of cash, securities, property or other consideration by the Founder (other than the Founder’s investment or contractual commitment in respect of his interest in such venture capital or investment fund).

(e) “**Transfer**” of a share of Class B Common Stock means, directly or indirectly, any sale, assignment, transfer by bequest, devise or descent, conveyance (including a conveyance in trust) or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law. A Transfer includes, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether or not there is a corresponding change in beneficial ownership) and the transfer of, or entering into an agreement with respect to, Voting Control over a share of Class B Common Stock by proxy or otherwise; provided, however, that the following will not be considered a Transfer:

(i) the grant of a proxy by a Founder to a Designated Proxyholder;

(ii) the grant of a revocable proxy to officers or directors of Workday at the request of the Board of Directors, in connection with actions to be taken at an annual or special meeting of stockholders or in connection with any action by written consent of the stockholders solicited by the Board of Directors (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation);

(iii) the issuance by Workday of any shares of Class B Common Stock pursuant to the exercise of options, warrants, securities or rights that are exercisable or exchangeable for, or convertible into, Class B Common Stock;

(iv) an encumbrance, hypothecation or pledge of shares of Class B Common Stock by a holder of Class B Common Stock in connection with a bona fide loan or indebtedness transaction prior to an event of default or other event that gives any other person the right to vote or control the disposition of the shares subject to such encumbrance, hypothecation or pledge; or

(v) any acquisition or disposition (including by judicial determination) of a community property interest in any shares of Class B Common Stock that does not result in a disposition by a holder of Class B Common Stock of either his or her economic interest in such shares of Class B Common Stock or an acquisition of exclusive Voting Control by another person (including the spouse or former spouse of such holder) of such shares of Class B Common Stock.

(f) “**Trigger Date**” will mean 5:00 p.m. (Eastern Time) on the first day falling on or after the date on which the outstanding shares of Class B Common Stock represent less than a majority of the total voting power of the then outstanding shares of Class A Common Stock and Class B Common Stock voting together as a single class.

(g) “**Voting Control**” with respect to a share of Class B Common Stock means the power (whether exclusive or shared) to vote or direct the voting of such share of Class B Common Stock by proxy, voting agreement or otherwise.

3.10 Reservation of Stock. Workday will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock, such number of shares of Class A Common Stock as will from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock.

3.11 Protective Provisions. So long as any shares of Class B Common Stock remain outstanding:

(a) Workday will not, whether by merger, consolidation or otherwise, amend, alter, repeal or waive Section 3 of this ARTICLE IV (or adopt any provision inconsistent therewith), without first obtaining the approval of the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Restated Certificate of Incorporation or the Bylaws.

(b) Workday will not, without first obtaining the approval of the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Restated Certificate of Incorporation or the Bylaws, authorize or issue, or obligate itself to issue, any Preferred Stock (including any other security convertible into or exercisable for any such Preferred Stock).

ARTICLE V: AMENDMENT OF BYLAWS

The Board of Directors of Workday will have the power to adopt, amend or repeal the Bylaws of Workday. Any adoption, amendment or repeal of the Bylaws of Workday by the Board of Directors will require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term “**Whole Board**” will mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders will also have power to adopt, amend or repeal the Bylaws of Workday. Prior to the Trigger Date, in addition to any vote of the holders of any class or series of stock of Workday required by applicable law or by this Restated Certificate of Incorporation (including any Preferred Stock issued pursuant to a Certificate of Designation), such adoption, amendment or repeal of the Bylaws of Workday by the stockholders will require the affirmative vote of a majority in voting power of all of the then outstanding shares of capital stock of Workday entitled to vote generally in the election of directors, voting together as a single class. From and after the Trigger Date, in addition to any vote of the holders of any class or series of stock of Workday required by applicable law or by this Restated Certificate of Incorporation (including any Preferred Stock issued pursuant to a Certificate of Designation), such adoption, amendment or repeal of the Bylaws of Workday by the stockholders will require the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of Workday entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VI: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. Director Powers. The business and affairs of Workday will be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Restated Certificate of Incorporation or the Bylaws of Workday, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by Workday.

2. Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. Classified Board. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors will be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the “**Classified Board**”). The Board of Directors

may assign members of the Board of Directors then in office to such classes of the Classified Board, which assignments will become effective at the same time the Classified Board becomes effective. Directors will be assigned to each class in accordance with a resolution or resolutions adopted by a majority of the Board of Directors, with the number of directors in each class to be divided as nearly equally as reasonably possible. The initial term of office of the Class I directors will expire at Workday's first annual meeting of stockholders following the closing of Workday's initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock to the public (the "**Initial Public Offering**"), the initial term of office of the Class II directors will expire at Workday's second annual meeting of stockholders following the closing of the Initial Public Offering, and the initial term of office of the Class III directors will expire at Workday's third annual meeting of stockholders following the closing of the Initial Public Offering. At each annual meeting of stockholders following the closing of the Initial Public Offering, directors elected to succeed those directors of the class whose terms then expire will be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election.

