



ASC605 to ASC606 Transition

February 27, 2017



Summary

Workday Adoption Background

- Workday has elected early adoption of ASC606 (as of 2/1/2017)
- Full retrospective adoption method (FY16 & FY17 restated)
- FY17 has also been restated quarterly
- Early adoption driven by our technology (Workday Financial Management)

Notable Impacts on Workday's Income Statement

Revenue Impact

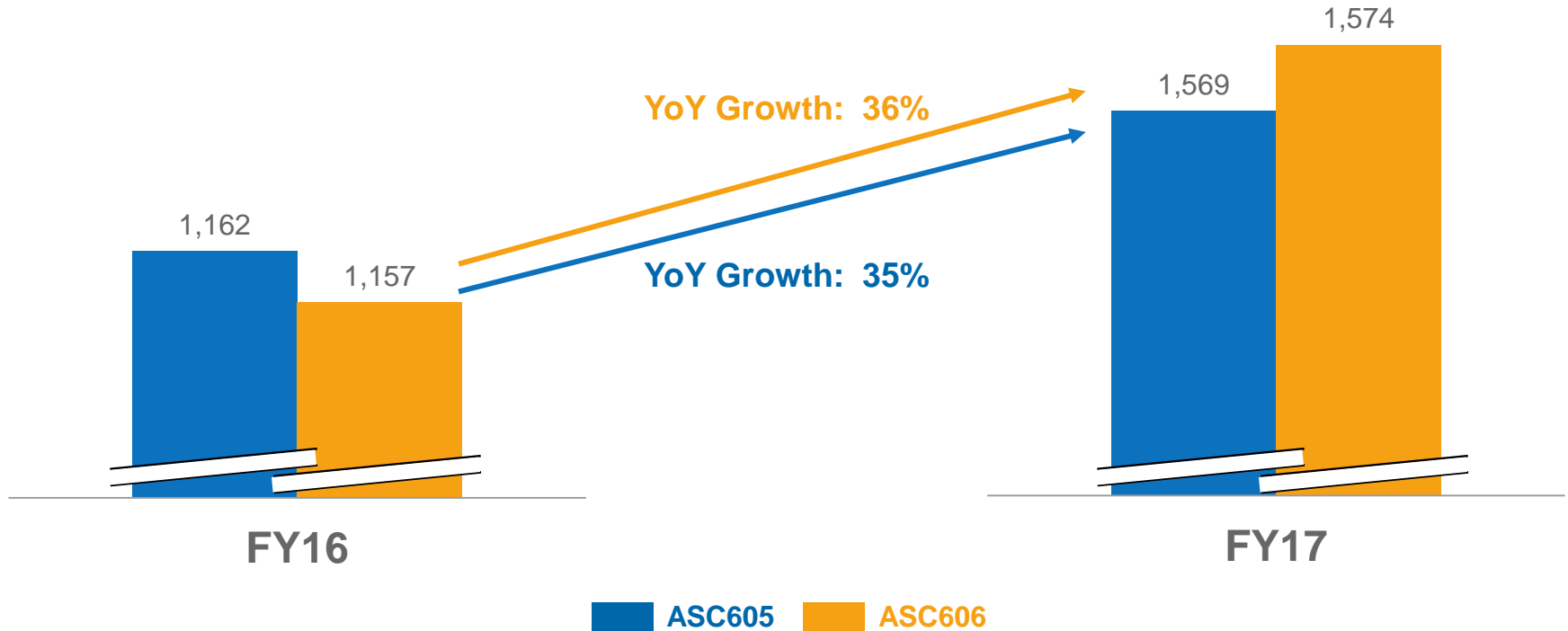
- Revenue recognition is no longer limited by invoicing
- Some revenue will be reclassified between professional services & subscription in either direction, depending on the facts & circumstances of each particular situation

Margin Impact

- Increased capitalization of contract acquisition costs with a longer amortization period

