



# 2014 ANNUAL REPORT



To our stockholders, customers, partners and employees:

2014 was a fantastic year for Tableau. We saw the strongest demand in our history as the move to visual analytics grew faster than ever. After five years of revenue growth over 75%, we've reached more than \$900 million in lifetime revenue—\$412.6 million of which was generated in 2014. With that achievement, we've become one of the fastest growing companies in the fifty-year history of business analytics software.

Our mission to help people see and understand data has come to define a new era of analytics. We're enabling people to answer questions, solve problems and generate meaning from data in a way that has never before been possible. And, we're putting that power in the hands of a much broader population of people. Customers call Tableau easy and fun – a far cry from the complicated business intelligence systems of the prior era.

2014 was a record year for customer growth. During 2014, we added more than 9,100 customer accounts, bringing our total to more than 26,000 worldwide. In the average week more than 150 organizations are moving to the Tableau way. Even with this success, we believe there is a large untapped market for our products.

Our growth was also driven by continued international expansion. In 2014, international revenue grew to \$93.8 million, up 105% year-over-year. We now have customers in more than 150 countries.

Our product innovation continues at a rapid pace. In 2014, we invested \$90.1 million<sup>(1)</sup> on research and development, more than the previous two years combined. This commitment led to the release of Tableau 8.2, which allows customers to run Tableau natively on the Mac and to create interactive stories with data. In December, we announced Tableau 8.3, an update that extends our enterprise-class security with support for Kerberos.

At our customer conference in September, we laid out our vision to further develop our products. We remain focused on product innovation and advancing our platform to bring even more value to our growing customer base. We're excited about the upcoming release of Tableau 9.0, the next step in our journey to help people achieve more with data. Tableau 9.0 will include innovations in visual analytics, performance, scalability, data preparation, enterprise capabilities, cloud and mobile.

We're encouraged by Tableau Public's growth. We launched Tableau Public with the vision of creating an online community for people to share and explore data. We now have more than 90,000 authors creating 4,500 visualizations every week. Since its launch in 2010, people have published more than 500,000 visualizations on Tableau Public – nearly half of which were published in 2014 alone. Tableau Public has become the go-to community for people to create and share data visualizations with the world.

In closing, I'm proud to say that our investments in people, products and customers paid off in 2014. I'd like to extend a sincere thank you to our customers and partners for your adoption and support of Tableau. It's been an amazing year, and I look forward to 2015.



Christian Chabot  
Co-founder and Chief Executive Officer  
Tableau Software, Inc.

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<sup>(1)</sup> Represents non-GAAP research and development expense. The figure excludes \$20.8 million of stock-based compensation expense. The definition and reconciliation of non-GAAP measures can be found at [investors.tableau.com/overview/default.aspx](http://investors.tableau.com/overview/default.aspx).



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 001-35925

**TABLEAU SOFTWARE, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

47-0945740  
(I.R.S. Employer  
Identification Number)

837 North 34th Street, Suite 200  
Seattle, Washington 98103  
(Address of principal executive offices and zip code)

(206) 633-3400  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.0001	New York Stock Exchange

Securities registered pursuant to  
Section 12 (g) of the Act: None

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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 (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

The aggregate market value of common equity held by non-affiliates of the Registrant on June 30, 2014, based on the closing price of \$71.33 for shares of the Registrant's Class A common stock as reported by the New York Stock Exchange on June 30, 2014 was approximately \$3.0 billion. For purposes of determining whether a stockholder was an affiliate of the Registrant at June 30, 2014, the Registrant assumed that a stockholder was an affiliate of the Registrant at June 30, 2014 if such stockholder (i) beneficially owned 10% or more of the Registrant's capital stock (on an as-converted basis), as determined based on public filings, and/or (ii) was an executive officer or director, or was affiliated with an executive officer or director of the Registrant, at June 30, 2014. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 24, 2015, there were approximately 49,361,124 shares of the registrant's Class A common stock and 21,449,827 shares of the registrant's Class B common stock outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in 2015. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year ended December 31, 2014.

**TABLEAU SOFTWARE, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**For the Year Ended December 31, 2014**

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## **PART I.**

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and section 27A of the Securities Act of 1933, as amended. 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 of this report. 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 “Tableau,” “Registrant,” “Company,” “we,” “us,” and “our” mean Tableau Software, Inc. and its subsidiaries unless the context indicates otherwise.

## **ITEM 1. BUSINESS**

### **Overview**

Our mission is to help people see and understand data.

Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value.

Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We aim to make our products easy to use, ubiquitous and as deeply-rooted in the workplace as spreadsheets are today.

Our software is designed for anyone with data and questions. We are democratizing the use of business analytics software by allowing people to access information, perform analysis and share results without assistance from technical specialists. By putting powerful, self-service analytical technology directly into the hands of people who make decisions with data, we seek to accelerate the pace of informed and intelligent decision making. We believe this enables our customers to create better workplaces, with happier employees who are empowered to more fully express their ingenuity and creativity.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. Organizations employ our products in a broad range of use cases such as increasing sales, streamlining operations, improving customer service, managing investments, assessing quality and safety, studying and treating diseases, completing academic research, addressing environmental problems and improving education. Our products are flexible and capable enough to help a single user on a laptop analyze data from a simple spreadsheet, or to enable thousands of users across an enterprise to execute complex queries against massive databases.



Underpinning our innovative products is a set of technology advances that spans the domains of sophisticated computer graphics, human-computer interaction and high performance database systems. These technology innovations include VizQL and our Hybrid Data Architecture:

- **VizQL**—Our breakthrough visual query language, VizQL, translates drag-and-drop actions into data queries and then expresses that information visually. VizQL unifies the formerly disparate tasks of query and visualization and allows users to transform questions into pictures without the need for software scripts, chart wizards or dialogue boxes that inhibit speed and flexibility. This capability is designed to enable a more intuitive, creative and engaging experience for our users. VizQL can deliver dramatic gains in people's ability to see and understand data, and we believe it represents a foundational advancement in the field of analytics.
- **Hybrid Data Architecture**—Our Hybrid Data Architecture combines the power and flexibility of our Live Query and In-Memory Data Engines. Our Live Query Engine allows users to instantaneously connect to large volumes of data in its existing format and location, reducing the need for time-consuming data transformation processes that only technical specialists can perform. In addition, this capability allows customers to leverage investments in their existing data platforms and to capitalize on the capabilities of high performance databases. Our In-Memory Data Engine enables users to import large amounts of data into our own in-memory database. Using advanced algorithms and data compression techniques, our in-memory technology facilitates quick query responses on up to hundreds of millions of rows of data. Our Hybrid Data Architecture enables these data engines to work in harmony, allowing users the flexibility to access and analyze data from diverse sources and locations, while optimizing speed and performance for each source.

Our distribution strategy is based on a "land and expand" business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. Our products tend to be adopted at a grassroots level within organizations, often beginning with a free trial, and then spread across departments, divisions and geographies via word-of-mouth and the discovery of new use cases. Over time, many of our customers find that the use of our products expands to a broad cross-section of their organizations and that our deployments and use cases become significantly more strategic in nature. Accordingly, we have developed enterprise-class product and service capabilities that allow us to both complement and supplant core, legacy business intelligence deployments.

As of December 31, 2014, we had more than 26,000 customer accounts across a broad array of company sizes and industries and located in over 150 countries. Some of our largest customers include Deere & Company, affiliates of Deloitte Touche Tohmatsu Limited, E. I. du Pont de Nemours and Company, the Federal Aviation Administration, Sears Holdings Corporation and affiliates of Verizon Communications Inc. In addition, we have cultivated strong relationships with technology partners to help us extend the reach of our products. These partners include both traditional database vendors such as International Business Machines Corporation ("IBM"), Microsoft Corporation, Oracle Corporation and Teradata Corporation and emerging database vendors such as Amazon.com, Cloudera Inc., Google Inc., Pivotal Greenplum Database ("Pivotal GPDB") and Vertica (a division of Hewlett-Packard Company).

We have achieved significant growth in recent periods. For the years ended December 31, 2014, 2013 and 2012, our total revenues were \$412.6 million, \$232.4 million and \$127.7 million, respectively, representing a compound annual growth rate of approximately 79.7% from 2012 to 2014. We also generated net income of \$5.9 million, \$7.1 million and \$1.4 million for the years ended December 31, 2014, 2013 and 2012, respectively, and have generated positive cash flow from operating activities on an annual basis in each of those fiscal years. We believe our land and expand business model provides financial visibility as aggregate revenues from subsequent sales of products and maintenance services to our customers have typically been multiples of the revenues we realized from those customers' initial purchases.

## **Growth Strategy**

Our mission to help people see and understand data presents a broad and momentous market opportunity. We intend to continue to invest in a number of growth initiatives to allow us to pursue our mission aggressively. Our strategies for growth include:

- **Expand our customer base**—We believe the market for analytics and business intelligence software is considerably underserved and, as a result, we have the opportunity to substantially expand our present base of over 26,000 customer accounts. We are expanding our online and offline marketing efforts to

increase our brand awareness. We are also making significant investments in growing both our direct sales teams and indirect sales channels.

- **Further penetrate our existing customer base**—Leveraging our land and expand business model, we intend to continue to increase adoption of our products within and across our existing customers, as they expand the number of users and develop new use cases for our products. We believe there is an opportunity to extend the reach of our products within our customers. Our sales and marketing strategy and focus on customer success help our customers identify and pursue new use cases within their organizations. As this expansion occurs, we believe that our products will also increasingly supplant incumbent legacy platforms to become the standard platform for analytics and business intelligence for our customers.
- **Grow internationally**—With approximately 23% of our total revenues generated outside the United States and Canada in the year ended December 31, 2014, we believe there is significant opportunity to grow our international business. Our products currently support eight languages, and we are aggressively expanding our direct sales force and indirect sales channels outside the United States. We have international operations in Australia, Canada, France, Germany, India, Ireland, Japan, Singapore and the United Kingdom, and we intend to invest in further expanding our footprint in these and other regions.
- **Relentlessly innovate and advance our products**—We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. Building on our foundational technology innovations, including VizQL, we have released eight major versions of our software to date, rapidly expanding and improving our feature set and capabilities. Our most recent major release, Tableau 8.0, added many new features including Web and mobile authoring, statistical forecasting, free form dashboards, integration with applications like salesforce.com and Google Analytics, and APIs. Since the release of Tableau 8.0, we introduced Tableau Online, new data connectors to Amazon Redshift, Sybase ASE, Cloudera Impala and EXASOL EXASolution, Tableau 8.1, which provided web authoring capabilities, R integration, 64-bit processing, and other enhanced functionality, Tableau 8.2, which included the release of story points and desktop on the Mac, and Tableau 8.3, which extends enterprise security with support for Kerberos. We plan to continue to invest in research and development, including hiring top technical talent, focusing on core technology innovation and maintaining an agile organization that supports rapid release cycles. In particular, we intend to focus on further developing our cloud and mobile capabilities, expanding our advanced analytical and statistical functionality and continuing to expand the range of visualization formats and data sources and platforms we can address.
- **Extend our distribution channels and partner ecosystem**—We plan to continue investing in distribution channels, technology partners and OEM relationships to help us enter and grow in new markets while complementing our direct sales efforts. We are actively growing our indirect channels, particularly in international markets. Our most important technology partnerships are with market-leading database vendors, such as IBM, Microsoft, Oracle and Teradata, and emerging database vendors, such as Amazon.com, Cloudera, Google, Pivotal GPDB and Vertica, with which we have collaborated to develop high performance and optimized connectivity to a broad group of popular data stores. We intend to continue to invest in technology partnerships that enable us to build and promote complementary capabilities that benefit our customers. We have also recently introduced APIs to further empower our developer and OEM partner ecosystem to create applications that embed Tableau functionality.
- **Foster our passionate user community**—We benefit from a vibrant and engaged user community. We are investing in initiatives to further expand and energize this group, both online, through our online community site and through events such as our annual customer conferences, including our U.S. Tableau Customer Conference which has grown from approximately 180 attendees in 2008 to more than 5,500 attendees in 2014. In addition, Tableau Public, which we launched as a free cloud-based service, has a community of engaged users from media, government, non-profit and other organizations, who are passionate about sharing public data online. We intend to expand these efforts and to seek other means to evangelize our mission and facilitate sharing of best practices and success stories.
- **Treasure and cultivate our exceptional culture**—We believe our culture is a core ingredient of our success. Our employees share a passion for our mission, and our mission stands at the top of a list of eight core cultural values that govern our approach to our business. Our other core values include: Teamwork; Product leadership; Using our own products; Respect; Honesty; Simplicity; and Commitment to delighting customers. Our values permeate our organization and drive our identity as a company. For

example, we strive to paint virtually all aspects of our business with a brush of simplicity, including product user interfaces, pricing models, business processes and marketing strategies. Our culture is consistently cited in employee surveys as a key reason for their satisfaction with Tableau and we have been publicly recognized as one of the best workplaces in the State of Washington.

## Products

Our products help people see and understand data. They offer the power and flexibility required to serve a broad range of use cases, from answering questions with small spreadsheets to completing enterprise business intelligence projects involving massive volumes of data. We currently offer four products: Tableau Desktop, a self-service, powerful analytics product for anyone with data, Tableau Server, a business intelligence platform for organizations, Tableau Online, a cloud-based version of Tableau Server, and Tableau Public, a free cloud-based platform for analyzing and sharing public data.

### **Tableau Desktop**

Tableau Desktop helps knowledge workers make sense of the many kinds of data they encounter every day. The defining capability of Tableau Desktop is the interactive experience it provides for exploring and analyzing data. By fundamentally integrating data analysis and visualization, our products provide a visual window into data trapped in spreadsheets and databases, fostering greater engagement with data and allowing people to better answer questions, develop insights and solve problems. The result is a self-service analytics environment that empowers people to access and analyze data independently and at a rapid pace.

Tableau Desktop's key capabilities include:

- **Visual analytics**—Tableau Desktop empowers people to ask sophisticated questions by composing drag-and-drop pictures of their data. Tableau Desktop's easy-to-use interface is built on VizQL, which is capable of describing thousands of easily understood visual presentations of data including tables, maps, time series, dashboards and tables of graphs. The combination of a sophisticated language with a simple user interface means users can explore many different perspectives of their data. We believe being able to quickly view data from different perspectives inspires creative thinking and helps people find the right view to answer a question.
- **Analytical depth**—An important aspect of Tableau Desktop is its ability to marry powerful visualization with deep analytics. Users can filter and sort their data, create sophisticated calculations, drill into underlying information, define sets and cohorts, perform statistical analysis and derive correlations between diverse data sets with agility and relative ease. For example, with a few clicks, users can generate sophisticated forecasting models. This combination of simplicity and usefulness, of ease of use and analytical depth, is what makes it possible for Tableau Desktop to empower a whole new group of people to become data analysts.
- **Data access**—Tableau Desktop lets people access and query a large number of common data sources, from traditional database systems like Oracle and SQL Server, to innovative new data stores like SAP HANA and Teradata Aster, to Web applications like salesforce.com and Google Analytics, to spreadsheets and files, to newly emerging data sources like Hadoop and NoSQL databases. Users can connect to these data sources with a few clicks, without any scripting or programming.
- **Live query**—Tableau Desktop translates users' interactions into live queries. As people use the drag-and-drop interface to examine information, they are automatically generating sophisticated queries against their database. Tableau Desktop can generate queries in a range of query languages including Structured Query Language ("SQL"), Multidimensional Expressions ("MDX"), and Salesforce Object Query Language ("SOQL"). Each query is optimized for the target platform and its unique performance and analytical characteristics. This live query approach allows customers to leverage their investments in database infrastructure and enables them to take advantage of query-optimized databases.
- **In-memory query**—Tableau Desktop contains an in-memory data engine that can be used for rapid analysis. Many business users have data that is not stored in a database, and many databases are not set-up to support interactive and analytical queries. In these cases, users can import the data into Tableau Desktop's in-memory data engine. This data engine is designed to support analytical queries on hundreds of millions of rows of data with responses rendered in seconds.
- **Data integration**—Many questions require combining data from multiple sources. Tableau Desktop provides a number of ways for people to combine data without requiring a typical data loading and

transformation project. A Tableau workbook can connect to many different data sources, with each source independently leveraging either a live query or in-memory approach. Users can then combine the data in single dashboard, visualization, filter or calculation using our Data Blending functionality. This approach can greatly extend the scope and depth of questions a person can answer.

- **Sharing and presentation**—Tableau Desktop allows users to author and distribute visualizations and dashboards with the ease expected of everyday office tools like spreadsheets. Content created in Tableau Desktop can be embedded in documents and presentations, or the workbooks can be distributed for viewing by people who have Tableau Desktop or Tableau Reader, a free product to view and interact with visualizations built in Tableau Desktop. Alternately, users can publish their workbooks to Tableau Server enabling others in the organization to access them using a web browser.

## **Tableau Server**

Tableau Server is a powerful business intelligence platform with enterprise-class data management, scalability and security. The collaborative features of Tableau Server are designed to foster more sharing of data to improve the dissemination of information across an organization and promote improved decision-making.

Tableau Server's key capabilities include:

- **Shared content**—Tableau Server provides an easy-to-navigate repository of shared visualizations and dashboards within an organization. After users of Tableau Desktop create and publish their work to Tableau Server, any other user with appropriate security credentials can view and interact with it using a Web browser or mobile application. These viewers can also edit the work and republish it back to the server. The ability to publish dashboards and easily share impactful visual analysis increases awareness of business data and promotes improved decision-making. In addition, allowing others to interact with an analysis gives them deeper understanding of the information which leads to an improved grasp on the problem and hence greater confidence in the solution.
- **Shared data**—Just as Tableau Server is a platform for shared analysis, it is also a platform for shared data. Organizations can use Tableau Server to centrally manage enterprise data sources and metadata enabling knowledge sharing, efficiency, data consistency and security. Business users or IT professionals can create rich data models, containing calculations, hierarchies, field aliases, sets and groups of interest, and publish them to Tableau Server to be shared across an organization. Others can use these models as a starting point while extending them to meet their own specific analytical needs. While centralized data models are not a pre-requisite for analysis in Tableau, they provide flexibility and increased productivity while maintaining control and security of data.
- **Universal access**—We have designed Tableau Server to enable seamless sharing of content across desktop, mobile and Web clients. Once users author and publish analytical content to the server, people across an organization can consume it on different browsers and devices. Further, Tableau Server automatically detects the access device being used and adapts the content to take advantage of the device's capabilities including native touch experience, form factor and security. Tableau Server allows users to actively subscribe to content for automatic delivery on their devices or pull content on demand.
- **Integration**—Tableau Server offers APIs that help developers, customers and partners embed and control our software from portals, websites and other enterprise applications. Our APIs can also be used to construct in-memory databases, upload content and add users to the server programmatically. In addition to APIs, we also offer command line utilities to automate management tasks, and data upload tools to move data rapidly into Tableau Server.
- **Scalability**—Tableau Server's distributed multi-tier architecture allows it to scale to tens of thousands of users, across desktop, Web and mobile clients, meeting the needs of some of the largest organizations globally.
- **Security**—Tableau Server provides a robust security model that encompasses authentication, data and network security. Tableau Server is also built on a multi-tenant architecture that allows administrators to logically partition a single system across user populations, providing for separation of content.
- **Administration**—We believe the ease of administering a system is tremendously important to its adoption. While Tableau Server's management interface is designed to be simple enough for a line-of-business user, we also provide APIs to allow administrators to automate routine management processes.

After the initial setup, many of our customers have reported that they spend little time on Tableau Server administration.

### **Tableau Online**

Tableau Online, a cloud-based hosted version of Tableau Server, launched in July 2013. Tableau Online is built on the Tableau Server platform and provides ease-of use, speed, availability and security without requiring customers to manage physical infrastructure. Tableau Online runs in a secure data center and can be accessed by clients remotely using Tableau Desktop, a browser or a mobile device.

### **Tableau Public**

Tableau Public is a free cloud-based offering that is available for anyone to use with public data. This offering allows users of diverse backgrounds, from bloggers and journalists to researchers to government workers, to easily visualize public data on their websites. People who visit these websites can interact with the visualizations and share them via social media.

Using Tableau Public, data can be transformed into interactive graphs, dashboards and maps for the world to see on the Web. For example, a blogger focused on economic issues may want to blog about changes in the U.S. unemployment rate. Using Tableau Public, the blogger can quickly build an interactive visualization using data from the U.S. Bureau of Labor Statistics and embed it in his blog. Every time the blog is viewed, Tableau Public serves up the data as a dynamic visualization.

Tableau Public has been used by thousands of people to make public data easy to see and understand. People have used the product to visualize and share data about government budgets, school performance, economic policy, sports statistics and box office trends. Visualizations from Tableau Public have been embedded in numerous websites including the Wall Street Journal, CNBC, Financial Times, the Guardian, Huffington Post, La Nacion, Le Monde, New Scientist, Gizmodo, the Washington Post, the Irish Times and Oxford University.

Tableau Public enables us to test new product features and engage in user research as well as generate greater awareness of Tableau and increase community engagement. In addition to offering most of the features of Tableau Desktop and Tableau Server, Tableau Public offers the following capabilities:

- **Web scale**—Tableau Public meets the massive performance requirements of serving dynamic content on top tier websites including media channels, social media and other consumer internet services. Through a combination of proprietary software and optimized hardware we have designed a highly scalable, multi-tenant, online infrastructure that is based at a secure third party Web hosting facility. Our Tableau Public service has served over 300 million views worldwide.
- **Social reach**—Anyone viewing or interacting with a Tableau Public visualization can share it on Facebook or Twitter. The ease of social sharing has facilitated greater conversations around data on Tableau Public.

### **Technology**

Our powerful and easy-to-use products are built on a foundation of proprietary technologies. Key among these are VizQL, our Live Query Engine and In-Memory Data Engine, which work together in harmony to create our Hybrid Data Architecture.

### **Visual Query Language (VizQL) for Databases**

At the heart of Tableau's products is our proprietary and breakthrough technology called VizQL. VizQL is a visual query language for data that simultaneously describes how to query data and how to present it visually. VizQL can deliver dramatic gains in people's ability to see and understand data and we believe is unique in several important aspects:

- **Extensibility and flexibility**—VizQL is a computer language for describing pictures of data, including tables, graphs, charts, maps, time series and tables of visualizations. VizQL unifies these different visual representations into a single framework. Conventional component architectures that underlie reporting packages and charting wizards contain a fixed number of computer procedures, one for each type of picture. VizQL, in contrast, is a language for creating pictures. Each type of picture is a different statement in the language. The extensibility and flexibility of VizQL makes it possible to create a virtually unlimited number of visualizations.

- **Transforms database records to graphical representations**—VizQL statements define the mapping from records returned from a database to graphical marks on a screen. Some fields in the record control the geometric properties of the mark, including position, size and orientation while other fields control visual attributes like color, transparency and shape.
- **Declarative language**—VizQL is a declarative language like other database languages, including SQL. The advantage of a declarative language is that the user describes what picture should be created, not how to make it. The user need not be aware of underlying implementation as query, analysis and rendering operations run behind the scenes. The result is a portable and more scalable system.
- **Defines and controls queries**—VizQL procedures define both the resulting picture and the database query. Our Live Query Engine generates efficient queries for external databases of many types from many vendors. VizQL also controls execution of our optimized In-Memory Data Engine to perform calculations in real time.
- **Optimized**—VizQL's interpreter is optimized for interactive use, enabling visualization and drawing of large data sets. VizQL is specifically designed to take advantage of modern computer graphics hardware, such as the fast rendering chips developed for gaming that are standard on personal computers.

The initial development of VizQL began at Stanford University in 1999. Stanford University has granted us an exclusive license to commercialize the software and related patents resulting from that research. The software and related patents generally relate to three subject areas: (1) architecture for creating table-based visualizations from relational databases; (2) graphical user interface for creating specification for table-based visualizations; and (3) an environment for rapid development of interactive visualizations. Our license from Stanford University is exclusive in all fields, worldwide and sublicensable. The license agreement provides for Tableau to own all improvements to and derivative works of the software that it develops. The license agreement also provides for enforcement of the licensed patents against alleged infringers. If Stanford University and Tableau agree to jointly enforce the licensed patents against an alleged infringer, the parties equally share the costs and the recovery or settlement for such enforcement. If Stanford University and Tableau do not agree to jointly enforce the licensed patents against an alleged infringer, Stanford University and Tableau will each have the right to enforce the licensed patents against the alleged infringer. If Tableau files such a suit in a United States court, Stanford University joins such suit only for standing purposes, and Tableau wins an award of damages for, or receives a settlement payment for, infringement of a United States licensed patent, Tableau would retain that award or settlement payment and would be required to negotiate in good faith with Stanford University to compensate it for its expenses in connection with the suit. If Stanford University files such a suit in a United States court, Tableau joins such suit only for standing purposes, and Stanford University wins an award of damages for, or receives a settlement payment for, infringement of a United States licensed patent, Stanford University would retain that award or settlement payment. The license agreement does not expire and can be terminated by Stanford University only if Tableau breaches the agreement and does not remedy the breach within thirty days after receiving written notice of the alleged breach from Stanford University. We have invested substantial research and development in VizQL since obtaining these rights. We have also been granted additional patents related to our core VizQL technology.

### **Live Query Engine**

We have developed a Live Query Engine that interprets abstract queries generated by VizQL into syntax understandable by popular database systems. For instance, our Live Query Engine can compile VizQL statements into optimized SQL and MDX syntax understandable by database systems made by Microsoft, Oracle, IBM, EMC, SAP, Teradata and many other database vendors. As a result, our technology provides customers with a way to increase the accessibility, usability and performance of their databases. It also gives them a uniform user interface for interacting with databases of diverse vendors, formats and sizes.

It is common for traditional business intelligence products to import data from the organization's database systems. In contrast, Tableau's Live Query Engine enables people to query databases without having to first import the data into our products. Queries generated by our Live Query Engine are interpreted and run by the database, with only the results of each query rendered. This approach offers many advantages for customers:

- **Data consistency**—Copying data can cause people to work with out-of-date information. Further, each copy of the data may represent information at different times leading to inconsistency. With our Live Query Engine, customers do not need to create additional copies of their data.

- **Avoids data movement**—Moving and loading data is often time consuming and expensive. With Live Query Engine, our customers do not need to move data in order to use our products.
- **Scalability**—Many database vendors provide massively parallel implementations of databases that provide scalable data access to large data sets. These systems can scale in various ways including scaling the number of tables in the database, the number of records in each table, the number of columns in each record, the number of users and the number of active queries. These systems also provide powerful computation capabilities for very large data volumes. Our Live Query Engine allows businesses to leverage their investment in scalable data infrastructure.
- **Security**—Transferring data out of a database causes customers to lose the security and permissions models associated with that data. Using our Live Query Engine, customers can leverage the security and permissions models specified in their database systems.
- **Flexibility**—The database industry consists of multiple vendors with competitively differentiated products. Our Live Query Engine enables our customers to choose the appropriate technology for their business.

We focus on ensuring our software is compatible with popular database platforms and that our live query technology works with the most recent releases of those platforms. Our Live Query Engine is compatible with 38 data sources, including those from the top five database vendors in the world.

We have also pioneered connectors to emerging “Big Data” and cloud technologies. We connect to open-source Hadoop databases, proprietary MapReduce technologies and cloud data warehouses like Amazon Redshift and Google BigQuery. We also connect to column stores, databases designed to process unstructured data, and Web applications such as salesforce.com and Google Analytics. We believe the size of the data that our customers analyze continues to grow. We will continue to develop our live query technology with the goal of empowering our users to have complete access to any data stored anywhere.

### ***In-Memory Data Engine***

We have also developed a fast In-Memory Data Engine that allows people to analyze large amounts of data independently of database systems. This option is valuable to our customers as it enables them to overcome the following challenges:

- **Lack of databases**—Much of the world’s data is not stored in databases. For instance, data is commonly stored in text files, spreadsheets, logs or other formats.
- **Limited performance**—In addition, much of the world’s data is stored in databases that are too slow for interactive analysis or reporting.

For these situations, we have developed an In-Memory Data Engine, with the following unique combination of attributes that enable fast calculations:

- **Column-based storage**—Our In-Memory Data Engine is based on a column-oriented format which is able to reduce input/output on analytical workloads. It employs a simple disk based representation of data that leverages the operating systems’ management of virtual memory.
- **Compressed data representation**—Our technology utilizes compression aimed to keep the memory footprint as small as possible.
- **Optimization for in-memory analytics**—Our In-Memory Data Engine is optimized for analyzing data in random access memory (“RAM”). For example, leveraging RAM-based indices our technology is more efficient than those using disk-based indices.
- **Architecture aware algorithms**—Our technology is designed to achieve high-throughput on modern processors. Key algorithms, such as grouping and aggregation, are designed to be cache and multi-core aware and adaptive to different hardware characteristics.

By importing data into our In-Memory Data engine, our customers can get many of the benefits of a fast database without the complication, cost and delay of a new investment in databases systems. Our In-Memory Data Engine is designed to be used on commodity hardware such as personal computers, laptops and servers that are common in companies today.

### ***Hybrid Data Architecture***

We have designed our Live Query Engine and In-Memory Data Engine to work in harmony. This hybrid approach gives customers flexibility and power. For instance, customers can use our In-Memory Data Engine to

import a sample of data from a large database, and then after designing an initial visualization that answers a question, run the visualization against the entire database using the live query option. As another example of the hybrid approach, customers can integrate live data with in-memory data in a single visualization or dashboard. Both of these examples can be achieved by business users without any programming or scripting.

### **Information about Segments and Geographic Revenue**

Information about segments and geographic revenue is set forth in Note 9 of the notes to consolidated financial statements included elsewhere in this report.

### **Seasonality**

We generally experience seasonal fluctuations in demand for our products and services. Our quarterly sales are impacted by industry buying patterns. As a result, our sales have generally historically been highest in the fourth quarter of a calendar year and lowest in the first quarter.

### **Customers**

Our software is designed for anyone with data and questions. Our customers range from the largest corporations in the world to sole proprietors. Tableau's ease of installation and maintenance provides the flexibility to be deployed by individuals, departments or as an enterprise-wide system. We provide our products to organizations in various industries, including business services, energy and telecommunications, financial services, Internet, life sciences and healthcare, manufacturing and technology, media and entertainment, public sector and education, and retail, consumer and distribution.

We have grown our customer accounts from approximately 11,000 as of December 31, 2012 to approximately 26,000 as of December 31, 2014, located in more than 150 countries. We define a customer account as a purchaser of our products. Customer accounts are typically organizations. In some cases, organizations will have multiple groups purchasing our software, which we count as discrete customer accounts. No customer represented more than 10% of our total revenues in 2014, 2013 or 2012.

### **Support and Services**

Our products are designed for our customers to be able to deploy and use on their own. However, we offer several programs to enable our customers to maximize their experience and successful use of our products.

#### ***Maintenance and Support***

Our maintenance and support services provide access to new releases of our software in addition to technical support services. Our technical support team also fields "how-to" inquiries from customers related to specific product functionality.

We offer multiple levels of technical support services to our customers from our offices in Seattle, Washington; Kirkland, Washington; London, United Kingdom; and Dublin, Ireland. We offer our highest support level, including a dedicated phone number, to address critical issues, 24 hours a day, seven days a week, year-round. In addition, we offer a variety of support tools on our website including a knowledge base, product documentation guides, release notes and drivers. We have also developed an extensive online support community, which includes forums and user groups that is intended to enable our customers to learn and to connect with each other.

#### ***Training***

In order to enable our customers to be self-reliant, we offer free online training to customers on our website, including hundreds of hours of training videos, sample visualizations and best practice articles.

We also provide a variety of fee-based product training options ranging from instructor-led courses in a traditional classroom setting to online courses. These training courses are designed to deepen understanding of specific aspects of our products and range from a single day to a week in length.

#### ***Professional Services***

We have also invested in a professional services organization to help our customers maximize their benefits from using our products. Our professional services are generally intended to accelerate the analytics process rather than focus on installation and configuration of our software, as we believe most of our customers are able to deploy our products without assistance. These services are delivered either in person or remotely, and we tailor our services engagements to a customer's specific needs.



## **Tableau Community**

We have built a strong and growing community of users and partners that help us evangelize our mission. The purpose of our community is to give customer and prospects opportunities to connect and share their experiences and ideas, and to allow them to provide valuable feedback on our products that helps us prioritize product enhancements.

Our online community currently offers:

- knowledge bases, forums and repositories that help users learn about topics of interest, ask questions and share insights;
- groups, a mechanism that allows users to connect based on geographical location or industry affiliation;
- ideas, an avenue to share product suggestions;
- Viz Talk, designed to let users share and discuss interesting data visualizations;
- blogs; and
- news.

We also organize events to engage with our customers and foster our user community. Our seminal event is our annual U.S. Tableau Customer Conference, which has grown rapidly in the last several years, from approximately 180 attendees in 2008 to over 5,500 attendees in 2014. At this event, our customers have the opportunity to network and connect, learn best practices, attend training sessions, and present their questions and suggestions directly to our software developers, executives and other employees. Based on the positive feedback and demand for this conference, we expanded this offering internationally with our 2012 and 2013 Tableau European Customer Conferences. During 2014, we held Tableau Conference on Tour, which included events in: Sydney, Australia; The Hague, Netherlands; Munich, Germany; London, United Kingdom; and Tokyo, Japan. Finally, many of our customers form local user groups that meet periodically to discuss and share experiences using our products.

## **Culture and Employees**

Our culture is fundamental to our success and we embrace and cultivate it with pride. Eight core values define our culture and govern our approach to business. These consist of teamwork, product leadership, using our own products, respect, honesty, simplicity and commitment to delighting our customers, as well as our mission to help people see and understand data.

Our values permeate our organization and drive our identity as a company. For example, we strive to paint virtually all aspects of our business with a brush of simplicity, from product user interfaces to pricing models to internal business processes to marketing strategies. We view our employees as partners in creating a great work environment, and we take a long term approach to their recruitment and development. As a result of our careful hiring choices, we believe our company is populated by smart, respectful people grounded in humility. We have been publicly recognized as one of the best workplaces in the State of Washington.

We desire to make an impact on our community, and in December 2012 we established the Tableau Foundation, a donor-advised charitable fund. The focus of the Tableau Foundation will be to encourage the use of facts and analytical reasoning to solve the world's problems. It is also an avenue to support specific employee causes.