4. Term and Removal. Each director will hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon notice to Workday given in writing or by any electronic transmission permitted in Workday's Bylaws or in accordance with applicable law. Subject to the rights of the holders of any series of Preferred Stock with respect to directors elected thereby, no director may be removed except for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the then-outstanding shares of capital stock of Workday then entitled to vote at an election of directors voting together as a single class. No decrease in the number of directors constituting the Whole Board will shorten the term of any incumbent director.

5. Board Vacancies. From and after the Trigger Date and subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, will (unless (a) the Board of Directors determines by resolution that any such vacancy or newly created directorship will be filled by the stockholders or (b) otherwise required by applicable law) be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and not by the stockholders. Prior to the Trigger Date, any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, may be filled by the stockholders or by the affirmative vote of a majority of the directors then in office, even if less than a quorum or by a sole remaining director. Any director elected in accordance with the preceding sentence will hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which the director has been elected expires or until such director's successor will have been duly elected and qualified.

6. Vote by Ballot. Election of directors need not be by written ballot.

ARTICLE VII: DIRECTOR LIABILITY; INDEMNIFICATION

1. Limitation of Liability. To the fullest extent permitted by law, no director of Workday will be personally liable to Workday or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of Workday will be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. Indemnification. In furtherance and not in limitation of the rights, powers, privileges, and discretionary authority granted or conferred by Title 8 of the General Corporation Law or other statutes or laws of the State of Delaware, the Board of Directors is expressly authorized to provide indemnification of directors, officers, employees, agents, and other persons to the fullest extent permitted by law through bylaw provisions, agreements with indemnitees, vote of stockholders or disinterested directors or otherwise.

3. Change in Rights. Neither any amendment nor repeal of this ARTICLE VII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this ARTICLE VII, will eliminate, adversely affect or reduce the effect of this ARTICLE VII in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this ARTICLE VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII: MATTERS RELATING TO STOCKHOLDERS

1. Action by Written Consent of Stockholders. Prior to the Trigger Date, any action required to be taken at any annual or special meeting of stockholders of Workday, or any action that may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. From and after the Trigger Date, subject to the rights of the holders of any series of Preferred Stock with respect to actions by the holders of shares of such series, (a) no action will be taken by the stockholders of Workday except at a duly called annual or special meeting of stockholders and (b) no action will be taken by the stockholders of Workday by written consent.

2. Special Meeting of Stockholders. Subject to the rights of the holders of any series of Preferred Stock with respect to actions by the holders of shares of such series, special meetings of the stockholders of Workday may be called only by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, the Chairperson of the Board, a Chief Executive Officer or the Secretary, and may not be called by any other person or persons. Business transacted at special meetings of stockholders will be confined to the purpose or purposes stated in the notice of meeting, if notice is required at such time under this Restated Certificate of Incorporation.

3. Advance Notice of Stockholder Nominations. Advance notice of stockholder nominations for the election of directors of Workday and of business to be brought by stockholders before any meeting of stockholders of Workday will be given in the manner provided in the Bylaws of Workday.

4. Business Combinations. Workday elects to be governed by Section 203 of the General Corporation Law.

ARTICLE IX: CHOICE OF FORUM

Unless Workday consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of Workday, (2) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer, employee or agent of Workday to Workday or Workday's stockholders, (3) any action asserting a claim arising pursuant to any provision of the General Corporation Law or Workday's Restated Certificate of Incorporation or Bylaws, (4) any action to interpret, apply, enforce or determine the validity of Workday's Restated Certificate of Incorporation or Bylaws, or (5) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of Workday will be deemed to have notice of and consented to the provisions of this ARTICLE IX.

ARTICLE X: AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

Workday reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of applicable law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the capital stock of Workday required by applicable law or by this Restated Certificate of Incorporation, from and after the Trigger Date, any amendment to or repeal of this ARTICLE X or ARTICLE V, ARTICLE VI, ARTICLE VII, ARTICLE VIII or ARTICLE IX of this Restated Certificate of Incorporation (or the adoption of any provision inconsistent therewith) will require the affirmative vote of the holders of at least two-thirds of the voting power of the then outstanding shares of capital stock of Workday entitled to vote generally in the election of directors, voting together as a single class; provided, further, that the Class B Common Stock will have the consent rights described in Section 3.11 related to amendments to Section 3 of ARTICLE IV of this Restated Certificate and issuances of Preferred Stock.

* * * * *

WORKDAY, INC.
AMENDED AND RESTATED BYLAWS
(As Adopted Effective October 11, 2012)

WORKDAY, INC.
AMENDED AND RESTATED BYLAWS
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WORKDAY, INC.

AMENDED AND RESTATED BYLAWS

As Adopted Effective October 11, 2012

ARTICLE I: STOCKHOLDERS

Section 1.1: **Annual Meetings.** If required by applicable law, an annual meeting of stockholders of Workday, Inc., a Delaware corporation (“Workday”) will be held for the election of directors at such date and time as may be determined from time to time by the Board of Directors of Workday (the “**Board of Directors**”). The meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board of Directors in its sole discretion may determine. Any other proper business may be transacted at the annual meeting.

Section 1.2: **Special Meetings.** Unless otherwise provided by the Certificate of Incorporation of Workday (the “**Certificate of Incorporation**”), special meetings of stockholders for any purpose or purposes may be called at any time by the Chairperson of the Board of Directors, a Chief Executive Officer, the President or by a majority of the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships, and may not be called by any other person or persons. Any special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board of Directors in its sole discretion may determine.

