Salesforce

Supplemental Proxy Materials

May 2016

NYSE: CRM
San Francisco, CA

A Complete Platform for Customer Success

Salesforce
Success Services

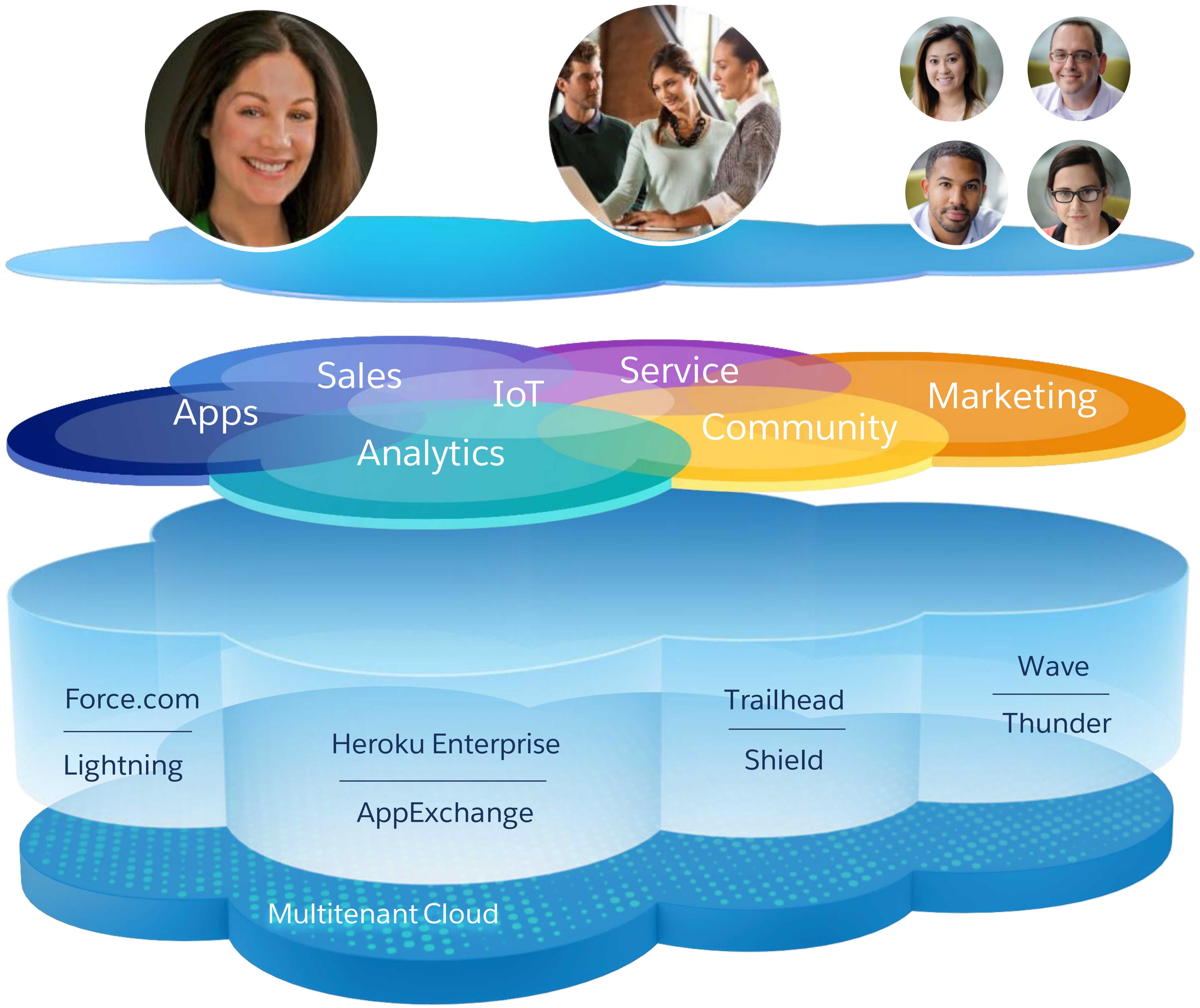
Customer Success Managers
Ignite / Program Architects