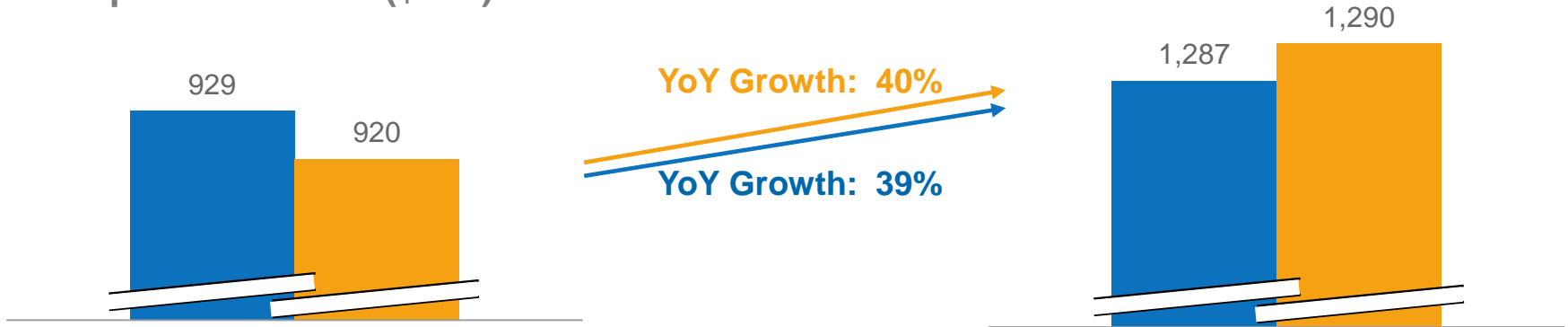
Revenue Impact – Annual

Total Revenue (\$MM)



Detail Revenue Impact – Annual

Subscription Revenue (\$MM)



Professional Services Revenue (\$MM)



ASC605 ASC606

Revenue Impact – Quarterly Detail

\$MM

ASC605 Reported

	FY16	Q117	Q217	Q317	Q417	FY17
Subscription	929	280	306	336	365	1,287
Professional Services	233	65	71	74	72	282
Total Revenue	1,162	345	377	410	437	1,569

ASC606 Restated

Subscription	920	280	306	338	366	1,290
Professional Services	237	68	67	76	73	284
Total Revenue	1,157	348	373	414	439	1,574

Impact

Subscription	(9)	0	0	2	1	3
Professional Services	4	3	(4)	2	1	2
Total Revenue	(5)	3	(4)	4	2	5

GAAP Margin Impact - Annual

GAAP Operating Expenses (\$MM)



GAAP Operating Margin (%)



FY16

FY17

ASC605 **ASC606**

GAAP Margin Impact – Quarterly Detail

\$MM

ASC605 Reported

	FY16	Q117	Q217	Q317	Q417	FY17
GAAP Operating Expense	1,427	419	465	519	543	1,946
GAAP Operating Margin \$	(265)	(74)	(87)	(110)	(106)	(377)
GAAP Operating Margin %	-22.8%	-21.3%	-23.0%	-26.8%	-24.3%	-24.0%

ASC606 Restated

GAAP Operating Expense	1,406	419	460	520	529	1,928
GAAP Operating Margin \$	(250)	(71)	(87)	(106)	(89)	(353)
GAAP Operating Margin %	-21.6%	-20.6%	-23.2%	-25.6%	-20.2%	-22.4%

Impact

GAAP Operating Expense	(21)	0	(5)	1	(14)	(18)
GAAP Operating Margin \$	15	3	0	4	17	24
GAAP Operating Margin %	1.2 pt	0.7 pt	(0.2)pt	1.2 pt	4.1 pt	1.6 pt

Non-GAAP Margin Impact - Annual

Non-GAAP Operating Expenses (\$MM)



Non-GAAP Operating Margin (%)



Non-GAAP Margin Impact – Quarterly Detail

\$MM

ASC605 Reported

	FY16	Q117	Q217	Q317	Q417	FY17
Non-GAAP Operating Expense	1,165	334	372	405	429	1,540
Non-GAAP Operating Margin \$	(3)	11	6	4	8	29
Non-GAAP Operating Margin %	-0.2%	3.2%	1.6%	1.0%	1.8%	1.9%

ASC606 Restated

Non-GAAP Operating Expense	1,145	334	368	406	414	1,522
Non-GAAP Operating Margin \$	12	14	6	8	25	53
Non-GAAP Operating Margin %	1.0%	3.8%	1.6%	1.9%	5.8%	3.3%