Section 1.3: **Notice of Meetings.** Unless otherwise provided by the Certificate of Incorporation, notice of all meetings of stockholders will be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.1.2 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, such notice will be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining stockholders entitled to notice of the meeting.

Section 1.4: **Adjournments.** The chairperson of any meeting of stockholders or the Board of Directors will have, in his, her or its sole discretion, the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided, however*, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting will be given to

each stockholder of record entitled to vote at the meeting; *provided, further*, that if after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors will fix a new record date for notice of such adjourned meeting (which record date for determining stockholders entitled to notice of such adjourned meeting will be the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting), and will give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. At the adjourned meeting Workday may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, the Board of Directors may postpone, reschedule or cancel any previously scheduled annual or special meeting of stockholders.

Section 1.5: **Quorum.** At each meeting of stockholders the holders of a majority of the voting power of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business, except if otherwise required by applicable law, the Certificate of Incorporation or these Bylaws, If a quorum fails to attend any meeting, the chairperson of the meeting may adjourn the meeting without notice other than announcement at the meeting, until such quorum will be present or represented by proxy. Shares of Workday's stock belonging to Workday (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by Workday), will neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing will not limit the right of Workday or any other corporation to vote any shares of Workday's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum.

Section 1.6: **Organization.** Meetings of stockholders will be presided over by such person as the Board of Directors may designate, or, in the absence of such a person, the Chairperson of the Board of Directors, or, in the absence of such a person, a Chief Executive Officer, or in the absence of such a person, the President of Workday, or, in the absence of a such person, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person will be chairperson of the meeting and, subject to Section 1.11 hereof, will determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it deems appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairperson of the meeting will have the right and authority to convene and, for any or no reason, to recess and/or to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as in his or her judgment are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairperson, may include, without limitation, the following: (i) the establishment of an agenda for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of Workday, their duly authorized and constituted proxies or such other persons as the chairperson of the meeting will determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The chairperson of the meeting, in addition to making any other determinations that

may be appropriate to the conduct of the meeting, will, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and, if such chairperson should so determine, such chairperson will so declare to the meeting and any such matter or business not properly brought before the meeting will not be transacted or considered. The Secretary of Workday will act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: **Voting; Proxies.** Each stockholder entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as otherwise provided by the Certificate of Incorporation, directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, or any other applicable rules or regulations, including the applicable rules or regulations of any stock exchange upon which Workday's securities are listed, every matter other than the election of directors will be decided by the affirmative vote of a majority of the votes properly cast for or against such matter, and, for the avoidance of doubt, neither abstentions nor broker non-votes will be counted as votes cast for or against such matter.

Section 1.8: **Fixing Date for Determination of Stockholders of Record.**

1.8.1 **Meetings.** In order that Workday may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which will not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which will not be more than sixty (60), nor less than ten (10), days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board of Directors, then the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders will be at the close of business on the day next preceding the day on which notice is given. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders will apply to any adjournment of the meeting; *provided, however,* that the Board of Directors may fix a new record date for the adjourned meeting.

1.8.2 **Stockholder Action by Written Consent.** In order that Workday may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix, in advance, a record date, which will not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which will not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors pursuant to the first sentence of this Section 1.8.2, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, will be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to Workday by delivery to its registered office in Delaware, its principal place of business, or to any officer or agent of Workday having custody of the book in which proceedings of meetings of stockholders

are recorded. If no record date has been fixed by the Board of Directors pursuant to the first sentence of this Section 1.8.2, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting if prior action by the Board of Directors is required by applicable law will be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto.

1.8.3 Other Matters. In order that Workday may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which will not precede the date upon which the resolution fixing the record date is adopted, and which record date will not be more than sixty (60) days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.9: **List of Stockholders Entitled to Vote**. At least ten (10) days before the date of every meeting of stockholders, a complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either (i) on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting), or (ii) during ordinary business hours at the principal place of business of Workday; *provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list will reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date. If the meeting is to be held at a place, the list will also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list will be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list will be provided with the notice of the meeting.

Section 1.10: **Action by Written Consent of Stockholders**.

1.10.1 General. Unless otherwise provided by the Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, will be signed in the manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written stockholder consents will bear the date of signature of each stockholder who signs the consent in the manner permitted by law and will be delivered to Workday as provided in Section 1.10.2 below. No written consent will be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to Workday in the manner provided above, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to Workday in the manner provided above.

1.10.2 Procedures. An electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or a person or persons authorized to act for a stockholder or proxyholder, will be deemed to be written, signed and dated for the purposes of this section, provided that any such electronic transmission sets forth or is delivered with information from which Workday can determine (i) that the electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such electronic transmission. The date on which such electronic transmission is transmitted will be deemed to be the date on which such consent was signed. No consent given by electronic transmission will be deemed to have been delivered until such consent is reproduced in paper form and until such paper form will be delivered to Workday by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of Workday having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a Corporation's registered office will be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by electronic transmission may be otherwise delivered to the principal place of business of Workday or to an officer or agent of Workday having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors of Workday.