Success
Community

~2 million members
MVPs / Events / Community

Success
Ecosystem

SI's / ISV's
AppExchange



Customer Success
Services

Customer Success
Platform
Complete CRM

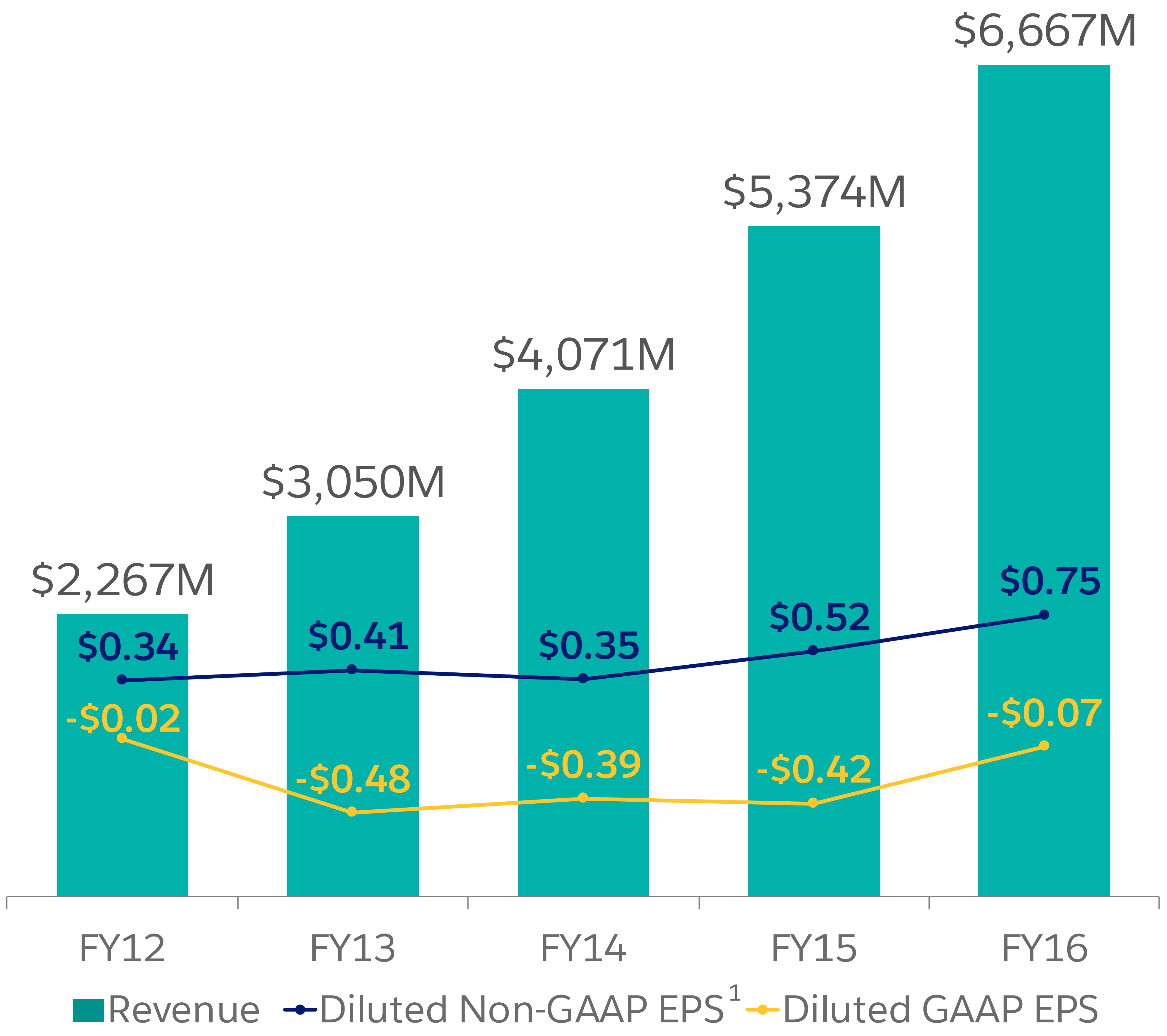
Developer Success
Platform
Build and Customize Apps

Salesforce is a leading provider of enterprise cloud computing solutions, with a focus on customer relationship management.