Impact

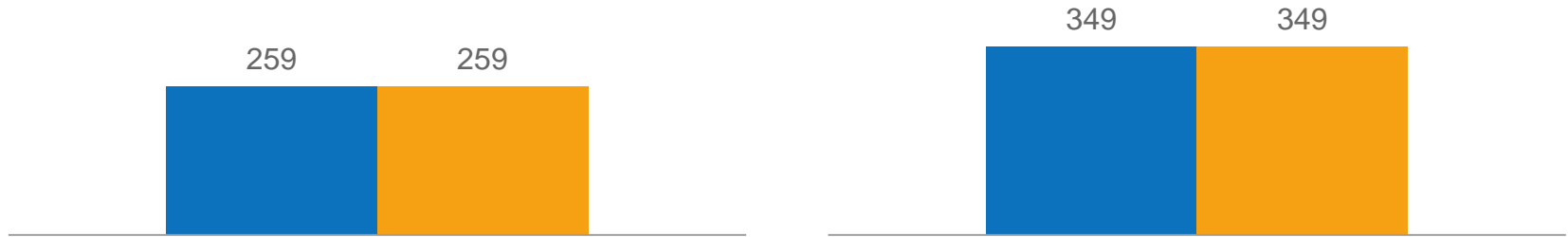
Non-GAAP Operating Expense	(20)	0	(4)	1	(15)	(18)
Non-GAAP Operating Margin \$	15	3	0	4	17	24
Non-GAAP Operating Margin %	1.2 pt	0.6 pt	0.0 pt	0.9 pt	4.0 pt	1.4 pt

Selected Balance Sheet Impacts

\$MM	FY16			FY16 Δ		FY17		
	ASC 605	ASC 606	Δ	Pre-FY 16	FY 16	ASC 605	ASC 606	Δ
Assets								
Trade and other receivables, net	293	316	23	1	22	384	410	26
Prepaid expenses and other current assets	78	58	(20)	0	(20)	88	67	(21)
Deferred costs	22	40	18	12	6	28	51	23
Deferred costs, noncurrent	30	91	61	47	14	43	117	74
Liabilities								
Unearned Revenue	900	892	(8)	(16)	8	1,233	1,222	(11)

No Cash Flow Impact

Operating Cash Flow (\$MM)



Free Cash Flow (ex owned real estate projects) (\$MM)



FY16

ASC605 ASC606

FY17



Non-GAAP Reconciliation Tables

Non-GAAP Reconciliations - FY16

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Year Ended January 31, 2016

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 149,869	\$ (12,060)	\$ (414)	\$ 137,395	\$ 149,869	\$ (12,060)	\$ (414)	\$ 137,395
Costs of professional services	224,558	(19,526)	(768)	204,264	224,558	(19,526)	(768)	204,264
Product development	469,944	(109,362)	(7,201)	353,381	469,944	(109,362)	(7,201)	353,381
Sales and marketing	434,056	(51,617)	(1,482)	380,957	413,530	(51,617)	(1,482)	360,431
General and administrative	148,578	(57,405)	(2,095)	89,078	148,578	(57,405)	(2,095)	89,078
Total costs and expenses	1,427,005	(249,970)	(11,960)	1,165,075	1,406,479	(249,970)	(11,960)	1,144,549
Operating income (loss)	(264,659)	249,970	11,960	(2,729)	(249,789)	249,970	11,960	12,141
Operating margin	-22.8%	21.6%	1.0%	-0.2%	-21.6%	21.6%	1.0%	1.0%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$8.8 million, and amortization of acquisition-related intangible assets of \$3.2 million recorded as part of product development expenses.