As of December 31, 2014, we had 1,947 full-time employees globally. We also engage temporary employees and consultants. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

## **Sales and Marketing**

Our sales and marketing teams collaborate to create market awareness and demand, to build a robust sales pipeline and to ensure customer success that drives revenue growth.

### **Sales**

Our sales efforts are built on a land and expand sales model that is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. To facilitate rapid adoption of our products, we provide fully functional free trial versions of our products on our website and have created a simple pricing model with no minimum purchase requirements. After an initial trial or purchase, which is often made to target a specific business need at a grassroots level within an organization, the use of our products often spreads across departments, divisions and geographies, via word-of-mouth, discovery of new use cases and our sales efforts.

Our direct sales approach includes inside sales teams and field sales teams. Our inside sales team, based in regional sales hubs, qualifies and manages accounts throughout the world in a manner in which we can seed new sales at a low cost and expand these accounts over time. Our direct field sales team covers North America; Europe, Middle East and Africa; the Asia Pacific region; and Latin America, and is mainly responsible for lead qualification and account management for large enterprises. All our direct sales teams partner with technical sales representatives who provide presales technical support. We also have a dedicated customer success team responsible for driving renewals of existing contracts.

We also sell our products through indirect sales channels including technology vendors, resellers and OEMs and independent software vendors ("ISV") partners. These channels provide additional sales coverage, solution-based selling, services and training throughout the world. Our channel program is led by a dedicated sales team and provides training, certification and sales resources to our partners. As of December 31, 2014, less than 10% of our sales team focused on indirect sales channels. We plan to continue to invest in our partner programs to help us enter and grow in new markets while complementing our direct sales efforts.

Our sales organization also includes professional services and training teams that work with customers of all sizes to support implementations and increase adoption. These efforts include in person and phone-based engagements, webinars, in-person training and free on-demand training.

### ***Marketing***

Our marketing efforts focus on establishing our brand, generating awareness, creating leads and cultivating the Tableau community. The marketing team consists primarily of marketing operations, demand generation, enterprise marketing, product marketing, programs, field events, channel marketing, corporate communications and visual design teams. We leverage both online and offline marketing channels such as events and trade shows, seminars and webinars, third-party analyst reports, whitepapers, case studies, blogs, search engines and email marketing. A central focus for the marketing team is to drive free product trials and encourage use of our free online training, an integral part of our customer acquisition process. Our marketing team is responsible for the logistics of hosting various events, including our annual customer conferences and regional events, as well as providing Web-based community tools and supporting customer-driven user groups.

We believe the simplest way to showcase our products is by using them in live or recorded demonstrations. Our marketing team also promotes Tableau Public to generate awareness. By democratizing access to public data and facilitating sharing of insights online, Tableau Public has rapidly increased community engagement and extended the reach of our products. Interest in this service has grown quickly and is demonstrated by more than 300 million cumulative Tableau Public page views to date.

### ***Strategic Relationships***

We view our partners as an extension of our team, playing an integral role in our development and growth. Our partner programs include technology partnerships, reseller arrangements, and OEM and ISV relationships. In addition, we also work closely with system integrators, consulting firms and training partners.

### ***Technology Vendors***

Our most important technology partnerships are with data platform vendors. We collaborate with these vendors to build high performance connectivity to their data sources. We have 38 optimized data platform connectors to popular data platforms from vendors such as Amazon.com, Cloudera, Inc., IBM, Microsoft Corporation, Oracle Corporation, salesforce.com, inc., SAP AG and Teradata Corporation. In addition, some of our technology partners, such as Teradata Corporation, are resellers of our products.

### ***Resellers/VARs***

Most of our indirect sales are through resellers. In certain international markets we rely more heavily on resellers than we do in the United States. Our reseller program is designed to support business growth, help generate new opportunities, optimize customer experience and care, increase profitability and close deals more quickly. We partner with value-added resellers ("VARs"), who provide vertical expertise and technical advice in addition to reselling or bundling our software. We qualify our partners carefully to help ensure that each has the necessary capabilities and technical expertise to allow us to deliver even greater value to our customers.

## **OEMs**

We believe that software applications made by other companies can benefit from the analytical capabilities that our products can provide, and we continue to develop relationships with OEM partners that embed our software into their applications. Currently, we have over 50 OEM relationships. These consist of both traditional OEMs that provide a customized version of our products for their applications as well as software-as-a-service ("SaaS")-based OEMs that deliver analytics as a service.

With the release of Tableau 8.0, we introduced API support, which includes a JavaScript API that enables third-party applications to control the Tableau application and a Data Extract API that allows partners and customers to load data into our products programmatically. We believe these APIs will make it easier to integrate our products with third party products and further advance our partner relationships.

## **Research and Development**

We invest substantial resources in research and development to drive core technology innovation and to bring new products to market. Our research and development organization, primarily located in Seattle, Washington, Kirkland, Washington, and Palo Alto, California, is primarily responsible for design, development, testing and certification of our products and core technologies. Our mission-driven culture empowers our employees to take ownership and personal pride in building our products. We work hard to create an environment that satisfies our talents and intellectual curiosities while promoting the development of broadly impactful and transformative technologies.

We have historically targeted major product releases on an annual cycle. Since our founding, we have developed eight major versions of our products. In addition, we also provide maintenance releases with bug fixes and incremental functionality, generally on a monthly basis. For example, in the maintenance releases that followed Tableau 8.0, we introduced features such as new data connectors, enhanced security, increased web and mobile interactivity, integration with the R open-source environment for statistical analysis, and improved memory usage. Our release cycles enable us to be responsive to customers by delivering new functionality on a frequent basis. We establish priorities for our organization by collaborating closely with our customers, community and employees. We use our products across all business functions at Tableau, from customer support to finance to sales and marketing to human resources, and every employee is encouraged to test and provide feedback.

Our founders conducted the original research that led to the development of VizQL at Stanford University. We actively invest in an internally focused research effort and collaborate with the research and academic community to keep current with cutting edge technologies and help us to stay at the forefront of innovation.

We are focused on hiring the top technical talent in the industry, top engineering programs and research institutions. Our talented engineers and computer scientists are focused on finding simple and elegant solutions to complex problems in information visualization, data analytics, user experience and distributed system design. Over one third of our research and development employees have advanced technical degrees.

Research and development expenses were \$110.9 million, \$60.8 million and \$33.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

## **Competition**

Our current primary competitors generally fall into the following categories:

- large software companies, including suppliers of traditional business intelligence products that provide one or more capabilities that are competitive with our products, such as IBM, Microsoft Corporation, Oracle Corporation and SAP AG
- business analytics software companies, such as Qlik Technologies Inc. ("Qlik"), MicroStrategy and TIBCO Spotfire (a subsidiary of TIBCO Software Inc.)
- analytical tools embedded in SaaS-based products, such as Salesforce Wave

In addition, we may compete with open source initiatives and custom development efforts. We expect competition to increase as other established and emerging companies enter the business analytics market, as customer requirements evolve and as new products and technologies are introduced. We expect this to be particularly true with respect to our cloud-based offerings as we and our competitors seek to provide business analytics products based on a SaaS platform. This is a relatively new and evolving area of business analytics solutions, and we anticipate competition to increase based on customer demand for these types of products.

Many of our competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements or devote greater resources to the development, promotion and sale of their products than us. Moreover, many of these competitors are bundling their analytics products into larger deals or maintenance renewals, often at significant discounts. Increased competition may lead to price cuts or the introduction of products available for free or a nominal price, fewer customer orders, reduced gross margins, longer sales cycles and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

### **Intellectual Property**

We rely on federal, state, common law and international rights, as well as contractual restrictions, to protect our intellectual property. We control access to our proprietary technology by entering into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with third parties, such as service providers, vendors, individuals and entities that may be exploring a business relationship with us.

In addition to these contractual arrangements, we also rely on a combination of trade secrets, copyrights, patents, trademarks, service marks and domain names to protect our intellectual property. We pursue the registration of our copyrights, trademarks, service marks and domain names in the United States and in certain locations outside the United States.

As of December 31, 2014, we had 13 issued U.S. patents directed to our technology. We also had 25 pending patent applications in the United States. We own registered trademarks for Tableau, Tableau Software, VizQL, Show Me! and Data In. Brilliance Out. in the United States, which have various expiration dates unless renewed through customary processes. We also own trademark registrations for Tableau, Tableau Software, VizQL, and Show Me! in Canada; Tableau Software and Show Me! in China and Japan; and Tableau Software, VizQL and Show Me! in the European Union. Such registered trademarks will expire unless renewed at various times in the future.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our applications. Policing unauthorized use of our technology and intellectual property rights is difficult.

We expect that software and other applications in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of these third parties might make a claim of infringement against us at any time.

### **Corporate Information**

We were formed as Tableau Software LLC, a Delaware limited liability company, in 2003, and incorporated as Tableau Software, Inc., a Delaware corporation in 2004. Our principal executive offices are located at 837 North 34th Street, Seattle, Washington 98103, and our telephone number is (206) 633-3400. Our website address is [www.tableau.com](http://www.tableau.com). The information on, or that can be accessed through, our website is not part of this report.

### **Available Information**

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended. The public may obtain these filings at the Securities and Exchange Commission (SEC)'s Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding Tableau Software and other companies that file materials with the SEC electronically. Copies of Tableau's reports on Form 10-K, Forms 10-Q and Forms 8-K, may be obtained, free of charge, electronically through our internet website, <http://investors.tableau.com/financial-reports-and-filings/default.aspx>

## ITEM 1A. RISK FACTORS

*Our operations and financial results are subject to various risk and uncertainties, including those described below. You should carefully consider the following risks and all of the other information contained in this report, including our consolidated financial statements and related notes, before making an investment decision. While we believe that the risks and uncertainties described below are the material risks currently facing us, additional risks that we do not yet know of or that we currently think are immaterial may also arise and materially affect our business. If any of the following risks materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our Class A common stock could decline, and you may lose some or all of your investment.*

### **Risks Related to Our Business and Industry**

***Due to our rapid growth, we have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.***

We have been growing rapidly in recent periods, and as a result have a relatively short history operating our business at its current scale. For example, we have significantly increased the number of our employees and have expanded our operations worldwide. Furthermore, we operate in an industry that is characterized by rapid technological innovation, intense competition, changing customer needs and frequent introductions of new products, technologies and services. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in the market, 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.

Our future success will depend in large part on our ability to, among other things:

- hire, integrate, train and retain skilled talent, including members of our direct sales force and software engineers;
- maintain and expand our business, including our operations and infrastructure to support our growth, both domestically and internationally;
- compete with other companies, custom development efforts and open source initiatives that are currently in, or may in the future enter, the market for our software;
- expand our customer base, both domestically and internationally;
- renew maintenance agreements with, and sell additional products to, existing customers;
- improve the performance and capabilities of our software;
- maintain high customer satisfaction and ensure quality and timely releases of our products and product enhancements;
- maintain, expand and support our indirect sales channels and strategic partner network;
- maintain the quality of our website infrastructure to minimize latency when downloading or utilizing our software;
- increase market awareness of our products and enhance our brand; and
- maintain compliance with applicable governmental regulations and other legal obligations, including those related to intellectual property, international sales and taxation.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business will be adversely affected and our results of operations will suffer.

***We may not be able to sustain our revenue growth rate or profitability in the future.***

While we have achieved profitability on an annual basis over the past three years, we have not consistently achieved profitability on a quarterly basis during that same period. For example, we had net losses in the fourth quarter of 2012, the first and second quarters of 2013 and the first, second and third quarters of 2014. We expect expenses to increase substantially in the near term, particularly as we make significant investments in our sales and marketing and research and development organizations, expand our operations and infrastructure both domestically and internationally and develop new products and new features for and enhancements of our existing products.

Moreover, as we grow our business, we expect our revenue growth rates to slow in future periods due to a number of reasons, which may include slowing demand for our products, increasing competition, a decrease in

the growth of our overall market, our failure, for any reason, to continue to capitalize on growth opportunities, the maturation of our business or the decline in the number of organizations into which we have not already expanded. Accordingly, our historical revenue growth should not be considered indicative of our future performance.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel, including top technical talent from the industry and top research institutions. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. These companies also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. In addition, as we move into new geographies, we will need to attract and recruit skilled personnel in those areas. We have limited experience with recruiting in geographies outside of the United States, and may face additional challenges in attracting, integrating and retaining international employees. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, our business will be adversely affected.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our common stock. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, results of operations, financial condition and cash flows would be adversely affected.

***We have been growing rapidly and expect to continue to invest in our growth for the foreseeable future. If we fail to manage this growth effectively, our business and results of operations will be adversely affected.***

We have experienced rapid growth in a relatively short period of time. Our revenues grew to \$412.6 million in the year ended December 31, 2014 from \$127.7 million in the year ended December 31, 2012. Our number of full time employees increased to 1,947 at December 31, 2014 from 749 as of December 31, 2012. During this period, we also expanded our operations in outside the United States.

We intend to continue to aggressively grow our business. For example, we plan to continue to hire new employees at a rapid pace, particularly in our sales and engineering groups. If we cannot adequately train these new employees, including our direct sales force, our sales may decrease or our customers may lose confidence in the knowledge and capability of our employees. In addition, we are expanding internationally, establishing operations in additional countries outside the United States, and we intend to make direct and substantial investments to continue our international expansion efforts. We must successfully manage our growth to achieve our objectives. Although our business has experienced significant growth in the past, we cannot provide any assurance that our business will continue to grow at the same rate, or at all.

Our ability to effectively manage any significant growth of our business will depend on a number of factors, including our ability to do the following:

- effectively recruit, integrate, train and motivate a large number of new employees, including our direct sales force, while retaining existing employees, maintaining the beneficial aspects of our corporate culture and effectively executing our business plan;
- satisfy existing customers and attract new customers;

- successfully introduce new products and enhancements;
- continue to improve our operational, financial and management controls;
- protect and further develop our strategic assets, including our intellectual property rights; and
- make sound business decisions in light of the scrutiny associated with operating as a public company.

These activities will require significant capital expenditures and allocation of valuable management and employee resources, and our growth will continue to place significant demands on our management and our operational and financial infrastructure.

Our future financial performance and our ability to execute on our business plan will depend, in part, on our ability to effectively manage any future growth. There are no guarantees we will be able to do so in an efficient or timely manner, or at all. In particular, any failure to successfully implement systems enhancements and improvements will likely negatively impact our ability to manage our expected growth, ensure uninterrupted operation of key business systems and comply with the rules and regulations that are applicable to public reporting companies. Moreover, if we do not effectively manage the growth of our business and operations, the quality of our software could suffer, which could negatively affect our brand, results of operations and overall business.

***We face intense competition, and we may not be able to compete effectively, which could reduce demand for our products and adversely affect our business, growth, revenues and market share.***

The market for our products is intensely and increasingly competitive and subject to rapidly changing technology and evolving standards. In addition, many companies in our target market are offering, or may soon offer, products and services that may compete with our products.

Our current primary competitors generally fall into the following categories:

- large software companies, including suppliers of traditional business intelligence products that provide one or more capabilities that are competitive with our products, such as IBM, Microsoft Corporation, Oracle Corporation and SAP AG
- business analytics software companies, such as Qlik, MicroStrategy and TIBCO Spotfire (a subsidiary of TIBCO Software Inc.)
- analytical tools embedded in SaaS-based products, such as Salesforce Wave

In addition, we may compete with open source initiatives and custom development efforts. We expect competition to increase as other established and emerging companies enter the business analytics software market, as customer requirements evolve and as new products and technologies are introduced. We expect this to be particularly true with respect to our cloud-based initiatives as we and our competitors seek to provide business analytics products based on a SaaS platform. This is a relatively new and evolving area of business analytics solutions, and we anticipate competition to increase based on customer demand for these types of products.

Many of our competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, for example by offering a SaaS based product that competes with our on-premise products or our SaaS product, Tableau Online, or devote greater resources to the development, promotion and sale of their products than we do. Moreover, many of these competitors are bundling their analytics products into larger deals or maintenance renewals, often at significant discounts. Increased competition may lead to price cuts, alternative pricing structures or the introduction of products available for free or a nominal price, fewer customer orders, reduced gross margins, longer sales cycles and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. Some of these factors include ease and speed of product deployment and use, discovery and visualization capabilities, analytical and statistical capabilities, performance and scalability, the quality and reliability of our customer service and support, total cost of ownership, return on investment and brand

recognition. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our products, as well as adversely affect our business, results of operations and financial condition.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others. By doing so, these competitors may increase their ability to meet the needs of our customers or potential customers. In addition, our current or prospective indirect sales channel partners may establish cooperative relationships with our current or future competitors. These relationships may limit our ability to sell or certify our products through specific distributors, technology providers, database companies and distribution channels and allow our competitors to rapidly gain significant market share. These developments could limit our ability to obtain revenues from existing and new customers and to maintain maintenance and support revenues from our existing and new customers. If we are unable to compete successfully against current and future competitors, our business, results of operations and financial condition would be harmed.

***Our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market.***

Although the overall market for business analytics software is well-established, the market for business analytics software like ours is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our ability to penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics solutions that are faster, easier to adopt, easier to use and more focused on self-service capabilities. It is difficult to predict customer adoption and renewal rates, customer demand for our products, the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market and any expansion of the emerging market depends on a number of factors, including the cost, performance and perceived value associated with our products, as well as customers' willingness to adopt a different approach to data analysis. Furthermore, many potential customers have made significant investments in legacy business analytics software systems and may be unwilling to invest in new software. If we are unable to penetrate the existing market for business analytics software, the emerging market for self-service analytics solutions fails to grow or expand, or either of these markets decreases in size, our business, results of operations and financial condition would be adversely affected.

***Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.***

Our revenues and results of operations could vary significantly from quarter to quarter as a result of various factors, many of which are outside of our control, including:

- costs related to the hiring, training and maintenance of our direct sales force;
- the timing of satisfying revenue recognition criteria, particularly with regard to large transactions;
- the expansion of our customer base;
- the renewal of maintenance agreements with, and sales of additional products to, existing customers;
- seasonal variations in our sales, which have generally historically been highest in the fourth quarter of a calendar year and lowest in the first quarter;
- the size, timing and terms of our perpetual license sales to both existing and new customers;
- the mix of direct sales versus sales through our indirect sales channels;
- the timing and growth of our business, in particular through our hiring of new employees and international expansion;
- the introduction of products and product enhancements by existing competitors or new entrants into our market, and changes in pricing for products offered by us or our competitors;
- customers delaying purchasing decisions in anticipation of new products or product enhancements by us or our competitors or otherwise;
- changes in customers' budgets;
- customer acceptance of and willingness to pay for new versions of our products;
- seasonal variations related to sales and marketing and other activities, such as expenses related to our annual customer conferences;
- our ability to control costs, including our operating expenses;
- fluctuations in our effective tax rate; and



- general economic and political conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers operate.

Any one of these or other factors discussed elsewhere in this report may result in fluctuations in our revenues and operating results, meaning that quarter-to-quarter comparisons of our revenues, results of operations and cash flows may not necessarily be indicative of our future performance.

We may not be able to accurately predict our future revenues or results of operations. For example, a large percentage of the revenues we recognize each quarter has been attributable to sales made in the last month of that same quarter. Our license revenues, which are primarily attributable to perpetual licenses, in particular can be impacted by short-term shifts in customer demand. As a result, our ability to forecast revenues on a quarterly or longer-term basis is limited. In addition, we base our current and future expense levels on our operating plans and sales forecasts, and our operating expenses are expected to be relatively fixed in the short term. Accordingly, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter. The variability and unpredictability of these and other factors could result in our failing to meet or exceed financial expectations for a given period.

***If we are unable to attract new customers and expand sales to existing customers, both domestically and internationally, our growth could be slower than we expect and our business may be harmed.***

Our future growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenues in the future will depend, in large part, upon the effectiveness of our marketing efforts, both domestically and internationally, and our ability to attract new customers. This may be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate traditional business intelligence products into its business, as such organization may be reluctant or unwilling to invest in a new product. If we fail to attract new customers and maintain and expand those customer relationships, our revenues will grow more slowly than expected and our business will be harmed.

Our future growth also depends upon expanding sales of our products to and renewing license and maintenance agreements with existing customers and their organizations. If our customers do not purchase additional licenses or capabilities, our revenues may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base requires increasingly sophisticated and costly sales efforts that are targeted at senior management. There can be no assurance that our efforts would result in increased sales to existing customers ("upsells"), and additional revenues. If our efforts to upsell to our customers are not successful, our business would suffer. Moreover, while most of our software is licensed and sold under perpetual license agreements, we also enter into term license agreements with some of our customers and offer a SaaS-based product, Tableau Online, which is sold on a subscription basis. In addition, all of our maintenance and support agreements are sold on a term basis. In order for us to grow our revenues and increase profitability, it is important that our existing customers renew their maintenance and support agreements and their term licenses, if applicable, when the initial contract term expires. Our customers have no obligation to renew their term licenses or maintenance and support contracts with us after the initial terms have expired. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our software or professional services, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions, or reductions in our customers' spending levels. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenues may decline.

***We derive substantially all of our revenues from a limited number of software products.***

We currently derive and expect to continue to derive substantially all of our revenues from our Tableau Desktop, Tableau Server and Tableau Online software products. As such, the continued growth in market demand of these software products is critical to our continued success. Demand for our software is affected by a number of factors, including continued market acceptance of our products, the timing of development and release of new products by our competitors, price changes by us or by our competitors, technological change, growth or contraction in the traditional and expanding business analytics market, and general economic conditions and trends. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of our software, our business, results of operations, financial condition and growth prospects will be materially and adversely affected.

***Our success depends on increasing the number and value of enterprise sales transactions, which typically involve a longer sales cycle, greater deployment challenges and additional support and services than sales to individual purchasers of our products.***

Growth in our revenues and profitability depends in part on our ability to complete more and larger enterprise sales transactions. During 2014 there were 781 sales transactions greater than \$100,000 as compared to 455 sales transactions greater than \$100,000 in 2013, representing an increase of 72%. These larger transactions may involve significant customer negotiation. Enterprise customers may undertake a significant evaluation process, which can last from several months to a year or longer. For example, in recent periods, excluding renewals, our transactions over \$100,000 have generally taken over three months to close. Any individual transaction may take substantially longer than three months to close. If our sales cycle were to lengthen in this manner, events may occur during this period that affect the size or timing of a purchase or even cause cancellations, which may lead to greater unpredictability in our business and results of operations. We will spend substantial time, effort and money on enterprise sales efforts without any assurance that our efforts will produce any sales.

We may also face unexpected deployment challenges with enterprise customers or more complicated installations of our software platform. It may be difficult to deploy our software platform if the customer has unexpected database, hardware or software technology issues. Additional deployment complexities may occur if a customer hires a third party to deploy or implement our products or if one of our indirect sales channel partners leads the implementation of our products. In addition, enterprise 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 use. 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. Any difficulties or delays in the initial implementation, configuration or integration of our products could cause customers to reject our software or lead to the delay in or failure to obtain future orders which would harm our business, results of operations and financial condition.

***If our new products and product enhancements do not achieve sufficient market acceptance, our results of operations and competitive position will suffer.***

We spend substantial amounts of time and money to research and develop new software and enhanced versions of our existing software to incorporate additional features, improve functionality, function in concert with new technologies or changes to existing technologies and allow our customers to analyze a wide range of data sources. When we develop a new product or an enhanced version of an existing product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop and introduce new or enhanced products, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

Further, we may make changes to our software that our customers do not find useful. We may also discontinue certain features, begin to charge for certain features that are currently free or increase fees for any of our features or usage of our software. We may also face unexpected problems or challenges in connection with new product or feature introductions.

Our new products or product enhancements, such as Tableau Online and our most recent release, Tableau 8.3, and changes to our existing software could fail to attain sufficient market acceptance for many reasons, including:

- failure to predict market demand accurately in terms of software functionality and capability or to supply software that meets this demand in a timely fashion;
- inability to operate effectively with the technologies, systems or applications of our existing or potential customers;
- defects, errors or failures;
- negative publicity about their performance or effectiveness;
- delays in releasing our new software or enhancements to our existing software to the market;
- the introduction or anticipated introduction of competing products by our competitors;
- an ineffective sales force;
- poor business conditions for our end-customers, causing them to delay purchases; and
- the reluctance of customers to purchase software incorporating open source software.

In addition, because our products are designed to operate on and with a variety of systems, we will need to continuously modify and enhance our products to keep pace with changes in technology. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion.

If our new software or enhancements and changes do not achieve adequate acceptance in the market, our competitive position will be impaired, and our revenues could decline. The adverse effect on our results of operations may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new software or enhancements.

***We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.***

Our future success depends in large part on the continued contributions of our senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our products, and our strategic direction. We do not maintain “key person” insurance for any member of our senior management team or any of our other key employees. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business.

***Our growth depends on being able to expand our direct sales force successfully.***

To date, most of our revenues have been attributable to the efforts of our direct sales force in the United States. In order to increase our revenues and profitability, we must increase the size of our direct sales force, both in the United States and internationally, to generate additional revenues from new and existing customers. We intend to substantially further increase our number of direct sales professionals.

We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of direct sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, as we continue to grow rapidly, a large percentage of our sales force will be new to our company and our products, which may adversely affect our sales if we cannot train our sales force quickly or effectively. Attrition rates may increase and we may face integration challenges as we continue to seek to aggressively expand our sales force. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

***If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.***

We believe that our corporate culture has been a critical component to our success. We have invested substantial time and resources in building our team. As we grow and mature as a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to recruit and retain personnel and effectively focus on and pursue our corporate objectives.

***Real or perceived errors, failures or bugs in our software could adversely affect our results of operations and growth prospects.***

Because our software is complex, undetected errors, failures or bugs may occur, especially when new versions or updates are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite testing by us, errors, failures or bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues,

failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays or cessation of our licensing, which could cause us to lose existing or potential customers and could adversely affect our results of operations and growth prospects.

***Interruptions or performance problems, including any caused by cyber-attacks or associated with our technology and infrastructure, may adversely affect our business and results of operations.***

We have in the past experienced, and may in the future experience, performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud. If our security is compromised, our website is unavailable or our users are unable to download our software within a reasonable amount of time or at all, our business could be negatively affected. Moreover, if our security measures, products or services are subject to cyber-attacks that degrade or deny the ability of users to access our website, Tableau Online, or other products or services, our products or services may be perceived as insecure and we may incur significant legal and financial exposure. In particular, our cloud-based products, Tableau Online and Tableau Public, may be especially vulnerable to interruptions, performance problems or cyber-attacks. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. These cloud-based products are hosted at third-party data centers that are not under our direct control. If these data centers were to be damaged or suffer disruption, our ability to provide these products to our customers could be impaired and our reputation could be harmed.

In addition, it may become increasingly difficult to maintain and improve our website performance, especially during peak usage times and as our software becomes more complex and our user traffic increases. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in level of customer support, and impaired quality of users' experiences, and could result in customer dissatisfaction and the loss of existing customers. We expect to continue to make significant investments to maintain and improve website performance and security and to enable rapid and secure releases of new features and applications for our software. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations may be adversely affected.

We also rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services from NetSuite Inc. and customer relationship management services from salesforce.com, inc. If these services become unavailable due to extended outages or interruptions, security vulnerabilities or cyber-attacks, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase, our ability to manage these critical functions could be interrupted and our processes for managing sales of our software and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business.

***Breaches in our security, cyber-attacks or other cyber-risks could expose us to significant liability and cause our business and reputation to suffer.***

Our operations involve transmission and processing of our customers' confidential, proprietary and sensitive information including, in some cases, personally identifiable information and credit card information. We have legal and contractual obligations to protect the confidentiality and appropriate use of customer data. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks as a result of third party action, employee error or misconduct. Security risks, including but not limited to, unauthorized use or disclosure of customer data, theft of proprietary information, denial of service attacks, loss or corruption of customer data, and computer hacking attacks or other cyber-attacks, could expose use to substantial litigation expenses and damages, indemnity and other contractual obligations, government fines and penalties, mitigation expenses and other liabilities. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until successfully launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be

harm, we could lose potential sales and existing customers, our ability to operate our business could be impaired, and we may incur significant liabilities.

***Our products use third-party software and services that may be difficult to replace or cause errors or failures of our products that could lead to a loss of customers or harm to our reputation and our operating results.***

We license third-party software and depend on services from various third parties for use in our products. In the future, this software or these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our products until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could harm our business. In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in our products or cause our products to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software and service providers, and to obtain software and services from such providers that do not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver effective products to our customers and could harm our operating results.

***If customers demand products that provide business analytics via a SaaS business model, our business could be adversely affected.***

We believe that companies have begun to expect that key software be provided through a SaaS model, and customers may eventually require that we provide our product via a SaaS deployment. In July 2013, we launched Tableau Online, our cloud-based service that provides our software's core capabilities as a commercial SaaS offering. We anticipate using our current cash or future cash flows to fund further development of this product, and we may encounter difficulties that cause our costs to exceed our current expectations. Moreover, as demand increases, we will need to make additional investments in related infrastructure such as server farms, data centers, network bandwidth and technical operations personnel. All of these investments will negatively affect our operating results. Even if we make these investments, we may be unsuccessful in achieving significant market acceptance of this new product. Moreover, sales of a potential future SaaS offering by our competitors could adversely affect sales of all of our existing products. In addition, increasing sales of our SaaS offering could cannibalize license sales of our on-premise desktop and server products to our existing and prospective customers, which could negatively impact our overall sales growth. The migration of our customers to a SaaS model would also change the manner in which we recognize revenue, which could adversely affect our operating results and business operations.

***Our success depends on our ability to maintain and expand our indirect sales channels.***

Historically, we have used indirect sales channel partners, such as original equipment manufacturers, technology partners, systems integrators and resellers, to a limited degree. Indirect sales channel partners are becoming an increasingly important aspect of our business, particularly with regard to enterprise and international sales. Our future growth in revenues and profitability depends in part on our ability to identify, establish and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our products. We cannot be certain that we will be able to negotiate commercially-attractive terms with any channel partner, if at all. In addition, all channel partners must be trained to distribute our products. In order to develop and expand our distribution channel, we must develop and improve our processes for channel partner introduction and training.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners. These channel partners may not have an exclusive relationship with us, and may offer customers the products of several different companies, including products that compete with ours. With or without an exclusive relationship, we cannot be certain that they will prioritize or provide adequate resources for selling our products. A lack of support by any of our channel partners may harm our ability to develop, market, sell or support our products, as well as harm our brand. There can be no assurance that our channel partners will comply with the terms of our commercial agreements with them or will continue to work with us when our commercial agreements

with them expire or are up for renewal. If we are unable to maintain our relationships with these channel partners, or these channel partners fail to live up to their contractual obligations, our business, results of operations and financial condition could be harmed.

***Our long-term growth depends in part on being able to expand internationally on a profitable basis.***

Historically, we have generated a substantial majority of our revenues from customers inside the United States and Canada. For example, approximately 77% of our total revenues in the year ended December 31, 2014 was derived from sales within the United States and Canada. We plan to continue to expand our international operations as part of our growth strategy. Expanding our international operations will subject us to a variety of risks and challenges, including:

- increased management, travel, infrastructure, legal compliance and regulation costs associated with having multiple international operations;
- management communication and integration problems resulting from geographic dispersion and language and cultural differences;
- sales and customer service challenges associated with operating in different countries;
- increased reliance on indirect sales channel partners outside the United States;
- longer payment cycles and difficulties in collecting accounts receivable or satisfying revenue recognition criteria, especially in emerging markets;
- increased financial accounting and reporting burdens and complexities;
- general economic or political conditions in each country or region;
- economic uncertainty around the world and adverse effects arising from economic interdependencies across countries and regions;
- compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;
- compliance with laws and regulations for foreign operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our software in certain foreign markets, and the risks and costs of non-compliance;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;
- fluctuations in currency exchange rates and related effects on our results of operations;
- difficulties in transferring or, if we determine to do so, repatriating funds from or converting currencies in certain countries;
- the need for localized software and licensing programs;
- reduced protection for intellectual property rights in certain countries and practical difficulties and costs of enforcing rights abroad; and
- compliance with the laws of numerous foreign taxing jurisdictions and overlapping of different tax regimes.

Any of these risks could adversely affect our international operations, reduce our international revenues or increase our operating costs, adversely affecting our business, results of operations and financial condition and growth prospects.

For example, compliance with laws and regulations applicable to our international operations increases our cost of doing business in foreign jurisdictions. We may be unable to keep current with changes in government requirements as they change from time to time. Failure to comply with these regulations could have adverse effects on our business. In addition, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. laws and regulations applicable to us. As we grow, we continue to implement compliance procedures designed to prevent violations of these laws and regulations. There can be no assurance that all of our employees, contractors, indirect sales channel partners and agents will comply with the formal policies we will implement, or applicable laws and regulations. Violations of laws or key control policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of our software and services and could have a material adverse effect on our business and results of operations.

***We are obligated to develop and maintain proper and effective internal control over financial reporting. These internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.***

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for our fiscal year 2014. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We are also required to have our independent registered public accounting firm issue an opinion on the effectiveness of our internal control over financial reporting for fiscal year 2014. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

***Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely adversely affect our business and results of operations.***

We believe that maintaining and enhancing the Tableau brand identity and our reputation are critical to our relationships with our customers and channel partners and to our ability to attract new customers and channel partners. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in our market continues to develop. Our success in this area will depend on a wide range of factors, some of which are beyond our control, including the following:

- the efficacy of our marketing efforts;
- our ability to continue to offer high-quality, innovative and error- and bug-free products;
- our ability to retain existing customers and obtain new customers;
- our ability to maintain high customer satisfaction;
- the quality and perceived value of our products;
- our ability to successfully differentiate our products from those of our competitors;
- actions of our competitors and other third parties;
- our ability to provide customer support and professional services;
- any misuse or perceived misuse of our products;
- positive or negative publicity;
- interruptions, delays or attacks on our website; and
- litigation- or regulatory-related developments.

Our brand promotion activities may not be successful or yield increased revenues.

Independent industry analysts often provide reviews of our products, as well as those of our competitors, and perception of our products in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand may be adversely affected.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, our partners or others associated with any of these parties, may tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity may reduce demand for our products and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time consuming, and such efforts may not ultimately be successful.

***Economic uncertainties or downturns could materially adversely affect our business.***

Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, the continued sovereign debt crisis, potential future government shutdowns, the federal government's failure to raise the debt ceiling, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in business investments, including

corporate spending on business analytics software in general and negatively affect the rate of growth of our business.