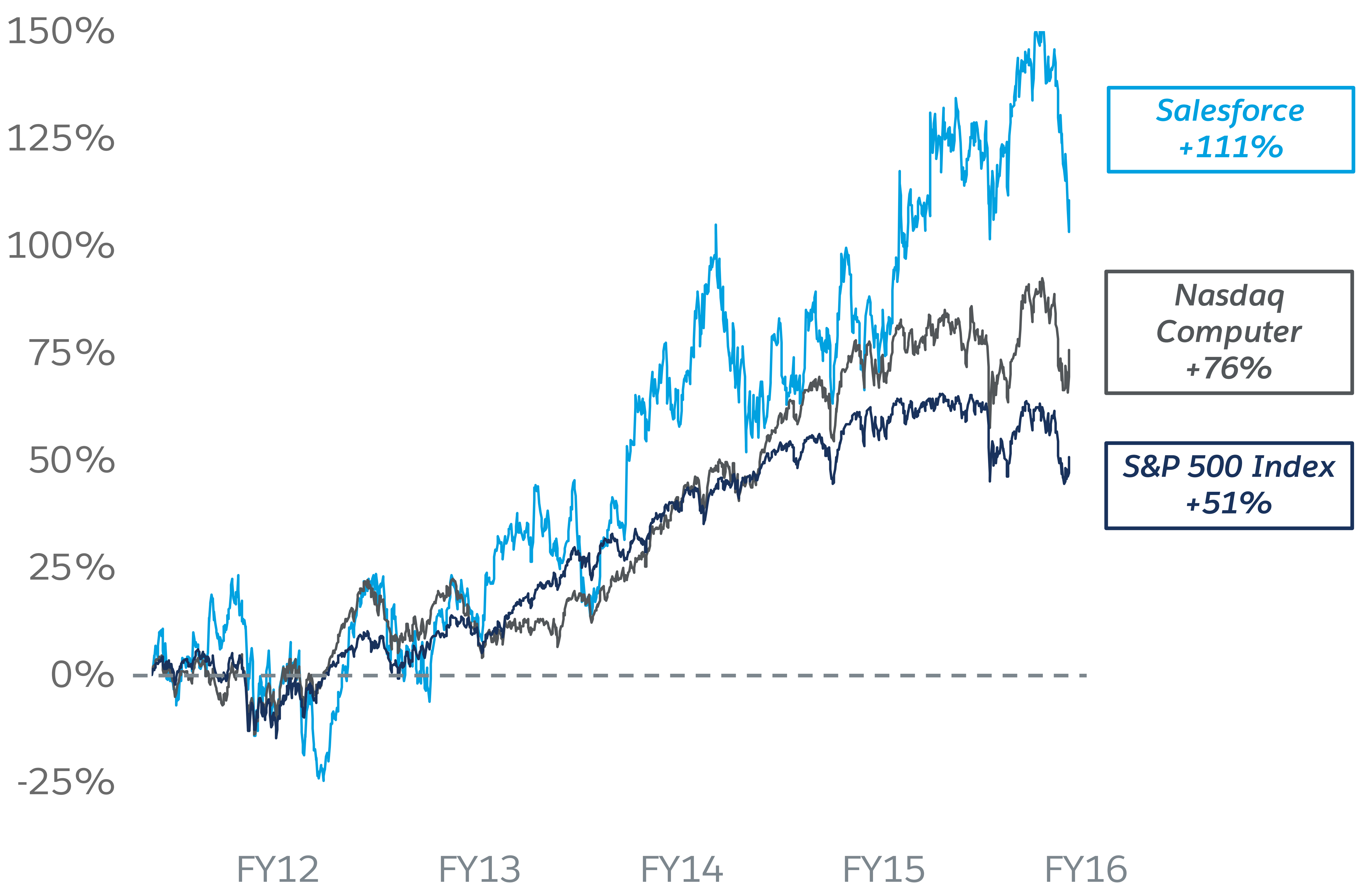
Our mission is to help our customers transform themselves into "customer companies" by empowering them to connect with their customers in entirely new ways.

Sustained Growth Strategy Drives Stockholder Value

Top and bottom line excellence has delivered sustained growth…



…and significant long-term total stockholder returns



Five-Year Comparison of Cumulative Total Return

[1]Non-GAAP EPS is a non-GAAP financial measure. Please see the Appendix for an explanation of which items are excluded from our Non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Significant Stockholder Outreach and Responsiveness

Following the 2015 Annual Meeting we engaged with stockholders representing more than 50% of our outstanding shares and received feedback that factored in the decision-making of our Compensation Committee and full Board.

What We Heard	What We Did
▪ Concerns regarding quantum of CEO pay	▪ Decreased total CEO compensation by 16% in fiscal 2016 ▪ Froze CEO salary from fiscal 2016 to fiscal 2017 (i.e. the first fiscal year for which salaries were set after receiving this feedback)
▪ Increase portion of performance-based compensation	▪ Introduced performance-based RSUs to our CEO compensation, which comprised 64% of the value of our CEO's FY 2016 long-term (equity) compensation and 52% of the CEO's overall FY 2016 compensation
▪ Maintain challenging and rigorous performance metrics	▪ Continued to set rigorous performance targets for our fiscal 2016 Cash Bonus Plan, which exceeded both guidance and prior year's target and actual results
▪ Continue to ensure incentives are aligned with stockholder interests	▪ Introduced performance-based RSUs for our CEO, as set forth above ▪ Increased share ownership requirements for the Board and executives
▪ Improve compensation disclosure within the proxy	▪ Provided additional clarity and transparency within the proxy on compensation matters
▪ Implement stockholder right to proxy access	▪ Amended bylaws to provide for proxy access right (holders of 3% of our shares for three years may nominate greater of two directors or 20% of Board in annual proxy materials; 20 stockholder aggregation limit)
▪ Importance of Board refreshment and diversity	▪ Appointed two highly qualified directors to the Board during the last 16 months, increasing percentage of diverse directors from 18% before these appointments to 33% after these appointments

