

NEW RELIC, INC.  
Form DEF 14A  
July 07, 2017  
Table of Contents

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**NEW RELIC, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:
  
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
4. Proposed maximum aggregate value of transaction:
  
5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
  
2. Form, Schedule or Registration Statement No.:
  
3. Filing Party:
  
4. Date Filed:



Table of Contents

**NEW RELIC, INC.**

**188 Spear Street, Suite 1200**

**San Francisco, California 94105**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On August 22, 2017**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of New Relic, Inc., a Delaware corporation (the Company). The meeting will be held on Tuesday, August 22, 2017 at 9:00 a.m. local time at the offices of our outside counsel, Cooley LLP, at 101 California Street, 5th Floor, San Francisco, California 94111 for the following purposes:

1. To elect the two nominees for director named in the Proxy Statement accompanying this Notice to the Board of Directors to hold office until the 2020 Annual Meeting of Stockholders.
2. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Proxy Statement accompanying this Notice.
3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for its fiscal year ending March 31, 2018.
4. 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 upcoming Annual Meeting is June 23, 2017. 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 Tuesday, August 22, 2017 at 9:00 a.m. local time at the offices of Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111.**

The Annual Report on Form 10-K and the Proxy Statement for the Annual Meeting

are available at <http://www.proxyvote.com>.

By Order of the Board of Directors

/s/ Robin Schulman

Robin Schulman

Vice President, General Counsel, and Corporate Secretary

San Francisco, California

July 7, 2017

**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.**

Table of Contents

**TABLE OF CONTENTS**

	<b>Page</b>
<u>PROXY STATEMENT</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING</u>	1
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	6
<u>INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u>	8
<u>INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS</u>	11
<u>PROPOSAL NO. 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	15
<u>PROPOSAL NO. 3 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	16
<u>REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS</u>	18
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	19
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	22
<u>EXECUTIVE OFFICERS AND OTHER EXECUTIVE MANAGEMENT</u>	23
<u>EXECUTIVE COMPENSATION</u>	23
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	23
<u>COMPENSATION COMMITTEE REPORT</u>	39
<u>ANALYSIS OF RISKS PRESENTED BY OUR COMPENSATION POLICIES AND PROGRAMS</u>	40
<u>SUMMARY COMPENSATION TABLE</u>	41
<u>GRANTS OF PLAN-BASED AWARDS</u>	42
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END</u>	43
<u>OPTIONS EXERCISED AND STOCK VESTED</u>	45
<u>EQUITY COMPENSATION ARRANGEMENTS</u>	45
<u>EMPLOYMENT ARRANGEMENTS</u>	48
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	49
<u>DIRECTOR COMPENSATION</u>	54
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	56
<u>TRANSACTIONS WITH RELATED PERSONS</u>	57
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	58
<u>OTHER MATTERS</u>	58

**Table of Contents**

**NEW RELIC, INC.**

**188 Spear Street, Suite 1200**

**San Francisco, California 94105**

**PROXY STATEMENT**

**FOR THE 2017 ANNUAL MEETING OF STOCKHOLDERS**

**August 22, 2017**

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

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

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), 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 New Relic, Inc. (the "Company" or "New Relic") soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders (the "Annual Meeting"), including at any adjournments or postponements of the Annual 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 July 7, 2017 to all stockholders of record entitled to vote at the Annual Meeting.

**Will I receive any other proxy materials by mail?**

We may send you a proxy card, along with a second Notice, on or after July 17, 2017.

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

The meeting will be held on Tuesday, August 22, 2017 at 9:00 a.m. local time at the offices of Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111. For directions, please call the offices of Cooley LLP at (415) 693-2000. 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 June 23, 2017 will be entitled to vote at the meeting. On this record date, there were 54,060,181 shares of common stock outstanding and entitled to vote.