Non-GAAP Reconciliations - FY17

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Year Ended January 31, 2017

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 213,389	\$ (20,773)	\$ (730)	\$ 191,886	\$ 213,389	\$ (20,773)	\$ (730)	\$ 191,886
Costs of professional services	270,156	(26,833)	(1,199)	242,124	270,156	(26,833)	(1,199)	242,124
Product development	680,531	(166,529)	(18,533)	495,469	680,531	(166,529)	(18,533)	495,469
Sales and marketing	583,874	(86,229)	(3,316)	494,329	565,328	(86,229)	(3,316)	475,783
General and administrative	198,122	(78,265)	(3,302)	116,555	198,122	(78,265)	(3,302)	116,555
Total costs and expenses	1,946,072	(378,629)	(27,080)	1,540,363	1,927,526	(378,629)	(27,080)	1,521,817
Operating income (loss)	(376,665)	378,629	27,080	29,044	(353,086)	378,629	27,080	52,623
Operating margin	-24.0%	24.1%	1.8%	1.9%	-22.4%	24.0%	1.7%	3.3%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$14.3 million, and amortization of acquisition-related intangible assets of \$12.7 million recorded as part of product development and sales and marketing expenses.

Non-GAAP Reconciliations – Q1 FY17

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended April 30, 2016

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 49,200	\$ (4,397)	\$ (319)	\$ 44,484	\$ 49,200	\$ (4,397)	\$ (319)	\$ 44,484
Costs of professional services	59,427	(5,293)	(490)	53,644	59,427	(5,293)	(490)	53,644
Product development	141,778	(32,968)	(3,794)	105,016	141,778	(32,968)	(3,794)	105,016
Sales and marketing	127,491	(19,002)	(1,090)	107,399	127,619	(19,002)	(1,090)	107,527
General and administrative	41,183	(16,575)	(812)	23,796	41,183	(16,575)	(812)	23,796
Total costs and expenses	419,079	(78,235)	(6,505)	334,339	419,207	(78,235)	(6,505)	334,467
Operating income (loss)	(73,649)	78,235	6,505	11,091	(71,530)	78,235	6,505	13,210
Operating margin	-21.3%	22.6%	1.9%	3.2%	-20.6%	22.5%	1.9%	3.8%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$5.2 million, and amortization of acquisition-related intangible assets of \$1.3 million recorded as part of product development expenses.

Non-GAAP Reconciliations - Q2 FY17

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended July 31, 2016

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 51,379	\$ (4,968)	\$ (133)	\$ 46,278	\$ 51,379	\$ (4,968)	\$ (133)	\$ 46,278
Costs of professional services	66,473	(5,969)	(226)	60,278	66,473	(5,969)	(226)	60,278
Product development	161,886	(38,314)	(2,566)	121,006	161,886	(38,314)	(2,566)	121,006
Sales and marketing	139,177	(20,844)	(707)	117,626	134,899	(20,844)	(707)	113,348
General and administrative	45,705	(18,127)	(924)	26,654	45,705	(18,127)	(924)	26,654
Total costs and expenses	464,620	(88,222)	(4,556)	371,842	460,342	(88,222)	(4,556)	367,564
Operating income (loss)	(86,897)	88,222	4,556	5,881	(86,685)	88,222	4,556	6,093
Operating margin	-23.0%	23.4%	1.2%	1.6%	-23.2%	23.6%	1.2%	1.6%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$3.2 million, and amortization of acquisition-related intangible assets of \$1.4 million recorded as part of product development expenses.

Non-GAAP Reconciliations - Q3 FY17

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended October 31, 2016

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 54,645	\$ (5,472)	\$ (118)	\$ 49,055	\$ 54,645	\$ (5,472)	\$ (118)	\$ 49,055
Costs of professional services	72,240	(7,436)	(171)	64,633	72,240	(7,436)	(171)	64,633
Product development	185,311	(45,968)	(5,792)	133,551	185,311	(45,968)	(5,792)	133,551
Sales and marketing	149,549	(22,597)	(661)	126,291	149,537	(22,597)	(661)	126,279
General and administrative	57,721	(24,982)	(713)	32,026	57,721	(24,982)	(713)	32,026
Total costs and expenses	519,466	(106,455)	(7,455)	405,556	519,454	(106,455)	(7,455)	405,544
Operating income (loss)	(109,884)	106,455	7,455	4,026	(105,932)	106,455	7,455	7,978
Operating margin	-26.8%	26.0%	1.8%	1.0%	-25.6%	25.7%	1.8%	1.9%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$2.6 million, and amortization of acquisition-related intangible assets of \$4.9 million recorded as part of product development expenses.

Non-GAAP Reconciliations – Q4 FY17

Workday, Inc.