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Compensation Program Framework

Philosophy and Objectives

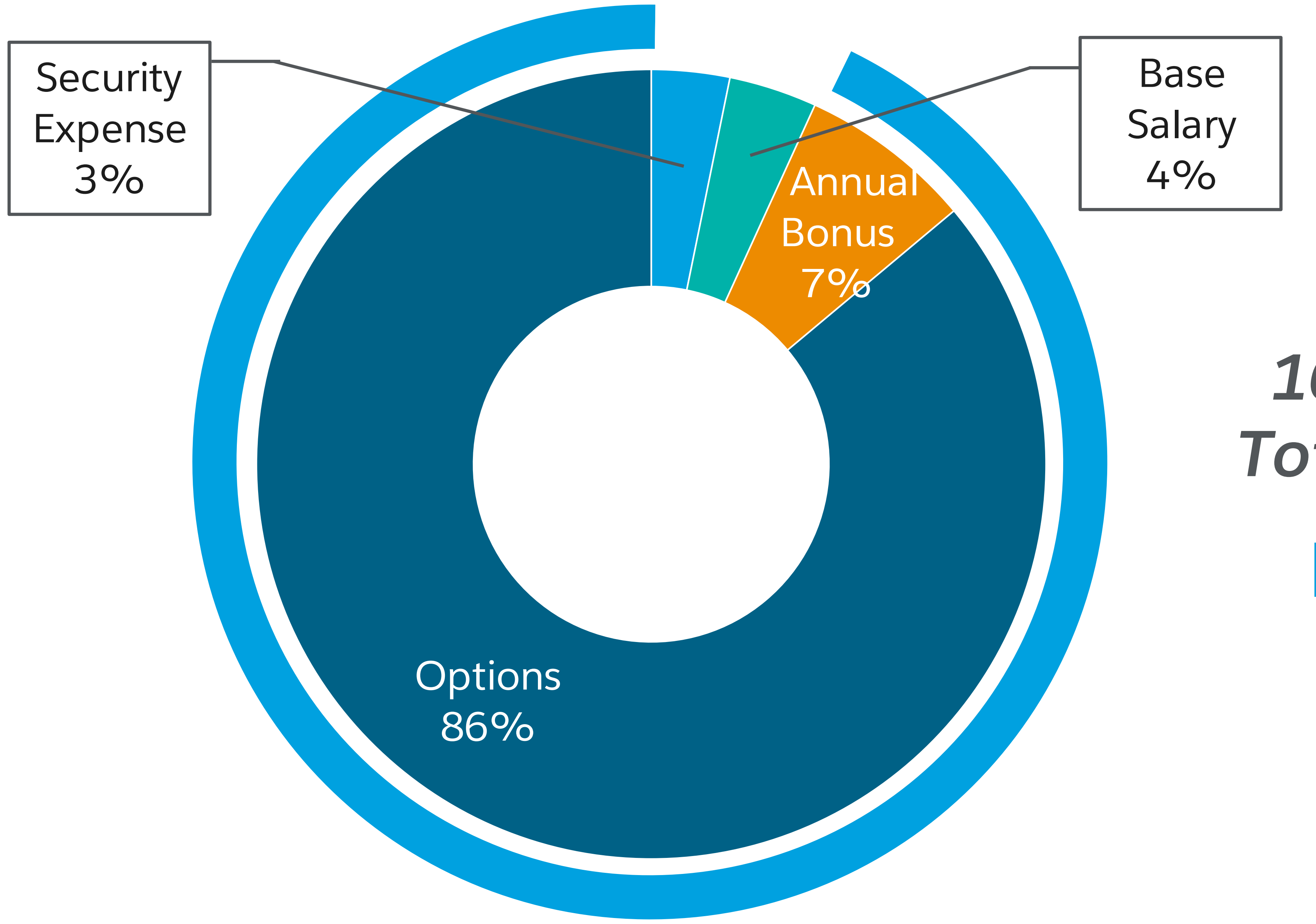
- Attract and retain the right talent to lead our Company in a dynamic, innovative and extremely competitive environment
- Align our executive compensation program with the interests of our stockholders by linking a significant portion of compensation to the performance of our common stock and other metrics of Company performance

Pay Component	FY 2016 Metric	Rationale
Performance-Based Restricted Stock Units (for our CEO)	Relative TSR	To align executives' interests directly with those of our stockholders by incentivizing long term creation of stockholder value
Stock Options	Stock Price	
Restricted Stock Units	Stock Price	
Annual Performance-Based Cash Bonus	Revenue[1] Operating Cash Flow[1] Non-GAAP Income from Operations[1]	To influence executive performance in achieving certain annual corporate performance goals that further our strategy and that are used by investors to evaluate our financial performance
Base Salary		To attract, motivate and retain all employees