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

If on June 23, 2017 your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., 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 June 23, 2017 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



## **Table of Contents**

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 three matters scheduled for a vote:

Election of two directors;

Advisory approval of the compensation of the Company's named executive officers, as disclosed in this proxy statement in accordance with SEC rules; and

Ratification of selection by the Audit Committee of Deloitte & Touche LLP as independent registered public accounting firm of the Company for its fiscal year ending March 31, 2018.

### **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. For each of the other matters to be voted on, 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 in person at the Annual 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. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.

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 August 21, 2017 to be counted.

To vote through the Internet, go to <http://www.proxyvote.com> 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 August 21, 2017 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.

***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 New Relic. 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.

## **Table of Contents**

**Internet proxy voting may be 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 common stock you owned as of June 23, 2017.

### **Can I vote my shares by filling out and returning the Notice?**

No. The Notice identifies the items to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote by telephone or through the Internet, by requesting and returning a printed proxy card, or by submitting a ballot in person at the Annual Meeting.

### **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 or 2 without your instructions, but may vote your shares on Proposal No. 3 even in the absence of your instructions.

### **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 both nominees for director, For the advisory approval of the compensation of our named executive officers, and For the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2018. 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.

**Table of Contents**

**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 188 Spear Street, Suite 1200, San Francisco, California 94105. Such notice will be considered timely if it is received at the indicated address by the close of business on Monday, August 21, 2017.

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 March 9, 2018 to our Corporate Secretary at 188 Spear Street, Suite 1200, San Francisco, California 94105, 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 2018 Annual Meeting of Stockholders is held before July 23, 2018 or after September 21, 2018, then the deadline is a reasonable amount of time prior to the date we begin to print and mail our proxy statement for the 2018 Annual Meeting of Stockholders.

Pursuant to our amended and restated bylaws, if you wish to bring a proposal before the stockholders or nominate a director at the 2018 Annual Meeting of Stockholders, but you are not requesting that your proposal or nomination be included in next year's proxy materials, you must notify our Corporate Secretary, in writing, not later than the close of business on May 24, 2018 nor earlier than the close of business on April 24, 2018. However, if our 2018 Annual Meeting of Stockholders is not held between July 23, 2018 and September 21, 2018, to be timely, notice by the

stockholder must be received no earlier than the close of business on the 120th day prior to the 2018 Annual Meeting of Stockholders and not later than the close of business on the later of the 90th day prior to the 2018 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of the 2018 Annual Meeting of Stockholders is first made. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

The chair of the 2018 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting. In addition, the proxy solicited by the Board for the 2018 Annual Meeting of Stockholders will confer discretionary voting authority with respect to (i) any proposal presented by a stockholder at that meeting for which we have not been provided with timely notice and (ii) any proposal made in accordance with our amended and restated bylaws, if the 2018 proxy statement briefly describes the matter and how management's proxy holders intend to vote on it,

## **Table of Contents**

and if the stockholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act.

### **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; and, with respect to the other proposals, votes For, Against, abstentions and, if applicable, broker non-votes. Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

### **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?**

For the election of directors, the two nominees to serve until the 2020 Annual Meeting of Stockholders receiving the most For votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected. Only votes For or Withheld will affect the outcome.

To be approved, the advisory approval of the compensation of the Company's named executive officers must receive For votes from the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter. If you select to Abstain from voting on this proposal, it will have the same effect as an Against vote. Broker non-votes will have no effect.

To be approved, the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year ending March 31, 2018 must receive For votes from the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter. If you select to Abstain from voting on this proposal, it will have the same effect as an Against vote. Broker non-votes will have no effect; however, this proposal is considered a routine matter, and therefore no broker non-votes are expected to exist in connection with this proposal.

### **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 common stock outstanding and entitled to vote are present at the Annual Meeting in person or represented by proxy. On the record date, there were 54,060,181 shares of common stock outstanding and entitled to vote. Thus, the holders of 27,030,091 shares 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 a majority of the shares 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.



**Table of Contents****PROPOSAL NO. 1****ELECTION OF DIRECTORS**

Our Board is 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, will serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified.