Although legislation was recently passed to lift the debt ceiling, the law only does so through March 2015. The efforts of legislators to pass additional short- or longer-term spending bills, could lead to additional shutdowns or other disruptions. In addition, general worldwide economic conditions have experienced a significant downturn and continue to remain unstable. These conditions make it extremely difficult for our customers and us to forecast and plan future business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our products, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times our customers may tighten their budgets and face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely affect our financial results.

To the extent purchases of our software are perceived by customers and potential customers to be discretionary, our revenues may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our products. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our software.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or industries in which we operate do not improve, or worsen from present levels, our business, results of operations, financial condition and cash flows could be adversely affected.

***If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U.S. dollars, could be adversely affected.***

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, our sales contracts have historically been denominated in U.S. dollars, and therefore most of our revenues have not been subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our software to our customers outside of the United States, which could adversely affect our business, results of operations, financial condition and cash flows. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our reported results of operations. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

***Failure to protect our intellectual property rights could adversely affect our business.***

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under patent and other intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be adversely affected. However, defending our intellectual property rights might entail significant expenses. Any of our patent rights, copyrights, trademarks or other intellectual property rights may be challenged by others, weakened or invalidated through administrative process or litigation.

As of December 31, 2014, we had 13 issued U.S. patents covering our technology and 25 patent applications pending for examination in the United States. The patents that we own or license from others (including those that have issued or may issue in the future) may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted.

Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.



Any patents that are issued may subsequently be invalidated or otherwise limited, allowing other companies to develop offerings that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, issuance of a patent does not guarantee that we have a right to practice the patented invention. Patent applications in the United States are typically not published until 18 months after filing or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that third parties do not have blocking patents that could be used to prevent us from marketing or practicing our patented software or technology.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our software is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States (in particular, some foreign jurisdictions do not permit patent protection for software), and mechanisms for enforcement of intellectual property rights may be inadequate. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the recent America Invents Act, and other national governments and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we endeavor to enter into non-disclosure agreements with our employees, licensees and others who may have access to this information, we cannot assure you that these agreements or other steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert counterclaims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially viable. Any litigation, whether or not resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, results of operations, financial condition and cash flows.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. We have received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the business analytics software market.

There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our

business, we would be forced to limit or stop sales of our software and may be unable to compete effectively. Any of these results would adversely affect our business, results of operations, financial condition and cash flows.

***Our use of open source software could negatively affect our ability to sell our software and subject us to possible litigation.***

We use open source software in our software and expect to continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open source software, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs. Finally, we cannot assure you that we have not incorporated open source software into our software in a manner that may subject our proprietary software to an open source license that requires disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our software.

***We may be subject to litigation for a variety of claims, which could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business.***

In addition to intellectual property litigation, we may be subject to other claims arising from our normal business activities. These may include claims, suits, and proceedings involving labor and employment, wage and hour, commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future results of operations, our cash flows or both.

***Our success depends in part on maintaining and increasing our sales to customers in the public sector.***

We derive a portion of our revenues from contracts with federal, state, local and foreign governments and agencies, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that our efforts will produce any sales. Factors that could impede our ability to maintain or increase the amount of revenues derived from government contracts include:

- changes in fiscal or contracting policies;
- decreases in available government funding;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- potential delays or changes in the government appropriations or other funding authorization processes;
- governments and governmental agencies requiring contractual terms that are unfavorable to us, such as most-favored-nation pricing provisions; and
- delays in the payment of our invoices by government payment offices.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our software in the future or otherwise have an adverse effect on our business, results of operations, financial condition and cash flows.

Further, to increase our sales to customers in the public sector, we must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with the public sector, including U.S. federal, state and local governmental bodies, which affect how we and our channel partners do business in connection with governmental agencies. These laws and regulations may impose added costs on our business, and failure to comply with these laws and regulations or other applicable requirements, including non-compliance in the past, could lead to claims for damages from our channel partners or government customers, penalties, termination of contracts, loss of intellectual property rights and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business

with the public sector could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***Future acquisitions could disrupt our business and adversely affect our results of operations, financial condition and cash flows.***

We may choose to expand by making acquisitions that could be material to our business, results of operations, financial condition and cash flows. Our ability as an organization to successfully acquire and integrate technologies or businesses is unproven. Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our results of operations, financial condition or cash flows because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, including potential write-downs of deferred revenues, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- we may encounter difficulties in, or may be unable to, successfully sell any acquired products;
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- challenges inherent in effectively managing an increased number of employees in diverse locations;
- the potential strain on our financial and managerial controls and reporting systems and procedures;
- potential known and unknown liabilities associated with an acquired company;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;
- the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;
- to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease; and
- managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure 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. We may not be able to obtain such additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

***Governmental export or import controls could limit our ability to compete in foreign markets and subject us to liability if we violate them.***

Our products are subject to U.S. export controls, and we incorporate encryption technology into certain of our products. These products and the underlying technology may be exported only with the required export authorizations, including by license, a license exception or other appropriate government authorizations. U.S. export controls may require submission of an encryption registration, product classification and annual or semi-annual reports. Governmental regulation of encryption technology and regulation of imports or exports of encryption products, or our failure to obtain required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenues. Compliance with applicable regulatory requirements regarding the export of our products, including with respect to new releases of our software, may create delays in the introduction of our product releases in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export of our products to some countries altogether. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. sanctions. If we fail to comply with export and import regulations and such economic sanctions, we may be fined or other penalties could be imposed, including a denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and results of operations.

***We may not be able to utilize all of our deferred tax assets.***

Based on our assessment, it appears more likely than not that the net deferred tax assets will be realized through future taxable earnings. If future results are less than projected and there is no objectively verifiable evidence to support the realization of our deferred tax assets, a substantial valuation allowance may be required to reduce the deferred tax assets. However, currently no valuation allowance has been established for our net deferred tax assets. We will continue to assess the need for a valuation allowance in the future.

***We may have additional tax liabilities, which could harm our business, operating results, financial condition and prospects.***

Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the taxing authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and other indirect taxes on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service ("IRS"), and other taxing authorities. The taxing authorities in the United States and other countries where we do business regularly examine our income and other tax returns. We are currently under audit by the IRS for taxable years 2012 and 2013. The ultimate outcome of these or other examinations cannot be predicted with certainty. Should the IRS or other taxing authorities assess additional taxes as a result of examinations, we may be required to record charges to our operations.

***The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.***

Any changes to or the reform of current U.S. tax laws that may be enacted in the future could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the

U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

***Our international operations subject us to potentially adverse tax consequences.***

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our corporate structure and intercompany arrangements align with the international expansion of our business activities. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions. If such a disagreement were to occur, and our positions were not sustained, we could be required to pay additional taxes, interest and penalties, resulting in higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Additionally, our future worldwide tax rate and financial position may be affected by changes in the tax laws or the interpretation of such tax laws, such as the Base Erosion Profit Shifting project initiated by the Organization for Economic Co-operation and Development and any legislation proposed by the relevant taxing authorities.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our results of operations and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. For example, we host our Tableau Online and Tableau Public products from a data center located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and results of operations, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, results of operations and financial condition. In addition, the facilities of significant customers or major strategic partners may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

***Changes in financial accounting standards may cause adverse and unexpected revenue fluctuations and impact our reported results of operations.***

A change in accounting standards or practices could harm our operating results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements, such as Accounting Standards Update 2014-09 related to revenue recognition, and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may harm our operating results or the way we conduct our business.

**Risks Related to Ownership of Our Class A Common Stock**

***Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in the potential for substantial losses for our stockholders.***

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. For example, since shares of our Class A common stock were sold in our initial public offering in May 2013 at a price of \$31.00 per share, our Class A common stock's daily closing price on the New York Stock Exchange has ranged from \$48.53 to \$100.28 through February 24, 2015. On February 24, 2015, the closing price of our Class A common stock was \$96.22.

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this "Risk Factors" section:

- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;

- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- ratings changes by any securities analysts who follow our company;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and abroad; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, results of operations, financial condition and cash flows.

***Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.***

Sales of a substantial number of shares of our Class A common stock into the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

In addition, as of December 31, 2014, we had options outstanding that, if fully exercised, would result in the issuance of approximately 8.5 million shares of Class A and Class B common stock. Our Class B common stock converts into Class A common stock on a one-for-one basis. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

Holders of approximately 3.5 million shares of Class A and Class B common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of such shares (in the case of Class B common stock, the Class A common stock issuable upon conversion of such shares) or to include such shares in registration statements that we may file for Tableau or other stockholders.

***Future sales and issuances of our capital stock or rights to purchase capital stock could result in dilution of the percentage ownership of our stockholders and could cause our stock price to decline.***

We may issue additional securities in the future. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

***If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.***

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

***The dual class structure of our common stock and the existing ownership of capital stock by our executive officers, directors and their affiliates have the effect of concentrating voting control with our executive officers, directors and their affiliates for the foreseeable future, which will limit the ability of our other investors to influence corporate matters.***

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of December 31, 2014, the holders of shares of Class B common stock collectively beneficially owned shares representing approximately 83% of the voting power of our outstanding capital stock. Our executive officers and directors and their affiliates, which include funds affiliated with New Enterprise Associates, collectively beneficially owned shares representing a substantial majority of the voting power of our outstanding capital stock as of that date. Consequently, the holders of Class B common stock, including our executive officers and directors and their affiliates, collectively control all matters submitted to our stockholders for approval. This concentrated control limits the ability of our other investors to influence corporate matters for the foreseeable future. For example, these stockholders control elections of directors, amendments of our certificate of incorporation or bylaws, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans, and approval of any merger or sale of assets for the foreseeable future. This control may adversely affect the market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which 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, which may include our executive officers and directors and their affiliates.

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs and will make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. 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 adversely affect our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, 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 their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

Being a public company and these new rules and regulations have made it more expensive for us to obtain director and officer liability insurance, and in the future 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, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in our filings with the Securities and Exchange Commission ("SEC"), our business and financial condition have become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and results of operations.

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

We have never declared or paid any cash dividends on our Class A or Class B common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any holder of at least 15% of our capital stock for a period of three years following the date on which the stockholder became a 15% stockholder.



**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our principal executive offices are located in Seattle, Washington. We also have offices located in Kirkland, Washington; Palo Alto, California; Austin, Texas; London, United Kingdom; Singapore; Tokyo, Japan; Sydney, Australia; Dublin, Ireland; and Frankfurt, Germany. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

**ITEM 3. LEGAL PROCEEDINGS**

In the ordinary course of business, we may be involved in various legal proceedings and claims related to intellectual property rights, commercial disputes, employment and wage and hour laws, and other matters. For example, we have been, and may in the future be, put on notice and 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. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would have a material adverse effect on our business, financial condition or operating results.

The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and 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 make similar claims and require us to change our technology, change our business practices and pay monetary damages or enter into royalty or licensing agreements, which could materially adversely affect our financial condition or operating results.

We make a provision for a liability relating to a claim when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. When we make such provisions, they are reviewed at least quarterly and adjusted to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter. In management's opinion, resolution of currently outstanding 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 the matter could materially affect our future results of operations or cash flows, or both, of a particular quarter.

**ITEM 4. MINE SAFETY DISCLOSURE**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information for Common Stock

Our Class A common stock has been listed on the New York Stock Exchange under the symbol "DATA" since May 17, 2013, the date of our initial public offering.

The following table sets forth for the indicated periods the high and low sales prices of our Class A common stock as reported by the New York Stock Exchange.

	Fiscal Year 2013	
	High	Low
Second Quarter (from May 17, 2013)	\$ 59.88	\$ 44.00
Third Quarter	77.74	51.99
Fourth Quarter	73.45	58.96
	Fiscal Year 2014	
	High	Low
First Quarter	\$ 102.37	\$ 66.19
Second Quarter	82.10	52.02
Third Quarter	78.42	57.89
Fourth Quarter	89.95	62.15

Our Class B common stock is not listed or traded on any stock exchange.

#### Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors considers relevant.

#### Stockholders

As of January 31, 2015, there were 15 stockholders of record of our Class A common stock, including The Depository Trust Company, which holds shares of our common stock on behalf of an indeterminate number of beneficial owners, as well as 23 stockholders of record of our Class B common stock.

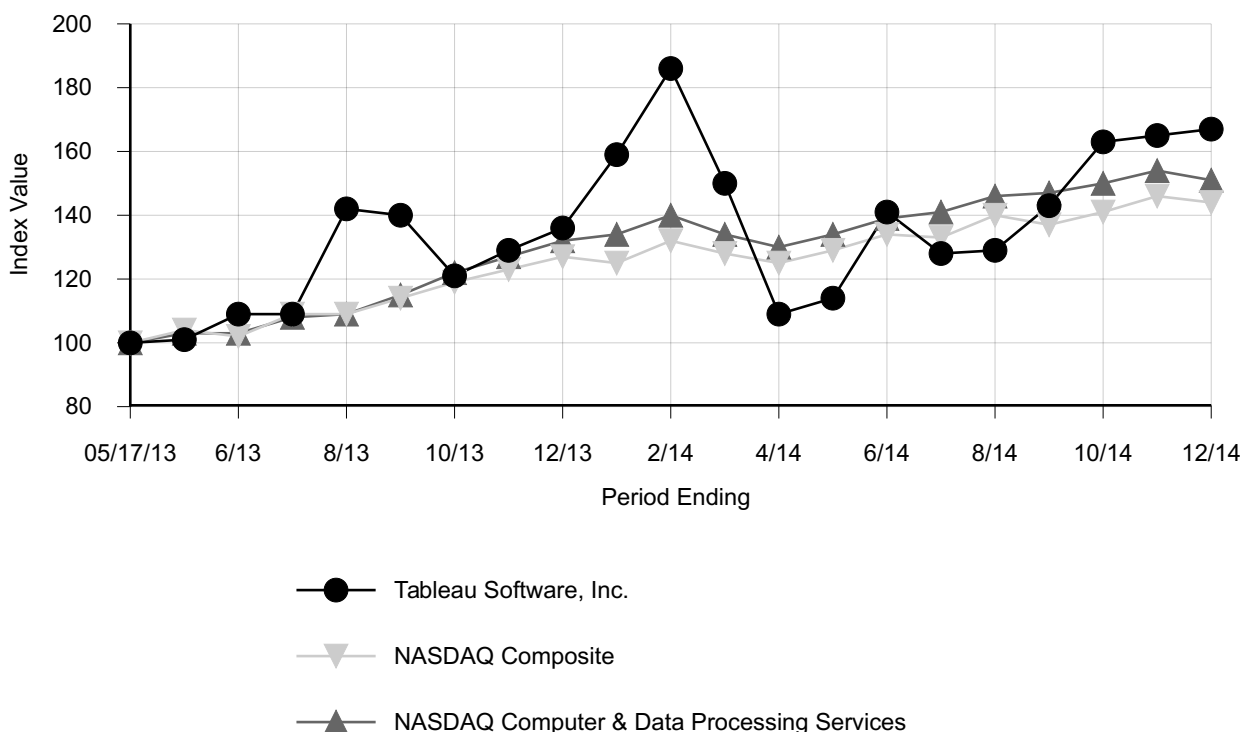
#### Stock Performance Graph

The following shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act except to the extent we specifically incorporate it by reference into such filing.

This chart compares the cumulative total return on our common stock with that of the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Services Index. The chart assumes \$100 was invested at the close of market on May 17, 2013, in our Class A common stock, the NASDAQ Composite Index and the NASDAQ Computer and Data Processing Services Index, and assumes the reinvestment of any dividends. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

The closing price of our Class A common stock on December 31, 2014, the last day of our 2014 fiscal year, was \$84.76 per share.

## Comparison of 19 Month Cumulative Total Return\*



Company/Index	Base Period 5/17/13	6/30/13	8/31/13	10/31/13	12/31/13	2/27/14	4/30/14	6/30/14	8/30/14	10/31/14	12/31/14
Tableau Software, Inc.	100.00	109.20	142.48	121.10	135.82	185.89	108.91	140.55	129.04	162.74	167.01
NASDAQ Composite	100.00	102.46	108.55	118.95	127.09	131.57	125.42	134.42	139.86	140.93	144.47
NASDAQ Computer and Data Processing Services	100.00	103.15	109.24	121.52	131.97	140.14	129.68	139.20	146.22	149.91	151.00

### Use of Proceeds from Public Offerings of Common Stock

On May 22, 2013, we closed our initial public offering of 9,430,000 million shares of Class A common stock, including 6,230,000 shares of Class A common stock sold by us (inclusive of 1,230,000 shares of common stock from the full exercise of the overallotment option of shares granted to the underwriters) and 3,200,000 shares of Class A common stock sold by the selling stockholders, at a price to the public of \$31.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-188660), which was declared effective by the SEC on May 16, 2013. The offering commenced on May 17, 2013 and closed on May 22, 2013. Goldman, Sachs & Co., Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, UBS Securities LLC, BMO Capital Markets Corp. and JMP Securities LLC acted as the underwriters. The aggregate offering price for shares sold in the offering was approximately \$292.3 million. We did not receive any proceeds from the sale of shares by the selling stockholders. We raised approximately \$177.0 million in net proceeds from the offering, after deducting underwriter discounts and commissions of approximately \$20.5 million and other offering expenses of approximately \$2.6 million.

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 from the offering proceeds, other than payments in the ordinary course

of business to officers for salaries. There has been no material change in the planned use of proceeds from our offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on May 20, 2013. Pending the uses described, we have invested the net proceeds in short-term, investment-grade interest-bearing securities such as money market funds.

#### **ITEM 6.           SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated historical financial data are derived from our audited financial statements. The consolidated balance sheet data as of December 31, 2014 and 2013 and the consolidated statement of operations data for the years ended December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements and related notes that are included elsewhere in this Form 10-K. The consolidated balance sheet data as of December 31, 2012, 2011 and 2010 and the consolidated statement of operations for the years ended December 31, 2011 and 2010 are derived from our audited consolidated financial statements and related notes which are not included in this report. The information set forth below should be read in conjunction with our historical financial statements, including the notes thereto, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included elsewhere in this report.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands, except per share data)				
<b>Consolidated Statements of Operations Data:</b>					
Revenues					
License	\$ 279,944	\$ 159,930	\$ 89,883	\$ 44,414	\$ 24,223
Maintenance and services	132,672	72,510	37,850	17,946	9,938
Total revenues	412,616	232,440	127,733	62,360	34,161
Cost of revenues					
License	1,211	740	305	213	67
Maintenance and services	35,774	17,784	10,057	2,800	1,271
Total cost of revenues (1)	36,985	18,524	10,362	3,013	1,338
Gross profit	375,631	213,916	117,371	59,347	32,823
Operating expenses					
Sales and marketing (1)	216,672	123,573	62,333	30,363	16,440
Research and development (1)	110,923	60,769	33,065	18,387	9,734
General and administrative (1)	41,712	25,905	17,715	6,679	3,809
Total operating expenses	369,307	210,247	113,113	55,429	29,983
Operating income	6,324	3,669	4,258	3,918	2,840
Other income (expense), net	858	(804)	(54)	(16)	—
Income before income tax expense (benefit)	7,182	2,865	4,204	3,902	2,840
Income tax expense (benefit)	1,309	(4,211)	2,777	523	102
Net income	\$ 5,873	\$ 7,076	\$ 1,427	\$ 3,379	\$ 2,738
Net income per share attributable to common stockholders:					
Basic	\$ 0.09	\$ 0.14	\$ 0.00	\$ 0.04	\$ 0.03
Diluted	\$ 0.08	\$ 0.12	\$ 0.00	\$ 0.04	\$ 0.03
Weighted average shares used to compute net income per share attributable to common stockholders:					
Basic	67,591	50,564	33,744	33,008	32,163
Diluted	74,319	59,092	39,652	39,431	37,833

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(in thousands)				
Cost of revenues	\$ 2,227	\$ 473	\$ 107	\$ 22	\$ 18
Sales and marketing	18,203	5,429	1,394	565	256
Research and development	20,794	5,832	2,115	628	262
General and administrative	5,794	2,723	1,180	233	102

	As of December 31,				
	2014	2013	2012	2011	2010
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 680,613	\$ 252,674	\$ 39,302	\$ 30,223	\$ 22,611
Working capital	629,987	227,892	24,231	17,181	13,193
Total assets	865,662	354,927	86,992	51,277	29,771
Other long-term liabilities	5,557	2,714	1,312	1,129	548
Total stockholders' equity (deficit)	672,006	244,660	9,943	(277)	(4,890)

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs, and involve risks and uncertainties. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those discussed in the section titled "Risk Factors" included under Part I, Item 1A and elsewhere in this Annual Report. See "Special Note Regarding Forward-Looking Statements" in this Annual Report.*

### **Overview**

Our mission is to help people see and understand data. Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value. Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We currently offer four products: Tableau Desktop, a self-service, powerful analytics product for anyone with data; Tableau Server, a business intelligence platform for organizations; Tableau Online, a cloud-based hosted version of Tableau Server; and Tableau Public, a free cloud-based platform for analyzing and sharing public data.

We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. We were founded in January 2003 and we introduced Tableau Desktop in December 2003, our first version of Tableau Server in March 2007, our first version of Tableau Public in February 2010 and our first version of Tableau Online in July 2013. Building on our foundational technology innovations, we have released eight major versions of our software, each expanding and improving our products' capabilities. Our most recent major release, Tableau 8.0, includes several new features including Web and mobile authoring, free form dashboards, forecasting, integration with enterprise applications such as salesforce.com and Google Analytics, and application programming interfaces ("APIs").

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions, and non-profits. As of December 31, 2014, we had over 26,000 customer accounts located in over 150 different countries. We define a customer account as a purchaser of our products. Customer accounts are typically organizations. In some cases, organizations will have multiple groups purchasing our software, which we count as discrete customer accounts.

Our distribution strategy is based on a "land and expand" business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. To facilitate rapid adoption of our products, we provide fully-functional free trial versions of our products on our website and have created a simple pricing model. After an initial trial or purchase, which is often made to target a specific business need at a grassroots level within an organization, the use of our products often spreads across departments, divisions, and geographies, via word-of-mouth, discovery of new use cases, and our sales efforts.

We generate revenues primarily in the form of license fees and related maintenance and services fees. License revenues reflect the revenues recognized from sales of licenses to new customer accounts and additional licenses to existing customer accounts. License fees include perpetual, term, and subscription license fees. Fees from perpetual licenses comprised more than 90% of our license revenues for the year ended December 31, 2014. Maintenance and services revenues reflect the revenues recognized from fees paid for maintenance services (including support and unspecified upgrades and enhancements when and if they are available) and, to a lesser extent, for training and professional services that help our customers maximize the benefits from using our products. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a license, a customer typically also purchases one year of maintenance service and has the opportunity to purchase maintenance service annually thereafter. We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

Our direct sales approach includes inside sales teams and field sales teams. We also sell our products through indirect sales channels including technology vendors, resellers, original equipment manufacturers ("OEMs") and independent software vendors ("ISVs"). We view these partners as an extension of our team,

playing an integral role in our growth. We plan to continue to invest in our partner programs to help us enter and grow in new markets while complementing our direct sales efforts.

With approximately 23% of our total revenues from customers located outside the United States and Canada in the year ended December 31, 2014, we believe there is significant opportunity to expand our international business. Our products currently support eight languages and we are aggressively expanding our direct sales force and indirect sales channels outside the United States.

Our quarterly results reflect seasonality in the sale of our products and services. Historically, we believe a pattern of increased license sales in the fourth fiscal quarter as a result of industry buying patterns has positively impacted total revenues in that period, which has resulted in low or negative sequential revenue growth in the first quarter compared to the prior quarter.

We have been growing rapidly in recent periods. Our total revenues for the years ended December 31, 2014, 2013 and 2012 were \$412.6 million, \$232.4 million and \$127.7 million, respectively. We increased the total number of customer accounts that had purchased our products to over 26,000 as of December 31, 2014 from over 11,000 at December 31, 2012. During this period, we significantly increased the size of our workforce, particularly in our sales and marketing and research and development ("R&D") organizations, expanded internationally, and invested in our operational infrastructure to support our growth. As a result of our significant investments in growth, our net income did not grow in a manner commensurate with our total revenues. Our net income for the years ended December 31, 2014, 2013 and 2012 was \$5.9 million, \$7.1 million and \$1.4 million, respectively.

During the years ended December 31, 2014, 2013 and 2012, there were 781, 455, and 239 sales transactions greater than \$100,000, respectively.

### **Factors Affecting Our Performance**

We believe that our performance and future success are dependent upon a number of factors, including our ability to continue to expand and further penetrate our customer base, innovate and enhance our products, and invest in our infrastructure. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must successfully address. See the section of this report titled "1A. Risk Factors."

#### ***Investment in Expansion and Further Penetration of Our Customer Base***

Our performance depends on our ability to continue to attract new customers and to increase adoption of our products within our existing customers, both domestically and internationally. Our ability to increase adoption amongst existing customers is particularly important in light of our land and expand business model. We believe the existing market for business analytics software is underserved. We believe that we have an addressable market that is substantially larger than the market for traditional business analytics software. As a result, we believe we have the opportunity to substantially expand our customer base and to increase adoption of our products within and across our existing customers.

In order to expand and further penetrate our customer base, we have made and plan to continue to make significant investments in expanding our direct sales teams and indirect sales channels, and increasing our brand awareness. We plan to continue to significantly increase the size of our sales and marketing team domestically and internationally, particularly in the near term. We also intend to expand our online and offline marketing efforts to increase our brand awareness.

#### ***Investment in Innovation and Advancement of Our Products***

Our performance is also significantly dependent on the investments we make in our R&D efforts, and in our ability to continue to innovate, improve functionality, adapt to new technologies or changes to existing technologies, and allow our customers to analyze data from a large and expanding range of data stores. We intend to continue to invest in product innovation and leadership, including hiring top technical talent, focusing on core technology innovation, and maintaining an agile organization that supports rapid release cycles.

#### ***Investment in Infrastructure***

We have made and expect to continue to make substantial investments in our infrastructure in connection with enhancing and expanding our operations domestically and internationally. We expect to continue to open new offices internationally and domestically. Our international expansion efforts have resulted and will result in increased costs and are subject to a variety of risks, including those associated with communication and



integration problems resulting from geographic dispersion and language and cultural differences, and compliance with laws of multiple countries. Moreover, the investments we have made and will make in our international organization may not result in our expected benefits. We currently expect to rely on our current cash on hand and cash generated from our operations to fund these investments. These costs could adversely affect our operating results.

### ***Mix and Timing of Sales***

Our land and expand business model results in a wide variety of sales transaction sizes, ranging from a single Tableau Desktop order of \$1,000-\$2,000 to Tableau Desktop and Tableau Server orders of over \$1.0 million. The time it takes to close a transaction, defined as the time between when a sales opportunity is entered in our customer relationship management system until when a related license agreement is signed with the customer, generally varies with the size of the transaction.

## **Components of Operating Results**

### ***Revenues***

***License revenues.*** License revenues consist of the revenues recognized from sales of licenses to new customers and additional licenses to existing customers. More than 90% of our license revenues for the year ended December 31, 2014 resulted from perpetual licenses, under which we generally recognize the license fee portion of the arrangement upfront, assuming all revenue recognition criteria are satisfied and we have VSOE on all undelivered elements. In each of the past three years, our existing customer accounts in aggregate have generated at least as much perpetual license revenues as they had in the previous year. In the future, we expect this buying pattern to moderate with the continued growth of our customer base. In addition, a small number of customers have purchased term or subscription licenses, under which we recognize the license fee ratably, on a straight-line basis, over the term of the license. In July 2013, we introduced Tableau Online, a subscription, cloud-based version of Tableau Server. To date, we have not derived a significant amount of revenues from term or subscription licenses.

***Maintenance and services revenues.*** Maintenance and services revenues consist of revenues from maintenance agreements and, to a lesser extent, professional services and training. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a perpetual license, a customer also purchases one year of maintenance, and has the opportunity to purchase maintenance annually thereafter. We currently charge approximately 25% of the price of the perpetual license for each year of maintenance service, although this price may vary with regard to large enterprise sales. We measure the aggregate perpetual license maintenance renewal rate for our customers in a 12-month period of time, based on a dollar renewal rate for contracts expiring during that time period. Our maintenance renewal rate is measured three months after the 12-month period ends to account for late renewals. Our aggregate maintenance renewal rate for the 12-month period ended September 30, 2014 was over 90%.

Customers with maintenance agreements are entitled to receive support and unspecified upgrades and enhancements if and when they become available during the maintenance term. We recognize the revenues associated with maintenance agreements ratably, on a straight-line basis, over the associated maintenance term.

When a term or subscription license is purchased, maintenance service is bundled with the license for the term of the license period. In arrangements involving a term or subscription license, we recognize both the license and maintenance revenues ratably, on a straight-line basis, over the contract term. Term and subscription license revenues are included in license revenues.

We also have a professional services organization focused on both training and assisting our customers to fully leverage the use of our products. We recognize the revenues associated with these professional services on a time and materials basis as we deliver the services or provide the training.

We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

### ***Cost of Revenues***

***Cost of license revenues.*** Cost of license revenues primarily consists of referral fees paid to third parties. For Tableau Online, cost of license revenues is calculated through an allocation of shared costs, which was not significant for the year ended December 31, 2014.

**Cost of maintenance and services revenues.** Cost of maintenance and services revenues includes salaries, benefits and stock-based compensation expense associated with our technical support and services organization, as well as allocated overhead. Allocated overhead includes overhead costs for depreciation of equipment, facilities (consisting of leasehold improvements and rent) and technical operations (including costs for compensation of our personnel and costs associated with our infrastructure). We recognize expenses related to our technical support and services organization as they are incurred. We expect the cost of maintenance and services revenues to increase as a percentage of maintenance and services revenues due to increased investment in our technical support and services organization to support our expanding customer base.

We expect that the cost of revenues will increase as a percentage of total revenues as we expand our technical support capabilities worldwide and seek to expand our product and service offerings.

### **Gross Profit and Gross Margin**

Gross profit is total revenues less total cost of revenues. Gross margin is gross profit expressed as a percentage of total revenues. We expect that our gross margin may fluctuate from period to period as a result of changes in product and services mix, direct and indirect sales mix and the introduction of new products by us or our competitors.

### **Operating Expenses**

Our operating expenses are classified into three categories: sales and marketing, research and development, and general and administrative. For each category, the largest component is personnel costs, which include salaries, payroll taxes, employee benefit costs, bonuses, commissions, as applicable, and stock-based compensation expense.

**Sales and marketing.** Sales and marketing expenses primarily consist of personnel-related costs attributable to our sales and marketing personnel, commissions earned by our sales personnel, marketing, travel, and facility related costs and allocated overhead. We expect sales and marketing expenses to continue to significantly increase, in absolute dollars, in 2015 compared to 2014 primarily due to our planned growth in our sales and marketing organization, both domestically and internationally. We expect sales and marketing expenses to be our largest category of operating expenses as we continue to expand our business.

**Research and development.** R&D expenses primarily consist of personnel-related costs attributable to our R&D personnel and contractors, as well as allocated overhead. We have devoted our product development efforts primarily to develop new products, incorporate additional features, improve functionality, support additional languages and adapt to new technologies or changes to existing technologies. We expect that our R&D expenses will continue to increase, in absolute dollars, in 2015 compared to 2014 as we increase our R&D headcount to further strengthen our software and invest in the development of our products.

**General and administrative.** General and administrative expenses primarily consist of personnel-related costs attributable to our executive, finance, legal, human resources and administrative personnel, legal, accounting and other professional services fees, other corporate expenses and allocated overhead. In 2012, general and administrative expenses included cash and stock-based expenses associated with our funding of the Tableau Foundation. We will continue to incur additional expenses associated with being a publicly traded company, including higher legal, corporate insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and other regulations. We also expect that general and administrative expenses will continue to increase, in absolute dollars, in 2015 compared to 2014 as we further expand our operations, particularly internationally.

### **Other Income (Expense), Net**

Other income (expense), net consists primarily of gains and losses on foreign currency transactions and interest income on our cash and cash equivalents balances.

### **Income Tax Expense (Benefit)**

Our income taxes are based on the amount of our taxable income and enacted federal, state and foreign tax rates, as adjusted for allowable credits and deductions. Our provision for income taxes consists of federal, state and foreign taxes.

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our corporate structure and intercompany arrangements align with the

international expansion of our business activities. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions. If such a disagreement were to occur, and our positions were not sustained, we could be required to pay additional taxes, interest and penalties, resulting in higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Additionally, our future worldwide tax rate and financial position may be affected by changes in the tax laws or the interpretation of such tax laws, such as the Base Erosion Profit Shifting project initiated by the Organization for Economic Co-operation and Development and any legislation proposed by the relevant taxing authorities.

Our income tax provision may be significantly affected by changes to our estimates for taxes in jurisdictions in which we operate and other estimates utilized in determining our global effective tax rate. Actual results may also differ from our estimates based on changes in tax laws and economic conditions. Such changes could have a substantial impact on the income tax provision and effective income tax rate.

We are subject to the continuous examinations of our income tax returns by the taxing authorities in various tax jurisdictions, which authorities may assess additional income tax liabilities against us. We are currently under audit by the Internal Revenue Service for taxable years 2012 and 2013. Although we believe our tax estimates are reasonable, the final outcome of tax audits and any related litigation could be materially different from our historical income tax provisions. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

### **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

### ***Revenue Recognition***

We generate revenues primarily in the form of software license fees and related maintenance and services fees. License fees include perpetual, term and subscription license fees. Maintenance and services fees primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available), training, and professional services that are not essential to functionality of the software.

We recognize revenues when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the software or services have been delivered to the customer;
- the amount of fees to be paid by the customer is fixed or determinable; and
- the collection of the related fees is probable.

We use click-through license agreements, signed agreements and purchase orders as evidence of an arrangement. We deliver all of our software electronically. Electronic delivery occurs when we provide the customer with access to the software and license key via a secure portal. We assess whether the fee is fixed or determinable at the outset of the arrangement. Our typical terms of payment are due 30 days from delivery. We assess collectability based on a number of factors such as collection history and creditworthiness of the customer. If we determine that collectability is not probable, revenue is deferred until collectability becomes probable, generally upon receipt of cash.

Substantially all of our software licenses are sold in multiple-element arrangements that include maintenance and may include professional services and training.