1.10.3 Notice of Consent. Prompt notice of the taking of corporate action by stockholders without a meeting by less than unanimous written consent of the stockholders will be given to those stockholders who have not consented thereto in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to Workday as required by law. In the case of a Certificate Action (as defined below), if the Delaware General Corporation Law so requires, such notice will be given prior to filing of the certificate in question. If the action which is consented to requires the filing of a certificate under the Delaware General Corporation Law (a "*Certificate Action*"), then if the Delaware General Corporation Law so requires, the certificate so filed will state that written stockholder consent has been given in accordance with Section 228 of the Delaware General Corporation Law and that written notice of the taking of corporate action by stockholders without a meeting as described herein has been given as provided in such section.

Section 1.11: Inspectors of Elections.

1.11.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by the Delaware General Corporation Law, the following provisions of this Section 1.11 will apply only if and when Workday has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an automated interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders; in all other cases, observance of the provisions of this Section 1.11 will be optional, and at the discretion of the Board of Directors.

1.11.2 Appointment. Workday will, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. Workday may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting will appoint one or more inspectors to act at the meeting.

1.11.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, will take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.11.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election will (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.11.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting will be announced by the inspectors at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, will be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder will determine otherwise.

1.11.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors will be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with Section 211(e) or Section 212(c)(2) of the Delaware General Corporation Law, or any information provided pursuant to Section 211(a)(2)b.(i) or (iii) of the Delaware General Corporation Law, ballots and the regular books and records of Workday, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted under the Delaware General Corporation Law and set forth herein, the inspectors at the time they make their certification of their determinations pursuant to the relevant provisions of the Delaware General Corporation Law set forth herein will specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.12: **Notice of Stockholder Business; Nominations.**

1.12.1 **Annual Meeting of Stockholders.**

(a) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders will be made at an annual meeting of stockholders (i) pursuant to Workday's notice of such meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of Workday who was a stockholder of record at the time of giving of the notice provided for in this Section 1.12, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.12.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.12.1(a):

(i) the stockholder must have given timely notice thereof in writing to the Secretary of Workday;

(ii) any such proposed business (other than the nomination of persons for election to the Board of Directors) must constitute a proper matter for stockholder action;

(iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided Workday with a Solicitation Notice, as that term is defined in this Section, such stockholder or beneficial owner must, in the case of a proposal other than the nomination of persons for election to the Board of Directors, have delivered a proxy statement and form of proxy to holders of at least the percentage of Workday's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of Workday's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section.

To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of Workday not later than the close of business on the seventy-fifth (75th) day nor earlier than the close of business on the one hundred and fifth (105th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the calendar year 2013 annual meeting, for which such notice will be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.12.2); *provided, however,* that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered (A) no earlier than the close of business on the one hundred and fifth (105th) day prior to currently proposed annual meeting and (B) no later than the close of business on the later of the

seventy-fifth (75th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by Workday. In no event will the Public Announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice will set forth:

(x) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and the rules and regulations promulgated thereunder, and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made;

(z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on Workday's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of Workday that are owned beneficially and held of record by such stockholder and such beneficial owner, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and any such beneficial owner, whether or not such instrument or right will be subject to settlement in underlying shares of capital stock of Workday, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of Workday, (v) a representation that the stockholder is a holder of record of stock of Workday entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of Workday's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of Workday's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "*Solicitation Notice*") and (vii) any other

information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Notwithstanding anything in the second sentence of Section 1.12.1(b) to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased effective after the time period for which nominations would otherwise be due under Section 1.12.1(b) and there is no Public Announcement by Workday naming all of the nominees for director or specifying the size of the increased Board at least seventy five (75) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy five (75) days prior to such annual meeting), a stockholder's notice required by this Section 1.12 will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it will be delivered to the Secretary of Workday at the principal executive office of Workday no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by Workday.

1.12.2 Special Meetings of Stockholders. Only such business will be conducted at a special meeting of stockholders as will have been brought before the meeting pursuant to Workday's notice of such meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to Workday's notice of such meeting (a) by or at the direction of the Board of Directors or any committee thereof or (b) provided that the Board of Directors has determined that directors will be elected at such meeting, by any stockholder of Workday who is a stockholder of record at the time of giving of notice of the special meeting, who will be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.12. In the event Workday calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in the election of such directors may nominate a person or persons (as the case may be), for election to such position(s) as specified in Workday's notice of meeting, if the stockholder's notice required by Section 1.12.1(b) will be delivered to the Secretary of Workday at the principal executive offices of Workday (i) no earlier than the one hundred fifth (105th) day prior to such special meeting and (ii) no later than the close of business on the later of the seventy fifth (75th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event will the Public Announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

1.12.3 General.

(a) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 will be eligible to be elected at a meeting of the stockholders and to serve as directors and only such business will be conducted at a meeting of stockholders as will have been brought before the meeting in accordance with the procedures set forth in this Section 1.12.

Except as otherwise provided by law or these Bylaws, the chairperson of the meeting will have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made or solicited (or is part of a group that solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by Section 1.12.1(b)(z)(vi) and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination will be disregarded or that such proposed business will not be transacted. Notwithstanding the foregoing provisions of this Section 1.12, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of Workday to present a nomination or proposed business, such nomination will be disregarded and such proposed business will not be transacted, notwithstanding that proxies in respect of such vote may have been received by Workday. For purposes of this Section 1.12.3, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(b) For purposes of this Section 1.12, the term "**Public Announcement**" will mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by Workday with the Securities and Exchange Commission pursuant to section 13, 14 or 15(d) of the Exchange Act.