The Board presently has seven members. There are two directors in the class whose term of office expires in 2017. If elected at the Annual Meeting, each of these nominees would serve until the 2020 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until his death, resignation, or removal.

The following table sets forth information with respect to our directors, including the two nominees for election at the Annual Meeting, as of June 1, 2017:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation / Position Held with the Company</b>
<b><i>Class III Directors Nominees for Election at the Annual Meeting</i></b>			
Lewis Cirne	47	Feb. 2008	Founder, Chief Executive Officer, and Director of New Relic
Peter Fenton	44	Feb. 2008	General Partner of Benchmark Capital Partners and Chairman of the Board of Directors of New Relic
<b><i>Class I Directors Continuing in Office until the 2018 Annual Meeting of Stockholders</i></b>			
Sohaib Abbasi	60	May 2016	Director of New Relic
Sarah Friar	44	Dec. 2013	Chief Financial Officer of Square, Inc.
Adam Messinger	45	Apr. 2014	Director of New Relic
<b><i>Class II Directors Continuing in Office until the 2019 Annual Meeting of Stockholders</i></b>			
Dan Scholnick	39	Oct. 2008	General Partner of Trinity Ventures
James Tolonen	68	May 2016	Director of New Relic

Each of the nominees for election at the Annual Meeting was recommended for election by the Nominating and Corporate Governance Committee. Messrs. Cirne, Fenton, and Scholnick were initially appointed to the Board pursuant to the provisions of a voting agreement entered into by certain of our stockholders including Mr. Cirne and entities affiliated with Benchmark Capital Partners and Trinity Ventures which terminated upon the completion of our initial public offering. Each of the other members of the Board were initially appointed to the Board by the then-current members of the Board.

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 two 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 two nominees named in this proxy statement. If any nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee will instead be voted for the election of a substitute nominee proposed by the Board. 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. The biographies below also include information regarding the specific experience, qualifications, attributes,

or skills of each nominee or director that led the Nominating and Corporate Governance Committee to determine that such individual should serve as a member of the Board.

---

**Table of Contents**

**NOMINEES FOR ELECTION FOR A THREE-YEAR TERM EXPIRING AT THE 2020 ANNUAL MEETING**

*Lewis Cirne* founded our company and has served as our Chief Executive Officer since February 2008 and as a member of our Board since February 2008. From 1998 to 2001, Mr. Cirne was founder and Chief Executive Officer, and from 2001 to 2006, he was Chief Technology Officer, of Wily Technology, Inc. Prior to Wily Technology, Inc., Mr. Cirne held engineering positions at Apple Inc. and Hummingbird Ltd. Mr. Cirne holds an A.B. in Computer Science from Dartmouth College. We believe that Mr. Cirne is qualified to serve as a member of our Board because of his operational and historical expertise gained from serving as our Chief Executive Officer. As our founder and the longest serving member of our Board, we also value his deep understanding of our business as it has evolved over time.

*Peter Fenton* has served as a member of our Board since February 2008 and has served as our Chairman since November 2008. Since September 2006, Mr. Fenton has served as a General Partner at Benchmark, a venture capital firm. From October 1999 to May 2006, Mr. Fenton served as a Managing Partner at Accel Partners, a venture capital firm. Mr. Fenton currently serves on the boards of directors of Yelp Inc., Zendesk, Inc., Hortonworks Inc., and a number of privately-held companies. Mr. Fenton served on the board of directors of Twitter, Inc. from February 2009 until May 2017. Mr. Fenton holds a B.A. in Philosophy and an M.B.A. from Stanford University. We believe Mr. Fenton is qualified to serve as a member of our Board because of his extensive experience in the venture capital industry and his knowledge of technology companies.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE IN FAVOR OF EACH NAMED NOMINEE.**