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended January 31, 2017

(in thousands)

(unaudited)

	Original				Adjusted for 606			
	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP	GAAP	Share-Based Compensation Expenses	Other Operating Expenses ⁽¹⁾	Non-GAAP
Costs and expenses:								
Costs of subscription services	\$ 58,165	\$ (5,936)	\$ (160)	\$ 52,069	\$ 58,165	\$ (5,936)	\$ (160)	\$ 52,069
Costs of professional services	72,016	(8,135)	(312)	63,569	72,016	(8,135)	(312)	63,569
Product development	191,556	(49,279)	(6,381)	135,896	191,556	(49,279)	(6,381)	135,896
Sales and marketing	167,657	(23,786)	(858)	143,013	153,273	(23,786)	(858)	128,629
General and administrative	53,513	(18,581)	(853)	34,079	53,513	(18,581)	(853)	34,079
Total costs and expenses	542,907	(105,717)	(8,564)	428,626	528,523	(105,717)	(8,564)	414,242
Operating income (loss)	(106,235)	105,717	8,564	8,046	(88,939)	105,717	8,564	25,342
Operating margin	-24.3%	24.2%	1.9%	1.8%	-20.2%	24.1%	1.9%	5.8%

⁽¹⁾ Other operating expenses include total employer payroll tax-related items on employee stock transactions of \$3.5 million, and amortization of acquisition-related intangible assets of \$5.1 million recorded as part of product development and sales and marketing expenses.



Financial Statements with 606 Adjustments

Consolidated Balance Sheets – FY17 Quarterly

Workday, Inc.
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	January 31,		October 31,		July 31,		April 30,		January 31,	
	2017 (Original)	2017 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)
Assets										
Current assets:										
Cash and cash equivalents	\$ 539,923	\$ 539,923	\$ 386,557	\$ 386,557	\$ 405,529	\$ 405,529	\$ 404,604	\$ 404,604	\$ 300,087	\$ 300,087
Marketable securities	1,456,822	1,456,822	1,527,238	1,527,238	1,662,381	1,662,381	1,675,486	1,675,486	1,669,372	1,669,372
Trade and other receivables, net	383,908	409,780	268,945	291,108	248,658	270,484	193,100	218,583	293,407	316,161
Deferred costs	27,537	51,330	23,067	44,760	22,664	43,587	21,534	40,848	21,817	39,976
Prepaid expenses and other current assets	88,336	66,590	88,788	68,101	90,858	67,815	77,407	55,931	77,625	57,961
Total current assets	2,496,526	2,524,445	2,294,595	2,317,764	2,430,090	2,449,796	2,372,131	2,395,452	2,362,308	2,383,557
Property and equipment, net	365,877	365,877	334,265	334,265	255,118	255,118	254,697	254,697	214,158	214,158
Deferred costs, noncurrent	43,310	117,249	33,551	95,205	32,488	94,900	29,272	89,015	30,074	91,101
Acquisition-related intangible assets, net	48,787	48,787	—	—	—	—	—	—	15,491	15,491
Goodwill	158,354	158,354	212,087	212,087	68,623	68,623	64,887	64,887	50,325	50,325
Other assets	53,570	53,570	48,071	48,071	43,485	43,485	55,166	55,166	57,738	57,738
Total assets	\$ 3,166,424	\$ 3,268,282	\$ 2,922,569	\$ 3,007,392	\$ 2,829,804	\$ 2,911,922	\$ 2,776,153	\$ 2,859,217	\$ 2,730,094	\$ 2,812,370
Liabilities and stockholders' equity										
Current liabilities:										
Accounts payable	\$ 26,824	\$ 26,824	\$ 28,374	\$ 28,374	\$ 17,135	\$ 17,135	\$ 18,975	\$ 18,975	\$ 19,605	\$ 19,605
Accrued expenses and other current	61,582	61,582	66,075	66,075	58,880	58,880	66,372	66,372	43,122	43,122
Accrued compensation	110,625	110,625	103,206	103,206	76,693	76,693	86,819	86,819	91,211	91,211
Unearned revenue	1,097,417	1,086,212	900,441	890,569	854,845	846,846	798,086	789,081	768,741	761,552
Total current liabilities	1,296,448	1,285,243	1,098,096	1,088,224	1,007,553	999,554	970,252	961,247	922,679	915,490
Convertible senior notes, net	534,423	534,423	527,547	527,547	520,765	520,765	514,075	514,075	507,476	507,476
Unearned revenue, noncurrent	135,970	135,331	123,179	121,468	124,269	121,932	127,970	127,797	130,988	130,330
Other liabilities	36,677	36,677	36,288	36,288	36,371	36,371	35,700	35,700	32,794	32,794
Total liabilities	2,003,518	1,991,674	1,785,110	1,773,527	1,688,958	1,678,622	1,647,997	1,638,819	1,593,937	1,586,090
Stockholders' equity:										
Common stock	202	202	200	200	198	198	195	195	193	193
Additional paid-in capital	2,681,200	2,681,200	2,549,639	2,549,639	2,444,172	2,444,172	2,329,904	2,329,904	2,247,454	2,247,454
Accumulated other comprehensive income (loss)	2,071	2,071	2,622	2,622	(2,588)	(2,588)	(9,032)	(9,032)	799	799
Accumulated deficit	(1,520,567)	(1,406,865)	(1,415,002)	(1,318,596)	(1,300,936)	(1,208,482)	(1,192,911)	(1,100,669)	(1,112,289)	(1,022,166)
Total stockholders' equity	1,162,906	1,276,608	1,137,459	1,233,865	1,140,846	1,233,300	1,128,156	1,220,398	1,136,157	1,226,280
Total liabilities and stockholders' equity	\$ 3,166,424	\$ 3,268,282	\$ 2,922,569	\$ 3,007,392	\$ 2,829,804	\$ 2,911,922	\$ 2,776,153	\$ 2,859,217	\$ 2,730,094	\$ 2,812,370