(c) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder will also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein; provided however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and will not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.12, and compliance with the requirements under this Section 1.12 will be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the penultimate sentence of Section 1.12.1(b), business other than nominations brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 1.12 will be deemed to affect any rights of (a) stockholders to request inclusion of proposals in Workday's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) the holders of any series of Preferred Stock to elect directors elected by one or more series of Preferred Stock pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: **Number; Qualifications.** The initial number of directors constituting the total number of authorized directors of the Board will be seven (7), and thereafter the number of directors constituting the total number of authorized directors of the Board will be the number

fixed by resolution of the Board, or as otherwise determined in the manner provided in the Certificate of Incorporation. No decrease in the authorized number of directors will shorten the term of any incumbent director. Directors need not be stockholders of Workday.

Section 2.2: **Election; Resignation; Vacancies.** Directors will be elected for such terms and in the manner provided by the Certificate of Incorporation and applicable law. Each director will hold office until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon notice to Workday given in writing or by electronic transmission. Except as otherwise provided by the Certificate of Incorporation or by applicable law, any vacancy in the Board of Directors resulting from the death, resignation, removal or disqualification of any director or for any other reason, and any newly created directorship resulting from any increase in the authorized number of directors to be elected by all stockholders entitled to vote generally in the election of directors, may be filled by the stockholders, by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Section 2.3: **Regular Meetings.** Regular meetings of the Board of Directors may be held at such places, within or without the State of Delaware, and at such dates and times as the Chairperson of the Board of Directors, a Chief Executive Officer, the Secretary or a majority of the members of the Board of Directors may from time to time determine. Notice of the time, date and place of such meeting will be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting or the Secretary to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, facsimile, electronic mail or other means of electronic transmission. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board of Directors.

Section 2.4: **Special Meetings.** Special meetings of the Board of Directors may be called by the Chairperson of the Board of Directors, a Chief Executive Officer, the Secretary or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting will fix. Notice of the time, date and place of such meeting will be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting or the Secretary to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: **Remote Meetings Permitted.** Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment will constitute presence in person at such meeting.

Section 2.6: **Quorum; Vote Required for Action.** Subject to Section 2.2 above, a majority of the total number of authorized directors will constitute a quorum for the transaction

of business. If a quorum fails to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present will be the act of the Board of Directors. A meeting at which quorum is initially present may continue to transact business, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 2.7: **Organization.** Meetings of the Board of Directors will be presided over by the Chairperson of the Board of Directors or, in such person's absence, by a Chief Executive Officer or, in such person's absence, by a chairperson chosen by the Board of Directors at the meeting. The Secretary will act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: **Written Action by Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee, respectively. Such filing will be in paper form if the minutes are maintained in paper form and will be in electronic form if the minutes are maintained in electronic form.

Section 2.9: **Powers.** The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by Workday.

Section 2.10: **Fees and Compensation of Directors.** Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors. No such compensation will preclude any director from serving Workday in any other capacity and receiving compensation therefor.

ARTICLE III: COMMITTEES

Section 3.1: **Committees.** The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of Workday. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors, will have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of Workday and may authorize the seal of Workday to be affixed to all papers that may require it; but no such committee will have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of members of the Board of Directors) expressly required by the Delaware General Corporation Law to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of Workday.

Section 3.2: **Committee Minutes; Committee Rules.** Each committee will keep regular minutes of its meetings and, except as otherwise provided in the resolutions of the Board of Directors establishing such committee, will report the same to the Board of Directors as requested by the Board of Directors or as otherwise required. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee will conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV: OFFICERS

Section 4.1: **Generally.** The officers of Workday will consist of a Chairman of the Board of Directors, one or more Chief Executive Officers, a President, one or more Vice Presidents, a Secretary, a Chief Financial Officer, a Treasurer and such other officers, including a Controller, one or more Assistant Treasurers and one or more Assistant Secretaries, as may from time to time be appointed by the Board of Directors. All officers will be elected by the Board of Directors; *provided, however,* that the Board of Directors may empower a Chief Executive Officer of Workday to appoint officers other than the Chairman of the Board of Directors, a Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer will hold office until such person's successor is elected and qualified or until such person's earlier resignation, death or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to Workday. Any vacancy occurring in any office of Workday by death, resignation, removal or otherwise may be filled by the Board of Directors or, if the vacancy is of an office that a Chief Executive Officer has been empowered to appoint, a Chief Executive Officer.

Section 4.2: **Co-Chief Executive Officers.** Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of each Chief Executive Officer of Workday, acting individually or together as they so determine, are:

(a) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of Workday;

(b) Subject to Article I, Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) Subject to the Certificate of Incorporation and Article I, Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she will deem proper; and

(d) To affix the signature of Workday to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing

which have been authorized by the Board of Directors or which, in the judgment of a Chief Executive Officer, should be executed on behalf of Workday; to sign certificates for shares of stock of Workday; and, subject to the direction of the Board of Directors, to have general charge of the property of Workday and to supervise and control all officers, agents and employees of Workday.