[1] For purposes of the Kokua Bonus Plan: "Revenue" is defined as our GAAP revenues, as may be adjusted for certain acquisitions, "Operating Cash Flow" is defined as our GAAP operating cash flow, "Non-GAAP Income from Operations" is defined as our non-GAAP income from operations (revenues less cost of revenues and operating expenses, excluding the impact of stock-based compensation expense and amortization of acquisition-related intangible assets, and in fiscal 2016, excluding a non-cash, one-time net gain associated with the termination of an office lease), as adjusted for certain acquisitions and, for fiscal 2016, not including the impact of amounts in excess of reserved amounts payable under the Kokua Bonus Plan. "Non-GAAP Income from Operations" is a non-GAAP financial measure. Please see the Appendix for an explanation of which items are excluded from our Non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

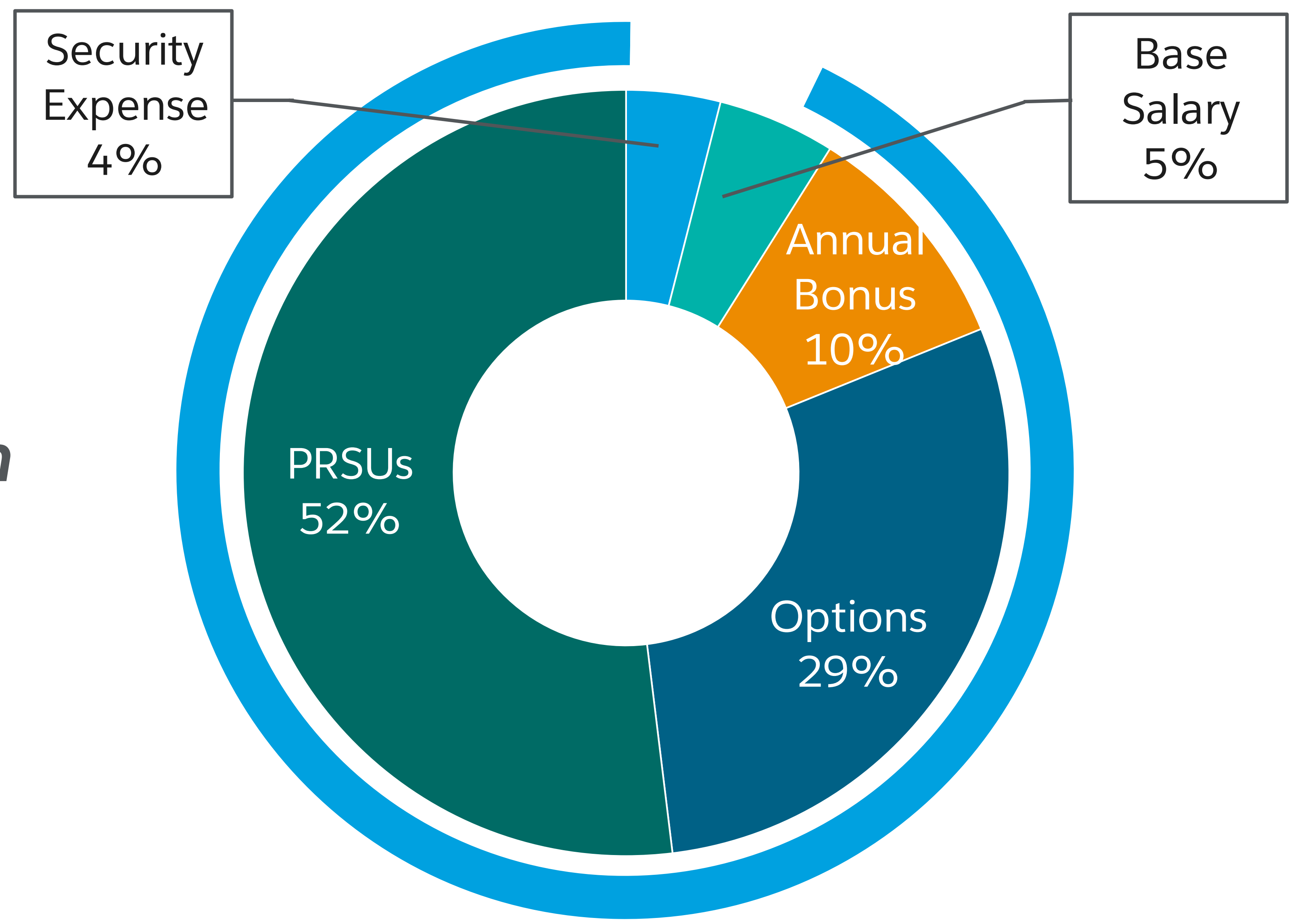
CEO Compensation Plan Informed by Stockholder Feedback