**DIRECTORS CONTINUING IN OFFICE UNTIL THE 2018 ANNUAL MEETING**

*Sohaib Abbasi* has served as a member of our Board since May 2016. From 2004 to August 2015, Mr. Abbasi served as the Chief Executive Officer of Informatica Corporation, a data integration company, where he also served as Chairman and a member of the board of directors from 2004 to December 2015. From 1982 to 2003, Mr. Abbasi served in various roles at Oracle Corporation, most recently as a member of Oracle's executive committee and as senior vice president of two divisions, Oracle Tools/Middleware/BI Products and Oracle Education Services. Mr. Abbasi currently serves on the board of directors of Red Hat, Inc. Mr. Abbasi holds both a B.S. and M.S. in Computer Science from the University of Illinois at Urbana-Champaign. We believe Mr. Abbasi is qualified to serve as a member of our Board because of his extensive experience as an executive in the software industry.

*Sarah Friar* has served as a member of our Board since December 2013. Since July 2012, Ms. Friar has served as the Chief Financial Officer of Square, Inc., a provider of commerce solutions, including payment processing and point-of-sale systems for businesses and mobile payment offerings for consumers. From April 2011 to July 2012, she served as the Senior Vice President of Finance & Strategy at salesforce.com, inc. From July 2000 to April 2011, Ms. Friar served in various positions at The Goldman Sachs Group, Inc., an investment banking company, including as a Managing Director in the Equity Research Division. Ms. Friar also served as a member of the board of directors of Model N, Inc. from September 2012 until May 2015. Ms. Friar holds a M.Eng. in Metallurgy, Economics, and Management from the University of Oxford and an M.B.A. from the Stanford Graduate School of Business. We believe Ms. Friar is qualified to serve as a member of our Board because of her strong financial and operational expertise and her knowledge of technology companies.

*Adam Messinger* has served as a member of our Board since April 2014. From March 2013 until December 2016, Mr. Messinger served as the Chief Technology Officer of Twitter, Inc., an online social media company, where he

previously served as Vice President of Application Development from April 2012 to March 2013, and Vice President of Platform Development from November 2011 to April 2012. Prior to that, Mr. Messinger was Vice President of Development at Oracle Corporation, a computer technology company, from January 2008 to November 2011. Mr. Messinger holds a B.S. in Physics and Computer Science from Willamette University and

---

## **Table of Contents**

an M.S. in Management from Stanford University. We believe Mr. Messinger is qualified to serve as a member of our Board because of his extensive experience in the software development industry, both as a developer of tools for other developers and of large online services and as an executive at a variety of software development organizations.

### **DIRECTORS CONTINUING IN OFFICE UNTIL THE 2019 ANNUAL MEETING**

*Dan Scholnick* has served as a member of our Board since October 2008. Mr. Scholnick served as an Associate at Trinity Ventures, a venture capital firm, since September 2007, and has served as General Partner since 2010. Prior to that, he worked at SVB Capital, the venture capital investment arm of SVB Financial Group, from 2004 to 2005, and founded Flurry, Inc., a mobile analytics software company, in 2005. Mr. Scholnick holds an A.B. in Computer Science from Dartmouth College and an M.B.A. from Harvard Business School. We believe Mr. Scholnick is qualified to serve as a member of our Board because of his extensive experience in the venture capital industry and his knowledge of technology companies.

*James Tolonen* has served as a member of our Board since May 2016. Mr. Tolonen served as the Senior Group Vice President and Chief Financial Officer of Business Objects, S.A., an enterprise software solutions provider, where he was responsible for its finance and administration commencing in January 2003 until its acquisition by SAP AG in January 2008. He remained with SAP AG until September 2008. Mr. Tolonen served as the Chief Financial Officer and Chief Operating Officer and a member of the board of directors of IGN Entertainment Inc., an Internet media and service provider, from October 1999 to December 2002. He served as President and Chief Financial Officer of Cybermedia, a PC user security and performance software provider, from April 1998 to September 1998, where he also served as a member of the board of directors from August 1996 to September 1998. Mr. Tolonen served as Chief Financial Officer of Novell, Inc., an enterprise software provider, from June 1989 to April 1998. Mr. Tolonen currently serves on the boards of directors of Imperva, Inc. and MobileIron, Inc. Mr. Tolonen previously served on the boards of directors of Blue Coat Systems, Inc. and Taleo Corporation. Mr. Tolonen holds a B.S. in Mechanical Engineering and an M.B.A. from University of Michigan. We believe Mr. Tolonen is qualified to serve as a member of our Board because of his background in accounting, his extensive experience as chief financial officer for a number of publicly-held companies, including at several software companies, as well as his involvement on numerous audit committees.