The Board of Directors will designate a person or persons to be a Chief Executive Officer. If the Board of Directors has not designated any other officer to be a Chief Executive Officer, then the President will be a Chief Executive Officer.

Section 4.3: **Chairperson of the Board.** The Chairperson of the Board of Directors will have the power to preside at all meetings of the Board of Directors and will have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

Section 4.4: **President.** The Board of Directors will designate a person to be a President of Workday. If the Board of Directors has not designated any person to be President, then a Chief Executive Officer will be the President.

Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of a Chief Executive Officer (if a Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairperson of the Board of Directors, and/or to any other officer, the President will have the responsibility for the general management the control of the business and affairs of Workday and the general supervision and direction of subordinate officers, employees and agents of Workday, including the power to sign certificates representing shares of capital stock of Workday, and will perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

Section 4.5: **Vice President.** Each Vice President will have all such powers and duties as are commonly incident to the office of Vice President, including the power to sign certificates representing shares of capital stock of Workday, or that are delegated to him or her by the Board of Directors or a Chief Executive Officer. A Vice President may be designated by the Board of Directors to perform the duties and exercise the powers of a Chief Executive Officer or the President in the event of such person's absence or disability.

Section 4.6: **Chief Financial Officer.** The person holding the office of Chief Financial Officer will be the Treasurer of Workday unless the Board of Directors designates another officer as the Treasurer of Workday. Subject to the direction of the Board of Directors and a Chief Executive Officer, the Chief Financial Officer will perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

Section 4.7: **Treasurer.** The Treasurer will have custody of all monies and securities of Workday. The Treasurer will make such disbursements of the funds of Workday as are authorized and will render from time to time an account of all such transactions. The Treasurer will also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, including the power to sign certificates representing shares of capital stock of Workday, or as the Board of Directors or a Chief Executive Officer may from time to time prescribe.

Section 4.8: **Secretary.** The Secretary will issue or cause to be issued all authorized notices for, and will keep, or cause to be kept, minutes of all meetings of the stockholders and the Board of Directors. The Secretary will have charge of the corporate minute books and similar records and will perform such other duties and have such other powers as are commonly incident to the office of Secretary, including the power to sign certificates representing shares of capital stock of Workday, or as the Board of Directors or a Chief Executive Officer may from time to time prescribe.

Section 4.9: **Delegation of Authority.** The Board of Directors may from time to time delegate the powers or duties of any officer of Workday to any other officers or agents of Workday, notwithstanding any provision hereof.

Section 4.10: **Removal.** Any officer of Workday will serve at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by the Board of Directors; provided that if the Board of Directors has empowered a Chief Executive Officer to appoint any officer of Workday, then any such officer may be removed by a Chief Executive Officer. Such removal will be without prejudice to the contractual rights of such officer, if any, with Workday.

ARTICLE V: STOCK

Section 5.1: **Certificates.** The shares of capital stock of Workday will be represented by certificates; *provided, however,* that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its capital stock may be uncertificated shares. Any such resolution will not apply to shares represented by a certificate until such certificate is surrendered to Workday. Every holder of stock represented by certificates will be entitled to have a certificate signed by, or in the name of Workday by, the Chairperson or Vice-Chairperson of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of Workday, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate will have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by Workday with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: **Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares.** Workday may issue a new certificate of stock, or uncertificated shares, in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and Workday may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify Workday and/or to give Workday a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3: **Multiple Classes of Stock.** If Workday is authorized to issue more than one class of stock or more than one series of any class, Workday will (a) cause the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights to be set forth in full or summarized on the face or back of any certificate that Workday issues to represent shares of such class or series of stock or (b) in the case of uncertificated shares, within a reasonable time after the issuance or transfer of such shares, send to the registered owner thereof a written notice containing the information required to be set forth on certificates as specified in clause (a) above; *provided, however,* that, except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of such certificate or, in the case of uncertificated shares, on such written notice a statement that Workday will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

Section 5.4: **Consideration and Payment for Shares.**

5.4.1 Permitted Consideration. Subject to applicable law and the Certificate of Incorporation, shares of stock may be issued for such consideration, having in the case of shares with par value a value not less than the par value thereof, and to such persons, as determined from time to time by the Board of Directors. The consideration may consist of any tangible or intangible property or benefit to Workday including, but not limited to, cash, promissory notes, services performed, contracts for services to be performed or other securities.

5.4.2 Payment for Shares. Subject to applicable law and the Certificate of Incorporation, shares may not be issued until the full amount of the consideration has been paid, unless upon the face or back of each certificate issued to represent any partly paid shares of capital stock or upon the books and records of Workday in the case of partly paid uncertificated shares, there will have been set forth the total amount of the consideration to be paid therefor and the amount paid thereon up to and including the time said certificate representing certificated shares or said uncertificated shares are issued.