FY 2015



$39.9 Million
Total Compensation

FY 2016



$33.4 Million
Total Compensation

16% Reduction in Total Compensation

Shift to PRSUs

91%+ At-Risk Comp FY15 and FY16

FY 2015 and FY 2016 Annual Incentive Components

- **Performance-Based Cash Bonus**: Three equally weighted financial measures to incentivize achievement of annual corporate performance goals:
  - 1/3 Revenue[1]
  - 1/3 Operating Cash Flow[1]
  - 1/3 Non-GAAP Income from Operations[1]

FY 2016 Long-Term Incentive Components

- **Performance-Based Restricted Stock Units**: Relative TSR versus the NASDAQ 100 over three-year performance period
- **Stock Options**: Increase in market price of common stock during the period that the option is outstanding

[1] See definition on slide 5.

Rigorous Performance Targets

Annual Incentive Plan

Performance Metric[1]	Fiscal 2016 Target ($M)	Fiscal 2016 Performance ($M)	Target Achieved?
Revenue	$6,551	$6,667	✓ Exceeded by 1.8%
Operating Cash Flow	$1,435	$1,613	✓ Exceeded by 12.4%
Non-GAAP Income from Operations	$811	$ 849	✓ Exceeded by 4.7%

	Revenue ($M)	Operating Cash Flow ($M)	Non-GAAP Income from Operations ($M)
2016 Target	$6,551	$1,435	$811
2016 Guidance[2]	$6,475 - $6,520	$1,432 - $1,444	N/A
2015 Target	$5,407	$1,135	$605
2015 Actual	$5,374	$1,174	$574

Introduced Performance-Based RSUs in Fiscal 2016

PRSU Characteristics

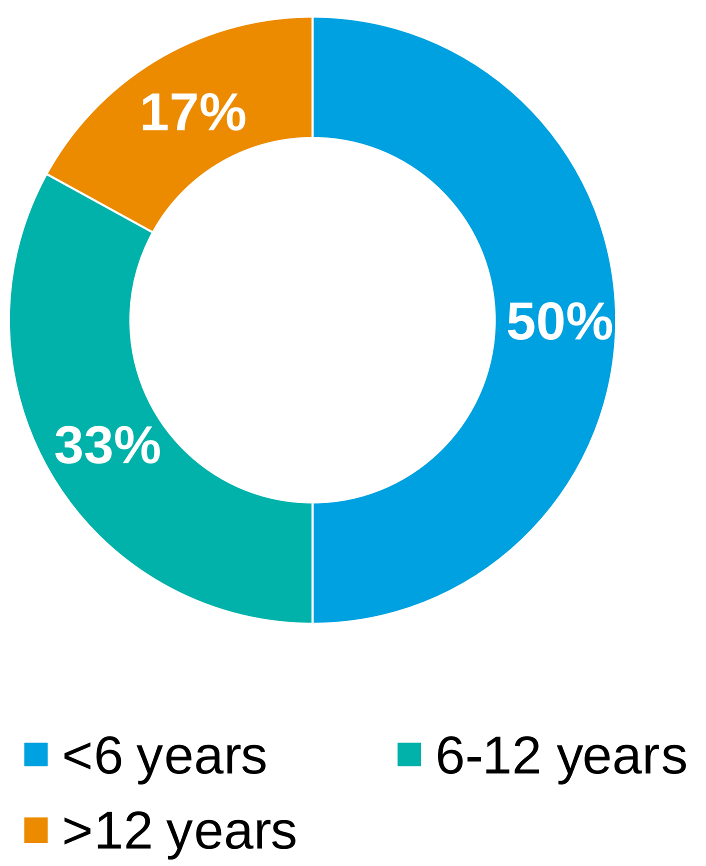
- Relative TSR performance metric
- Target earned above median, at 60th percentile
- Payout capped at 200% of target and maximum only earned at 99th percentile TSR
- No payout if performance below 30th percentile
- No payout above target if absolute TSR is negative
- Payout is skewed: each percentile of performance above target increases payout less than the amount it is decreased if performance is below target

Percentile	Payout if TSR ≥ 0	Payout if TSR < 0
99th	200%	100%
90th	177%	100%
80th	151%	100%
70th	126%	100%
60th	100%	100%
50th	67%	67%
40th	33%	33%
30th	0%	0%