Vendor specific objective evidence ("VSOE") of the fair value is not available for software licenses as they are never sold without maintenance. VSOE of the fair value generally exists for all undelivered elements and any services that are not essential to the functionality of the delivered software. We account for delivered software licenses under the residual method.

Maintenance agreements consist of fees for providing software updates on a when and if available basis and technical support for software products ("post-contract support" or "PCS") for an initial term, generally one year. We have established VSOE of the fair value for maintenance on perpetual licenses based on stated substantive renewal rates or the price when sold on a standalone basis. Stated renewal rates are considered to be substantive if they are at least 15% of the actual price charged for the software license. VSOE of the fair value for standalone sales is considered to have been established when a substantial majority of individual sales transactions within the previous 12 month period falls within a reasonably narrow range, which we have defined to be plus or minus 15% of the median sales price of actual standalone sales transactions.

License arrangements may include professional services and training. In determining whether professional services and training revenues should be accounted for separately from license revenues, we evaluate:

- whether such services are considered essential to the functionality of the software using factors such as the nature of the software products;
- whether they are ready for use by the customer upon receipt;
- the nature of the services, which typically do not involve significant customization to or development of the underlying software code;
- the availability of services from other vendors;
- whether the timing of payments for license revenues coincides with performance of services; and
- whether milestones or acceptance criteria exist that affect the realizability of the software license fee.

Revenues related to training are billed on a fixed fee basis and accordingly recognized as training services are delivered. Payments received in advance of services performed are deferred and recognized when the related services are performed.

To date, professional services have not been considered essential to the functionality of the software. The VSOE of the fair value of our professional services and training is based on the price for these same services when they are sold separately. Revenues related to professional services are billed on a time and materials basis and, accordingly, are recognized as the services are performed.

When software is licensed for a specified term or on a subscription basis, fees for support and maintenance are generally bundled with the license fee over the entire term of the contract. In these cases, we do not have VSOE of the fair value for support and maintenance. Revenues related to term license fees are recognized ratably over the contract term beginning on the date the customer has access to the software license key and continuing through the end of the contract term.

We do not offer refunds and therefore have not recorded any sales return allowance for any of the periods presented. Upon a periodic review of outstanding accounts receivable, amounts that are deemed to be uncollectable are written off against the allowance for doubtful accounts.

We account for taxes collected from customers and remitted to governmental authorities on a net basis and exclude them from revenues.

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method in accordance with authoritative guidance for income taxes. Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and credit carryforwards if it is more likely than not that the tax benefits will be realized. We considered future taxable income, historical operating results, and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. If we determine we would not be able to realize all or part of our net deferred tax assets in the future, we will record a valuation allowance on such net deferred tax assets with an offset to expense in the period such determination is made.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on

deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We are subject to income taxes in the United States and in numerous foreign jurisdictions. While we believe the positions we have taken are appropriate, we record reserves for taxes to address potential exposures involving tax positions that we believe could be challenged by taxing authorities. We record a benefit on a tax position when we determine that it is more likely than not that the position is sustainable upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions that are more likely than not to be sustained, we measure the tax position at the largest amount of benefit that has a greater than 50% likelihood of being realized when it is effectively settled. We review the tax reserves as circumstances warrant and adjust the reserves as events occur that affect our potential liability for additional taxes. We follow the applicable guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition with respect to tax positions. We reflect interest and penalties related to income tax liabilities as a component of income tax expense.

### ***Recent Accounting Pronouncements***

In May 2014, as part of its ongoing efforts to assist in the convergence of GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 related to revenue recognition. The new guidance sets forth a new five-step revenue recognition model that replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 provides retrospective or modified prospective methods of initial adoption and is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is not permitted. We are currently evaluating the method of adoption and the impact that this standard will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15 related to status as a going concern. The new guidance explicitly requires that management assess an entity's ability to continue as a going concern and may require additional detailed disclosures. ASU 2014-15 is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Though permitted, we do not plan to early adopt. We do not believe that this standard will have significant impact on our consolidated financial statements.

## Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenues for those periods. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
<b>Consolidated Statements of Operations Data:</b>			
Revenues			
License	\$ 279,944	\$ 159,930	\$ 89,883
Maintenance and services	132,672	72,510	37,850
Total revenues	412,616	232,440	127,733
Cost of revenues			
License	1,211	740	305
Maintenance and services	35,774	17,784	10,057
Total cost of revenues (1)	36,985	18,524	10,362
Gross profit	375,631	213,916	117,371
Operating expenses			
Sales and marketing (1)	216,672	123,573	62,333
Research and development (1)	110,923	60,769	33,065
General and administrative (1)	41,712	25,905	17,715
Total operating expenses	369,307	210,247	113,113
Operating income	6,324	3,669	4,258
Other income (expense), net	858	(804)	(54)
Income before income tax expense (benefit)	7,182	2,865	4,204
Income tax expense (benefit)	1,309	(4,211)	2,777
Net income	\$ 5,873	\$ 7,076	\$ 1,427

(1) Stock-based compensation expense included above was as follows:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Cost of revenues	\$ 2,227	\$ 473	\$ 107
Sales and marketing	18,203	5,429	1,394
Research and development	20,794	5,832	2,115
General and administrative	5,794	2,723	1,180

	Year Ended December 31,		
	2014	2013	2012
	(as a percentage of total revenues)		
<b>Consolidated Statements of Operations Data:</b>			
Revenues			
License	67.8%	68.8 %	70.4 %
Maintenance and services	32.2%	31.2 %	29.6 %
Total revenues	100.0%	100.0 %	100.0 %
Cost of revenues			
License	0.3%	0.3 %	0.2 %
Maintenance and services	8.7%	7.7 %	7.9 %
Total cost of revenues	9.0%	8.0 %	8.1 %
Gross profit	91.0%	92.0 %	91.9 %
Operating expenses			
Sales and marketing	52.5%	53.2 %	48.8 %
Research and development	26.9%	26.1 %	25.9 %
General and administrative	10.1%	11.1 %	13.9 %
Total operating expenses	89.5%	90.5 %	88.6 %
Operating income	1.5%	1.6 %	3.3 %
Other income (expense), net	0.2%	(0.3)%	— %
Income before income tax expense (benefit)	1.7%	1.2 %	3.3 %
Income tax expense (benefit)	0.3%	(1.8)%	2.2 %
Net income	1.4%	3.0 %	1.1 %

#### Comparison of Years Ended December 31, 2014, 2013 and 2012

##### Revenues

	Year Ended December 31,			2013 to 2014 % Change	2012 to 2013 % Change
	2014	2013	2012		
	(dollars in thousands)				
Revenues					
License	\$ 279,944	\$ 159,930	\$ 89,883	75.0%	77.9%
Maintenance and services	132,672	72,510	37,850	83.0%	91.6%
Total revenues	\$ 412,616	\$ 232,440	\$ 127,733	77.5%	82.0%

**Year ended December 31, 2014 compared to December 31, 2013.** Total revenues were \$412.6 million for the year ended December 31, 2014 compared to \$232.4 million for the year ended December 31, 2013, an increase of \$180.2 million, with 75% and 83% year-over-year growth in license and maintenance and services revenues, respectively. Growth in total revenues was attributable to increased demand for our products and services from new and existing customers both domestically and internationally. For example, we added over 9,100 customer accounts in the year ended December 31, 2014. License revenues increased \$120.0 million from the year ended December 31, 2013 to the year ended December 31, 2014 as a direct result of our investment in our products and in our sales and marketing efforts. The substantial majority of our license revenues was attributable to sales of perpetual licenses. Of the revenues from perpetual license sales recognized in 2014, 29% was attributable to perpetual license sales to new customer accounts gained in 2014 and 71% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2013. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements resulting from the growth of our customer base. Total revenues derived from our customer accounts outside of the United

States and Canada increased, as a percentage of total revenues, to 23% for the year ended December 31, 2014 from 20% for the year ended December 31, 2013.

**Year ended December 31, 2013 compared to December 31, 2012.** Total revenues were \$232.4 million for the year ended December 31, 2013 compared to \$127.7 million for the year ended December 31, 2012, an increase of \$104.7 million, with 78% and 92% year-over-year growth in license and maintenance and services revenues, respectively. Growth in total revenues was attributable to the increased demand for our products and services from new and existing customers. For example, we added over 6,000 customer accounts in the year ended December 31, 2013. License revenues increased \$70.0 million from the year ended December 31, 2012 to the year ended December 31, 2013 as a direct result of our investment in our products and in our sales and marketing efforts. The substantial majority of our license revenues was attributable to sales of perpetual licenses. Of the revenues from perpetual license sales recognized in 2013, 34% was attributable to perpetual license sales to new customer accounts gained in 2013 and 66% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2012. The increase in maintenance and service revenues was primarily due to increases in sales of maintenance agreements resulting from the growth of our customer base. Total revenues derived from our customer accounts outside of the United States and Canada increased, as a percentage of total revenues, to 20% for the year ended December 31, 2013 from 17% for the year ended December 31, 2012.

### **Cost of Revenues and Gross Margin**

	Year Ended December 31,			2013 to 2014 % Change	2012 to 2013 % Change
	2014	2013	2012		
	(dollars in thousands)				
<b>Cost of revenues</b>					
License	\$ 1,211	\$ 740	\$ 305	63.6%	142.6%
Maintenance and services	35,774	17,784	10,057	101.2%	76.8%
Total cost of revenues	<u>\$ 36,985</u>	<u>\$ 18,524</u>	<u>\$ 10,362</u>	99.7%	78.8%
	Year Ended December 31,				
	2014	2013	2012		
<b>Gross Margin</b>					
License		99.6%	99.5%	99.7%	
Maintenance and services		73.0%	75.5%	73.4%	
Total gross margin		91.0%	92.0%	91.9%	

**Year ended December 31, 2014 compared to December 31, 2013.** Total cost of revenues was \$37.0 million for the year ended December 31, 2014 compared to \$18.5 million for the year ended December 31, 2013, an increase of \$18.5 million. This increase was primarily due to the increased cost of providing maintenance and services related to an increase in compensation expense of \$10.7 million due to increased headcount, \$4.3 million in facilities and allocated overhead costs, \$1.5 million in professional service fees, and \$1.4 million in travel expenses. Our total number of technical support and services headcount increased to 249 employees as of December 31, 2014 from 138 employees as of December 31, 2013. The decrease in total gross margin for the year ended December 31, 2014 from the year ended December 31, 2013 was primarily related to the increase in headcount.

**Year ended December 31, 2013 compared to December 31, 2012.** Total cost of revenues was \$18.5 million for the year ended December 31, 2013 compared to \$10.4 million for the year ended December 31, 2012, an increase of \$8.2 million. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The \$7.7 million increase in cost of maintenance and services revenues from the year ended December 31, 2012 to the year ended December 31, 2013 was primarily related to an increase in compensation expense of \$4.4 million due to increased headcount, \$1.6 million in facilities and allocated overhead costs, \$1.0 million in professional service fees, and \$0.8 million in travel expenses. Our total number of technical support and services headcount increased to 138 employees as of December 31, 2013 from 76 employees as of December 31, 2012. Total gross margin remained relatively flat in the year ended December 31, 2013 compared to the year ended December 31, 2012.



## Operating Expenses

	Year Ended December 31,			2013 to 2014 % Change	2012 to 2013 % Change
	2014	2013	2012		
	(dollars in thousands)				
<b>Operating expenses</b>					
Sales and marketing	\$ 216,672	\$ 123,573	\$ 62,333	75.3%	98.2%
Research and development	110,923	60,769	33,065	82.5%	83.8%
General and administrative	41,712	25,905	17,715	61.0%	46.2%
Total operating expenses	<u>\$ 369,307</u>	<u>\$ 210,247</u>	<u>\$ 113,113</u>	75.7%	85.9%

## Sales and Marketing

**Year ended December 31, 2014 compared to December 31, 2013.** Sales and marketing expenses were \$216.7 million for the year ended December 31, 2014 compared to \$123.6 million for the year ended December 31, 2013, an increase of \$93.1 million. This increase was primarily due to an increase in compensation expense of \$63.4 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally. Our sales and marketing headcount increased to 826 employees as of December 31, 2014 compared to 534 employees as of December 31, 2013. The remainder of the increase was primarily attributable to \$12.1 million increase in additional marketing costs, \$9.7 million increase in facilities and allocated overhead costs, and \$6.6 million in additional travel expenses.

**Year ended December 31, 2013 compared to December 31, 2012.** Sales and marketing expenses were \$123.6 million for the year ended December 31, 2013 compared to \$62.3 million for the year ended December 31, 2012, an increase of \$61.2 million. This increase was primarily due to an increase in compensation expense of \$45.1 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally. Our sales and marketing headcount increased to 534 employees as of December 31, 2013 compared to 321 employees as of December 31, 2012. The remainder of the increase was primarily attributable to a \$7.2 million increase in facilities and allocated overhead costs, \$4.9 million in additional marketing costs, and \$3.8 million in additional travel expenses.

## Research and Development

**Year ended December 31, 2014 compared to December 31, 2013.** R&D expenses were \$110.9 million for the year ended December 31, 2014 compared to \$60.8 million for the year ended December 31, 2013, an increase of \$50.1 million. This increase was primarily due to an increase in compensation expense of \$42.3 million resulting from increased headcount as part of our focus on further developing and enhancing our products, \$5.8 million in facilities and allocated overhead costs, and \$1.3 million in professional service fees. Our research and development headcount increased to 508 employees as of December 31, 2014 compared to 329 employees as of December 31, 2013.

**Year ended December 31, 2013 compared to December 31, 2012.** R&D expenses were \$60.8 million for the year ended December 31, 2013 compared to \$33.1 million for the year ended December 31, 2012, an increase of \$27.7 million. This increase was primarily due to an increase in compensation expense of \$23.0 million resulting from increased headcount as part of our focus on further developing and enhancing our products, and \$3.8 million in facilities and allocated overhead costs. Our research and development headcount increased to 329 employees as of December 31, 2013 compared to 205 employees as of December 31, 2012.

## General and Administrative

**Year ended December 31, 2014 compared to December 31, 2013.** General and administrative expenses were \$41.7 million for the year ended December 31, 2014 compared to \$25.9 million for the year ended December 31, 2013, an increase of \$15.8 million. This increase was primarily due to an increase in compensation expense of \$9.8 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased to 145 employees at December 31, 2014 compared to 78 employees as of December 31, 2013. The remainder of the increase was primarily attributable to \$2.3 million in professional service fees to support growth in our business as well as costs associated with being a public company and \$1.8 million in facilities and allocated overhead cost.

**Year ended December 31, 2013 compared to December 31, 2012.** General and administrative expenses were \$25.9 million for the year ended December 31, 2013 compared to \$17.7 million for the year ended December 31, 2012, an increase of \$8.2 million. This increase was primarily due to an increase in compensation expense of \$4.5 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased to 78 employees at December 31, 2013 compared to 59 employees as of December 31, 2012. The remainder of the increase was primarily attributable to \$3.7 million in professional service fees to support growth in our business as well as costs associated with becoming a public company and \$1.3 million in allocated overhead cost. The increase was partially offset by \$1.9 million for the establishment of a donor-advised charitable foundation operating as the Tableau Foundation in 2012.

#### **Other Expense, Net**

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Other income (expense), net	\$ 858	\$ (804)	\$ (54)

**Year ended December 31, 2014 compared to December 31, 2013.** Other income (expense), net increased primarily due to gains associated with foreign currency transactions and an increase in interest income.

**Year ended December 31, 2013 compared to December 31, 2012.** Other income (expense), net decreased due to losses associated with foreign currency transactions.

#### **Income Tax Expense (Benefit)**

	Year Ended December 31,		
	2014	2013	2012
	(dollars in thousands)		
Income tax expense (benefit)	\$ 1,309	\$ (4,211)	\$ 2,777
Effective tax rate	18.2%	(147.0)%	66.1%

**Year ended December 31, 2014 compared to December 31, 2013.** For the years ended December 31, 2014 and 2013, our effective tax rates were 18.2% and (147.0)%, respectively. The increase in the effective tax rate during 2014 was due in part to the 2013 results including a retroactive enactment of the federal R&D tax credit for 2012 of \$1 million, as well as changes in income before income taxes in relation to our permanent income tax differences such as our non-deductible stock-based compensation which increased by \$1.1 million and an unfavorable impact of foreign income taxes of \$1.1 million. We expect our non-deductible stock-based compensation to continue to increase as we expand internationally. Additionally, the federal R&D tax credit was only extended until December 31, 2014.

**Year ended December 31, 2013 compared to December 31, 2012.** For the years ended December 31, 2013 and 2012, our effective tax rates were (147.0)% and 66.1%, respectively. The decrease in the effective tax rate was primarily due to the federal R&D tax credit under the American Taxpayer Relief Act which was retroactive to January 1, 2012 as well as changes in income before income taxes in relation to our permanent income tax differences.

#### **Non-GAAP Financial Measures**

We believe that the use of non-GAAP gross profit and gross margin, non-GAAP operating income (loss) and operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per basic and diluted common share and free cash flow is helpful to our investors. These measures, which we refer to as our non-GAAP financial measures, are not prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Non-GAAP gross profit is calculated by excluding stock-based compensation expense attributable to cost of revenues from gross profit. Non-GAAP gross margin is the ratio calculated by dividing non-GAAP gross profit by revenues. Non-GAAP operating income (loss) is calculated by excluding stock-based compensation expense from operating income (loss), and in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. Non-GAAP operating margin is the ratio calculated by dividing non-GAAP operating income (loss) by revenues. Non-GAAP net income (loss) is calculated by excluding stock-based compensation expense, net of tax, from net income (loss), and in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. Non-GAAP net income (loss) per basic and

diluted common share is calculated by dividing non-GAAP net income (loss) attributable to common stockholders by the basic and diluted weighted average shares outstanding as presented in the calculation of GAAP net income (loss) per share. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash expenses, we believe that providing non-GAAP financial measures that exclude stock-based compensation expense allows for more meaningful comparisons between our operating results from period to period. We calculate free cash flow as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business, making strategic acquisitions, and strengthening our balance sheet. All of our non-GAAP financial measures are important tools for financial and operational decision making and for evaluating our own operating results over different periods of time.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. We urge our investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included below, and not to rely on any single financial measure to evaluate our business.

The following table summarizes our non-GAAP financial measures:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Non-GAAP gross profit	\$ 377,858	\$ 214,389	\$ 117,478
Non-GAAP gross margin	91.6%	92.2%	92.0%
Non-GAAP operating income	\$ 53,342	\$ 18,126	\$ 11,005
Non-GAAP operating margin	12.9%	7.8%	8.6%
Non-GAAP net income	\$ 38,504	\$ 18,043	\$ 6,854
Free cash flow	\$ 52,703	\$ 20,118	\$ 7,203

The following table presents the reconciliation of gross profit to non-GAAP gross profit:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Gross profit	\$ 375,631	\$ 213,916	\$ 117,371
Excluding: Stock-based compensation expense attributable to cost of revenues	2,227	473	107
Non-GAAP gross profit	<u>\$ 377,858</u>	<u>\$ 214,389</u>	<u>\$ 117,478</u>

The following table presents the reconciliation of GAAP gross margin to non-GAAP gross margin:

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
GAAP gross margin	91.0%	92.0%	91.9%
Excluding: Stock-based compensation expense attributable to cost of revenues	0.5%	0.2%	0.1%
Non-GAAP gross margin	<u>91.6%</u>	<u>92.2%</u>	<u>92.0%</u>

The following table presents the reconciliation of operating income to non-GAAP operating income:

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(in thousands)</b>		
Operating income	\$ 6,324	\$ 3,669	\$ 4,258
Excluding:			
Stock-based compensation expense	47,018	14,457	4,796
Funding of the Tableau Foundation	—	—	1,951
Non-GAAP operating income	<u>\$ 53,342</u>	<u>\$ 18,126</u>	<u>\$ 11,005</u>

The following table presents the reconciliation of GAAP operating margin to non-GAAP operating margin:

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
GAAP operating margin	1.5%	1.6%	3.3%
Excluding:			
Stock-based compensation expense	11.4%	6.2%	3.8%
Funding of the Tableau Foundation	—%	—%	1.5%
Non-GAAP operating margin	<u>12.9%</u>	<u>7.8%</u>	<u>8.6%</u>

The following table presents the reconciliation of net income to non-GAAP net income:

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(in thousands)</b>		
Net income	\$ 5,873	\$ 7,076	\$ 1,427
Excluding:			
Stock-based compensation expense, net of tax	32,631	10,967	4,207
Funding of Tableau Foundation, net of tax	—	—	1,220
Non-GAAP net income	<u>\$ 38,504</u>	<u>\$ 18,043</u>	<u>\$ 6,854</u>

The following table presents the reconciliation of net income attributable to common stockholders to non-GAAP net income attributable to common stockholders and related per share amounts:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Net income attributable to common stockholders - basic	\$ 5,873	\$ 7,076	\$ 143
Excluding:			
Stock-based compensation expense, net of tax	32,631	10,967	4,207
Funding of Tableau Foundation, net of tax	—	—	1,220
Non-GAAP net income attributable to common stockholders - basic	<u>\$ 38,504</u>	<u>\$ 18,043</u>	<u>\$ 5,570</u>
Net income attributable to common stockholders - diluted	\$ 5,873	\$ 7,076	\$ 150
Excluding:			
Stock-based compensation expense, net of tax	32,631	10,967	4,207
Funding of Tableau Foundation, net of tax	—	—	1,220
Non-GAAP net income attributable to common stockholders - diluted	<u>\$ 38,504</u>	<u>\$ 18,043</u>	<u>\$ 5,577</u>
Non-GAAP net income per share attributable to common stockholders:			
Basic	\$ 0.57	\$ 0.36	\$ 0.17
Diluted	\$ 0.52	\$ 0.31	\$ 0.14
Weighted average shares used to compute non-GAAP net income per share attributable to common stockholders:			
Basic	67,591	50,564	33,744
Diluted	74,319	59,092	39,652

The following table presents the reconciliation of net cash provided by operating activities to free cash flow:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Net cash provided by operating activities	\$ 89,451	\$ 37,725	\$ 14,239
Less: Purchases of property and equipment	36,748	17,607	7,036
Free cash flow	\$ 52,703	\$ 20,118	\$ 7,203
Net cash used in investing activities	\$ (35,054)	\$ (17,607)	\$ (7,036)
Net cash provided by financing activities	\$ 374,289	\$ 193,221	\$ 1,876

### **Non-GAAP Operating Income**

Non-GAAP operating income increased substantially from 2013 to 2014 and from 2012 to 2013 as a result of increased domestic and international demand for our products and services from new and existing customers, offset in part by increased operating expenses attributable to increased headcount.

### **Non-GAAP Net Income**

Non-GAAP net income increased from 2013 to 2014 and from 2012 to 2013 as a result of increases in non-GAAP operating income.

### **Free Cash Flow**

Free cash flow increased from 2013 to 2014 and from 2012 to 2013 due to the increase in net cash provided by operating activities, offset by significant increases in purchases of property and equipment due to our increase in headcount and build-out of our operational infrastructure.

### **Liquidity and Capital Resources**

Prior to our IPO in May 2013, we financed our operations primarily through cash flows generated by operations, and to a lesser extent the sale of preferred stock.

Our IPO resulted in proceeds to us of \$177.0 million, net of underwriters' discounts and commissions and offering expenses. In March 2014, we closed a follow-on public offering resulting in proceeds to us of \$344.1 million, net of underwriters' discounts and commissions and offering expenses.

As of December 31, 2014, we had cash and cash equivalents totaling \$680.6 million, accounts receivable, net of \$99.9 million and \$630.0 million of working capital.

The following tables show our cash and cash equivalents and our cash flows from operating activities, investing activities and financing activities for the stated periods:

	December 31,	
	2014	2013
	(in thousands)	
Cash and cash equivalents	\$ 680,613	\$ 252,674

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Net cash provided by operating activities	\$ 89,451	\$ 37,725	\$ 14,239
Net cash used in investing activities	(35,054)	(17,607)	(7,036)
Net cash provided by financing activities	374,289	193,221	1,876
Effect of exchange rate changes	(747)	33	—
Net increase in cash and cash equivalents	\$ 427,939	\$ 213,372	\$ 9,079

### ***Cash and Cash Equivalents***

As of December 31, 2014, our cash and cash equivalents were held for working capital purposes, a majority of which was held in cash deposits and money market funds. We intend to increase our capital expenditures to support the growth in our business and operations. We believe that our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support research and development efforts, the continued expansion of sales and marketing activities, the introduction of new and enhanced software and services offerings, and the continued market acceptance of our products.

### ***Operating Activities***

Net cash provided by operating activities was \$89.5 million for the year ended December 31, 2014, as a result of net income of \$5.9 million, which included stock-based compensation expense of \$47.0 million, non-cash depreciation and amortization expense of \$13.5 million related to capital expenditures, a \$41.0 million offsetting increase in accounts receivable, net, and a \$62.8 million increase in deferred revenue. The increase in accounts receivable, net and deferred revenue was primarily due to increased license and maintenance agreement sales. The increase in stock-based compensation expense was a result of the issuance of RSUs at a higher fair-market value on grant date and an increase in headcount.

Net cash provided by operating activities was \$37.7 million for the year ended December 31, 2013, as a result of net income of \$7.1 million, which included stock-based compensation expense of \$14.5 million, non-cash depreciation and amortization expense of \$6.9 million related to capital expenditures, a \$30.0 million offsetting increase in accounts receivable, net, and a \$34.7 million increase in deferred revenue. The increase in accounts receivable, net and deferred revenue was primarily due to increased license and maintenance agreement sales.

Net cash provided by operating activities was \$14.2 million for the year ended December 31, 2012, as a result of net income of \$1.4 million, which included stock-based compensation expense of \$4.8 million, non-cash depreciation and amortization expense of \$3.8 million related to capital expenditures, a \$17.4 million offsetting increase in accounts receivable, net, and a \$15.4 million increase in deferred revenue. The increase in accounts receivable, net and deferred revenue was primarily due to increased license and maintenance agreement sales.

### ***Investing Activities***

Cash outflows for investing activities for the years ended December 31, 2014, 2013 and 2012 were \$35.1 million, \$17.6 million and \$7.0 million, respectively. The cash used for these periods was primarily attributable to capital expenditures to support the growth of our business, including hardware, software, office equipment and leasehold improvements.

### ***Financing Activities***

Cash inflows from our financing activities for the years ended December 31, 2014, 2013 and 2012 were \$374.3 million, \$193.2 million and \$1.9 million, respectively. For the years ended December 31, 2014, and 2013, cash provided by financing activities was primarily due to the \$344.1 million and \$177.0 million net proceeds from our public offerings in March 2014 and May 2013, respectively. In addition, for the years ended December 31, 2014 and 2013, cash provided by financing activities attributable to proceeds and excess tax benefits from the exercise of stock options was \$30.2 million and \$16.2 million, respectively.

### ***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements (as defined by applicable SEC regulations) that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

### ***Obligations and Commitments***

As of December 31, 2014, our principal obligations consisted of obligations outstanding under operating leases. We lease our facilities under operating leases that expire at various dates through 2025. The following

table represents our operating lease obligations as of December 31, 2014:

	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>More than 5 years</b>
	<b>(in thousands)</b>				
Operating Lease Obligations	\$ 101,026	\$ 10,374	\$ 23,190	\$ 21,206	\$ 46,256

In 2014, we had approximately \$0.2 million of recorded liabilities pertaining to uncertain tax positions. We are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. As we are unable to make reasonably reliable estimates of the timing of any cash payments to the tax authorities as a result of future settlements, these obligations are not included in the table. See Note 4 to the Consolidated Financial Statements in Item 8 for additional information on our uncertain tax positions.



## **ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to financial market risks, primarily changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices.

### ***Interest Rate Risk***

We had cash and cash equivalents of \$680.6 million as of December 31, 2014. We hold our cash and cash equivalents for working capital purposes. Our cash and cash equivalents are held in cash deposits and money market funds. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, would reduce future interest income.

### ***Foreign Currency Exchange Risk***

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. Most of our revenues are generated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States and to a lesser extent in Europe and Asia. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. Currently, the portion of our results of operations and cash flows denominated in foreign currency is not significant and therefore, the effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our consolidated financial statements. To date, we have not engaged in any foreign currency hedging strategies. As our international operations grow, we plan to generate revenues in foreign currencies and we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

### ***Inflation***

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last three fiscal years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

**ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**TABLEAU SOFTWARE, INC.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Tableau Software, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of convertible preferred stock and stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Tableau Software, Inc. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which was an integrated audit in 2014). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington

February 26, 2015

**TABLEAU SOFTWARE, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2014	December 31, 2013
	(in thousands, except share data)	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 680,613	\$ 252,674
Accounts receivable, net	99,910	61,158
Prepaid expenses and other current assets	10,777	7,180
Income taxes receivable	229	2,033
Deferred income taxes	18,732	9,136
Total current assets	810,261	332,181
Property and equipment, net	45,627	21,338
Deferred income taxes	5,879	589
Deposits and other assets	3,895	819
Total assets	<u>\$ 865,662</u>	<u>\$ 354,927</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 1,978	\$ 2,178
Accrued compensation and employee related benefits	40,164	27,187
Other accrued liabilities	15,769	8,456
Income taxes payable	378	178
Deferred revenue	121,985	66,290
Total current liabilities	180,274	104,289
Deferred revenue	7,825	3,264
Other long-term liabilities	5,557	2,714
Total liabilities	<u>193,656</u>	<u>110,267</u>
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized; none issued	—	—
Class B common stock, \$0.0001 par value, 75,000,000 shares authorized; 22,620,509 and 33,421,033 shares issued and outstanding as of December 31, 2014 and 2013, respectively	2	4
Class A common stock, \$0.0001 par value, 750,000,000 shares authorized; 47,247,710 and 28,777,653 shares issued and outstanding as of December 31, 2014 and 2013, respectively	5	3
Additional paid-in capital	660,668	239,406
Accumulated other comprehensive income (loss)	140	(71)
Retained earnings	11,191	5,318
Total stockholders' equity	<u>672,006</u>	<u>244,660</u>
Total liabilities and stockholders' equity	<u>\$ 865,662</u>	<u>\$ 354,927</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TABLEAU SOFTWARE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per share amounts)		
<b>Revenues</b>			
License	\$ 279,944	\$ 159,930	\$ 89,883
Maintenance and services	132,672	72,510	37,850
Total revenues	412,616	232,440	127,733
<b>Cost of revenues</b>			
License	1,211	740	305
Maintenance and services	35,774	17,784	10,057
Total cost of revenues (1)	36,985	18,524	10,362
Gross profit	375,631	213,916	117,371
<b>Operating expenses</b>			
Sales and marketing (1)	216,672	123,573	62,333
Research and development (1)	110,923	60,769	33,065
General and administrative (1)	41,712	25,905	17,715
Total operating expenses	369,307	210,247	113,113
Operating income	6,324	3,669	4,258
Other income (expense), net	858	(804)	(54)
Income before income tax expense (benefit)	7,182	2,865	4,204
Income tax expense (benefit)	1,309	(4,211)	2,777
<b>Net income</b>	<u>\$ 5,873</u>	<u>\$ 7,076</u>	<u>\$ 1,427</u>

Net income per share attributable to common stockholders:

Basic	\$ 0.09	\$ 0.14	\$ 0.00
Diluted	\$ 0.08	\$ 0.12	\$ 0.00

Weighted average shares used to compute net income per share attributable to common stockholders:

Basic	67,591	50,564	33,744
Diluted	74,319	59,092	39,652

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Cost of revenues	\$ 2,227	\$ 473	\$ 107
Sales and marketing	18,203	5,429	1,394
Research and development	20,794	5,832	2,115
General and administrative	5,794	2,723	1,180

The accompanying notes are an integral part of these consolidated financial statements.

**TABLEAU SOFTWARE, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Net income	\$ 5,873	\$ 7,076	\$ 1,427
Other comprehensive income (loss):			
Foreign currency translation, net	211	(70)	(1)
Comprehensive income	<u>\$ 6,084</u>	<u>\$ 7,006</u>	<u>\$ 1,426</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TABLEAU SOFTWARE, INC.**  
**CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK**  
**AND STOCKHOLDERS' EQUITY (DEFICIT)**

	Convertible Preferred Stock		Common Stock (Class A and B)		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
	(in thousands, except share information)							
Balances as of December 31, 2011	17,416,317	\$ 20,031	33,084,849	\$ 4	\$ 2,904	\$ —	\$ (3,185)	\$ (277)
Issuance of common stock upon exercise of stock options	—	—	1,082,288	—	606	—	—	606
Stock-based compensation expense	—	—	—	—	4,796	—	—	4,796
Excess tax benefit from stock-based compensation	—	—	—	—	1,541	—	—	1,541
Donation of common stock	—	—	150,000	—	1,851	—	—	1,851
Other comprehensive loss, net	—	—	—	—	—	(1)	—	(1)
Net income	—	—	—	—	—	—	1,427	1,427
Balances as of December 31, 2012	17,416,317	20,031	34,317,137	4	11,698	(1)	(1,758)	9,943
Proceeds from public offering, net of underwriters' discount	—	—	6,230,000	1	176,974	—	—	176,975
Conversion of preferred stock to common stock	(17,416,317)	(20,031)	17,416,317	1	20,030	—	—	20,031
Issuance of common stock upon exercise of stock options	—	—	4,235,232	1	10,522	—	—	10,523
Stock-based compensation expense	—	—	—	—	14,457	—	—	14,457
Excess tax benefit from stock-based compensation	—	—	—	—	5,725	—	—	5,725
Other comprehensive loss, net	—	—	—	—	—	(70)	—	(70)
Net income	—	—	—	—	—	—	7,076	7,076
Balances as of December 31, 2013	—	—	62,198,686	7	239,406	(71)	5,318	244,660
Proceeds from public offering, net of underwriters' discount	—	—	4,000,000	—	344,077	—	—	344,077
Issuance of common stock upon exercise of stock options	—	—	3,517,325	—	16,151	—	—	16,151
Issuance of restricted stock	—	—	152,208	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	47,018	—	—	47,018
Excess tax benefit from stock-based compensation	—	—	—	—	14,016	—	—	14,016
Other comprehensive income, net	—	—	—	—	—	211	—	211
Net income	—	—	—	—	—	—	5,873	5,873
Balances as of December 31, 2014	—	\$ —	69,868,219	\$ 7	\$ 660,668	\$ 140	\$ 11,191	\$ 672,006

The accompanying notes are an integral part of these consolidated financial statements.