Section 5.5: **Transfer of Stock.**

5.5.1 Complete Transfers. If a certificate representing shares of Workday is presented to Workday with an endorsement requesting the registration of transfer of such shares or an instruction is presented to Workday requesting the registration of transfer of uncertificated shares, Workday will register the transfer as requested if:

(a) in the case of certificated shares, the certificate representing such shares has been surrendered;

(b) (i) with respect to certificated shares, the endorsement is made by the person specified by the certificate as entitled to such shares; (ii) with respect to uncertificated shares, an instruction is made by the registered owner of such uncertificated shares; or (iii) with respect to certificated shares or uncertificated shares, the endorsement or instruction is made by any other appropriate person or by an agent who has actual authority to act on behalf of the appropriate person;

(c) Workday has received a guarantee of signature of the person signing such endorsement or instruction or such other reasonable assurance that the endorsement or instruction is genuine and authorized as Workday may request;

(d) the transfer does not violate any restriction on transfer imposed by Workday that is enforceable in accordance with Section 5.7.1; and

(e) such other conditions for such transfer as will be provided for under applicable law have been satisfied.

5.5.2 Other Transfers. Whenever any transfer of shares will be made for collateral security and not absolutely, Workday will so record such fact in the entry of transfer if, when the certificate for such shares is presented to Workday for transfer or, if such shares are uncertificated, when the instruction for registration of transfer thereof is presented to Workday, both the transferor and transferee request Workday to do so.

Section 5.6: **Registered Stockholders**. Before due presentment for registration of transfer of a certificate representing shares of Workday or of an instruction requesting registration of transfer of uncertificated shares, Workday may treat the registered owner as the person exclusively entitled to inspect for any proper purpose the stock ledger and the other books and records of Workday, vote such shares, receive dividends or notifications with respect to such shares and otherwise exercise all the rights and powers of the owner of such shares, except that a person who is the beneficial owner of such shares (if held in a voting trust or by a nominee on behalf of such person) may, upon providing documentary evidence of beneficial ownership of such shares and satisfying such other conditions as are provided under applicable law, may also so inspect the books and records of Workday.

Section 5.7: **Effect of Restrictions on Transfer**.

5.7.1 Enforceability. A written restriction on the transfer or registration of transfer of shares of Workday or on the amount of shares of Workday that may be owned by any person or group of persons, if permitted by the Delaware General Corporation Law and noted conspicuously on the certificate representing such shares or, in the case of uncertificated shares, contained in a notice to the registered owner of such shares, may be enforced against the holder of such shares or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder.

5.7.2 Notification. A restriction imposed by Workday on the transfer or the registration of shares of Workday or on the amount of shares of Workday that may be owned by any person or group of persons, even if otherwise lawful, is ineffective against a person without actual knowledge of such restriction unless: (i) the shares are certificated and such restriction is noted conspicuously on the certificate; or (ii) the shares are uncertificated and such restriction was contained in a notice sent by Workday to the registered owner of such shares within a reasonable time after the issuance or transfer of such shares.

Section 5.8: **Regulations.** The Board of Directors or its delegates will have power and authority to make such additional rules and regulations, subject to any applicable requirement of law, as the Board of Directors may deem necessary and appropriate with respect to the issue, transfer or registration of transfer of shares of stock or certificates representing shares. The Board of Directors may appoint one or more transfer agents or registrars and may require for the validity thereof that certificates representing shares bear the signature of any transfer agent or registrar so appointed.

ARTICLE VI: INDEMNIFICATION

Section 6.1: **Indemnification of Officers and Directors.** Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “**Proceeding**”), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of Workday or a Reincorporated Predecessor (as defined below) or is or was serving at the request of Workday or a Reincorporated Predecessor (as defined below) as a director or officer of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, will, subject to the terms of any indemnification agreement between such person and Workday, be indemnified and held harmless by Workday to the fullest extent permitted by the Delaware General Corporation Law, against all expenses, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, provided such person acted in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person’s conduct was unlawful. Such indemnification will continue as to a person who has ceased to be a director or officer and will inure to the benefit of such person’s heirs, executors and administrators. Notwithstanding the foregoing, Workday will indemnify any such person seeking indemnity in connection with a Proceeding (or part thereof) initiated by such person only if such Proceeding (or part thereof) was authorized by the Board of Directors of Workday. Workday may, by action of the Board of Directors or a Chief Executive Officer, provide indemnification to employees and agents of Workday with the same scope and effect as the foregoing indemnification of directors and officers. As used herein, the term “**Reincorporated Predecessor**” means a corporation that is merged with and into Workday in a statutory merger where (a) Workday is the surviving corporation of such merger; (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

Section 6.2: **Advancement of Expenses.** Except as otherwise provided in a written indemnification agreement between Workday and a director or officer, Workday will pay all expenses (including attorneys’ fees) incurred by such a director or officer in defending any such Proceeding as they are incurred in advance of its final disposition; provided, however, that if the Delaware General Corporation Law then so requires, the payment of such expenses incurred by such a director or officer in advance of the final disposition of such Proceeding will be made only upon delivery to Workday of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article VI or otherwise; and provided, further, that Workday will not be required to advance any expenses to a person against whom Workday

directly brings a claim, in a Proceeding, alleging that such person has breached such person's duty of loyalty to Workday, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3: **Non-Exclusivity of Rights**. The rights conferred on any person in this Article VI will not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI will limit the ability of Workday, in its discretion, to indemnify or advance expenses to persons whom Workday is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: **Indemnification Contracts**. Either the Board of Directors or a Chief Executive Officer is authorized to cause Workday to enter into indemnification contracts with any director, officer, employee or agent of Workday, or any person serving at the request of Workday as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: **Effect of Amendment**. Any amendment, repeal or modification of any provision of this Article VI will be prospective only, and will not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

Section 6.6: **Nature of Rights**. The rights conferred upon Indemnitees in this Article VI will be contract rights and such rights will continue as to an Indemnitee who has ceased to be a director or officer of Workday and will inure to the benefit of the Indemnitee's heirs, executors and administrators.