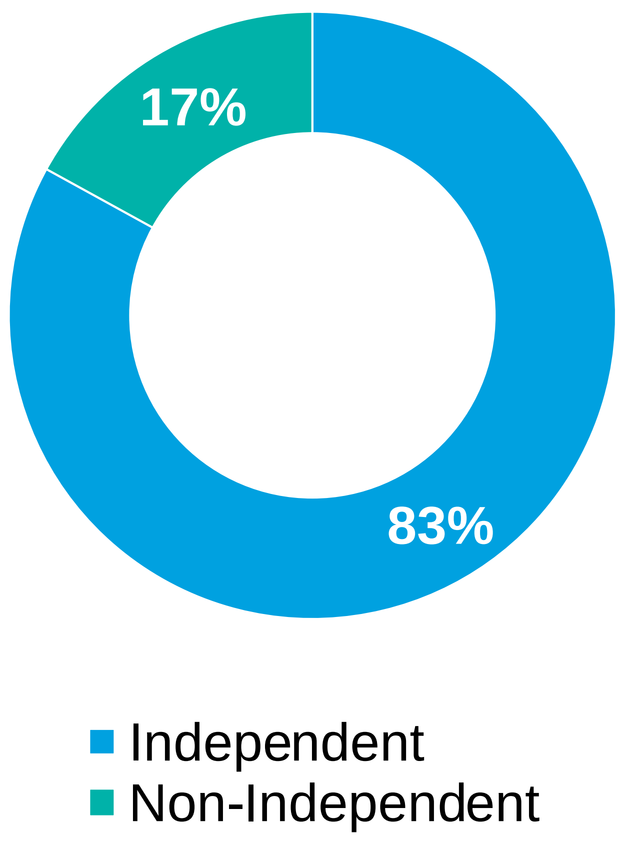
[1]See definition on slide 5.
[2]As of February 2015.

Diverse Board and Proactive Refreshment Practices

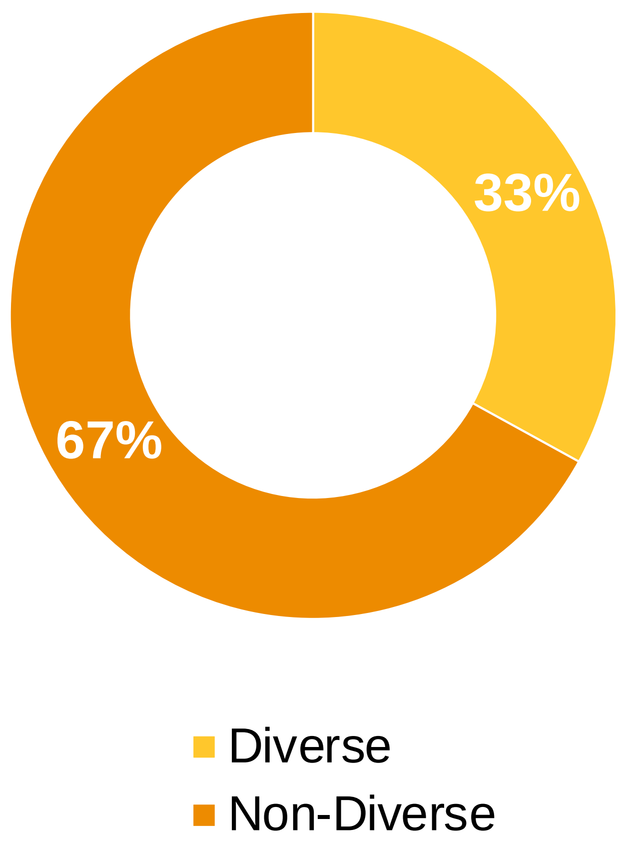
Tenure



Board Independence



Diversity



Average board tenure (years): 7

New directors in the past three years: 6

New Independent Director Effective May 2016

Neelie Kroes
Former European Commissioner

- Extensive background in cross-border technology, competition and data security
- European professional experience and knowledge
- Government experience
- Public company board experience

Diverse and Dynamic Range of Experience

Marketing, Branding	√	√	√	√							
Sales Distribution	√	√	√	√	√						
Public Company Board	√	√	√	√	√	√	√	√	√	√	√
International	√	√	√	√	√	√	√				
Technology Infrastructure	√	√	√								
Diversity	√	√	√	√							
Entrepreneurship, VC	√	√	√	√	√	√	√				
Public Company CEO/Exec	√	√	√	√	√	√	√				
Finance, Accounting	√	√	√	√							
Software Industry	√	√	√	√	√	√					
Government	√	√	√								
Law	√										

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Compensation and Governance Practices

We endeavor to maintain strong governance standards in our policies and practices related to executive compensation.