**TABLEAU SOFTWARE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
<b>Operating activities</b>			
Net income	\$ 5,873	\$ 7,076	\$ 1,427
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization expense	13,512	6,850	3,847
Stock-based compensation expense	47,018	14,457	4,796
Excess tax benefit from stock-based compensation	(14,061)	(5,725)	(1,541)
Deferred income taxes	(899)	(3,052)	301
Donation of common stock to Tableau Foundation	—	—	1,851
Changes in operating assets and liabilities			
Accounts receivable, net	(41,015)	(30,001)	(17,395)
Prepaid expenses, deposits and other assets	(6,950)	(4,758)	(1,585)
Income taxes receivable	1,816	(961)	(1,072)
Deferred revenue	62,752	34,740	15,421
Accounts payable and accrued liabilities	21,181	19,037	8,240
Income taxes payable	224	62	(51)
Net cash provided by operating activities	<u>89,451</u>	<u>37,725</u>	<u>14,239</u>
<b>Investing activities</b>			
Purchase of property and equipment	(36,748)	(17,607)	(7,036)
Sale of property and equipment	1,694	—	—
Net cash used in investing activities	<u>(35,054)</u>	<u>(17,607)</u>	<u>(7,036)</u>
<b>Financing activities</b>			
Proceeds from public offering, net of underwriters' discount and offering costs	344,077	176,974	—
Proceeds from exercise of stock options	16,151	10,522	606
Deferred initial public offering costs	—	—	(271)
Excess tax benefit from stock-based compensation	14,061	5,725	1,541
Net cash provided by financing activities	<u>374,289</u>	<u>193,221</u>	<u>1,876</u>
Effect of exchange rate changes on cash and cash equivalents	(747)	33	—
Net increase in cash and cash equivalents	<u>427,939</u>	<u>213,372</u>	<u>9,079</u>
<b>Cash and cash equivalents</b>			
Beginning of period	252,674	39,302	30,223
End of period	<u>\$ 680,613</u>	<u>\$ 252,674</u>	<u>\$ 39,302</u>
<b>Supplemental disclosures</b>			
Cash paid for income taxes	\$ 569	\$ 367	\$ 3,111
Cash paid for interest	19	1	—
<b>Non-cash activities</b>			
Conversion of preferred stock to common stock	—	20,031	—
Accrued purchases of property and equipment	4,776	2,469	2,302
Deferred initial public offering cost accruals	—	—	66
Asset retirement obligations recognized	667	—	—
Property and equipment acquired under build-to-suit lease	11,600	—	—
Property and equipment sold in sale-leaseback transaction	11,600	—	—

The accompanying notes are an integral part of these consolidated financial statements.



**TABLEAU SOFTWARE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Description of Business**

Tableau Software, Inc., a Delaware corporation, and its wholly-owned subsidiaries (the "Company", "we", "us" or "our") are headquartered in Seattle, Washington. Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value. Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We currently make four key products; Tableau Desktop, a self-service, powerful analytics product for anyone with data; Tableau Server, a business intelligence platform for organizations; Tableau Online, a cloud-based hosted version of Tableau Server; and Tableau Public, a free cloud-based platform for analyzing and sharing public data.

**Note 2. Summary of Significant Accounting Policies**

***Accounting Principles***

The consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

***Reclassifications***

In the consolidated statements of cash flows, certain prior year amounts have been reclassified to conform to the current year presentation. There was no change to the net cash flows from operating, investing, or financing activities as a result of the reclassification.

In Note 4, Income Taxes, certain prior year amounts have been reclassified to conform to the current year presentation. There was no change to the total amount of income tax expense (benefit) or net deferred tax assets as a result of the reclassifications.

***Public Offerings***

In May 2013, we completed our initial public offering ("IPO") whereby 9,430,000 shares of Class A common stock were sold to the public at a price of \$31.00 per share. We sold 6,230,000 shares of Class A common stock and the selling stockholders sold 3,200,000 shares of Class A common stock. We received aggregate proceeds of \$177.0 million from the IPO, net of underwriters' discounts and commissions, and offering expenses. Upon the closing of the IPO, all shares of our outstanding convertible preferred stock automatically converted into shares of Class B common stock.

In March 2014, we closed a follow-on public offering, in which we sold 4,000,000 shares of our Class A common stock at a price to the public of \$89.25 per share. The aggregate offering price for shares sold in the offering was approximately \$344.1 million, net of underwriters' discounts and commissions, and offering expenses.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include depreciable lives for property and equipment, stock-based compensation, income taxes, accrued liabilities and collectability of accounts receivable. Actual results could differ from those estimates.

***Foreign Currency***

The financial statements of our foreign subsidiaries with a functional currency other than U.S. dollars have been translated into U.S. dollars. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at each period-end. Income statement amounts are translated at the average rate of exchange prevailing during the period. Translation adjustments arising from the use of differing exchange rates from period to period are included in other comprehensive income (loss).

Gains and losses on foreign currency transactions are included in income. Foreign currency transaction gain (loss) was \$0.6 million and \$(0.9) million for the years ended December 31, 2014 and 2013, respectively, and was not significant during the year ended December 31, 2012.

### ***Risks and Uncertainties***

Inherent in our business are various risks and uncertainties, including our limited operating history and development of advanced technologies in a rapidly changing industry. These risks include our ability to manage our rapid growth and our ability to attract new customers and expand sales to existing customers, as well as other risks and uncertainties. In the event that we do not successfully implement our business plan, certain assets may not be recoverable, certain liabilities may not be paid and investments in our capital stock may not be recoverable. Our success depends upon the acceptance of our technology, development of sales and distribution channels, and our ability to generate significant revenues from the use of our technology.

### ***Segments***

We follow the authoritative literature that established annual and interim reporting standards for enterprise's operating segments and related disclosures about its products and services, geographic regions and major customers.

We operate our business as one operating segment. Our chief operating decision makers ("CODM") are our Chief Executive Officer and Chief Financial Officer, who review financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources.

### ***Revenue Recognition***

We generate revenues primarily in the form of software license fees and related maintenance and services fees. License fees include perpetual, term and subscription license fees. Maintenance and services fees primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available), training, and professional services that are not essential to functionality of the software.

We recognize revenues when all of the following conditions are met:

- there is persuasive evidence of an arrangement;
- the software or services have been delivered to the customer;
- the amount of fees to be paid by the customer is fixed or determinable; and
- the collection of the related fees is probable.

We use click-through license agreements, signed agreements and purchase orders as evidence of an arrangement. We deliver all of our software electronically. Electronic delivery occurs when we provide the customer with access to the software and license key via a secure portal. We assess whether the fee is fixed or determinable at the outset of the arrangement. Our typical terms of payment are due 30 days from delivery. We assess collectability based on a number of factors such as collection history and creditworthiness of the customer. If we determine that collectability is not probable, revenue is deferred until collectability becomes probable, generally upon receipt of cash.

Substantially all of our software licenses are sold in multiple-element arrangements that include maintenance and may include professional services and training.

Vendor specific objective evidence ("VSOE") of the fair value is not available for software licenses as they are never sold without maintenance. VSOE of the fair value generally exists for all undelivered elements and any services that are not essential to the functionality of the delivered software. We account for delivered software licenses under the residual method.

Maintenance agreements consist of fees for providing software updates on a when and if available basis and technical support for software products ("post-contract support" or "PCS") for an initial term, generally one year. We have established VSOE of the fair value for maintenance on perpetual licenses based on stated substantive renewal rates or the price when sold on a standalone basis. Stated renewal rates are considered to be substantive if they are at least 15% of the actual price charged for the software license. VSOE of the fair value for standalone sales is considered to have been established when a substantial majority of individual sales transactions within the previous 12 months period falls within a reasonably narrow range, which we have defined to be plus or minus 15% of the median sales price of actual standalone sales transactions.

License arrangements may include professional services and training. In determining whether professional services and training revenues should be accounted for separately from license revenues, we evaluate:

- whether such services are considered essential to the functionality of the software using factors such as the nature of the software products;
- whether they are ready for use by the customer upon receipt;
- the nature of the services, which typically do not involve significant customization to or development of the underlying software code;
- the availability of services from other vendors;
- whether the timing of payments for license revenues coincides with performance of services; and
- whether milestones or acceptance criteria exist that affect the realizability of the software license fee.

Revenues related to training are billed on a fixed fee basis and accordingly recognized as training services are delivered. Payments received in advance of services performed are deferred and recognized when the related services are performed.

To date, professional services have not been considered essential to the functionality of the software. The VSOE of the fair value of our professional services and training is based on the price for these same services when they are sold separately. Revenues related to professional services are billed on a time and materials basis and, accordingly, are recognized as the services are performed.

When software is licensed for a specified term or on a subscription basis, fees for support and maintenance are generally bundled with the license fee over the entire term of the contract. In these cases, we do not have VSOE of the fair value for support and maintenance. Revenues related to term license fees are recognized ratably over the contract term beginning on the date the customer has access to the software license key and continuing through the end of the contract term.

We do not offer refunds and therefore have not recorded any sales return allowance for any of the periods presented. Upon a periodic review of outstanding accounts receivable, amounts that are deemed to be uncollectable are written off against the allowance for doubtful accounts.

We account for taxes collected from customers and remitted to governmental authorities on a net basis and exclude them from revenues.

### ***Cash and Cash Equivalents***

We consider all highly liquid investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. We maintain cash and cash equivalent balances which exceed the insured limits by the Federal Deposit Insurance Corporation.

### ***Accounts Receivable***

Accounts receivable consist of amounts billed and currently due from customers. Our accounts receivable are subject to collection risk. Our gross accounts receivable is reduced for this risk by a provision for doubtful accounts. This provision is for estimated losses resulting from the inability of our customers to make required payments. It is an estimate and is regularly evaluated for adequacy by taking into consideration a combination of factors. We look at factors such as past collection experience, credit quality of the customer, age of the receivable balance, and current economic conditions. These factors are reviewed to determine whether a provision for doubtful accounts should be recorded to reduce the receivable balance to the amount believed to be collectible.

Activity related to our provision for doubtful accounts was as follows:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Balance at the beginning of the period	\$ 805	\$ 307	\$ 135
Bad debt expense	747	789	321
Accounts written off	(441)	(291)	(149)
Balance at the end of the period	<u>\$ 1,111</u>	<u>\$ 805</u>	<u>\$ 307</u>

### ***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets generally ranging from three to ten years. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining lease term. When assets are retired or disposed of, the cost and accumulated depreciation are

removed from the accounts, and any resulting gains or losses are included in results of operations. Maintenance and repairs that do not improve or extend the lives of the respective assets are charged to expense in the period incurred.

### ***Leases and Asset Retirement Obligations***

Leases are categorized at their inception as either operating or capital leases. Within some lease agreements, rent holidays and other incentives are included. Rent expense is recognized on a straight-line method, over the term of the agreement generally beginning once control of the space is achieved, without regard to deferred payment terms, such as rent holidays that defer the commencement date of required rent payments. Additionally, incentives received are treated as a reduction of expense over the term of the agreement.

Leased buildings under build-to-suit lease arrangements are capitalized and included in property and equipment when we are involved in the construction of the structural improvements or take construction risk prior to the commencement of the lease. Upon completion of the construction under the build-to-suit leases, we assess whether those arrangements qualify for sales recognition under the sale-leaseback accounting guidance.

Liabilities are established for the present value of estimated future costs to retire leasehold improvements at the termination or expiration of a lease. A corresponding asset is recorded in the period in which the obligation is incurred. Such assets are amortized over the estimated useful life of the asset, and the recorded liabilities are accreted to the future value of the estimated retirement costs.

### ***Impairment of Long-Lived Assets***

We evaluate the recoverability of long-lived assets in accordance with authoritative guidance on accounting for the impairment or disposal of long-lived assets. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Such impairment is recognized in the event the carrying value of such assets exceeds their fair value. If the carrying value of the net assets assigned exceeds the fair value of the assets, then the second step of the impairment test is performed in order to determine the implied fair value. No impairment of long-lived assets occurred in the periods presented.

### ***Software Development Costs***

Software development costs associated with the development of new products, enhancements of existing products and quality assurance activities consists of employee, consulting and other external personnel costs. The costs incurred internally from the research and development of computer software products are charged to expense until technological feasibility has been established for the product. Once technological feasibility is established, all software costs are capitalized until the product is available for release to customers. Judgment is required in determining when technological feasibility of a product is established. To date, we have determined that technological feasibility of software products is reached shortly before the products are released. Costs incurred after establishment of technological feasibility have not been material, and therefore, we have expensed all research and development costs as they were incurred. Research and development expenses primarily consist of personnel related costs attributable to our research and development personnel and allocated overhead.

We capitalize certain costs relating to software acquired, developed, or modified solely to meet our internal requirements and for which there are no substantive plans to market the software. To date, we have not capitalized any such costs.

### ***Intangible Asset Costs***

Costs related to filing and pursuing patent and trademark applications are expensed as incurred, as recoverability of such expenditures is uncertain. These intangible asset-related legal costs are reported as a component of general and administrative expenses.

### ***Advertising Expenses***

We have expensed all advertising costs as incurred and classify these costs as sales and marketing expenses. Advertising expenses for the years ended December 31, 2014, 2013 and 2012 were \$7.6 million, \$4.9 million, and \$3.0 million, respectively.

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method in accordance with authoritative guidance for income taxes. Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards if it is more likely than not that the tax benefits will be realized. We considered future taxable income, historical operating results, and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. If we determine we would not be able to realize all or part

of our net deferred assets in the future, we record a valuation allowance on such net deferred tax assets with an offset to expense in the period such determination was made.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

### **Concentrations of Credit Risk**

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. We extend credit to customers based upon an evaluation of the customer's financial condition and generally collateral is not required. As of December 31, 2014 and 2013, no individual customer accounted for 10% or more of total accounts receivable. For the years ended December 31, 2014, 2013 and 2012, no individual customer represented 10% or more of our total revenues.

### **Stock-Based Compensation**

Compensation expense related to stock-based transactions, including employee and non-employee stock option and restricted stock unit ("RSU") awards, is measured and recognized in the financial statements based on fair value. The fair value of each RSU award is based on the number of shares granted and the closing price of our Class A common stock as reported on the New York Stock Exchange.

The fair value of each stock option award is determined at the date of grant by applying the Black-Scholes option pricing model. This model utilizes the estimated value of our underlying common stock at the measurement date, the expected or contractual term of the option, the expected volatility of our common stock, risk-free interest rates and expected dividend yield of our common stock. Prior to our initial public offering in May 2013, because our stock was not publicly traded we estimated the fair value of our common stock. Our board of directors considered numerous objective and subjective factors to determine the fair value of our common stock at each meeting at which awards were approved. The factors included, but were not limited to: (i) contemporaneous third-party valuations of our common stock; (ii) the prices, rights, preferences and privileges of our preferred stock that was then outstanding relative to those of our common stock; (iii) the lack of marketability of our common stock; (iv) our actual operating and financial results; (v) current business conditions and projections; and (vi) the likelihood of achieving a liquidity event, such as an initial public offering or merger or acquisition, given prevailing market conditions. After the completion of our initial public offering, our common stock has been valued by reference to the closing price of our Class A common stock as reported on the New York Stock Exchange.

Measurement of stock-based compensation is subject to periodic adjustment as the underlying equity instruments vest. We recognize compensation expense for only the portion of awards expected to vest. Therefore, management applied an estimated forfeiture rate that was derived from historical employee termination behavior. If the actual number of forfeitures differs from the estimates, adjustments to stock-based compensation expense may be required in future periods.

We compute the timing of excess tax benefits from the exercise of stock options and the vesting and settlement of RSUs under the "with-and-without" approach. Under this approach, we will not record an excess tax benefit until such time as a cash tax benefit is recognized. We include the impact of the excess tax benefits in the calculation of certain tax attributes such as the research and development ("R&D") tax credit and do not prepare separate computations considering the cascading impacts of the excess tax deduction. We compute the pool of excess tax benefits available to offset any future shortfalls in the tax benefits actually realized as a single pool for employees and non-employees.

### **Fair Value Measurements**

We categorize assets and liabilities recorded at fair value on our consolidated balance sheets based upon the level of judgment associated with inputs used to measure their fair value. The levels of the fair value hierarchy are as follows:

- Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs are quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Inputs are unobservable inputs based on our own assumptions and valuation techniques used to measure assets and liabilities at fair value. The inputs require significant management judgment or estimation.

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

We establish fair value of our assets and liabilities using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and using a fair value hierarchy based on the inputs used to measure fair value. The carrying amounts reported in the consolidated financial statements approximate the fair value for cash equivalents, accounts receivable, accounts payable, and accrued and other current liabilities, due to their short-term nature.

### **Recent Accounting Pronouncements**

In May 2014, as part of its ongoing efforts to assist in the convergence of GAAP and International Financial Reporting Standards ("IFRS"), the FASB issued ASU 2014-09 related to revenue recognition. The new guidance sets forth a new five-step revenue recognition model that replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 provides retrospective or modified prospective methods of initial adoption and is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is not permitted. We are currently evaluating the method of adoption and the impact that this standard will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15 related to status as a going concern. The new guidance explicitly requires that management assess an entity's ability to continue as a going concern and may require additional detailed disclosures. ASU 2014-15 is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Though permitted, we do not plan to early adopt. We do not believe that this standard will have significant impact on our consolidated financial statements.

### **Note 3. Balance Sheet Detail**

Property and equipment, net consisted of the following:

	<b>Useful Life</b>	<b>December 31,</b>	
	<b>(in months)</b>	<b>2014</b>	<b>2013</b>
		<b>(in thousands)</b>	
Computer equipment and software	36	\$ 43,340	\$ 24,840
Furniture and fixtures	36	8,493	2,820
Leasehold improvements	10-120	15,444	7,792
Construction in progress		5,397	80
		<u>72,674</u>	<u>35,532</u>
Less: Accumulated depreciation and amortization		<u>(27,047)</u>	<u>(14,194)</u>
		<u><u>\$ 45,627</u></u>	<u><u>\$ 21,338</u></u>

Depreciation and amortization expense was \$13.5 million, \$6.9 million and \$3.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Accrued compensation and employee related benefits consisted of the following:

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Accrued commissions	\$ 17,913	\$ 11,215
Accrued bonuses	10,931	6,644
Accrued vacation	7,368	4,773
Other	3,952	4,555
Total	<u><u>\$ 40,164</u></u>	<u><u>\$ 27,187</u></u>

#### Note 4. Income Taxes

The components of our income before the provision (benefit) for income taxes consisted of the following:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
United States	\$ 6,217	\$ 2,182	\$ 3,781
International	965	683	423
Total	<u>\$ 7,182</u>	<u>\$ 2,865</u>	<u>\$ 4,204</u>

Income tax expense (benefit) consisted of the following:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
United States	\$ (937)	\$ (4,704)	\$ 2,694
International	2,246	493	83
Total	<u>\$ 1,309</u>	<u>\$ (4,211)</u>	<u>\$ 2,777</u>

The provision for income taxes consisted of the following:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
<b>Current</b>			
Federal	\$ 11,057	\$ 3,732	\$ 3,403
State	2,359	741	480
Foreign	2,802	531	134
Total current income tax expense	<u>16,218</u>	<u>5,004</u>	<u>4,017</u>
<b>Deferred</b>			
Federal	(12,970)	(8,772)	(1,050)
State	(1,383)	(404)	(139)
Foreign	(556)	(39)	(51)
Total deferred income tax benefit	<u>(14,909)</u>	<u>(9,215)</u>	<u>(1,240)</u>
<b>Total income tax expense (benefit)</b>	<u>\$ 1,309</u>	<u>\$ (4,211)</u>	<u>\$ 2,777</u>

Our effective tax rate was lower than the U.S. federal statutory rate primarily due to the favorable impact of the retroactive extension of the federal research and development ("R&D") tax credit through December 31, 2014. This was partially offset by non-deductible stock-based compensation expense and an unfavorable impact of foreign income taxes.

Our effective tax rate for years 2014 and 2013 was 18.2% and (147.0)%, respectively. The increase in the effective tax rate is mainly due to the R&D tax credit benefit in 2013, which includes both the 2013 and the 2012 generated credits, due to the retroactive enactment under the American Taxpayer Relief Act of 2012 as well as changes in income before income taxes in relation to our permanent income tax differences, such as our non-deductible stock-based compensation and an unfavorable impact of foreign income taxes.

A reconciliation of the U.S. federal statutory income tax provision to the effective income tax provision for each year is as follows:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Income tax provision at statutory rate	\$ 2,514	\$ 1,003	\$ 1,471
State taxes, net of federal tax benefit	207	67	134
Impact of foreign income taxes	1,340	235	(7)
Research and development and other tax credits	(6,499)	(7,840)	(32)
Non-deductible stock-based compensation	2,929	1,845	1,209
Non-deductible meals and entertainment	832	582	178
Other, net	(14)	(103)	(176)
Total income tax expense (benefit)	<u>\$ 1,309</u>	<u>\$ (4,211)</u>	<u>\$ 2,777</u>

The tax effects of temporary differences and carryforwards that gave rise to deferred income tax assets and liabilities consisted of the following:

	December 31,	
	2014	2013
	(in thousands)	
<b>Deferred income tax assets</b>		
Tax credit carryforwards	\$ 2,082	\$ 3,718
Stock-based compensation	10,499	2,049
Accrued compensation	10,529	5,187
Deferred revenue	1,015	942
Deferred rent	1,717	3
Depreciation and amortization	334	—
Other	569	224
Total deferred income tax assets	<u>26,745</u>	<u>12,123</u>
<b>Deferred income tax liabilities</b>		
Depreciation and amortization	—	914
Prepaid assets	2,142	1,484
Total deferred income tax liabilities	<u>2,142</u>	<u>2,398</u>
Net deferred income tax assets	<u>\$ 24,603</u>	<u>\$ 9,725</u>
<b>Reported As:</b>		
Deferred income taxes - current	18,732	9,136
Deferred income taxes - long-term	5,879	589
Accrued liabilities	(7)	—
Other long-term liabilities	(1)	—
Net deferred income tax assets	<u>\$ 24,603</u>	<u>\$ 9,725</u>

The above schedule includes current and long-term deferred income tax assets and liabilities. In our consolidated balance sheets, we presented all current deferred income tax assets and liabilities within the same tax jurisdiction as a single amount. Long-term deferred income tax assets and liabilities are presented using the same methodology.

We determine our deferred income tax assets and liabilities based on differences between the financial reporting and tax basis of assets and liabilities using the enacted tax rates and laws that will be in effect when we expect the differences to reverse.

A valuation allowance is recorded when it is more likely than not that all or some portion of the deferred income tax assets will not be realized. Currently, we believe that it is more likely than not that we will realize our current and long-term deferred income tax assets as a result of future taxable income. Significant factors we



considered in determining the probability of the realization of the deferred income tax assets include expected future earnings, our historical operating results and the reversal of deferred income tax liabilities. Accordingly, no valuation allowance has been recorded on the deferred income tax assets. If we were to determine we are not able to realize all or part of our net deferred income tax assets in the future, we would record a valuation allowance on such net deferred income tax assets with a corresponding increase in expense in the period such determination was made.

Net operating loss ("NOL") carryforwards created by excess tax benefits from the exercise of stock options or the vesting of RSUs are not recorded as deferred income tax assets. To the extent such NOL carryforwards are utilized, the benefit realized will increase stockholders' equity. At December 31, 2014, for income tax return purposes we have gross federal and state NOL carryforwards totaling \$418.1 million and tax credit carryforwards of \$23.6 million. These carryforwards may be subject to limitations under the Internal Revenue Code and applicable state tax law. If not utilized, a portion of the carryforwards will begin to expire in 2022.

We are subject to income taxes in the United States and in numerous foreign jurisdictions. The statute of limitations for adjustments to our historic tax obligations will vary from jurisdiction to jurisdiction. Furthermore, net operating loss and tax credit carryforwards may be subject to adjustment after the expiration of the statute of limitations of the year such net operating losses and tax credits originated. In general, the tax years for U.S. federal and state income tax purposes that remain open for examination are for 2005 and forward due to our net operating loss carryforwards.

Income tax expense includes U.S. and international income taxes. Except as required under U.S. tax law, we do not provide for U.S. income taxes on our undistributed earnings of foreign subsidiaries that have not been previously taxed, because we intend to invest such undistributed earnings indefinitely outside of the U.S. If our intent changes or if these funds are needed for our U.S. operations, we would be required to accrue or pay U.S. taxes on some or all of these undistributed earnings. As of December 31, 2014, cash held by foreign subsidiaries was \$8.1 million, which includes undistributed earnings of foreign subsidiaries indefinitely invested outside of the U.S. of \$4.0 million. The deferred tax liability related to the undistributed earnings of our foreign subsidiaries is not material.

We have reserves for taxes to address potential exposures involving tax positions that we believe could be challenged by taxing authorities even though we believe the positions we have taken are appropriate. We believe our tax reserves are adequate to cover potential liabilities. We review the tax reserves as circumstances warrant and adjust the reserves as events occur that affect our potential liability for additional taxes. It is often difficult to predict the final outcome or timing of resolution of any particular tax matter. Various events, some of which cannot be predicted, such as clarification of tax law by administrative or judicial means, may occur and would require us to increase or decrease our reserves and effective income tax rate.

The total gross amount of unrecognized tax benefits was \$7.1 million, \$3.4 million, and \$0.4 million as of December 31, 2014, 2013 and 2012, respectively. This increase relates primarily to the R&D tax credits generated in the current year.

These amounts represent the gross amount of exposure in individual jurisdictions and do not reflect any additional benefits expected to be realized if such positions were not sustained. To the extent that any uncertain tax positions are resolved in our favor, it may have a positive impact on our effective income tax rate. We do not expect any material decrease on our unrecognized tax position within the next twelve months. The following table shows the gross changes in our unrecognized tax position.

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
<b>Balance, beginning of period</b>	\$ 3,441	\$ 448	\$ 448
Gross increases to tax positions related to prior periods	—	5	—
Gross decreases to tax positions related to prior periods	—	(153)	—
Gross increases related to current tax positions	3,675	3,141	—
<b>Balance, end of period</b>	<u>\$ 7,116</u>	<u>\$ 3,441</u>	<u>\$ 448</u>

We recognize interest and, if applicable, penalties for any uncertain tax positions as a component of income tax expense. No penalties and interest were recognized or accrued for at December 31, 2014, 2013 and 2012.

We are currently under examination by the Internal Revenue Service ("IRS") for taxable years 2012 and 2013. We have not yet received any assessments, proposed adjustments, or an audit report related to this examination and therefore the ultimate outcome cannot be predicted with certainty. Should the IRS or other taxing

authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact. In addition, we are unable to make a reasonable estimate as to if or when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters.

## **Note 5. Stockholders' Equity**

### ***Common Stock***

Our certificate of incorporation, as amended and restated, authorizes us to issue 75,000,000 shares of Class B common stock, \$0.0001 par value per share, and 750,000,000 shares of Class A common stock, \$0.0001 par value per share. Each holder of Class B common stock is entitled to ten votes per share and each holder of Class A common stock is entitled to one vote per share. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Shares of Class B common stock may be converted into Class A common stock at any time at the option of the stockholder, and are automatically converted upon sale or transfer to Class A common stock, subject to certain limited exceptions. At its discretion, the board of directors may declare dividends on shares of common stock, subject to the rights of our preferred stockholders, if any. Upon liquidation or dissolution, holders of common stock will receive distributions only after preferred stock preferences have been satisfied.

### ***Preferred Stock***

Our certificate of incorporation, as amended and restated, authorizes us to issue 10,000,000 shares of preferred stock at \$0.0001 par value per share. Our board of directors has the authority to provide for the issuance of all of the shares in one or more series. At its discretion, our board of directors may designate the voting rights and preferences of the preferred stock. As of December 31, 2014 and 2013, no shares of preferred stock were outstanding.

### ***Donation to Tableau Foundation***

In December 2012, our board of directors approved the establishment of the Tableau Foundation, a donor-advised charitable fund, which included the donation of 150,000 shares of Class B common stock. We recorded a charge of \$1.9 million for the value of the donated shares to general and administrative expense for the year ended December 31, 2012 based on the value of our stock at that date. We had no similar expenses in the years ended December 31, 2014 or 2013.

## **Note 6. Stock-Based Compensation**

Our 2004 Equity Incentive Plan (the "2004 Plan") authorizes the granting of options to purchase shares of Class B common stock, RSUs and other stock-based awards to our employees, consultants, officers and directors. In December 2012, we modified the 2004 Plan to increase the number of shares of Class B common stock authorized thereunder to 26,473,282. Our 2013 Equity Incentive Plan (the "2013 Plan" and, together with the 2004 Plan, the "Plans"), which was a successor to our 2004 Plan, authorizes the granting of options to purchase shares of our Class A common stock, RSUs and other stock-based awards to our employees, consultants, officers and directors. Options granted under the Plans may be incentive or nonstatutory stock options. Incentive stock options may only be granted to employees. The term of each option is stated in the award agreement, but shall be no more than ten years from the date of grant. The board of directors determines the period over which options and RSUs become vested. Currently, the vesting period for our options and RSUs is typically four years.

A summary of the option activity under the Plans during the year ended December 31, 2014 is presented below:

	Options Outstanding			
	Shares	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balances at December 31, 2013	12,236,400	\$ 7.64		
Options exercised	(3,517,325)	4.59		
Options canceled	(364)	41.47		
Options forfeited	(202,832)	13.48		
Balances at December 31, 2014	8,515,879	\$ 8.76	6.98	\$ 647,192
Vested and expected to vest at December 31, 2014	8,375,047	\$ 8.69	6.97	\$ 637,119
Exercisable at December 31, 2014	4,955,507	\$ 6.87	6.42	\$ 385,997

The stock options are exercisable at a price equal to the market value of the underlying shares of common stock on the date of the grant. For periods prior to the IPO this value was determined by our board of directors. After the IPO, this value was determined by reference to the closing price of our Class A common stock on the New York Stock Exchange on the date of grant. There were no options granted in 2014. The weighted-average grant date fair value of stock options granted in 2013 and 2012 was \$10.78 and \$4.65, respectively. The total fair value of options vested during 2014, 2013 and 2012 was \$15.0 million, \$11.6 million, and \$3.8 million, respectively. The total intrinsic value of options exercised during 2014, 2013 and 2012 was \$258.0 million, \$199.3 million and \$6.9 million, respectively.

We grant RSU awards to our employees, officers and non-employee directors under the provisions of the 2013 Plan. The fair value of an RSU is determined by using the closing price of our Class A common stock as reported on the New York Stock Exchange on the date of grant. An RSU award entitles the holder to receive shares of the Company's Class A common stock as the award vests, which is generally based on length of service. The Company's non-vested RSUs do not have nonforfeitable rights to dividends or dividend equivalents.

The following provides a summary of our RSU activity during the year ended December 31, 2014:

	Number of Shares Underlying Outstanding RSUs	Weighted-Average Grant-Date Fair Value per RSU
Non-Vested outstanding at December 31, 2013	574,350	\$ 64.06
RSUs granted	2,495,002	80.05
RSUs vested	(152,208)	63.56
RSUs forfeited	(98,483)	77.56
Non-Vested outstanding at December 31, 2014	2,818,661	\$ 77.77

The weighted-average grant date fair value of RSUs granted in 2014 and 2013 was \$80.05 and \$64.04, respectively. There were no RSUs granted in 2012. The total fair value of RSUs vested during 2014 was \$12.0 million. There were no RSUs vested in 2013 or 2012.

Stock-based compensation expense is amortized on the straight-line method over the vesting period. As of December 31, 2014, total unrecognized compensation expense, adjusted for estimated forfeitures, related to stock

options and non-vested RSUs was approximately \$197.2 million which is expected to be recognized over a period of 3.2 years.

The summary of shares available for issuance for equity based awards (including stock options and RSUs) are as follows:

	<b>Shares Available for Grant</b>
Balance at December 31, 2013	5,313,281
Authorized	3,109,934
Granted	(2,495,002)
Canceled	364
Forfeited	301,315
Balance at December 31, 2014	<u>6,229,892</u>

### **Valuation Assumptions**

All stock-based payments to employees are measured based on the grant date fair value of the awards and recognized in the consolidated statements of operations over the period during which the employee is required to perform services in exchange for the award (generally the four year vesting period of the award). We estimate the fair value of RSUs granted by using the closing price of our Class A common stock as reported on the New York Stock Exchange on the date of grant.

We estimate the fair value of stock options granted using the Black-Scholes option-valuation model. For the year ended December 31, 2014, there were no options granted. For the years ended December 31, 2013 and 2012, the fair value of options was estimated using the Black-Scholes option pricing model with the following assumptions:

	<b>Year Ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
Risk-free interest rates	1.11%	0.69%
Expected term	5 years	5 years
Expected dividends	None	None
Expected volatility	46.8%	49.0%

The weighted-average, risk-free interest rate is based on the rate for a U.S. Treasury zero coupon issue with a term that approximates the expected life of the option grant at the date closest to the option grant date. The expected term represents the period that our stock-based awards are expected to be outstanding. The expected term assumptions were determined based on actual experience adjusted for expected employee exercise behavior.

For periods prior to our IPO, there was no active external or internal market for our common shares. We lacked sufficient historical volatility of our share price, and accordingly, we based our volatility on an estimate of similar entities whose share prices are publicly available. We have not paid and do not expect to pay dividends. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period the estimates are revised. We consider many factors when estimating expected forfeitures, including the types of awards, employee class and historical experience. Forfeitures were estimated at the time of grant and revised if necessary in subsequent periods if actual forfeitures differed from those estimates. Actual results, and future changes in estimates, may differ substantially from our current estimates.

## Note 7. Commitments and Contingencies

### *Operating Lease Commitments*

We conduct our operations in leased facilities under leases expiring at various dates through 2025. We recognize rent expense on a straight-line basis over the defined lease periods. Total rent expense under operating leases was approximately \$7.2 million, \$4.7 million and \$2.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. Future minimum lease payments under non-cancellable operating leases as of December 31, 2014 are as follows (in thousands):

Year Ending December 31,		
2015	\$	10,374
2016		11,764
2017		11,426
2018		11,021
2019		10,185
Thereafter		46,256
Total minimum lease payments	\$	<u>101,026</u>

Our significant lease agreements relate to the global corporate headquarters located in Seattle, Washington, and additional offices located in Kirkland, Washington; Palo Alto, California; Austin, Texas; London, United Kingdom; Singapore; Tokyo, Japan; Sydney, Australia; Dublin, Ireland; and Frankfurt, Germany.