Consolidated Statements of Operations – FY17 & FY16

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

	Year Ended January 31,		Year Ended January 31,	
	2017 (Original)	2017 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)
Revenues:				
Subscription services	\$ 1,287,104	\$ 1,290,733	\$ 929,234	\$ 920,196
Professional services	282,303	283,707	233,112	236,494
Total revenues	1,569,407	1,574,440	1,162,346	1,156,690
Costs and expenses:				
Costs of subscription services	213,389	213,389	149,869	149,869
Costs of professional services	270,156	270,156	224,558	224,558
Product development	680,531	680,531	469,944	469,944
Sales and marketing	583,874	565,328	434,056	413,530
General and administrative	198,122	198,122	148,578	148,578
Total costs and expenses	1,946,072	1,927,526	1,427,005	1,406,479
Operating loss	(376,665)	(353,086)	(264,659)	(249,789)
Other expense, net	(32,427)	(32,427)	(24,242)	(24,242)
Loss before provision for (benefit from) income taxes	(409,092)	(385,513)	(288,901)	(274,031)
Provision for (benefit from) income taxes	(814)	(814)	1,017	1,017
Net loss	(408,278)	(384,699)	(289,918)	(275,048)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (2.06)	\$ (1.94)	\$ (1.53)	\$ (1.45)
Weighted-average shares used to compute net loss per share attributable to Class A and Class B common stockholders	198,214	198,214	190,016	190,016