### **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. Our Board has determined that, other than Mr. Cirne, none of our directors 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.

#### **Board Leadership Structure**

The Board has an independent Chairman, Mr. Fenton, who has authority, among other things, to call and preside over Board meetings, including meetings of the independent directors, to set meeting agendas, and to determine materials to be distributed to the Board. Accordingly, the Chairman has substantial ability to shape the work of the Board. The

Company believes that separation of the positions of Chairman and Chief Executive Officer

## **Table of Contents**

reinforces the independence of the Board in its oversight of the business and affairs of the Company. In addition, the Company believes that having an independent Chairman creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability, and improving the ability of the Board to monitor whether management's actions are in the best interests of the Company and its stockholders. As a result, the Company believes that having an independent Chairman can enhance the effectiveness of the Board as a whole.

### **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 or she served, held during the portion of the last fiscal year for which he or she was a director or committee member at the time of such meetings. In addition, as required under applicable NYSE listing standards, in the fiscal year ended March 31, 2017, the Company's non-management directors met three times in regularly scheduled executive sessions at which only non-management directors were present. In addition, as required under applicable NYSE listing standards, in the fiscal year ended March 31, 2017, the Company's independent directors met three times in executive sessions at which only independent directors were present. Mr. Fenton, the Chairman of our Board, presided over the executive sessions.

Under our Corporate Governance Guidelines, directors are expected to attend each Annual Meeting of Stockholders. Five directors attended the 2016 Annual Meeting of Stockholders.

### **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 <http://ir.newrelic.com>. In addition, any interested person may communicate directly with the presiding 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 <http://ir.newrelic.com>.



**Table of Contents**

**Code of Conduct**

Our Board has adopted a Code of Conduct, which applies to all officers, directors, and employees, in order to maintain the highest standards of business conduct and ethics. The Code of Conduct is available on the Company's website at <http://ir.newrelic.com>. 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**

In June 2014, the Board documented the governance practices followed by the Company by adopting 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 <http://ir.newrelic.com>.

**Insider Trading Policies; Hedging and Pledging Prohibitions**

Our insider trading policy prohibits our employees, including our executive officers, 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 executive officers, directors, 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.

**Table of Contents****INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS**

Our 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 March 31, 2017 for each of the Board committees:

<b>Name</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating and Corporate Governance</b>
Sohaib Abbasi			
Lewis Cirne			
Peter L.S. Currie(1)	X*	X	
Peter Fenton		X*	
Sarah Friar	X		
Adam Messinger			X
Dan Scholnick	X		X*
James Tolonen(2)	X*	X	
Total meetings in fiscal year:	6	5	2

\* Committee Chairperson

(1) Mr. Currie's term as a director expired at the conclusion of the 2016 Annual Meeting of Stockholders.

(2) Mr. Tolonen was appointed as a member of our Audit Committee effective May 3, 2016 and as the chair of our Audit Committee effective upon Mr. Currie's departure following the 2016 Annual Meeting of Stockholders.

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. The Board has adopted a written charter for each of the committees below that is available to stockholders on the Company's website at <http://ir.newrelic.com>.

**Audit Committee**

Our Audit Committee consists of Dan Scholnick, Sarah Friar, and James Tolonen, 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. Tolonen. Our Board has determined that each member of the Audit Committee is an audit committee financial expert within the meaning of SEC regulations and 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 its 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 related party transactions;

## **Table of Contents**

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.