### *Legal Proceedings*

We are subject to certain routine legal proceedings, as well as demands and claims that arise in the normal course of our business. 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 and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter.

We are not aware of any pending legal proceedings that, individually or in the aggregate, would have material adverse effect on our business, operating results, or financial condition. We may in the future be party to litigation arising in the ordinary course of business, including claims that we allegedly infringe upon third party intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and management resources.

## Note 8. Retirement Plan

We offer a salary deferral 401(k) plan for our U.S. employees. The plan allows employees to contribute a percentage of their pretax earnings annually, subject to limitations imposed by the IRS. The plan also allows us to make matching contributions, subject to certain limitations. We contributed approximately \$1.8 million for the year ended December 31, 2014. For the years ended December 31, 2013 and 2012, we made no contributions to the plan.

## Note 9. Segments and Information about Revenues by Geographic Area

The following table presents our revenues by geographic region of end users who purchased products or services for the periods presented below:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
United States and Canada	\$ 318,835	\$ 186,725	\$ 106,177
International	93,781	45,715	21,556
Total revenues	<u>\$ 412,616</u>	<u>\$ 232,440</u>	<u>\$ 127,733</u>

Substantially all of our long-lived assets are located in the United States as of December 31, 2014 and 2013.

## **Note 10. Net Income Per Share**

Immediately prior to the closing of our IPO, all outstanding shares of Series A preferred stock and Series B preferred stock were converted to shares of Class B common stock. We issued 6,230,000 shares of Class A common stock in the IPO. In addition, 3,200,000 shares of Class B common stock (including 2,000,000 shares of Class B common stock issued upon the conversion of our preferred stock) held by our existing stockholders were converted into Class A common stock and sold in the IPO. As a result, as of December 31, 2014 and 2013, Class A and Class B common stock are the only outstanding classes of capital stock of the Company.

For the year ended December 31, 2012, net income per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities for periods in which we have net income. Holders of Series A preferred stock and Series B preferred stock were entitled to receive non-cumulative dividends at the per annum rate of \$0.0282 and \$0.1374 per share, payable prior and in preference to any dividends on any other shares of our stock. Holders of Series A preferred stock and Series B preferred stock did not have a contractual obligation to share in our losses. We considered our convertible preferred stock to be participating securities and, in accordance with the two-class method, earnings allocated to preferred stock and the related number of outstanding shares of preferred stock have been excluded from the computation of basic and diluted net income per common share. The computation of diluted net income per share does not assume conversion or exercise of potentially dilutive securities that would have an anti-dilutive effect on earnings. We utilize the if-converted method to compute diluted net income (loss) per common share when the if-converted method is more dilutive than the two-class method.

Under the two-class method, net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period Series A and Series B convertible preferred stock non-cumulative dividends, between common stock and Series A and Series B convertible preferred stock. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities. Basic net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and RSUs using the treasury stock method.

As all shares of Series A and Series B preferred stock were converted into shares of Class B common stock in connection with our IPO, there have been no shares of preferred stock outstanding since the IPO, and therefore there was no allocation to preferred shares in the years ended December 31, 2014 and 2013.

The following table presents the computation of basic and diluted net income per share attributable to common stockholders:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per share data)		
<b><i>Net income per share attributable to common stockholders - basic</i></b>			
Net income	\$ 5,873	\$ 7,076	\$ 1,427
Less: Undistributed earnings allocated to participating securities	—	—	1,210
Less: Allocation of net income to participating preferred shares - basic	—	—	74
Net income attributable to common stockholders - basic	<u>\$ 5,873</u>	<u>\$ 7,076</u>	<u>\$ 143</u>
Weighted average shares outstanding used to compute basic net income per share	<u>67,591</u>	<u>50,564</u>	<u>33,744</u>
Net income per share attributable to common stockholders - basic	<u><u>\$ 0.09</u></u>	<u><u>\$ 0.14</u></u>	<u><u>\$ 0.00</u></u>
<b><i>Net income per share attributable to common stockholders - diluted</i></b>			
Net income	\$ 5,873	\$ 7,076	\$ 1,427
Less: Undistributed earnings allocated to participating securities	—	—	1,210
Less: Allocation of net income to participating preferred shares - diluted	—	—	67
Net income attributable to common stockholders - diluted	<u>\$ 5,873</u>	<u>\$ 7,076</u>	<u>\$ 150</u>
Weighted average shares used to compute basic net income per share	<u>67,591</u>	<u>50,564</u>	<u>33,744</u>
Effect of potentially dilutive shares:			
Stock awards	6,728	8,528	5,877
Warrants	<u>—</u>	<u>—</u>	<u>31</u>
Weighted average shares used to compute diluted net income per share	<u>74,319</u>	<u>59,092</u>	<u>39,652</u>
Net income per share attributable to common stockholders - diluted	<u><u>\$ 0.08</u></u>	<u><u>\$ 0.12</u></u>	<u><u>\$ 0.00</u></u>

The following shares subject to outstanding awards and convertible preferred shares were excluded from the computation of diluted net income per share attributable to common stockholders for the periods presented as their effect would have been antidilutive:

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Shares subject to outstanding common stock awards	1,967	86	3,642
Convertible preferred shares	—	—	17,416
Total potentially dilutive shares	1,967	86	21,058

#### Note 11. Fair Value Measurements

The following table presents the fair value of our financial assets using the fair value hierarchy:

Description	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money market funds	\$ 667,210	\$ —	\$ —	\$ 667,210

Description	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Money market funds	\$ 238,810	\$ —	\$ —	\$ 238,810

We have no material financial assets or liabilities measured using Level 2 or Level 3 inputs.

#### Note 12. Quarterly Financial Information (Unaudited)

The following table contains selected unaudited financial data for each quarter of 2014 and 2013. The unaudited information should be read in conjunction with the Company's financial statements and related notes included elsewhere in this report. The Company believes that the following unaudited information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	Three Months Ended							
	Dec 31, 2014	Sept 30, 2014	June 30, 2014	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013	Mar 31, 2013
	(in thousands, except per share amounts)							
Total revenues	\$ 142,923	\$ 104,469	\$ 90,673	\$ 74,551	\$ 81,459	\$ 61,079	\$ 49,884	\$ 40,018
Gross profit	131,312	94,928	82,033	67,358	75,409	56,501	45,538	36,468
Net income (loss)	20,707	(4,631)	(4,574)	(5,629)	11,245	2,441	(2,575)	(4,035)
Net income (loss) per share attributable to common stockholders:								
Basic	\$ 0.30	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ 0.18	\$ 0.04	\$ (0.05)	\$ (0.12)
Diluted	\$ 0.27	\$ (0.07)	\$ (0.07)	\$ (0.09)	\$ 0.16	\$ 0.03	\$ (0.05)	\$ (0.12)



**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our principal executive officer and principal financial officer, our management 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 December 31, 2014, the end of the period covered by this report.

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 Chief Executive Officer and Chief 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 SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2014. The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included in Item 8 of the Annual Report on Form 10-K.

**Changes in Internal Control Over Financial Reporting**

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this Item is incorporated herein by reference to the sections entitled “Executive Officers and Other Executive Management,” “Proposal No. 1—Election of Directors,” “Information Regarding the Board of Directors and Corporate Governance” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated herein by reference to the sections entitled “Executive Compensation,” “Compensation Discussion and Analysis” and “Director Compensation” in our definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item is incorporated herein by reference to the sections entitled “Security Ownership of Certain Beneficial Owners and Management,” and “Equity Compensation Plan Information” in our definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated herein by reference to the sections entitled “Transactions With Related Persons” and “Information Regarding the Board of Directors and Corporate Governance Independence of the Board of Directors” in our definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item is incorporated herein by reference to the section entitled “Proposal No. 4 — Ratification of Selection of Independent Registered Public Accounting Firm” in our definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

#### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

See Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. No financial statement schedules are provided because the information called for is not required or is shown in the consolidated financial statements or related notes.

(b) Exhibits. The following exhibits are included herein or incorporated by reference:

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Tableau Software, Inc.	8-K	001-35925	3.1	5/23/2013	
3.2	Amended and Restated Bylaws of Tableau Software, Inc.	S-1	333-187683	3.4	4/2/2013	
4.1.1	Form of Class A Common Stock Certificate.	S-1/A	333-187683	4.1.1	5/23/2013	

4.1.2	Form of Class B Common Stock Certificate.	S-1A	333-187683	4.1.2	5/23/2013
4.2	Amended and Restated Investor Rights Agreement, by and among Tableau Software, Inc. and the investors listed on Exhibit A thereto, dated July 27, 2012.	S-1	333-187683	4.2	4/2/2013
10.1†	Tableau Software, Inc. 2004 Equity Incentive Plan.	S-1	333-187683	10.1	4/2/2013
10.2†	Forms of Option Agreement and Option Grant Notice under the 2004 Equity Incentive Plan.	S-1	333-187683	10.2	4/2/2013
10.3†	Tableau Software, Inc. 2013 Equity Incentive Plan.	S-1	333-187683	10.3	4/2/2013
10.4†	Forms of Option Agreement and Option Grant Notice under the 2013 Equity Incentive Plan.	S-1	333-187683	10.4	4/2/2013
10.5†	Form of Restricted Stock Unit Award Agreement and Restricted Stock Unit Award Grant Notice under the 2013 Equity Incentive Plan.	10-Q	001-35925	10.1	8/9/2013
10.6†	Tableau Software, Inc. 2013 Employee Stock Purchase Plan.	S-1	333-187683	10.5	4/2/2013
10.7†	Form of Indemnification Agreement made by and between Tableau Software, Inc. and each of its directors and executive officers	S-1	333-187683	10.6	4/2/2013
10.8†	Offer Letter between Tableau Software, Inc. and Christian Chabot, dated April 26, 2013.	S-1/A	333-187683	10.7	5/6/2013
10.9†	Offer Letter between Tableau Software, Inc. and Christopher Stolte, dated April 26, 2013.	S-1/A	333-187683	10.8	5/6/2013
10.10†	Offer Letter between Tableau Software, Inc. and Thomas Walker, dated April 26, 2013.	S-1/A	333-187683	10.9	5/6/2013
10.11†	Offer Letter between Tableau Software, Inc. and Kelly Wright, dated February 10, 2005.	S-1/A	333-187683	10.10	5/6/2013
10.12†	Offer Letter between Tableau Software, Inc. and Elissa Fink, dated June 13, 2007.	S-1/A	333-187683	10.11	5/6/2013
10.13†	Offer Letter between Tableau Software, Inc. and Keenan Conder, dated December 16, 2011.	S-1/A	333-187683	10.12	5/6/2013
10.14†	Form of Conversion Agreement entered into between Tableau Software, Inc. and each of Christian Chabot, Christopher Stolte and Patrick Hanrahan.	S-1	333-187683	10.13	4/2/2013
10.15*	Software License Agreement between the Board of Trustees of the Leland Stanford Junior University and Tableau Software LLC, dated January 14, 2003.	S-1	333-187683	10.14	4/2/2013

10.16	Amendment No. 1 to Software License Agreement between the Board of Trustees of the Leland Stanford Junior University and Tableau Software LLC, dated June 8, 2004.	S-1	333-187683	10.15	4/2/2013	
10.17	Sublease Agreement between Cutter & Buck Inc. and Tableau Software, Inc., dated April 19, 2012.	S-1	333-187683	10.16	4/2/2013	
10.18	Office Lease Agreement between Michael R. Mastro and Tableau Software, Inc., dated February 19, 2009.	S-1	333-187683	10.17	4/2/2013	
10.19	First Amendment to Office Lease Agreement between Michael R. Mastro and Tableau Software, Inc., dated April 3, 2009.	S-1	333-187683	10.18	4/2/2013	
10.20	Second Amendment to Office Lease Agreement between BBK Lake View, LLC and Tableau Software, Inc., dated March 24, 2011.	S-1	333-187683	10.19	4/2/2013	
10.21	Third Amendment to Office Lease Agreement between BBK Lake View, LLC and Tableau Software, Inc., dated August 22, 2012.	S-1	333-187683	10.20	4/2/2013	
10.22†	Form of Change in Control Severance Agreement.	S-1	333-187683	10.21	4/2/2013	
10.23	Fourth Amendment to Office Lease Agreement between FREMONT LAKE UNION CENTER LLC and Tableau Software, Inc., dated December 11, 2014.					X
21.1	List of subsidiaries.					X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.					X
24.1	Power of Attorney.					X
31.1	Certification of Periodic Report by Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Periodic Report by Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1**	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
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 Extension Label  
Linkbase Document  
101.PRE XBRL Taxonomy Presentation  
Linkbase Document.

† Indicates management contract or compensatory plan or arrangement.

\* Confidential treatment for portions of this exhibit has been granted by the Securities and Exchange Commission.

\*\* Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on this 26th day of February, 2015.

TABLEAU SOFTWARE, INC.

**By: /s/ Christian Chabot**

Christian Chabot  
Chief Executive Officer

## POWER OF ATTORNEY

KNOWALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christian Chabot, Thomas Walker and Keenan Conder, or each of them, as his true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him and in his name, place or stead, in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ Christian Chabot Christian Chabot	Chief Executive Officer, Co-founder and Chairman of the Board (principal executive officer)	February 26, 2015
_____ /s/ Thomas E. Walker, Jr. Thomas E. Walker, Jr.	Chief Financial Officer (principal financial and accounting officer)	February 26, 2015
_____ /s/ Patrick Hanrahan Patrick Hanrahan	Chief Scientist, Co-founder and Director	February 25, 2015
_____ /s/ Christopher Stolte Christopher Stolte	Chief Development Officer, Co-founder and Director	February 25, 2015
_____ /s/ Forest Baskett Forest Baskett	Director	February 25, 2015
_____ /s/ Scott Sandell Scott Sandell	Director	February 25, 2015
_____ /s/ Brooke Seawell Brooke Seawell	Director	February 25, 2015
_____ /s/ Elliott Jurgensen, Jr. Elliott Jurgensen, Jr.	Director	February 25, 2015
_____ /s/ John McAdam John McAdam	Director	February 25, 2015

## EXHIBIT INDEX

### EXHIBIT INDEX

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	
†	Indicates management contract or compensatory plan or arrangement.	
*	Confidential treatment for portions of this exhibit has been granted by the Securities and Exchange Commission.	
**	Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.	





**TABLEAU SOFTWARE, INC.**  
**837 North 34th Street, Suite 200**  
**Seattle, Washington 98103**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 11, 2015**

Dear Tableau Software, Inc. Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Tableau Software, Inc., a Delaware corporation (the "Company"). The meeting will be held on Monday, May 11, 2015 at 11:00 a.m. local time at Lake Washington Rowing Club, 910 North Northlake Way, Seattle, Washington 98103 for the following purposes:

1. To elect the three nominees for director named herein to the Board of Directors to hold office until the 2018 Annual Meeting of Stockholders.
2. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this proxy statement.
3. To indicate, on an advisory basis, the preferred frequency of stockholder advisory votes on the compensation of the Company's named executive officers.
4. To ratify the selection by the Audit Committee of the Board of Directors of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2015.
5. To conduct any other business properly brought before the meeting.

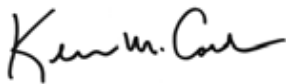
These items of business are more fully described in the proxy statement accompanying this Notice.

The record date for the Annual Meeting is March 18, 2015. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting to Be Held on Monday, May 11, 2015 at 11:00 a.m. local time at Lake Washington Rowing Club, 910 North Northlake Way, Seattle, Washington 98103.**

The proxy statement and annual report to stockholders are available at <http://materials.proxyvote.com/87336U>.

By Order of the Board of Directors



Keenan Conder  
Vice President, General Counsel and Corporate Secretary

Seattle, Washington  
March 31, 2015

**You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please vote over the telephone or the internet or, if you receive a proxy card by mail, by completing and returning the proxy card mailed to you, as promptly as possible in order to ensure your representation at the meeting. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you receive a proxy card by mail, the instructions are printed on your proxy card and included in the accompanying proxy statement. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.**

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**TABLEAU SOFTWARE, INC.  
837 North 34th Street, Suite 200  
Seattle, Washington 98103**

**PROXY STATEMENT  
FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS**

**May 11, 2015**

**QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING**

**Why did I receive a notice regarding the availability of proxy materials on the internet?**

We have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board of Directors (the “Board”) of Tableau Software, Inc. (the “Company” or “Tableau”) is soliciting your proxy to vote at the 2015 Annual Meeting of Stockholders, including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about March 31, 2015 to all stockholders of record entitled to vote at the Annual Meeting. We may send you a proxy card, along with a second Notice, on or after April 10, 2015.

**How do I attend the Annual Meeting?**

The meeting will be held on Monday, May 11, 2015 at 11:00 a.m. local time at Lake Washington Rowing Club, 910 North Northlake Way, Seattle, Washington 98103. Information on how to vote in person at the meeting is discussed below.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 18, 2015 will be entitled to vote at the meeting. On this record date, there were 71,126,531 shares of common stock outstanding and entitled to vote.

***Stockholder of Record: Shares Registered in Your Name***

If on March 18, 2015 your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy over the telephone, through the internet or by using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted.

***Beneficial Owner: Shares Registered in the Name of a Broker or Bank***

If on March 18, 2015 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in “street name” and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

**What am I voting on?**

There are four matters scheduled for a vote:

- Election of three directors;
- Advisory approval of the compensation of our named executive officers, as disclosed in this proxy statement;
- Advisory indication of the preferred frequency of stockholder advisory votes on the compensation of our named executive officers; and
- Ratification of selection by the Audit Committee of the Board of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015.

**What if another matter is properly brought before the meeting?**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

**How do I vote?**

You may either vote “For” all the nominees to the Board or you may “Withhold” your vote for any nominee you specify. With regard to your advisory vote on how frequently we should solicit stockholder advisory approval of executive compensation, you may vote for any one of the following: one year, two years or three years, or you may abstain from voting on that matter. For your advisory vote on the compensation of our named executive officers and the ratification of the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm, you may vote “For” or “Against” or abstain from voting.

The procedures for voting are as follows:

***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record, you may vote by proxy over the telephone, through the internet, or by using a proxy card that you may request or that we may elect to deliver at a later time, or you may vote in person at the Annual Meeting. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

- To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice. Your telephone vote must be received by 11:59 p.m., Eastern Time on May 10, 2015 to be counted.
- To vote through the internet, go to <http://materials.proxyvote.com/87336U> to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your internet vote must be received by 11:59 p.m., Eastern Time on May 10, 2015 to be counted.
- To vote using the proxy card that may be delivered to you, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote in person, come to the Annual Meeting and request a ballot when you arrive.

***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a Notice containing voting instructions from that organization rather than from us. Simply follow



the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

**Internet proxy voting is being provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.**

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of Class A Common Stock and ten votes for each share of Class B Common Stock you owned as of March 18, 2015. The Class A Common Stock and Class B Common Stock will vote together as a single class on all proposals described in this proxy statement.

### **What happens if I do not vote?**

#### ***Stockholder of Record: Shares Registered in Your Name***

If you are a stockholder of record and do not vote by telephone, through the internet, by completing the proxy card that may be delivered to you or in person at the Annual Meeting, your shares will not be voted.

#### ***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If you are a beneficial owner and do not instruct your broker, bank or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange (“NYSE”) deems the particular proposal to be a “routine” matter. Brokers and nominees can use their discretion to vote “uninstructed” shares with respect to matters that are considered to be “routine,” but not with respect to “non-routine” matters. Under the rules and interpretations of the NYSE, “non-routine” matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation (including any advisory stockholder votes on executive compensation and on the frequency of stockholder votes on executive compensation), and certain corporate governance proposals, even if management-supported. Accordingly, your broker or nominee may not vote your shares on Proposal Nos. 1, 2 and 3 without your instructions, but may vote your shares on Proposal No. 4, even in the absence of your instruction.

### **What if I return a proxy card or otherwise vote but do not make specific choices?**

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable, “For” the election of all three nominees for director, “For” the advisory approval of named executive officer compensation, for “One Year” as the preferred frequency of advisory votes to approve named executive officer compensation and “For” the ratification of the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2015. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

### **Who is paying for this proxy solicitation?**

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

**What does it mean if I receive more than one Notice?**

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each of the Notices to ensure that all of your shares are voted.

**Can I change my vote after submitting my proxy?*****Stockholder of Record: Shares Registered in Your Name***

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the internet.
- You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 837 North 34th Street, Suite 200, Seattle, Washington 98103.
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

***Beneficial Owner: Shares Registered in the Name of Broker or Bank***

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

**When are stockholder proposals and director nominations due for next year's Annual Meeting?**

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by December 3, 2015 to our Corporate Secretary at 837 North 34th Street, Suite 200, Seattle, Washington 98103, and must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided, however, that if our 2016 Annual Meeting of Stockholders is held before April 11, 2016 or after June 10, 2016, then the deadline is a reasonable amount of time prior to the date we begin to print and mail our proxy statement for the 2016 Annual Meeting of Stockholders. If you wish to submit a proposal (including a director nomination) at the 2016 Annual Meeting of Stockholders that is not to be included in next year's proxy materials, the proposal must be received by our Corporate Secretary not later than the close of business on February 11, 2016 nor earlier than the close of business on January 12, 2016; provided, however, that if our 2016 Annual Meeting of Stockholders is held before April 11, 2016 or after June 10, 2016, then the proposal must be received not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. You are also advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

**How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count:

- for the proposal to elect directors, votes "For," "Withhold" and broker non-votes;
- with respect to the proposal regarding frequency of stockholder advisory votes to approve executive compensation, votes for frequencies of one year, two years or three years, abstentions and broker non-votes; and
- with respect to other proposals, votes "For" and "Against," abstentions and broker non-votes.

### What are “broker non-votes”?

As discussed above, when a beneficial owner of shares held in “street name” does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be “non-routine,” the broker or nominee cannot vote the shares. These unvoted shares are counted as “broker non-votes.”

### How many votes are needed to approve each proposal?

The following table summarizes the minimum vote needed to approve each proposal and the effect of abstentions and broker non-votes.

<u>Proposal Number</u>	<u>Proposal Description</u>	<u>Vote Required for Approval</u>	<u>Effect of Abstentions or Withhold Votes</u>	<u>Effect of Broker Non-Votes</u>
1	Election of Directors	The three nominees receiving the most “For” votes will be elected	None	None
2	Advisory approval of the compensation of the Company’s named executive officers	“For” votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote on the matter	Against	None
3	Advisory vote on the frequency of stockholder advisory votes on executive compensation	The frequency receiving the votes of the holders of a majority of shares present in person or represented by proxy and entitled to vote on the matter	Against	None
4	Ratification of the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2015	“For” votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote on the matter	Against	None

### What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if shares representing a majority of the aggregate voting power of shares of Class A Common Stock and Class B Common Stock (voting together as a single class) entitled to vote are present at the Annual Meeting in person or represented by proxy. On the March 18, 2015 record date, there were 49,866,678 shares of Class A Common Stock and 21,259,853 shares of Class B Common Stock outstanding and entitled to vote. Thus, the holders of shares representing an aggregate of 131,232,605 votes must be present in person or represented by proxy at the Annual Meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of shares representing a majority of the voting power present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

### How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an amended Form 8-K to publish the final results.

## PROPOSAL NO. 1

### ELECTION OF DIRECTORS

Our Board presently has eight members, divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified.

We invite, but do not require, our directors and nominees for director to attend the Annual Meeting. Two of our directors attended the 2014 Annual Meeting of Stockholders.

The following table sets forth information with respect to our directors, including the three nominees for election at the Annual Meeting, as of March 18, 2015:

<u>Name</u>	<u>Age</u>	<u>Director since</u>	<u>Principal Occupation/ Position held with the Company</u>
<b><i>Class II Directors—Nominees for Election at the Annual Meeting</i></b>			
Forest Baskett . . . . .	71	Aug. 2008	General Partner, New Enterprise Associates
Billy Bosworth . . . . .	45	NA	Chief Executive Officer, DataStax
Patrick Hanrahan . . . . .	59	Jan. 2003	Co-founder and Chief Scientist of Tableau
<b><i>Class III Directors—Continuing in Office until the 2016 Annual Meeting</i></b>			
Christian Chabot . . . . .	43	Jan. 2003	Co-founder, Chief Executive Officer and Chairman of the Board of Directors of Tableau
Christopher Stolte . . . . .	42	Jan. 2003	Co-founder and Chief Development Officer of Tableau
<b><i>Class I Directors—Continuing in Office until the 2017 Annual Meeting</i></b>			
Elliott Jurgensen, Jr. . . . .	70	Sept. 2012	Director of Tableau
John McAdam . . . . .	64	Dec. 2012	President, Chief Executive Officer and Director of F5 Networks, Inc.
Brooke Seawell . . . . .	67	Nov. 2011	Venture Partner, New Enterprise Associates

Each of the nominees listed below was recommended for election by the Nominating and Corporate Governance Committee of the Board of Directors. Drs. Baskett and Hanrahan are currently directors of the Company and were elected to the Board prior to our initial public offering pursuant to the provisions of a voting agreement entered into by certain of our stockholders—including our founders, Mr. Chabot, Dr. Stolte and Dr. Hanrahan, and entities affiliated with New Enterprise Associates and Meritech—that terminated upon the completion of our initial public offering in 2013. Mr. Bosworth is not currently serving as a member of the Board. If elected, Mr. Bosworth would fill the vacancy that will be left by our current director Scott Sandell, who has indicated he will not be standing for reelection at the Annual Meeting.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. Accordingly, the three nominees receiving the highest number of affirmative votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee instead will be voted for the election of a substitute nominee proposed by Tableau. Each person nominated for election has agreed to serve if elected. The Company's management has no reason to believe that any nominee will be unable to serve.

The following is a brief biography of each nominee and each director whose term will continue after the Annual Meeting.

#### **Nominees for Election for a Three-Year Term Expiring at the 2018 Annual Meeting**

*Forest Baskett* has served as a member of our Board since August 2008. Dr. Baskett has been a General Partner with New Enterprise Associates, a venture capital firm (“NEA”), since 2004, where he focuses on information and energy technology investments. Dr. Baskett joined NEA in 1999. From 1986 to 1999, Dr. Baskett served as Chief Technology Officer and Senior Vice President, Research and Development of Silicon Graphics Inc. (“SGI”). Prior to joining SGI, he founded and directed the Western Research Laboratory of Digital Equipment Corporation from 1982 to 1986, and was a professor of Computer Science and Electrical Engineering at Stanford University from 1971 to 1982. Dr. Baskett also serves on the boards of various private technology companies. Dr. Baskett holds a Ph.D. in Computer Science from the University of Texas at Austin and a B.A. from Rice University. He is also a member of the National Academy of Engineering. Dr. Baskett was chosen to serve on our Board due to his extensive experience with a wide range of technology companies and the venture capital industry.

*Billy Bosworth* has served as the President and Chief Executive Officer and as a member of the board of DataStax, Inc., a provider of open-source and big-data database technology, since May 2011. Prior to joining DataStax, Mr. Bosworth held positions at Quest Software, a provider of systems management software, from June 2005 to May 2011, where his most recent role was Vice President and General Manager of the database business unit. Mr. Bosworth holds a B.S. in Information Science and Data Processing from the University of Louisville. Mr. Bosworth was nominated to serve on our Board due to his experience in the database industry, and in particular, his extensive background in product management and development.

*Patrick Hanrahan* has served as our Chief Scientist and as a member of our Board since our inception in 2003. Dr. Hanrahan is also currently the CANON Professor of Computer Science and Electrical Engineering at Stanford University, where he teaches computer graphics and is researching visualization, image synthesis, and graphics systems and architectures. Dr. Hanrahan is a part-time employee of Tableau, with approximately 20% of his professional time currently dedicated to Tableau. Prior to joining us, Dr. Hanrahan served as senior scientist at Pixar Animation Studios. Prior to joining Stanford, Dr. Hanrahan was an Associate Professor at Princeton University. Dr. Hanrahan holds a Ph.D. in Biophysics and a B.S. from the University of Wisconsin—Madison. Dr. Hanrahan was chosen to serve on our Board because he is a co-founder, a significant stockholder and, as our Chief Scientist, has a deep understanding of our products and technology.

#### **THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF EACH NAMED NOMINEE.**

#### **Directors Continuing in Office until the 2016 Annual Meeting**

*Christian Chabot* is one of our co-founders and has served as our Chief Executive Officer and Chairman of our Board since our inception in 2003. Prior to joining us, Mr. Chabot served as an Associate Partner at Softbank Venture Capital, a venture capital firm. Prior to Softbank, Mr. Chabot was the President and co-founder of BeeLine LLC, a visualization software company. He holds an M.B.A. from Stanford University, an M.Sc. from the University of Sussex and a B.S. from Stanford University. Mr. Chabot was chosen to serve on our Board because he is a co-founder, a significant stockholder and our Chief Executive Officer.

*Christopher Stolte* is one of our co-founders and has served as a member of our Board since our inception in 2003. Dr. Stolte has served as our Chief Development Officer since May 2010, and prior to that served as our Vice President of Engineering. Prior to joining us, Dr. Stolte was the Chief Technology Officer and co-founder of BeeLine LLC. Dr. Stolte holds a Ph.D. in Computer Science from Stanford University and a B.S. from Simon

Fraser University. Dr. Stolte was chosen to serve on our Board because he is a co-founder, a significant stockholder and, as our Chief Development Officer, has a deep understanding of our products and technology.

#### **Directors Continuing in Office until the 2017 Annual Meeting**

*Elliott Jurgensen, Jr.* has served as a member of our Board since September 2012. Mr. Jurgensen retired from KPMG LLP, an international public accounting firm, in January 2003 after 32 years, including 23 years as an audit partner. During his public accounting career at KPMG, he held a number of leadership positions, including Managing Partner of the Bellevue, Washington office from 1982 to 1991 and Managing Partner of the Seattle, Washington office from 1993 to 2002. Mr. Jurgensen currently serves on the boards of BSquare Corporation and a private company. Mr. Jurgensen has a B.S. from California State University, San Jose. Mr. Jurgensen was chosen to serve on our Board due to his substantial financial expertise that includes extensive knowledge of the complex financial and operational issues facing publicly-traded companies and a deep understanding of accounting principles and financial reporting rules and regulations. He also brings professional service expertise, technology industry experience, experience as a public company board member, and sales and marketing experience at KPMG.

*John McAdam* has served as a member of our Board since December 2012. Mr. McAdam has served as the President and Chief Executive Officer and a member of the board of directors of F5 Networks, Inc., a provider of application delivery networking technology, since July 2000. Prior to joining F5 Networks, Mr. McAdam served as General Manager of the Web server sales business at IBM from September 1999 to July 2000. From January 1995 until August 1999, Mr. McAdam served as the President and Chief Operating Officer of Sequent Computer Systems, Inc., a manufacturer of high-end open systems, which was sold to IBM in September 1999. Mr. McAdam holds a B.S. from the University of Glasgow, Scotland. Mr. McAdam was chosen to serve on our Board due to his experience in the technology industry, and in particular, his experience managing F5 Networks through a period of high growth.

*Brooke Seawell* has served as a member of our Board since November 2011. Mr. Seawell has been a Venture Partner with NEA since January 2005. Prior to joining NEA, Mr. Seawell was a Partner with Technology Crossover Ventures, a venture capital firm, from February 2000 to December 2004. Mr. Seawell also served as Executive Vice President of NetDynamics Inc., an application server software company that was acquired by Sun Microsystems, Inc., from 1997 to 1998, and Senior Vice President, Finance and Operations and Chief Financial Officer of Synopsys, an electronic design automation software company, from 1991 to 1997. Mr. Seawell previously served as Vice President, Finance and Production and Chief Financial Officer of Weitek Corporation, a fabless semiconductor company, from 1983 to 1991, and co-founder and Chief Financial Officer of Southwall Technologies, Inc., a complex thin film coatings company, from 1979 to 1983. Mr. Seawell currently serves on the boards of NVIDIA Corporation, Informatica Corporation and various private technology companies. Mr. Seawell also is a member of the Stanford University Athletic Board and previously served on the Management Board of the Stanford Graduate School of Business. Mr. Seawell holds an M.B.A. from Stanford University and a B.A. from Stanford University. Mr. Seawell was chosen to serve on our Board due to his more than 30 years of experience in technology finance and operations, including having served as the chief financial officer of two public companies, his experience in the venture capital industry and his experience as a director of high technology companies.



## **PROPOSAL NO. 2**

### **ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Board recognizes the interests our investors have in the compensation of our named executive officers. In recognition of that interest and as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“the Dodd-Frank Act”) and Section 14A of the Exchange Act, we are providing our stockholders with the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the Securities and Exchange Commission (“SEC”).

The Compensation Committee of the Board periodically reviews the compensation programs for our named executive officers to ensure they achieve the desired goals of aligning our executive compensation structure with our stockholders’ interests and current market practices. As described in detail in the “Compensation Discussion and Analysis” section of this proxy statement, our compensation programs are designed to motivate our executives to create a successful company. We believe that our compensation programs, with its balance of short-term incentives (including cash bonus awards) and long-term incentives (including equity awards that vest over four years) reward sustained performance that is aligned with long-term stockholder interests.

This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation as a whole. This vote is not intended to address any specific item of compensation or any specific named executive officer, but rather the overall compensation of all of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we ask our stockholders to approve, on an advisory basis, the compensation paid to the named executive officers, as disclosed in this proxy statement for the 2015 Annual Meeting pursuant to the compensation disclosure rules of the SEC, including the compensation tables and narrative discussion, and other related disclosure by casting a non-binding advisory vote “FOR” the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

As an advisory vote, the result will not be binding on the Board or Compensation Committee. The say-on-pay vote will, however, provide information to us regarding investor sentiment about our executive compensation philosophy, policies and practices, which the Compensation Committee will be able to consider when determining executive compensation for the remainder of the current fiscal year and beyond. The Board and the Compensation Committee value the opinions of our stockholders and expect to take into account the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results.

Advisory approval of this proposal requires the vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

**THE BOARD OF DIRECTORS RECOMMENDS  
A VOTE IN FAVOR OF PROPOSAL 2.**

### **PROPOSAL NO. 3**

#### **ADVISORY VOTE ON THE FREQUENCY OF SOLICITATION OF ADVISORY STOCKHOLDER VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Act and Section 14A of the Exchange Act also enable our stockholders to indicate, at least once every six years, how frequently we should seek a non-binding vote on the compensation of our named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, such as Proposal 2 above. By voting on this Proposal 3, stockholders may indicate whether they would prefer a non-binding vote on named executive officer compensation once every one, two or three years.