What We Do	What We Don't Do
✓ Actively engage in year-round dialogue with our stockholders to incorporate feedback into our compensation programs	❖ No individual Supplemental Executive Retirement Plans
✓ Significant portion of compensation for Named Executive Officers is in the form of at-risk compensation	❖ No stock option repricing
✓ Provide appropriate mix of fixed and variable pay	❖ No hedging or pledging of our securities
✓ Stringent stock ownership requirements for executives and directors	❖ No tax gross-ups upon a change of control
✓ Annual advisory vote on executive compensation	
✓ Compensation Committee composed entirely of independent directors	
✓ Regular reviews of executive compensation and peer group data	
✓ Maintain a compensation clawback policy	
✓ Use an independent compensation consultant	

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Appendix

Non-GAAP Financial Measures

This presentation includes information about non-GAAP earnings per share and non-GAAP Income from Operations (collectively the “non-GAAP financial measures”). These non-GAAP financial measures are measurements of financial performance that are not prepared in accordance with U.S. generally accepted accounting principles, and computational methods may differ from those used by other companies. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with the company’s consolidated financial statements prepared in accordance with GAAP. Management uses both GAAP and non-GAAP measures when planning, monitoring, and evaluating the company’s performance.

The primary purpose of using non-GAAP measures is to provide supplemental information that may prove useful to investors who wish to consider the impact of certain non-cash or non-recurring items, such as certain one-time charges, on the company’s operating performance. While strategic decisions, such as those related to the issuance of equity awards (resulting in stock-based compensation), mergers and acquisitions, real estate activity or the issuance of debt securities, are made to further the company’s long-term strategic objectives and impact the company’s statement of operations prepared on a GAAP basis, these items affect multiple periods and management is not able to change or affect these items in any particular period. As such, management believes that supplementing our GAAP disclosure with disclosure of certain non-GAAP financial measures that exclude items not directly related to performance in any particular period can provide management and investors with a more complete view of the company’s operational performance.

Non-GAAP earnings per share for the periods presented excludes the impact of the following items, when applicable: stock-based compensation, amortization of acquisition-related intangibles, amortization of acquired leases, the net amortization of debt discount on the company’s convertible senior notes, gains/losses on conversions of the company’s convertible senior notes, gains/losses on sales of land and building improvements, and termination of office leases, as well as income tax adjustments. Non-GAAP Income from Operations for the period presented excludes the impact of the following items: stock-based compensation and amortization of acquisition-related intangibles, and, for purposes of the Kokua Bonus Plan, also excludes the impact of amounts payable under the Kokua Bonus Plan. These items are excluded because the decisions which gave rise to these items were not made to increase revenue in a particular period, but were made for the company’s long-term benefit over multiple periods.

For further discussion of our fiscal year ended January 31, 2016, including more information about our non-GAAP financial measures and a reconciliation of our non-GAAP results to our GAAP results, see our Form 10-K filed with the SEC on March 7, 2016.

GAAP to Non-GAAP Financial Reconciliation

	Fiscal Year Ended January 31,				
	2016	2015	2014	2013	2012
Non-GAAP diluted earnings per share	$ (0.07)	$ (0.42)	$ (0.39)	$ (0.48)	$ (0.02)
GAAP diluted loss per share (a)					
Plus:					
Amortization of purchased intangibles	0.23	0.24	0.23	0.15	0.12
Amortization of acquired lease intangibles	0.01	-	-	-	-
Stock-based expenses	0.88	0.87	0.79	0.64	0.40
Amortization of debt discount, net	0.04	0.06	0.07	0.04	0.02
Loss on conversion of debt	0.00	0.02	-	-	-
One-time tax items	-	-	-	-	-
Less:					
Operating Lease termination resulting from purchase of 50 Fremont, net	(0.05)	-	-	-	-
Gain on sales of land and building improvements	(0.03)	(0.02)	-	-	-
Income tax effect of Non-GAAP adjustments	(0.26)	(0.23)	(0.35)	0.06	(0.18)
Non-GAAP dilited earnings per share	$ 0.75	$ 0.52	$ 0.35	$ 0.41	$ 0.34
Shares used in computing diluted net income per share	676,830	651,534	635,688	596,280	569,180

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

GAAP to Non-GAAP Financial Reconciliation

(in thousands)	Fiscal Year Ended January 31, 2016	2015
Non-GAAP income from operations		
GAAP income (loss) from operations	$ 114,923	$ (145,633)
Plus:		
Amortization of purchased intangibles	158,070	154,973
Stock-based expenses	593,628	564,765
Less:		
Operating lease termination resulting from purchase of 50 Fremont	(36,617)	-
Non-GAAP operating profit (b)	$ 830,004	$ 574,105

(b) For purposes of the Kokua Bonus Plan: “Revenue” is defined as our GAAP revenues, as may be adjusted for certain acquisitions, “Operating Cash Flow” is defined as our GAAP operating cash flow, “Non-GAAP Income from Operations” is defined as our non-GAAP income from operations (revenues less cost of revenues and operating expenses, excluding the impact of stock-based compensation expense and amortization of acquisition-related intangible assets, and in fiscal 2016, excluding a non-cash, one-time net gain associated with the termination of an office lease), as adjusted for certain acquisitions and, for fiscal 2016, not including the impact of amounts in excess of reserved amounts payable under the Kokua Bonus Plan.