## **Compensation Committee**

Our Compensation Committee consists of Peter Fenton and James Tolonen, 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 Code). The chair of our Compensation Committee is Mr. Fenton. 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;

evaluating and administering the equity incentive plans, compensation plans and similar programs advisable for us, as well as recommending to our Board the adoption, modification, or termination of such 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.

## ***Compensation Committee Processes and Procedures***

Our Compensation Committee meets periodically during each fiscal year, with such frequency as it determines to be appropriate under the circumstances. Typically, the agenda for each meeting is developed by the chair of the Compensation Committee, in consultation with management. The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities, and personnel of the Company. In addition, under its charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. Our Compensation

Committee has direct responsibility for the oversight of the work of any advisors engaged for the purpose of advising the Committee. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. Under its charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel, or other advisor to the Compensation Committee, other than in-house legal counsel and certain other types of advisors, only after taking into consideration the various factors prescribed by the SEC and NYSE that bear upon the advisor's independence; however, there is no requirement that any advisor be independent.

Since January 2014, our Board or Compensation Committee has engaged Compensia, Inc. ( Compensia ) to serve the Compensation Committee in the discharge of its responsibilities. In June 2017, our Compensation Committee, taking into account the various factors prescribed by the SEC and NYSE described above, reaffirmed the independence of Compensia as a compensation advisor and determined that its work did not give rise to any

## **Table of Contents**

conflict of interest. A description of the services provided by Compensia is included in Executive Compensation Compensation Discussion and Analysis Governance of Executive Management Program below.

Historically, our Compensation Committee has determined bonus awards and established new performance objectives for our compensation plans and arrangements at one or more meetings held during the first quarter of the fiscal year and has made adjustments to the design of our annual compensation and equity awards periodically, as circumstances warrant. The Compensation Committee also considers matters related to individual compensation, high-level strategic issues, such as the efficacy of the Company's compensation strategy, potential modifications to that strategy and new trends, plans, or approaches to compensation, periodically throughout the year. Our executive officers may attend meetings of the Compensation Committee to present information and answer questions or make recommendations to the Compensation Committee regarding compensation for officers other than for themselves. No executive officer participates directly in the final deliberations or determinations regarding his or her own compensation or is present when the relevant compensation decisions are made.

Under its charter, our Compensation Committee may form and delegate authority to subcommittees as appropriate. The Compensation Committee does not currently delegate any of its functions to others in determining or recommending executive or director compensation.

For additional information regarding our processes and procedures for the consideration and determination of executive compensation, including the role of Compensia as the advisor to the Compensation Committee, see Executive Compensation Compensation Discussion and Analysis Governance of Executive Compensation Program below.

### ***Compensation Committee Interlocks and Insider Participation***

As noted above, the Compensation Committee consists of Messrs. Fenton and Tolonen. 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 or Compensation Committee of any entity that has one or more executive officers serving as a member of our Compensation Committee.

### **Nominating and Corporate Governance Committee**

Our Nominating and Corporate Governance Committee consists of Adam Messinger and Dan Scholnick, each of whom our Board has determined to be independent under the NYSE listing standards. The chair of our Nominating and Corporate Governance Committee is Mr. Scholnick. 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 the compensation of our directors;

reviewing and recommending to our Board any amendments to our corporate governance principles; and

reviewing and assessing, periodically, the performance of the Nominating and Corporate Governance Committee and the adequacy of its charter.

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

**Table of Contents**

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. The Nominating and Corporate Governance Committee will also take into account the results of the Board's self-evaluation, which will be conducted annually on a group and individual basis. 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.

At this time, the Nominating and Corporate Governance Committee does not have a policy with regard to the consideration of director candidates recommended by stockholders. The Nominating and Corporate Governance Committee believes that it is in the best position to identify, review, evaluate, and select qualified candidates for Board membership, based on the comprehensive criteria for Board membership approved by the Board.