Section 6.7: **Insurance**. Workday may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of Workday, or is or was serving at the request of Workday as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not Workday would have the power to indemnify him or her against such liability under the provisions of the Delaware General Corporation Law.

ARTICLE VII: NOTICES

Section 7.1: **Notice**.

7.1.1 **Form and Delivery**. Except as otherwise specifically provided in these Bylaws (including, without limitation, Section 2.4 above or Section 7.1.2 below) or required by law, all notices required to be given pursuant to these Bylaws will be in writing and may (a) in every instance in connection with any delivery to a member of the Board of Directors, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid overnight express

courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII, by sending such notice by electronic transmission. Any such notice will be addressed to the person to whom notice is to be given at such person's address as it appears on the records of Workday. Except as otherwise provided by law, the notice will be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, postage prepaid, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via facsimile, electronic mail or other form of electronic transmission, when dispatched.

7.1.2 **Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by Workday under any provision of the Delaware General Corporation Law, the Certificate of Incorporation, or these Bylaws will be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the Delaware General Corporation Law. Any such consent will be revocable by the stockholder by written notice to Workday. Any such consent will be deemed revoked if (a) Workday is unable to deliver by electronic transmission two consecutive notices given by Workday in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of Workday or to the transfer agent, or other person responsible for the giving of notice; *provided, however,* the inadvertent failure to treat such inability as a revocation will not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 will be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 **Affidavit of Giving Notice.** An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of Workday that the notice has been given in writing or by a form of electronic transmission will, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: **Waiver of Notice.** Whenever notice is required to be given under any provision of the Delaware General Corporation Law, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, will be deemed equivalent to notice. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: **Interested Directors; Quorum.** No contract or transaction between Workday and one or more of its directors or officers, or between Workday and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, will be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to Workday as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: **Fiscal Year.** The fiscal year of Workday will be February 1 to January 31, unless otherwise determined by resolution of the Board of Directors.

Section 9.2: **Seal.** The Board of Directors, the President or the Secretary may provide for a corporate seal, which will have the name of Workday inscribed thereon and will otherwise be in such form as may be approved from time to time by such person or persons.

Section 9.3: **Form of Records.** Any records maintained by Workday in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, computer hard drives, servers, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. Workday will so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the Delaware General Corporation Law.

Section 9.4: **Reliance Upon Books and Records.** A member of the Board of Directors, or a member of any committee designated by the Board of Directors will, in the performance of such person's duties, be fully protected in relying in good faith upon records of Workday and upon such information, opinions, reports or statements presented to Workday by any of Workday's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of Workday.

Section 9.5: **Dividends.** Dividends on the capital stock of Workday, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law, and may be paid in cash, in property or in shares of capital stock.

Section 9.6: **Certificate of Incorporation Governs.** In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation will govern.

Section 9.7: **Severability.** If any provision of these Bylaws will be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision will nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) will remain in full force and effect.

ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, or the adoption of new Bylaws, will require the approval of the Board of Directors or the stockholders of Workday as provided by the Certificate of Incorporation and applicable law.

CERTIFICATION OF AMENDED AND RESTATED BYLAWS

OF

WORKDAY, INC.

(a Delaware corporation)

KNOW ALL BY THESE PRESENTS:

I, James P. Shaughnessy, certify that I am Secretary of Workday, Inc., a Delaware corporation ("*Workday*"), that I am duly authorized to make and deliver this certification, that the attached Bylaws are a true and correct copy of the Amended and Restated Bylaws of Workday in effect as of the date of this certificate.

Dated: October 11, 2012

/s/ James P. Shaughnessy

James P. Shaughnessy, Secretary

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David A. Duffield, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Workday, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2012

By: /s/ David A. Duffield
David A. Duffield
Co-Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Aneel Bhusri, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Workday, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2012

By: /s/ Aneel Bhusri
Aneel Bhusri
Co-Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark S. Peek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Workday, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. 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
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2012

By: /s/ Mark S. Peek
Mark S. Peek
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David A. Duffield, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report of Workday, Inc. on Form 10-Q for the fiscal quarter ended October 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Workday, Inc.

Date: December 7, 2012

By: /s/ David A. Duffield
David A. Duffield
Co-Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Aneel Bhusri, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report of Workday, Inc. on Form 10-Q for the fiscal quarter ended October 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Workday, Inc.

Date: December 7, 2012

By: /s/ Aneel Bhusri
Aneel Bhusri
Co-Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark S. Peek, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report of Workday, Inc. on Form 10-Q for the fiscal quarter ended October 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Workday, Inc.

Date: December 7, 2012

By: /s/ Mark S. Peek
Mark S. Peek
Chief Financial Officer
(Principal Financial Officer)