Consolidated Statements of Operations – FY17 Quarterly

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

	Three Months Ended January 31,		Three Months Ended October 31,		Three Months Ended July 31,		Three Months Ended April 30,	
	2017 (Original)	2017 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)
Revenues:								
Subscription services	\$ 365,151	\$ 366,585	\$ 335,722	\$ 337,910	\$ 306,228	\$ 306,070	\$ 280,003	\$ 280,168
Professional services	71,521	72,999	73,860	75,612	71,495	67,587	65,427	67,509
Total revenues	436,672	439,584	409,582	413,522	377,723	373,657	345,430	347,677
Costs and expenses:								
Costs of subscription services	58,165	58,165	54,645	54,645	51,379	51,379	49,200	49,200
Costs of professional services	72,016	72,016	72,240	72,240	66,473	66,473	59,427	59,427
Product development	191,556	191,556	185,311	185,311	161,886	161,886	141,778	141,778
Sales and marketing	167,657	153,273	149,549	149,537	139,177	134,899	127,491	127,619
General and administrative	53,513	53,513	57,721	57,721	45,705	45,705	41,183	41,183
Total costs and expenses	542,907	528,523	519,466	519,454	464,620	460,342	419,079	419,207
Operating loss	(106,235)	(88,939)	(109,884)	(109,932)	(86,897)	(86,685)	(73,649)	(71,530)
Other expense, net	(2,291)	(2,291)	(3,105)	(3,105)	(21,193)	(21,193)	(5,838)	(5,838)
Loss before provision for (benefit from) income taxes	(108,526)	(91,230)	(112,989)	(109,037)	(108,090)	(107,878)	(79,487)	(77,368)
Provision for (benefit from) income taxes	(2,961)	(2,961)	1,077	1,077	(65)	(65)	1,135	1,135
Net loss	(105,565)	(88,269)	(114,066)	(110,114)	(108,025)	(107,813)	(80,622)	(78,503)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (0.52)	\$ (0.44)	\$ (0.57)	\$ (0.55)	\$ (0.55)	\$ (0.55)	\$ (0.41)	\$ (0.40)
Weighted-average shares used to compute net loss per share attributable to Class A and Class B common stockholders	201,530	201,530	199,479	199,479	197,223	197,223	194,529	194,529

Consolidated Statements of Cash Flows – FY17 & FY16

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

	Year Ended January 31,		Year Ended January 31,	
	2017 (Original)	2017 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)
Cash flows from operating activities				
Net loss	\$ (408,278)	\$ (384,699)	\$ (289,918)	\$ (275,048)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	115,885	115,885	85,939	85,939
Share-based compensation expenses	372,272	372,272	249,970	249,970
Amortization of deferred costs	25,577	45,345	23,477	36,016
Amortization of debt discount and issuance costs	26,947	26,947	25,518	25,518
Gain on sale of cost method investment	(65)	(65)	(3,220)	(3,220)
Impairment of cost method investment	15,000	15,000	—	—
Other	(1,982)	(1,982)	1,047	1,047
Changes in operating assets and liabilities, net of business combinations:				
Accounts receivable	(88,639)	(91,755)	(105,264)	(115,776)
Deferred costs	(44,533)	(82,848)	(33,899)	(66,964)
Prepaid expenses and other assets	(20,847)	(18,765)	(28,366)	(20,121)
Accounts payable	6,336	6,336	6,824	6,824
Accrued expense and other liabilities	23,367	23,367	59,724	59,724
Unearned revenue	327,615	323,617	266,805	274,728
Net cash provided by (used in) operating activities	348,655	348,655	258,637	258,637
Cash flows from investing activities				
Purchases of marketable securities	(1,917,238)	(1,917,238)	(2,125,841)	(2,125,841)
Maturities of marketable securities	1,986,031	1,986,031	1,901,858	1,901,858
Sales of available-for-sale securities	133,292	133,292	102,711	102,711
Business combinations, net of cash acquired	(147,879)	(147,879)	(31,436)	(31,436)
Owned real estate projects	(106,997)	(106,997)	—	—
Capital expenditures, excluding owned real estate projects	(120,813)	(120,813)	(133,667)	(133,667)
Purchases of cost method investments	(300)	(300)	(16,550)	(16,550)
Sale of cost method investment	5,315	5,315	3,538	3,538
Other	(296)	(296)	(760)	(760)
Net cash provided by (used in) investing activities	(168,885)	(168,885)	(300,147)	(300,147)
Cash flows from financing activities				
Proceeds from issuance of common stock from employee equity plans	58,079	58,079	45,656	45,656
Principal payments on capital lease obligations	—	—	(3,193)	(3,193)
Other	1,602	1,602	1,646	1,646
Net cash provided by (used in) financing activities	59,681	59,681	44,109	44,109
Effect of exchange rate changes	385	385	(704)	(704)
Net increase (decrease) in cash and cash equivalents	239,836	239,836	1,895	1,895
Cash and cash equivalents at the beginning of period	300,087	300,087	298,192	298,192
Cash and cash equivalents at the end of period	\$ 539,923	\$ 539,923	\$ 300,087	\$ 300,087