While our compensation strategies are related to both the short-term and longer-term business outcomes, compensation decisions are made annually. An annual advisory vote on named executive officer compensation will give us more frequent feedback on our compensation decisions and named executive officer compensation programs. The Board has determined that holding an advisory vote on named executive officer compensation every year is the most appropriate policy for us at this time, and recommends that stockholders vote for future advisory votes on named executive officer compensation to occur each year.

The frequency that receives the highest number of votes cast will be deemed to be the frequency selected by the stockholders. Because this vote is advisory, it will not be binding on the Board. However, the Board and Compensation Committee will consider the outcome of the stockholder vote, along with other relevant factors, but the Board may decide that it is in the best interests of the stockholders that we hold an advisory vote on executive compensation more frequently than the option preferred by the stockholders.

Advisory approval of this proposal requires the vote of the holders of a majority of shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

#### **THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF "ONE YEAR" FOR PROPOSAL 3.**



## PROPOSAL NO. 4

### RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. PricewaterhouseCoopers LLP has audited the Company's financial statements since the fiscal year ended December 31, 2003. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. However, the Audit Committee is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of shares representing a majority of the voting power of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the selection of PricewaterhouseCoopers LLP.

### Principal Accountant Fees and Services

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2014 and December 31, 2013 by PricewaterhouseCoopers LLP, the Company's principal accountant.

	Fiscal Year Ended December 31,	
	2014	2013
	(in thousands)	
Audit Fees <sup>(1)</sup>	\$1,465	\$1,659
Audit-related Fees	—	—
Tax Fees <sup>(2)</sup>	362	294
All Other Fees <sup>(3)</sup>	24	2
Total Fees	\$1,851	\$1,955

- (1) Audit fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, the review of our quarterly consolidated financial statements, and audit services that are normally provided by independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, such as statutory audits. Audit fees for 2014 also include fees for professional services provided in connection with our March 2014 follow-on public offering that were incurred during the fiscal year ended December 31, 2014. Audit fees for 2013 also include fees for professional services provided in connection with our May 2013 initial public offering and October 2013 secondary public offering that were incurred during the fiscal year ended December 31, 2013. These professional services fees included fees related to comfort letters, consents and review of documents filed with the SEC.
- (2) Tax fees for the fiscal year ended December 31, 2014 consist of fees for services related to international tax compliance. Tax fees for the fiscal year ended December 31, 2013 consist of fees for services related to international tax compliance and a transfer pricing analysis.
- (3) All other fees billed for the fiscal years ended December 31, 2014 and 2013 were related to XBRL review services and a licensing fee for accounting research tools.

All fees described above were pre-approved by the Audit Committee.

In connection with the audit of the 2014 financial statements, the Company entered into an engagement agreement with PricewaterhouseCoopers LLP that sets forth the terms by which PricewaterhouseCoopers LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

#### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services has been delegated to our Audit Committee Chairman up to \$100,000, and any such pre-approval is reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of services other than audit services by PricewaterhouseCoopers LLP is compatible with maintaining the principal accountant's independence.

**THE BOARD OF DIRECTORS RECOMMENDS  
A VOTE IN FAVOR OF PROPOSAL NO. 4.**

## **INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

### **Director Independence**

Our Board has undertaken a review of its composition, the composition of its committees and the independence of each director and nominee for director. Our Board has determined that, other than Mr. Chabot and Drs. Stolte and Hanrahan, by virtue of their positions as Chief Executive Officer, Chief Development Officer and Chief Scientist, respectively, none of our directors or nominees for director has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each is “independent” as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE. Accordingly, a majority of our directors are independent, as required under applicable NYSE rules. In making this determination, our Board considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

### **Lead Independent Director**

Mr. Sandell currently serves as the Board’s lead independent director, but will cease to serve in that capacity when his term expires at the Annual Meeting. Our Board has appointed Mr. McAdam as lead independent director, effective at the Annual Meeting. As lead independent director, Mr. McAdam will preside over periodic meetings of our independent directors, serve as a liaison between our Chairman and the independent directors and perform such additional duties as our Board may otherwise determine and delegate.

### **Role of the Board in Risk Oversight**

One of the Board’s key functions is informed oversight of the Company’s risk management process. The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, our Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. Our Nominating and Corporate Governance Committee monitors the effectiveness of our Corporate Governance Guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Typically, the entire Board meets periodically with senior management responsible for the Company’s risk management, and the applicable Board committees meet periodically with the employees responsible for risk management in the committees’ respective areas of oversight. The Board as a whole and the various standing committees receive periodic reports from the head of the Company’s legal and operations groups, as well as incidental reports as matters may arise. It is the responsibility of the committee chairs to report findings regarding material risk exposures to the Board as quickly as possible.

### **Meetings of the Board of Directors**

The Board met five times during the last fiscal year. Each Board member attended 75% or more of the aggregate number of meetings of the Board and of the committees on which he served, held during the portion of the last fiscal year for which he was a director or committee member.

## Information Regarding Committees of the Board of Directors

The Board has three committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for the fiscal year ended December 31, 2014 for each of the Board committees:

<u>Name</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating and Corporate Governance</u>
Mr. Christian Chabot .....			
Dr. Christopher Stolte .....			
Dr. Patrick Hanrahan .....			
Dr. Forest Baskett .....		X	
Mr. Elliott Jurgensen, Jr. ....	X	X*	
Mr. John McAdam .....	X		X*
Mr. Scott Sandell .....		X	X
Mr. Brooke Seawell .....	X*		
Total meetings in the fiscal year ended December 31, 2014: .....	8	4	2

\* Committee Chairperson

Our Board may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our Board.

### *Audit Committee*

Our Audit Committee consists of Messrs. Seawell, Jurgensen and McAdam, each of whom satisfies the independence requirements under the NYSE listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our Audit Committee is Mr. Seawell. Our Board has determined that each of Messrs. Seawell and Jurgensen is an “audit committee financial expert” within the meaning of SEC regulations. Our Board has also determined that each member of our Audit Committee has the requisite financial expertise required under the applicable requirements of the NYSE. In arriving at this determination, our Board has examined each Audit Committee member’s scope of experience and the nature of their employment in the corporate finance sector. The primary functions of this committee include:

- reviewing and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services;
- evaluating the performance of our independent registered public accounting firm and deciding whether to retain their services;
- monitoring the rotation of partners on our engagement team of our independent registered public accounting firm;
- reviewing our annual and quarterly financial statements and reports and discussing the statements and reports with our independent registered public accounting firm and management, including a review of disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- considering and approving or disapproving of all related party transactions;
- reviewing, with our independent registered public accounting firm and management, significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy and effectiveness of our financial controls;
- conducting a periodic assessment of the performance of the Audit Committee and its members, and the adequacy of its charter; and

- establishing procedures for the receipt, retention and treatment of complaints received by us regarding financial controls, accounting or auditing matters.

The Board has adopted a written Audit Committee charter that is available to stockholders on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance).

#### *Report of the Audit Committee<sup>(1)</sup>*

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2014 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm's independence. Based on the foregoing, the Audit Committee of the Board of Directors has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

#### **AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

Mr. Brooke Seawell  
Mr. Elliott Jurgensen, Jr.  
Mr. John McAdam

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(1) The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

#### ***Compensation Committee***

Our Compensation Committee currently consists of Mr. Jurgensen, Dr. Baskett and Mr. Sandell, each of whom our Board has determined to be independent under the NYSE listing standards and the rules and regulations of the SEC, a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and an "outside director" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended. The chair of our Compensation Committee is Mr. Jurgensen. If elected, the Board intends to appoint Mr. Bosworth to the Compensation Committee. The primary functions of this committee include:

- determining the compensation and other terms of employment of our chief executive officer and our other executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;
- reviewing and recommending to our Board the compensation of our directors;
- evaluating, adopting and administering the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;
- establishing policies with respect to equity compensation arrangements;
- reviewing with management our disclosures under the caption "Compensation Discussion and Analysis" and recommending to our Board its inclusion in our periodic reports to be filed with the SEC; and
- reviewing and evaluating, periodically, the performance of the Compensation Committee and the adequacy of its charter.

The Board has adopted a written Compensation Committee charter that is available to stockholders on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance).

Additional information regarding the Compensation Committee's processes and procedures, including the role of compensation consultants in evaluating the amount or form of executive and director compensation, can be found in the "Compensation Discussion and Analysis" section of this proxy statement.

#### *Compensation Committee Interlocks and Insider Participation*

None of the members of the Compensation Committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or Compensation Committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

#### *Nominating and Corporate Governance Committee*

Our Nominating and Corporate Governance Committee consists of Messrs. McAdam and Sandell, each of whom our Board has determined to be independent under the NYSE listing standards. If elected, the Board intends to appoint Mr. Bosworth to the Nominating and Corporate Governance Committee. The chair of our Nominating and Corporate Governance Committee is Mr. McAdam. The primary functions of this committee include:

- reviewing periodically and evaluating director performance on our Board and its applicable committees, and recommending to our Board and management areas for improvement;
- reviewing and recommending to our Board any amendments to our corporate governance policies; and
- reviewing and assessing, periodically, the performance of the Nominating and Corporate Governance Committee and the adequacy of its charter.

The Board has adopted a written Nominating and Corporate Governance Committee charter that is available to stockholders on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance).

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee typically considers diversity, age, skills and such other factors as it deems appropriate, given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors' independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for NYSE purposes, which determination is based upon applicable NYSE listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee may use its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible

candidates after considering the function and needs of the Board. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee at the following address: 837 North 34th Street, Suite 200, Seattle, Washington 98103. Submissions must include the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and a representation that the nominating stockholder is a beneficial or record holder of the Company's stock and has been a holder for at least one year. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected.

### **Stockholder Communications With the Board of Directors**

Our Board has adopted a formal process by which stockholders may communicate with the Board or any of its directors. This information is available on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance). In addition, any interested person may communicate directly with the lead independent director or the independent or non-management directors. Persons interested in communicating directly with the independent or non-management directors regarding their concerns or issues are referred to the procedures for such communications on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance).

### **Code of Business Conduct and Ethics**

Our Board has adopted a Code of Business Conduct and Ethics that applies to all officers, directors and employees. The Code of Business Conduct and Ethics is available on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance). We intend to disclose any amendments to this code, or any waivers of its requirements, on our website to the extent required by the applicable rules and exchange requirements.

### **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of the Company's stockholders. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning, and board committees and compensation. The Corporate Governance Guidelines are available on the Company's website at [investors.tableau.com/corporate-governance](http://investors.tableau.com/corporate-governance).

### **Other Policies**

Our insider trading policy prohibits our employees and directors from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities. This prohibition extends to any hedging, inherently speculative transaction or similar transaction designed to decrease the risks associated with holding Company securities. In addition, our directors and executive officers and any person required to comply with the blackout periods or pre-clearance requirements under our insider trading policy are prohibited from pledging Company securities as collateral for loans, and may not hold Company securities in margin accounts.



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 18, 2015, information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our Class A common stock or Class B common stock;
- each of our named executive officers;
- each of our directors and nominees for director; and
- all of our current executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, or has the right to acquire beneficial ownership of that security within 60 days. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have or will have sole voting and investment power with respect to all shares of Class A common stock and Class B common stock shown that they beneficially own, subject to community property laws where applicable.

Our calculation of the percentage of beneficial ownership is based on 49,866,678 shares of our Class A common stock and 21,259,853 shares of our Class B common stock outstanding as of March 18, 2015. Common stock subject to stock options currently exercisable or exercisable within 60 days of March 18, 2015, is deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member but is not deemed outstanding for computing the percentage of any other person.

The table is based upon information supplied by officers, directors and principal stockholders and Schedules 13D and 13G filed with the SEC. The address of each executive officer and director, unless otherwise indicated by footnote, is c/o Tableau Software, Inc., 837 North 34th Street, Suite 200, Seattle, Washington 98103.

<u>Name of Beneficial Owner</u>	<u>Class A Common Stock</u>		<u>Class B Common Stock</u>		<u>% of Total Voting Power†</u>
	<u>Number of Shares</u>	<u>% of Total</u>	<u>Number of Shares</u>	<u>% of Total</u>	
<b>Named Executive Officers, Directors and Nominees for Director:</b>					
Christian Chabot <sup>(1)</sup> . . . . .	1,410	*	6,477,177	29.72%	24.19%
Christopher Stolte <sup>(1)</sup> . . . . .	1,410	*	5,599,052	25.69%	20.91%
Thomas Walker <sup>(2)</sup> . . . . .	44,405	*	194,874	*	*
Kelly Wright <sup>(3)</sup> . . . . .	177,443	*	265,938	1.24%	1.07%
Elissa Fink <sup>(4)</sup> . . . . .	—	—	297,179	1.39%	1.13%
Keenan Conder <sup>(5)</sup> . . . . .	3,750	*	69,729	*	*
Forest Baskett <sup>(6)(7)</sup> . . . . .	43,178	*	1,989,907	9.35%	7.59%
Billy Bosworth . . . . .	—	—	1,000	*	*
Patrick Hanrahan . . . . .	—	—	7,888,278	37.10%	30.05%
Elliott Jurgensen, Jr. <sup>(8)</sup> . . . . .	2,662	*	34,500	*	*
John McAdam <sup>(9)</sup> . . . . .	3,182	*	36,250	*	*
Scott Sandell <sup>(6)(10)</sup> . . . . .	55,705	*	1,989,907	9.35%	7.60%
Brooke Seawell <sup>(11)</sup> . . . . .	796	*	17,500	*	*
All executive officers and directors as a group (13 persons) <sup>(12)</sup> . . . . .	333,941	*	22,893,051	99.81%	82.10%
<b>Other 5% Stockholders:</b>					
Vanguard Group Inc. <sup>(13)</sup> . . . . .	2,644,169	5.30%	—	—	*



\* Represents beneficial ownership of less than 1% of the outstanding common stock.

† Represents the voting power with respect to all shares of our Class A common stock and Class B common stock, voting as a single class. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. The Class A common stock and Class B common stock vote together on all matters (including the election of directors) submitted to a vote of stockholders, except under limited circumstances.

- (1) Each of Mr. Chabot and Dr. Stolte ownership holdings include 533,177 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and 313 shares of Class A Common Stock issuable pursuant to restricted stock units ("RSUs") within 60 days of March 18, 2015.
- (2) Includes (i) 43,026 shares of Class A common stock held by the Thomas and Katherine Walker Living Trust, for which Mr. Walker holds voting and dispositive power, (ii) 194,874 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and (iii) 313 shares of Class A Common Stock issuable pursuant to RSUs within 60 days of March 18, 2015.
- (3) Includes (i) 2,150 shares of Class A common stock held by the Wright Family Irrevocable Trust, for which Ms. Wright holds voting and dispositive power and (ii) 145,938 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015.
- (4) Includes 78,259 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015.
- (5) Includes 69,729 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015.
- (6) The shares of Class B common stock reflected as owned by Dr. Baskett and Mr. Sandell consists of (i) 1,964,192 shares of Class B common stock held by New Enterprise Associates 11, Limited Partnership ("NEA 11") and (ii) 4,048 shares of Class B common stock held by NEA Ventures 2004, L.P. ("Ven 2004"). The shares directly held by NEA 11 are indirectly beneficially owned by NEA Partners 11, Limited Partnership ("NEA Partners 11"), the sole general partner of NEA 11, NEA 11 GP, LLC ("NEA 11 LLC"), the sole general partner of NEA Partners 11, and each of the individual Managers of NEA 11, LLC, who are M. James Barrett, Peter J. Barris, Dr. Baskett, Ryan D. Drant, Krishna "Kittu" Kolluri and Mr. Sandell. The shares directly held by Ven 2004 are indirectly beneficially owned by J. Daniel Moore, the general partner of Ven 2004. Dr. Baskett and Mr. Sandell and the indirect holders of the shares referenced above disclaim beneficial ownership thereof except to the extent of their actual pecuniary interest therein.
- (7) Includes 43,178 shares of Class A common stock held by the Baskett Family Trust u/a 10/12/2010, for which Dr. Baskett holds voting and dispositive power, and 21,667 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015.
- (8) Includes 34,500 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and 796 shares of Class A Common Stock issuable pursuant to RSUs within 60 days of March 18, 2015.
- (9) Includes 36,250 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and 796 shares of Class A Common Stock issuable pursuant to RSUs within 60 days of March 18, 2015.
- (10) Includes 55,705 shares of Class A common stock held by the Sandell Family Trust a/d/t 3/30/01, for which Mr. Sandell holds voting and dispositive power, and 21,667 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015.
- (11) Includes (i) 10,000 shares of Class B common stock held by the Rosemary & A. Brooke Seawell Revocable Trust dated 12/20/09, restated 6/29/10, for which Mr. Seawell holds voting and dispositive power, (ii) 7,500 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and (iii) 796 shares of Class A Common Stock issuable pursuant to RSUs within 60 days of March 18, 2015.
- (12) Includes (i) 1,677,738 shares of Class B common stock issuable pursuant to stock options exercisable within 60 days of March 18, 2015 and (ii) 3,327 shares of Class A Common Stock issuable pursuant to RSUs within 60 days of March 18, 2015.
- (13) Based solely on information provided in a Schedule 13G filed with the SEC on behalf of The Vanguard Group, Inc. on February 11, 2015 reflecting its Class A Common Stock holdings as of December 31, 2014. According to this filing, (i) The Vanguard Group, Inc., in its capacity as investment adviser, has sole voting power with regard to 26,729 shares of Class A Common Stock, sole dispositive power with regard to 2,620,840 shares of Class A Common Stock and shared dispositive power with regard to 23,329 shares of Class A Common Stock, (ii) the amount reported above includes 23,329 shares of Class A Common Stock beneficially owned by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., as a result of its serving as investment manager of collective trust accounts, and (iii) the amount reported above includes 3,400 shares of Class A Common Stock beneficially owned Vanguard Investments Australia, Ltd, a wholly owned subsidiary of The Vanguard Group, Inc., as a result of its serving as an investment manager of Australian investment offerings. The principal business address of these entities is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2014, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with.

## EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of March 18, 2015. Biographical information with regard to Mr. Chabot and Dr. Stolte is presented under “Proposal No. 1—Election of Directors” in this proxy statement.

Name	Age	Position(s)
Christian Chabot . . . . .	43	Chief Executive Officer, Co-founder and Chairman of the Board
Christopher Stolte . . . . .	42	Chief Development Officer, Co-founder and Director
Thomas Walker . . . . .	46	Chief Financial Officer
Kelly Wright . . . . .	44	Executive Vice President, Sales
Elissa Fink . . . . .	51	Chief Marketing Officer
Keenan Conder . . . . .	52	Vice President, General Counsel and Corporate Secretary

*Thomas Walker* has served as our Chief Financial Officer since July 2008, and prior to that served as our Vice President, Finance and Operations. Prior to joining us, Mr. Walker served as Vice President, Finance and Administration at Beacon Fire and Safety LP, which was subsequently acquired by Cintas Corporation. Mr. Walker has over 20 years of experience in software and publishing, including roles in corporate finance at Time Warner Inc. and IDG Books Worldwide, Inc., which was subsequently acquired by John Wiley & Sons, Inc. Mr. Walker holds an M.B.A. from CUNY Baruch College and a B.S. from Arizona State University.

*Kelly Wright* has served as our Executive Vice President, Sales since November 2010 and prior to that served as our Vice President of Sales and various other sales leadership positions since joining us in 2005. Prior to joining us, Ms. Wright served as Vice President of Sales at AtHoc, Inc. She holds an M.B.A. from The Wharton School at the University of Pennsylvania and a B.A. from Stanford University.

*Elissa Fink* has served as our Chief Marketing Officer since August 2011, and prior to that served as our Vice President of Marketing from August 2007 to August 2011. Prior to joining us, Ms. Fink served as Executive Vice President at IXI Corporation, which was subsequently acquired by Equifax Inc. She holds an M.B.A. in Marketing and Decision Systems from the University of Southern California and a B.A. from Santa Clara University.

*Keenan Conder* has served as our Vice President, General Counsel and Corporate Secretary since January 2012. Prior to joining us, Mr. Conder served as Vice President, General Counsel and Corporate Secretary of Isilon Systems, Inc., a data storage company, which was subsequently acquired by EMC Corporation, from 2007 to 2012. Mr. Conder previously served as Senior Vice President, General Counsel and Corporate Secretary of Expedia, Inc. Mr. Conder received his J.D. from Wake Forest University and holds a B.A. from the University of North Carolina at Chapel Hill.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides an overview of the material components of our executive compensation program during 2014 for:

- Christian Chabot, our Chief Executive Officer and Chairman of our Board of Directors;
- Thomas Walker, our Chief Financial Officer;
- Kelly Wright, our Executive Vice President, Sales;
- Elissa Fink, our Chief Marketing Officer; and
- Keenan Conder, our Vice President, General Counsel and Corporate Secretary.

We refer to these executive officers collectively in this proxy statement as our named executive officers. The compensation provided to our named executive officers for 2014 is set forth in detail in the Summary Compensation Table and other tables that follow this section, as well as the accompanying footnotes and narratives relating to those tables. This section also discusses our executive compensation philosophy, objectives and design and how and why the Compensation Committee of our Board of Directors arrived at the specific compensation policies and decisions involving our executive team, including our named executive officers, during 2014.

### *Executive Summary*

#### *2014 Business Highlights*

In the fiscal year ended December 31, 2014, we achieved several positive business results including:

- annual revenues of \$412.6 million, up 78% year over year;
- added more than 9,100 new customer accounts, bringing our total to more than 26,000 worldwide as of December 31, 2014;
- we expanded our international presence to support thousands of businesses in more than 150 countries, and grew our international revenue \$93.8 million, up 105%; and
- we invested \$90.1 million<sup>(1)</sup> on research and development and this commitment led to the release of Tableau 8.2, which allows customers to run Tableau natively on the Mac and to create interactive stories with data, and Tableau 8.3, an update that extends our enterprise class security with support for Kerberos.

In addition, in March 2014, we closed a follow-on public offering resulting in proceeds to us of \$344.1 million, net of underwriters' discounts and commissions and offering expenses, and as of December 31, 2014, we had cash and cash equivalents totaling \$680.6 million.

#### *Executive Compensation Highlights*

Consistent with our general compensation philosophy throughout the company, we strive to provide a compensation package to each executive officer that is competitive, rewards achievement of our business objectives, drives the development of a successful and growing business, and aligns the interests of our executive officers with our stockholders through equity ownership in the company. Our 2014 compensation actions and decisions reflect our financial results and business performance, and our executive officers' accomplishments that helped achieve these results and performance.

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<sup>(1)</sup> Represents non-GAAP research and development expense. The figure excludes \$20.8 million of stock-based compensation expense. The definition and reconciliation of non-GAAP measures can be found at [investors.tableau.com/overview/default.aspx](http://investors.tableau.com/overview/default.aspx).

The Compensation Committee took the following actions in 2014 with respect to the compensation of our named executive officers:

- We identified a peer group of comparable public companies, selected with the assistance of an independent compensation consultant, to inform our decision making process and assist in ensuring that our executive compensation program is positioned to be competitive and aligned with our business objectives at this stage of the company's growth;
- As a result of our overall review, including comparisons against our peer group, we increased the base salary for all of our named executive officers, and target cash incentive compensation opportunities for our named executive officers other than for our Chief Executive Officer, who, along with our co-founder and Chief Development Officer, have historically elected to not participate in any annual bonus opportunities; and
- We approved equity awards to our named executive officers at levels that met competitive market concerns, satisfied our retention objectives and rewarded individual performance.

We endeavor to maintain good governance standards in our executive compensation policies and practices. The Compensation Committee evaluates our executive compensation program annually to ensure that it is consistent with our short-term and long-term goals given the dynamic nature of our business and the market in which we compete for executive talent. The following policies and practices were either adopted or in effect during 2014:

- *Independent Compensation Committee.* The Compensation Committee consists solely of independent directors and is responsible for making all executive compensation decisions.
- *Annual Executive Compensation Review.* The Compensation Committee conducts an annual review and approval of our compensation strategy, including a review of our compensation peer group and a review of our compensation-related risk profile.
- *Compensation At-Risk.* Our executive compensation program is designed so that a significant portion of compensation is "at risk" based on corporate performance and is equity-based to align the interests of our named executive officers and stockholders. Equity awards granted to our executive officers vest or are earned over four-year periods, consistent with current market practice and our retention objectives.
- *No "Single-Trigger" Change-in-Control Arrangements.* Our change-in-control payments and benefits for executive officers are reasonable and are based on a "double trigger"—that is, each named executive officer is eligible to receive payments and benefits in connection with a change in control of Tableau only if the employment of such named executive officer terminates without cause or for good reason on or within a specified period after the change in control.
- *No Retirement Benefits.* We do not provide or promise post-termination retirement- or pension-type non-cash benefits for our executive officers that are not available to our employees generally.
- *Restrictions on Transactions in Our Securities.* Our insider trading policy prohibits our employees from conducting, among other things, short sales, hedging of stock ownership positions and transactions in derivative securities relating to our capital stock.

### ***Executive Compensation Philosophy, Objectives and Design***

The market opportunity for our products is highly competitive and subject to rapidly changing technology and evolving standards, and we expect competition among companies in this broad market sector to continue to increase. To grow our business successfully in this dynamic environment, we must continually develop and enhance our products to stay ahead of customer needs and challenges. Our ability to compete and succeed is directly correlated to our ability to recruit, incentivize and retain skilled teams in research and development, sales, marketing, operations, and other business professionals. We also face intense competition both within the software industry and from other technology companies for highly qualified personnel. Our compensation philosophy is designed to establish and maintain a compensation program that attracts and rewards talented individuals who possess the skills necessary to create long-term value for our stockholders, expand our business and assist in the achievement of our strategic goals.

The key elements of our philosophy include the following:

- *Company Ownership.* We believe that equity ownership in Tableau by employees including our executive officers is a critical retention tool, and equity awards also emphasize long-term results and align the interests of our employees, executive officers and stockholders.
- *Pay for Performance.* Our executive compensation program is weighted towards at risk, performance-based compensation. A significant portion of our named executive officers' compensation is at risk and dependent upon our company's performance or an increase in the market price of Tableau's Class A common stock.
- *Fair, Flexible and Results-Oriented.* We design our compensation structure to reward results and to drive excellence and consistency across our departmental organizations – development, sales, marketing and operations. All named executive officers (other than our Chief Executive Officer and our Executive Vice President, Sales) participate in the same broad-based incentive bonus plan as our other non-sales employees, and our Executive Vice President, Sales participates in the same commission plan as other sales employees. We also offer discretionary bonus opportunities to our non-sales named executive officers (other than our Chief Executive Officer) to reward departmental and individual performance.

Our executive compensation program has been heavily weighted towards equity. Our Compensation Committee determined that compensation in the form of equity helps to align our executives with the long-term interests of our stockholders by driving achievement of our strategic and financial goals. Prior to our becoming a public company in May 2013, our equity compensation program was largely in the form of stock option grants. Following our initial public offering, we shifted to the use of restricted stock units ("RSUs") settled in shares of our Class A common stock as our primary equity vehicle for all employees including our named executive officers. We believe that RSUs can align the interests of employees with stockholders and provide a longer-term focus through a multi-year vesting schedule, while managing dilution to existing investors and providing greater transparency and predictability to employees in the value of their compensation.

To maintain a competitive compensation program, we have also offered cash compensation in the form of base salaries and discretionary annual cash bonuses and commissions. All non-sales employees, including our non-sales named executive officers (other than Christian Chabot, our Chief Executive Officer, who historically has not participated), are eligible to receive a target cash bonus under our annual incentive bonus plan equal to 10% of their base salary based on achievement of corporate financial goals. In addition, our non-sales named executive officers are eligible to receive discretionary cash bonuses if certain threshold corporate financial goals are achieved, and where the actual amount of the bonus will be determined based on the achievement of subjective departmental and individual performance criteria. Our sales professionals earn commissions based on achievement of quotas in keeping with market practices to promote revenue growth.

### ***Compensation Decision Process***

Before our initial public offering in May 2013, compensation decisions for our named executive officers were determined by our Board of Directors (including our co-founder, Chairman and Chief Executive Officer and our co-founder and Chief Development Officer), in consultation with management. At the beginning of each fiscal year, recommendations from management were made to our Chief Executive Officer and Chief Development Officer, who then made recommendations to the Board of Directors on compensation for executive officers (other than themselves) based on their evaluation of such executive officer's performance relative to expectations and to the performance of our other employees. Our Chief Executive Officer's and Chief Development Officer's compensation was determined by our Board of Directors.

Since our initial public offering, compensation decisions for our named executive officers have been determined by our Compensation Committee, with input from compensation consultants and, as appropriate, management (including our Chief Executive Officer). Our Compensation Committee reviews the compensation of our executive officers, including our named executive officers, on annual basis to ensure the executives are properly incentivized, and makes adjustments as necessary.

In June 2013, the Compensation Committee engaged Compensia as an independent compensation consultant, after taking into account the six factors prescribed by the SEC and NYSE. The Compensation Committee requested that Compensia:

- evaluate the efficacy of our existing compensation strategy and practices in supporting and reinforcing our long-term strategic goals;
- develop a peer group of companies to understand competitive market compensation practices;
- review and assess our current executive officer compensation practices and equity profile relative to our peers; and
- develop a board of directors compensation policy appropriate for a publicly-held company.

The Chairman of the Compensation Committee and its members also met in executive session with our Chief Executive Officer and Chief Financial Officer periodically to discuss our compensation history, philosophy, key performance metrics and strategic goals. Compensia ultimately developed recommendations that were submitted to the Compensation Committee for its consideration. At the beginning of 2014, following an active dialogue with Compensia and further discussions with management, the Compensation Committee ultimately made adjustments to the cash compensation for certain of our executive officers and granted RSUs to our executive officers to promote executive retention and align ourselves with our peer companies in a competitive technology employment market.

#### *Role of Compensation Committee*

Pursuant to its charter, the Compensation Committee is primarily responsible for establishing, approving and adjusting compensation arrangements for our named executive officers, including our Chief Executive Officer, and for reviewing and approving corporate goals and objectives relevant to these compensation arrangements, evaluating executive performance and considering factors related to the performance of the company, including accomplishment of our long-term business and financial goals. Under its charter, the Compensation Committee may form, and delegate authority to, subcommittees as appropriate. For additional information about our Compensation Committee, see the section entitled “Information Regarding the Board of Directors and Corporate Governance—Board Committees—Compensation Committee” elsewhere in this proxy statement.

The Compensation Committee has the authority to engage its own advisors to assist it in carrying out its responsibilities. The Compensation Committee has previously retained Compensia and Radford to review and assess our executive employee compensation practices relative to market compensation practices and to provide market compensation data. For additional information on these engagements, see the section entitled “—Role of Compensation Consultants” below.

#### *Role of Management*

In carrying out its responsibilities, our Compensation Committee works with members of our management, including our Chief Executive Officer, Chief Financial Officer and General Counsel, and our human resources, finance, equity and legal professionals. Typically, our management assists the Compensation Committee by providing information on corporate and individual performance and management’s perspective and recommendations on compensation matters. Our Chief Executive Officer, Chief Financial Officer and General Counsel may attend meetings of the Compensation Committee to present information and answer questions. Our Chief Executive Officer may also make recommendations to the Compensation Committee regarding compensation for our executive officers other than for himself because of his daily involvement with our executive officers. Our Compensation Committee solicits and reviews our Chief Executive Officer’s recommendations as one of several factors in making compensation decisions, along with recommendations and market data obtained by compensation consultants, and the Compensation Committee’s own independent judgment. No executive officer participates directly in the final deliberations or determinations regarding his or her own compensation package.



### *Role of Compensation Consultants*

Our Compensation Committee has the authority to retain the services and obtain the advice of external advisors, including compensation consultants, legal counsel or other advisors to assist in the evaluation of executive officer compensation. Our Compensation Committee engaged Compensia in June 2013 to review our executive compensation policies and practices and to conduct an executive compensation market analysis for the fiscal year ended December 31, 2014. In August 2014, our Compensation Committee engaged Radford to assist with our executive and board compensation planning for 2015, including providing data for our overall equity and incentive plan targets and an analysis of our equity usage. Based on the consideration of the various factors as set forth in the rules of the SEC, the Compensation Committee does not believe that its relationships with Compensia or Radford and the work of Compensia and Radford on behalf of the Compensation Committee and management has raised any conflict of interest. The Compensation Committee reviews these factors on an annual basis and receives written confirmation from its independent compensation consultants stating their belief that they remain independent compensation consultants to the Compensation Committee.

### *Competitive Positioning*

In July 2013, our Compensation Committee determined to use the following peer group of companies that operate in the applications software, systems software, or adjacent Internet software and services markets, with similar revenues, revenue growth, proximity to an initial public offering and market capitalization to inform its decisions for executive compensation for 2014:

Cornerstone OnDemand Inc.	Microstrategy Inc.	Sourcefire Inc.
Guidewire Software Inc.	NetSuite Inc.	Splunk Inc.
Imperva Inc.	Qlik Technologies Inc.	Workday Inc.
Infoblox Inc.	ServiceNow Inc.	Zillow Inc.
Jive Software Inc.	SolarWinds Inc.	

Our Compensation Committee believes that peer group comparisons are useful guidelines to measure the competitiveness of our compensation practices. However, the Compensation Committee has not adopted any formal benchmarking guidelines and maintains discretion to set levels of executive compensation above or below peer levels based upon distinguishing factors such as our internal pay equity and compensation budget, individual performance and contribution to the Company, an executive's level of experience and responsibilities, and comparability of roles within other peer companies.

### *Components of Named Executive Officer Compensation*

The compensation program for our named executive officers consists of:

- base salary;
- cash incentive compensation;
- long-term equity compensation;
- severance and change in control-related benefits; and
- employee benefits and perquisites.

Each named executive officer's compensation has been designed to provide a combination of compensation that is tied to achievement of our short- and long-term objectives. As our needs evolve, we intend to continue to evaluate our philosophy and compensation programs as circumstances require, and at a minimum, we expect to review our executive compensation program at least annually.