Consolidated Statements of Cash Flows – FY17 Quarterly

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

	Three Months Ended January 31,		Three Months Ended October 31,		Three Months Ended July 31,		Three Months Ended April 30,	
	2017 (Original)	2017 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)	2016 (Original)	2016 (Adjusted for 606)
Cash flows from operating activities								
Net loss	\$ (105,565)	\$ (88,269)	\$ (114,066)	\$ (110,114)	\$ (108,025)	\$ (107,813)	\$ (80,622)	\$ (78,503)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:								
Depreciation and amortization	32,646	32,646	30,453	30,453	26,662	26,662	26,124	26,124
Share-based compensation expenses	105,717	105,717	100,098	100,098	88,222	88,222	78,235	78,235
Amortization of deferred costs	7,057	12,428	6,507	11,561	6,140	10,917	5,873	10,439
Amortization of debt discount and issuance costs	6,876	6,876	6,782	6,782	6,690	6,690	6,599	6,599
Gain on sale of cost method investment	—	—	—	—	(65)	(65)	—	—
Impairment of cost method investment	—	—	—	—	15,000	15,000	—	—
Other	(3,660)	(3,660)	78	78	1,918	1,918	(318)	(318)
Changes in operating assets and liabilities, net of business combinations:								
Accounts receivable	(113,334)	(117,044)	(20,360)	(20,693)	(55,992)	(52,337)	101,047	98,319
Deferred costs	(21,286)	(41,041)	(7,973)	(13,400)	(10,486)	(19,541)	(4,788)	(9,226)
Prepaid expenses and other assets	(6,744)	(5,685)	(1,425)	(3,783)	(11,902)	(10,334)	(776)	1,037
Accounts payable	4,256	4,256	2,260	2,260	1,542	1,542	(1,722)	(1,722)
Accrued expense and other liabilities	(6,252)	(6,252)	30,591	30,591	(6,517)	(6,517)	5,545	5,545
Unearned revenue	209,761	209,500	38,514	37,266	53,071	51,914	26,269	24,937
Net cash provided by (used in) operating activities	109,472	109,472	71,459	71,459	6,258	6,258	161,466	161,466
Cash flows from investing activities								
Purchases of marketable securities	(345,482)	(345,482)	(380,620)	(380,620)	(557,180)	(557,180)	(633,956)	(633,956)
Maturities of marketable securities	371,536	371,536	449,592	449,592	539,315	539,315	625,588	625,588
Sales of available-for-sale securities	41,100	41,100	63,340	63,340	28,652	28,652	200	200
Business combinations, net of cash acquired	—	—	(144,209)	(144,209)	(3,670)	(3,670)	—	—
Owned real estate projects	(21,518)	(21,518)	(59,705)	(59,705)	(6,788)	(6,788)	(18,986)	(18,986)
Capital expenditures, excluding owned real estate projects	(32,278)	(32,278)	(27,518)	(27,518)	(26,539)	(26,539)	(34,478)	(34,478)
Purchases of cost method investments	—	—	—	—	(200)	(200)	(100)	(100)
Sale of cost method investment	5,000	5,000	—	—	315	315	—	—
Change in restricted cash	100	100	3,900	3,900	(4,000)	(4,000)	—	—
Other	—	—	—	—	(684)	(684)	388	388
Net cash provided by (used in) investing activities	18,458	18,458	(95,220)	(95,220)	(30,779)	(30,779)	(61,344)	(61,344)
Cash flows from financing activities								
Proceeds from issuance of common stock from employee equity plans	24,812	24,812	4,491	4,491	25,395	25,395	3,381	3,381
Other	596	596	435	435	195	195	376	376
Net cash provided by (used in) financing activities	25,408	25,408	4,926	4,926	25,590	25,590	3,757	3,757
Effect of exchange rate changes	28	28	(137)	(137)	(144)	(144)	638	638
Net increase (decrease) in cash and cash equivalents	153,366	153,366	(18,972)	(18,972)	925	925	104,517	104,517
Cash and cash equivalents at the beginning of period	386,557	386,557	405,529	405,529	404,604	404,604	300,087	300,087
Cash and cash equivalents at the end of period	\$ 539,923	\$ 539,923	\$ 386,557	\$ 386,557	\$ 405,529	\$ 405,529	\$ 404,604	\$ 404,604