### *Base Salary*

We provide base salaries to our named executive officers and other employees to compensate them for services rendered day-to-day during the year and provide a level of stable fixed compensation. Each named executive officer's initial base salary was established as the result of arm's-length negotiation with the individual at the time of hiring, and later pursuant to the Company's annual review processes. We generally do not apply specific formulas to determine changes in base salary. Rather, our Compensation Committee oversees the review of base salaries of our named executive officers on an annual basis and makes adjustments as it determines to be reasonable and necessary to reflect the scope of a named executive officer's responsibilities, experience and performance, prior salary level, position (in the case of a promotion), and market conditions and overall Company performance.

In January 2014, in connection with its review of our executive compensation program, our Compensation Committee approved adjustments to the base salaries of our named executive officers, effective as of January 1, 2014, as set forth in the table below. Based on Compensia's review, the then-current base salary level for each of our named executive officers was generally at or below the 25th percentile for the comparable executive in our compensation peer group. Consistent with our objective of moving longer-term to align cash compensation closer to the 50<sup>th</sup> percentile of our compensation peer group, our Compensation Committee approved base salary increases for each named executive officer as described in the table below. While our Chief Executive Officer received the most substantial raise of our named executive officers as a percentage increase from the previous year, the amount of the raise was partially a reflection of the fact that his total cash compensation was well below the 25th percentile in our compensation peer group.

<u>Named Executive Officer</u>	<u>2013 Base Salary</u>	<u>2014 Base Salary</u>	<u>Percentage Increase</u>
Mr. Chabot .....	\$300,000	\$375,000	25.0%
Mr. Walker .....	\$275,000	\$300,000	9.1%
Ms. Wright .....	\$237,500	\$250,000	5.3%
Ms. Fink .....	\$227,300	\$230,000	1.2%
Mr. Conder .....	\$235,000	\$250,000	6.4%

### *Variable Cash Incentive Compensation*

At the end of fiscal 2013, our Board of Directors approved our operating plan for the fiscal year ended December 31, 2014, which included corporate performance objectives for the company-wide bonus opportunity and that performance objective was also used by our Compensation Committee and Chief Executive Officer used in our named executive officers' cash incentive compensation for the fiscal year ended December 31, 2014. One of our compensation objectives is to have a significant portion of each named executive officer's compensation tied to performance. To help accomplish this objective, we provide for performance-based cash incentive opportunities for our named executive officers (other than our Chief Executive Officer). Historically, our Chief Executive Officer has elected to not participate in any annual cash bonus plans.

All non-sales employees, including our named executive officers, other than our co-founders, are eligible to receive a target cash bonus equal to 10% of their base salary under our company-wide annual incentive bonus plan based on achievement of corporate financial goals established in the board approved operating plan. We believe this broad-based bonus plan is an important part of Tableau's corporate culture where each of the four departments—development, sales, marketing and operations—work collectively toward shared corporate goals and objectives. Historically the target financial goals have been related to bookings targets because we believe this objective is appropriately aligned with our growth strategy. In addition, our non-sales named executive officers are eligible to receive "tier 1" and "tier 2" discretionary cash bonuses if certain threshold corporate financial goals are achieved, and where the actual amount of the bonus is determined based on the achievement of subjective departmental and individual performance criteria. The Compensation Committee's final assessment of a named executive officer's performance under such tier 1 and tier 2 discretionary bonuses is based on a

recommendation from the Chief Executive Officer as to the subjective score between 1 and 10 (10 equating to 100%), and the actual discretionary bonus is calculated by multiplying the named executive officer's score against his or her discretionary bonus target. Our sales professionals, including Ms. Wright, earn commissions on a monthly basis based on achievement of quotas in keeping with market practices to promote revenue growth, and can also earn accelerators or higher commissions based on above-quota performances.

*2014 Incentive Compensation Plans.* In January 2014, our Compensation Committee adopted and approved corporate financial targets for 2014 based on bookings for our company-wide annual incentive bonus plan and as a threshold condition for eligibility to receive discretionary performance bonuses tied to departmental and individual objectives. Bonuses under our company-wide annual incentive bonus plan are only earned if we achieve at least 80% of the applicable corporate goal under the incentive bonus plan. For any executive officer to be eligible for any tier 1 discretionary bonus, 100% of the applicable corporate goal must be met. This target level is set to be aggressive, yet achievable with diligent effort. In addition, achievement of at least 102.4% of the corporate goal under the 2014 incentive bonus plan was necessary for eligibility to receive a "tier 2" discretionary bonus. The target annual cash incentive compensation opportunities for our named executive officers other than Mr. Chabot and Ms. Wright in 2014 were as follows, and were determined based on comparable market and survey data, additional input from our compensation consultants, as well as input from our Chief Executive Officer, with the goal of further tying compensation to performance:

<u>Named Executive Officer</u>	<u>Company-Wide Incentive Bonus Plan Opportunity</u>	<u>Tier 1 Discretionary Bonus Opportunity</u>	<u>Tier 2 Discretionary Bonus Opportunity</u>	<u>Total 2014 Bonus Opportunity</u>	<u>Total 2014 Bonus Opportunity (as a % of base salary)</u>
Mr. Walker .....	\$30,000	\$75,000	\$75,000	\$180,000	60%
Ms. Fink .....	\$23,000	\$50,000	\$40,000	\$113,000	49%
Mr. Conder .....	\$25,000	\$25,000	\$25,000	\$ 75,000	30%

Our Compensation Committee also adopted a commission plan for Ms. Wright with target commissions equal to \$250,000 (100% of her base salary) upon the achievement of certain quotas and the opportunity to exceed this target amount in the event that quotas are exceeded and certain broad based commission plan accelerators apply.

*2014 Performance.* We exceeded the corporate financial goals for the broad-based bonus and the tier 1 and tier 2 discretionary bonuses in 2014. As a result, Messrs. Walker and Conder and Ms. Fink were each entitled to receive an incentive bonus equal to 10% of their base salary under our company-wide incentive bonus plan, and were also eligible for tier 1 and tier 2 discretionary bonuses subject to the year-end assessment and proposal of the Chief Executive Officer to the Compensation Committee in regard to the individual's performance rating. In the evaluation of Messrs. Walker and Conder and Ms. Fink, approval ratings of 10 were achieved, so the full amount of the incentive compensation was approved.

The total annual cash incentive bonuses paid to our named executive officers other than our Chief Executive Officer for 2014 performance were as follows:

<u>Named Executive Officer</u>	<u>Target Annual Compensation Opportunity</u>	<u>Actual Incentive Compensation</u>	<u>Percentage of Actual vs. Target</u>
Mr. Walker .....	\$180,000	\$180,000	100%
Ms. Fink .....	\$113,000	\$113,000	100%
Mr. Conder .....	\$ 75,000	\$ 75,000	100%

The annual cash incentive awards earned by our named executive officers for 2014 are set forth in the Summary Compensation Table below. In accordance with SEC guidance, Ms. Wright's commissions are reported in the "Salary" column rather than in the "Non-Equity Incentive Plan Compensation" column, even though we view her commissions as incentive compensation. As the Company exceeded its sales objectives for the year, under the commission plan, Ms. Wright achieved the full amount of commissions, plus various accelerators, as set forth in

the Summary Compensation Table below. As our senior sales executive, Ms. Wright's target commission opportunity was higher than the target incentive compensation opportunity of our other named executive officers due to the strong link between her job responsibilities and our sales quota achievement. This arrangement is consistent with the incentive compensation opportunities for the top sales executives at our peer group companies.

### ***Long-Term Equity Compensation***

We believe that strong, long-term corporate performance is achieved with a corporate culture that encourages a long-term focus by our named executive officers through the use of stock-based awards, the value of which depends on our stock performance. Prior to our initial public offering, our equity incentives were granted in the form of stock options that were subject to vesting over an extended period of time subject to continued service with us. In 2013, once we were a publicly-traded company, we stopped granting stock options to our employees, including our named executive officers and introduced RSUs into our employee and executive compensation program. This decision was based on our assessment of market conditions in hiring, the peer group data provided by Compensia showing a shift to RSUs granted to executive officers in our peer group and our belief that RSUs offer a more predictable nature of value delivery to our named executive officers and promote further alignment of the interests of our executive officers with the long-term interests of our stockholders. RSUs provide an important tool for us to retain our highly sought after named executive officers since the value of the awards is delivered to our named executive officers over a four year period subject to continued service with us. Going forward, we may introduce other forms of equity awards to our executive officers, including our named executive officers, to continue strong alignment of their interests with the interests of our stockholders.

Our Compensation Committee, in consultation with our Chief Executive Officer, determines the size and material terms of equity awards granted to our named executive officers, taking into account the role and responsibility of the named executive officer, competitive factors including competition for technology executives, peer group data, the size and value of long-term equity compensation already held by each executive officer and the vested percentage, the proportion between full value awards (e.g., RSUs) and stock options held by each named executive officer, the total target cash compensation opportunity for each named executive officer, individual performance and retention objectives.

In December 2013 and January 2014, our Compensation Committee, in consultation with Compensia and our Chief Executive Officer, reviewed the equity compensation for our executive officers, to assess the goals of such long-term equity compensation. As a result of that process and with those inputs, our Compensation Committee approved the RSU grants set forth in the table below, with the initial vesting of 12.5% occurring the first quarter after the two year anniversary of the grants, and the remainder vesting 12.5% each quarter thereafter, subject to the named executive officers' continued service with us. Our Compensation Committee chose this vesting schedule specifically to further our retention objectives. We did not make any equity grant to our Chief Executive Officer in 2014 because our Chief Executive Officer elected to not receive further equity grants at this time. We believe that, at this stage in our growth, service-vested RSUs aligns the interests of our named executive officers with the long-term interests of our stockholders, and provides incentives to our named executive officers to continue to build and grow the company. Our Compensation Committee may consider adopting other forms of equity awards, including performance-based awards, in the future.

The chart below summarizes the RSU grants made to our named executive officers in 2014:

<u>Named Executive Officer</u>	<u>2014 RSU Grants (Number of Shares)</u>
Mr. Walker .....	20,229
Ms. Wright .....	17,360
Ms. Fink .....	10,212
Mr. Conder .....	8,170

### ***Severance and Change in Control-Related Benefits***

We entered into Change in Control Severance Agreements with each of our named executive officers to provide certain protections in the event of their termination of employment following a change in control of our company. We believe that these protections serve our retention objectives by helping our named executive officers maintain continued focus and dedication to their responsibilities to maximize stockholder value, including in the event of a transaction that could result in a change in control of our company. The terms of these agreements were considered and approved by our Board prior to our initial public offering. For a summary of the material terms and conditions of these severance and change in control arrangements, see the section entitled “—Potential Payments Upon Termination Following a Change in Control.”

### ***Employee Benefits and Perquisites***

Our named executive officers are eligible to participate in the same group insurance and employee benefit plans generally available to our other salaried employees in the United States. We provide employee benefits to all eligible employees in the United States, including our named executive officers, which the Compensation Committee believes are reasonable and consistent with its overall compensation objective to better enable us to attract and retain employees. These benefits include medical, dental and vision insurance, a 401(k) plan, life and disability insurance, flexible spending accounts, and other plans and programs. In the event we determine to offer shares for purchase under our 2013 Employee Stock Purchase Plan, all of our named executive officers will have the opportunity to purchase shares under such plan on the same basis as other U.S. based employees of Tableau. We also have historically reimbursed certain of our named executive officers for personal household expenses, up to \$25,000 per year, but have elected not to continue this program in 2015. We also pay for our named executive officers’ and their spouses’ travel, related expenses and tax gross-ups associated with attendance at our annual sales achievement event. Our Company provides benefits for all employees working on non-permanent international assignments in jurisdictions other than their home country. Pursuant to these policies, in connection with Mr. Chabot’s temporary relocation to London, we have provided standard expatriate benefits including a monthly housing allowance, tax equalization, tax review and preparation services. At this time, we do not provide any other special plans or programs for our named executive officers. Employee benefits and perquisites are reviewed from time to time to ensure that benefit levels remain competitive for the company as a whole, including for our named executive officers. Other than as described above, we do not generally offer special or extraordinary perquisites.

### ***Other Compensation Policies***

#### ***Stock Trading Practices***

We maintain an Insider Trading Policy that, among other things, prohibits all of our employees, including our named executive officers, directors and employees from engaging in short sales, hedging of stock ownership positions and transactions involving derivative securities relating to our capital stock. Our Insider Trading Policy also requires that all directors and employees that make up our senior management team, including our named executive officers, pre-clear with our legal department any proposed open market transactions, and prohibits trading during certain quarterly and certain special blackout periods. Further, we have adopted Rule 10b5-1 Trading Plan Guidelines that permit our directors and certain employees, including our named executive officers, to adopt Rule 10b5-1 trading plans, or 10b5-1 plans. Under our 10b5-1 Trading Plan Guidelines, 10b5-1 plans may only be adopted or modified during an open trading window under our Insider Trading Policy and only when such individual does not otherwise possess material nonpublic information about the Company.

#### ***Stock Ownership and Compensation Recovery Policies***

At this time, we have not adopted stock ownership guidelines with respect to the named executive officers or otherwise, in part due to the significant existing equity holdings of our named executive officers. We do not presently have a compensation recovery policy for our named executive officers or otherwise, but we will

comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and adopt a compensation recovery policy to the extent required by law once the SEC adopts final regulations on the subject.

### ***Tax and Accounting Treatment of Compensation***

#### ***Deductibility of Executive Compensation***

Generally, Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”) disallows a tax deduction to any publicly-held corporation for any remuneration in excess of \$1 million paid in any taxable year to its chief executive officer and to certain other highly compensated officers. Remuneration in excess of \$1 million may be deducted if, among other things, it qualifies as “performance-based compensation” within the meaning of the Code.

We have not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation for our named executive officers. Further, under a certain Section 162(m) exception, certain compensation paid pursuant to a compensation plan in existence before the effective date of our initial public offering will not be subject to the \$1 million limitation until the earliest of: (i) the expiration of the compensation plan, (ii) a material modification of the compensation plan (as determined under Section 162(m)), (iii) the issuance of all the employer stock and other compensation allocated under the compensation plan, and (iv) our 2017 Annual Meeting of Stockholders. Our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with an exemption from the deductibility limit when it believes that such payments are appropriate to attract and retain executive talent.

#### ***Taxation of “Parachute” Payments and Deferred Compensation***

We did not provide any executive officer, including any named executive officer, with a “gross-up” or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999, or 409A of the Code during 2014, and we have not agreed and are not otherwise obligated to provide any named executive officer with such a “gross-up” or other reimbursement. Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to an excise tax if they receive payments or benefits in connection with a change in control that exceeds certain prescribed limits, and that the company, or a successor, may forfeit a deduction on the amounts subject to this additional tax. Section 409A also imposes additional significant taxes on the individual in the event that an executive officer, director or other service provider receives “deferred compensation” that does not meet the requirements of Section 409A of the Code.

#### ***Accounting for Stock-Based Compensation***

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“ASC Topic 718”) to account for the expense of our stock-based awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options and restricted stock awards, based on the grant date “fair value” of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our named executive officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their income statements over the period that a named executive officer is required to render service in exchange for the option or other award.

#### ***Compensation Risk Assessment***

Our Compensation Committee has reviewed our compensation policies and believes that our policies do not encourage excessive or inappropriate risk taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the company. As part of its assessment, the Compensation

Committee considered, among other factors, the allocation of compensation among base salary and short- and long-term compensation, our approach to establishing company-wide and individual financial, departmental and other performance targets, our bonus structure of payouts and the nature of our key performance metrics. We believe these practices encourage our employees to focus on sustained long-term company growth, which we believe will ultimately contribute to the creation of stockholder value.

***Report of the Compensation Committee<sup>(1)</sup>***

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

**COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

Mr. Elliott Jurgensen, Jr.  
Dr. Forest Baskett  
Mr. Scott Sandell

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(1) The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



## 2014 SUMMARY COMPENSATION TABLE

The following table presents summary information regarding the total compensation awarded to or earned by each of the named executive officers listed below during the years ended December 31, 2014, 2013, and 2012.

Name and Principal Position	Year	Salary \$( <sup>(1)</sup> )	Stock Awards \$( <sup>(2)</sup> )	Option Awards (\$)	Non-Equity Incentive Plan Compensation \$( <sup>(3)</sup> )	All Other Compensation \$( <sup>(4)</sup> )	Total (\$)
<b>Christian Chabot</b>							
<i>Chief Executive Officer and</i>							
<i>Chairman</i> . . . . .	2014	375,000				153,355	528,355
	2013	300,000	319,000			30,718	649,718
	2012	300,000		2,169,347		33,034	2,502,381
<b>Thomas Walker</b>							
<i>Chief Financial Officer</i> . . . .	2014	300,000	1,981,026		180,000	30,760	2,491,786
	2013	275,000	319,000		127,500	36,641	758,141
	2012	275,000		1,811,557	75,000	35,506	2,197,063
<b>Kelly Wright</b>							
<i>Executive Vice President,</i>							
<i>Sales</i> <sup>(5)</sup> . . . . .	2014	698,822	1,700,065			30,962	2,429,849
<b>Elissa Fink</b>							
<i>Chief Marketing Officer</i> <sup>(5)</sup> . .	2014	230,000	1,000,061		113,000	29,768	1,372,829
<b>Keenan Conder</b>							
<i>Vice President, General</i>							
<i>Counsel and Corporate</i>							
<i>Secretary</i> <sup>(5)</sup> . . . . .	2014	250,000	800,088		75,000	5,962	1,131,050

- (1) Amounts reported in the salary column for Ms. Wright include both base salary and sales commissions.
- (2) Amounts reported in the stock award column do not reflect the amounts actually received by our named executive officers. Instead, these amounts reflect the aggregate grant date fair value of each RSU granted in 2014, as computed in accordance with FASB ASC 718. Assumptions used in the calculation of these amounts are included in the notes to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2014. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts do not reflect the actual economic value that will be realized by our named executive officers upon the vesting of the stock awards or the sale of the Class A common stock underlying such awards.
- (3) Amounts reported in the non-equity incentive compensation plan column represent bonuses paid under our incentive bonus plan for non-sales employees for company-wide performance and tier 1 and tier 2 discretionary bonuses paid to our named executive officers (with the exception of Mr. Chabot who has elected to not participate.) For more information about our executive officers' incentive compensation, see "—Compensation Discussion and Analysis—Components of Named Executive Officer Compensation—Variable Cash Incentive Compensation" above.
- (4) Amounts reported in this column for 2014 include: (i) \$127,042 in payments and reimbursements in connection with Mr. Chabot's temporary assignment to London, which includes local UK tax equalization of \$88,608, all such payments of which are consistent with the Company's policy for international assignments of employees as described in more detail under "—Compensation Discussion and Analysis—Components of Named Executive Officer Compensation—Employee Benefits and Perquisites" above; (ii) personal household expense reimbursements paid to each of our named executive officers, with the exception of Mr. Conder; (iii) spousal expenses and tax gross up payments related to a Company-sponsored retreat for each of our named executive officers; and (iv) 401(k) Company-match contributions for each of our named executive officers.
- (5) Ms. Wright, Ms. Fink and Mr. Conder were not named executive officers in 2012 and 2013.

## GRANTS OF PLAN-BASED AWARDS FOR 2014

The following table sets forth information relating to grants of plan-based incentive awards to the named executive officers in 2014.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>		All Other Stock Awards: Number of Shares of Stock (#)	Grant Date Fair Value of Stock Awards (\$) <sup>(2)</sup>
		Target (\$)	Maximum (\$)		
Christian Chabot .....		—	—		
Thomas Walker .....	N/A	\$30,000	\$180,000		
	2/15/2014			20,229	1,981,026
Kelly Wright .....	N/A	—	—		
	2/15/2014			17,360	1,700,065
Elissa Fink .....	N/A	\$23,000	\$113,000		
	2/15/2014			10,212	1,000,061
Keenan Conder .....	N/A	\$25,000	\$ 75,000		
	2/15/2014			8,170	800,088

- (1) These amounts represent the target and maximum payments for each named executive officer under our 2014 incentive bonus plan. There was no threshold amount under this program. The actual payments for these awards are included in the “Non-Equity Incentive Plan Compensation” column of the “2014 Summary Compensation Table” above. For more information about our incentive bonus plan, see “Compensation Discussion and Analysis—Components of Named Executive Officer Compensation—Variable Incentive Cash Compensation” above.
- (2) Stock awards consist only of RSUs and are shown at their aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The fair value of each RSU is measured based on the closing price of our Class A common stock on the date of grant, which was \$97.93 per share.



## OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2014

The following table presents for each of our named executive officers information regarding outstanding options and RSUs held as of December 31, 2014.

Name	Vesting Commencement Date	Option Awards Class B Common Stock				Stock Awards Class A Common Stock	
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>
Christian Chabot . . . .	1/1/2012	466,530	173,282 <sup>(2)</sup>	7.17	2/28/2022		
	11/15/2013					3,750 <sup>(3)</sup>	317,850
Thomas Walker . . . .	1/1/2010	55,500	— <sup>(2)</sup>	1.50	2/24/2020		
	8/4/2010	10,000	— <sup>(2)</sup>	1.75	8/4/2020		
	1/1/2011	44,062	938 <sup>(2)</sup>	5.92	3/30/2021		
	1/1/2012	72,916	27,084 <sup>(2)</sup>	7.17	2/28/2022		
	12/7/2012	125,000	125,000 <sup>(2)</sup>	9.30	12/10/2022		
	11/15/2013					3,750 <sup>(3)</sup>	317,850
	2/15/2014					20,229 <sup>(4)</sup>	1,714,610
Kelly Wright . . . . .	11/19/2008	79,933	— <sup>(2)</sup>	1.31	11/19/2018		
	1/1/2010	12,983	— <sup>(2)</sup>	1.50	2/24/2020		
	1/1/2011	17,500	730 <sup>(2)</sup>	5.92	3/30/2021		
	1/1/2012	13,958	27,084 <sup>(2)</sup>	7.17	2/28/2022		
	12/7/2012	71,186	75,000 <sup>(2)</sup>	9.30	12/10/2022		
	2/15/2014					17,360 <sup>(4)</sup>	1,471,434
Elissa Fink . . . . .	1/1/2010	8,875	— <sup>(2)</sup>	1.50	2/24/2020		
	1/1/2011	13,177	573 <sup>(2)</sup>	5.92	3/30/2021		
	1/1/2012	18,655	10,834 <sup>(2)</sup>	7.17	2/28/2022		
	12/7/2012	25,000	37,500 <sup>(2)</sup>	9.30	12/10/2022		
	2/15/2014					10,212 <sup>(4)</sup>	865,569
Keenan Conder . . . . .	1/23/2012	36,334	39,271 <sup>(5)</sup>	7.17	2/28/2022		
	12/7/2012	25,500	37,500 <sup>(5)</sup>	9.30	12/10/2022		
	2/15/2014					8,170 <sup>(4)</sup>	692,489

(1) Represents the market value of the unvested shares subject to the RSU based on the closing price of our Class A common stock on December 31, 2014, which was \$84.76 per share.

(2) The shares subject to the award vest over four years, with 1/48th of the shares vesting each month following the vesting commencement date, subject to continued service with us through each vesting date.

(3) The units subject to the award vest over four years, with 25% of the units vesting on the one-year anniversary of the vesting commencement date and the balance vesting in equal quarterly installments over the remaining 36 months, subject to continued service with us through each vesting date.

(4) The units subject to the award vest over four years, with 12.5% of the units vesting the quarter following the two-year anniversary of the vesting commencement date and the balance vesting in equal quarterly installments over the remaining 7 quarters, subject to continued service with us through each vesting date.

(5) The shares subject to the award vest over four years, with 25% of the shares vesting on the one-year anniversary of the vesting commencement date and the balance vesting in equal monthly installments over the remaining 36 months, subject to continued service with us through each vesting date.

## OPTION EXERCISES AND STOCK VESTED IN 2014

The following table presents, for each of the named executive officers, the number of shares of our common stock acquired upon the exercise of stock options and the vesting and settlement of RSUs during 2014 and the aggregate value realized upon the exercise of stock options and the vesting and settlement of RSUs.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)(2)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)(3)</sup>
Christian Chabot . . . . .	—	—	1,250	106,038
Thomas Walker . . . . .	372,500	35,612,325	1,250	106,038
Kelly Wright . . . . .	316,626	22,555,848	—	—
Elissa Fink . . . . .	—	—	—	—
Keenan Conder . . . . .	37,000	2,360,180	—	—

- (1) These values assume that the fair market value of the Class B common stock underlying the RSUs and options, which is not listed or approved for trading on or with any securities exchange or association, is equal to the fair market value of our Class A common stock. Each share of Class B common stock is convertible into one share of Class A common stock at any time at the option of the holder or upon certain transfers of such shares.
- (2) The aggregate value realized upon the exercise of an option represents the difference between the aggregate market price of the shares of our Class B common stock, assumed to be equal to our Class A common stock as described in footnote (1) above, on the date of exercise and the aggregate exercise price of the option.
- (3) The aggregate value realized upon the vesting and settlement of an RSU represents the aggregate market price of the shares of our Class B common stock, assumed to be equal to our Class A common stock as described in footnote (1) above, on the date of settlement.

## EXECUTIVE OFFER LETTERS AND ARRANGEMENTS

Each of our named executive officers is an at-will employee. Offer letters with our named executive officers provide for one or more of the following: salary, annual bonus based on Company and individual performance or participation in an annual commission plan, equity-based awards, participation in our company-wide employee benefit plans, and in certain cases additional perquisites. Each of our named executive officers has also executed our standard form of confidential information and invention assignment agreement. In addition, we have entered into change in control severance agreements with each of our named executive officers, the terms of which were approved by our Board. Any potential payments and benefits due upon a termination of employment or a change in control of us are further described below under “—Potential Payments Upon Termination Following a Change in Control.”

## POTENTIAL PAYMENTS UPON TERMINATION FOLLOWING A CHANGE IN CONTROL

In February 2013, our Board approved a form of change in control severance agreement to be entered into with each of our executive officers and certain other employees, and in April 2013, we entered into these agreements with each of our named executive officers. The change in control severance agreements with each executive officer provides that if such officer is terminated for any reason other than cause, death or disability within 12 months after a change in control, or the officer voluntarily resigns for good reason within 12 months following a change in control, such officer would be entitled to receive the following severance benefits:

- a lump sum payment equal to 12 months of such officer’s then-current base salary (6 months in the case of Mr. Conder);
- reimbursement of COBRA premiums for such officer and his or her eligible dependents, if any, at the level in effect immediately prior to such officer’s termination of employment, for a period of up to 12 months (or up to 6 months in the case of Mr. Conder); and

- 100% acceleration of vesting of all then-unvested equity awards held by such officer.

Payment of any severance benefits is conditioned on the executive officer's timely execution of a general release of claims in our favor.

The following table provides information concerning the estimated payments and benefits that would be provided in the circumstances described above for each of the named executive officers. Payments and benefits are estimated assuming that the triggering event took place on December 31, 2014. There can be no assurance that a triggering event would produce the same or similar results as those estimated below if such event occurs on any other date or at any other price, or if any other assumption used to estimate potential payments and benefits is not correct. Due to the number of factors that affect the nature and amount of any potential payments or benefits, any actual payments and benefits may be different.

<u>Name</u>	<u>Cash Severance (\$)</u>	<u>Benefits (\$)</u>	<u>Acceleration of Vesting of Equity Awards (\$)<sup>(1)</sup></u>	<u>Total (\$)</u>
Christian Chabot . . . . .	375,000	19,511	13,762,800	14,157,311
Thomas Walker . . . . .	300,000	21,943	13,640,360	13,962,302
Kelly Wright . . . . .	250,000	21,943	9,289,934	9,561,877
Elissa Fink . . . . .	230,000	21,943	4,581,105	4,833,047
Keenan Conder . . . . .	125,000	10,971	6,569,276	6,705,247

- (1) For purposes of valuing accelerated vesting, the values indicated in the table are calculated, with respect to stock options, as the aggregate difference between the fair market value of a share of our common stock underlying the option on December 31, 2014 and the exercise price of the applicable option, multiplied by the number of unvested shares accelerated, and, with respect to RSUs, as the fair market value of a share of our common stock on December 31, 2014 multiplied by the number of unvested RSUs accelerated. The closing price of our Class A common stock on December 31, 2014 was \$84.76 per share.

## DIRECTOR COMPENSATION

The below table sets forth information regarding compensation earned by or paid to our non-employee directors during 2014. Mr. Sandell and Dr. Baskett do not receive compensation for their service as directors and, therefore, are not included in this table.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>(1)(2)</sup> )	Total (\$)
Elliott Jurgensen, Jr. ....	56,685	175,010	231,695
John McAdam ....	50,300	175,010	225,310
Brooke Seawell ....	55,724	175,010	230,734

- (1) The amounts in the Stock Awards column reflect the aggregate grant date fair value of RSUs granted to directors in 2014 calculated in accordance with FASB ASC Topic 718. The grant date fair value of each RSU granted to the non-employee directors on May 9, 2014 (the annual RSU grant following the 2014 Annual Meeting of Stockholders) was \$55.00.
- (2) The shares subject to these awards vest quarterly over the year following the date of grant, subject to continued service with us through each vesting date.

We have a policy of reimbursing our directors for their reasonable out-of-pocket expenses incurred in attending Board and Board committee meetings. None of our employee directors receives additional compensation for his service on our Board. In addition, given the value of the investments made by certain of our non-employee directors or their affiliated funds, as well as the internal policies of certain of those funds, we do not currently provide certain non-employee directors who are affiliated with an institutional or venture investor of our company with compensation for their service on our Board.

Non-employee directors, other than Mr. Sandell and Dr. Baskett due to their affiliation with NEA, in the fiscal year ended December 31, 2014 received the following cash compensation for Board and Board committee services, as applicable, paid on a quarterly basis in arrears:

- \$35,000 per year for service as a Board member;
- \$20,000 per year for service as the chair of the Audit Committee and \$8,000 per year for service as a member (other than as chair) of the Audit Committee;
- \$12,300 per year for service as the chair of the Compensation Committee; and
- \$7,300 per year for service as the chair of the Nominating and Corporate Governance Committee.

In addition, each non-employee director, other than Mr. Sandell and Dr. Baskett, is also entitled to receive a RSU grant for shares of our Class A Common Stock in the amount of \$175,000 every year on the date of our annual meeting of stockholders. Each such RSU will vest quarterly over one year following the date of grant, subject to the director's continued service with us through such anniversary.

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of December 31, 2014.

<u>Plan Category</u>	<u>Number of Securities to be Issued upon Exercise of Outstanding Options and RSUs<sup>(2)</sup></u>	<u>Weighted Average Exercise Price of Outstanding Options<sup>(3)</sup></u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans<sup>(4)</sup></u>
Equity Compensation Plans Approved By Stockholders <sup>(1)</sup> .....	11,334,540	\$8.76	8,851,878
Equity Compensation Plans Not Approved By Stockholders .....	—	—	—
Total .....	11,334,540	\$8.76	8,851,878

(1) Includes securities issuable under our 2004 Equity Incentive Plan (the "2004 Plan"), 2013 Equity Incentive Plan (the "2013 Plan") and 2013 Employee Stock Purchase Plan (the "2013 ESPP").

(2) Consists of (i) options to purchase 231,912 shares of Class A common stock under our 2013 Plan and 8,283,967 shares of Class B common stock under our 2004 Plan, and (ii) 2,818,661 shares of our Class A common stock subject to restricted stock unit awards under our 2013 Plan.

(3) Excludes restricted stock unit awards because they have no exercise price.

(4) Includes 6,229,892 and 2,621,986 shares of Class A common stock available for issuance under the 2013 Plan and 2013 ESPP, respectively. As of the date of our initial public offering, no further shares were available for issuance under the 2004 Plan. As of December 31, 2014, we had not commenced any offering under the 2013 ESPP. Pursuant to the terms of our 2013 Plan and 2013 ESPP, an additional 3,493,410 and 698,682 shares of Class A common stock were added to the 2013 Plan and 2013 ESPP, respectively, effective January 1, 2015.

## TRANSACTIONS WITH RELATED PERSONS

Please see Executive Compensation and Director Compensation for a description of compensation arrangements with our named executive officers and directors.

### Investor Rights Agreement

In July 2012, we entered into an Amended and Restated Investor Rights Agreement with the holders of our outstanding preferred stock and certain holders of our outstanding Class B common stock, including entities with which certain of our directors are affiliated. As of December 31, 2014, the holders of approximately 3.5 million shares of our Class A and Class B common stock were entitled to rights with respect to the registration of their shares.

### Conversion Agreements

We have entered into conversion agreements with each of our founders, Christian Chabot, Christopher Stolte and Patrick Hanrahan, pursuant to which each founder has agreed to effect conversion of his shares of Class B common stock into Class A common stock, effective automatically upon the termination of such founder's continuous service for any reason whatsoever, subject only to approval of our Board. In the conversion agreements, continuous service is defined to mean that the founder's service with us, whether as an employee, a member of our Board or a consultant, is not interrupted or terminated. A mere change in capacity from employee and member of our Board to that of a consultant would not result in a termination of continuous service as long as there is no interruption in service to us.

## **Indemnification Agreements**

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law. In addition, we have entered into indemnification agreements with each of our current directors, officers and some of our employees. These agreements provide for the indemnification of such persons for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were serving in such capacity. We have obtained director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us.

## **Policies and Procedures for Transactions with Related Persons**

We have adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the prior consent of our Audit Committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$100,000 and such person would have a direct or indirect interest, must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

## **HOUSEHOLDING OF PROXY MATERIALS**

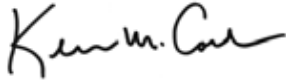
The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Tableau stockholders will be "householding" the Company's proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from us (if you are a stockholder of record) or from your broker (if you are a beneficial owner) that we or they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, or if you currently receive multiple copies and would like to request "householding" of your communications, please notify your broker or the Company. Direct your written request to the Company to our Corporate Secretary at Tableau Software, Inc., 837 North 34th Street, Suite 200, Seattle, Washington 98103, or contact our Corporate Secretary at (206) 633-3400.

## OTHER MATTERS

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Keenan Conder".

Keenan Conder  
Vice President, General Counsel and Corporate Secretary

March 31, 2015

**A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC is available without charge upon written request to: Tableau Software, Inc., Attn: Corporate Secretary, 837 North 34th Street, Suite 200, Seattle, Washington 98103.**