**Table of Contents**

**PROPOSAL NO. 2**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Under Section 14A of the Exchange Act, the Company's stockholders are entitled to vote to approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in this proxy statement in accordance with SEC rules, commonly referred to as a say-on-pay vote. At the 2016 Annual Meeting of Stockholders, the stockholders indicated their preference that the Company conduct a say-on-pay vote every year. Our Board has adopted a policy that is consistent with this preference.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company's named executive officers and the philosophy, policies and practices described in this proxy statement. The compensation of the Company's named executive officers subject to the vote is disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related narrative disclosure contained in this proxy statement. As discussed in those disclosures, the Company believes that its compensation policies and decisions are based on principles that reflect a pay-for-performance philosophy and are strongly aligned with our stockholders interests. Meanwhile, compensation of the Company's named executive officers is designed to enable the Company to attract and retain talented and experienced executives to lead the Company successfully in a competitive environment.

Accordingly, our Board is asking the stockholders to indicate their support for the compensation of the Company's named executive officers as described in this proxy statement 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.

Because the vote is advisory, it is not binding on our Board, the Compensation Committee, or the Company. Nevertheless, the views expressed by the stockholders, whether through this vote or otherwise, are important to management and the Board and, accordingly, the Board and the Compensation Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

Advisory approval of this proposal requires the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting. Unless the Board decides to modify its policy regarding the frequency of soliciting say-on-pay votes, the next scheduled say-on-pay vote will be at the 2018 Annual Meeting of Stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE IN FAVOR OF PROPOSAL NO. 2.**

**Table of Contents****PROPOSAL NO. 3****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2018 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. Deloitte & Touche LLP has audited our financial statements since the fiscal year ended March 31, 2011. Representatives of Deloitte & Touche 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 our amended and restated bylaws nor other governing documents or law require stockholder ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of Deloitte & Touche 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 a majority 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 Deloitte & Touche LLP.

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table represents aggregate fees billed to the Company for the fiscal years ended March 31, 2017 and March 31, 2016, by Deloitte & Touche LLP, the Company's principal accountant.

	<b>Fiscal Year Ended</b>	
	<b>2017</b>	<b>2016</b>
	<b>(in thousands)</b>	
Audit Fees(1)	\$ 1,215	\$ 1,235
Audit-related Fees(2)	10	30
Tax Fees		
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,225</b>	<b>\$ 1,265</b>

- (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 an independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, such as statutory audits.
- (2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under Audit Fees. These include fees for professional services provided in connection with our Registration Statement on Form S-8 and due diligence provided in connection with an acquisition in fiscal 2016.

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

In connection with the audit of our fiscal 2017 financial statements, the Company entered into an engagement agreement with Deloitte & Touche LLP that sets forth the terms by which Deloitte & Touche LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

**Table of Contents**

**PRE-APPROVAL POLICIES AND PROCEDURES**

The Audit Committee has the authority to pre-approve audit and non-audit services rendered by our independent registered public accounting firm, Deloitte & Touche LLP. The committee can pre-approve, among other things, specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may 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 Audit Committee has determined that the rendering of services other than audit services by Deloitte & Touche LLP is compatible with maintaining the principal accountant's independence.

**THE BOARD OF DIRECTORS RECOMMENDS**

**A VOTE IN FAVOR OF PROPOSAL NO. 3.**

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS<sup>(1)</sup>**

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended March 31, 2017 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. 1301, *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 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 March 31, 2017.

James Tolonen

Sarah Friar

Dan Scholnick

- (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.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of June 1, 2017, 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 common stock;

each of our named executive officers;

each of our directors; 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. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

Our calculation of the percentage of beneficial ownership is based on 53,920,827 shares of our common stock outstanding as of June 1, 2017. Common stock subject to stock options currently exercisable or exercisable within 60 days of June 1, 2017 or restricted stock unit ( RSU ) awards scheduled to vest within 60 days of June 1, 2017 is deemed to be outstanding for computing the percentage ownership of the person holding these options and RSU awards 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 and directors 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 New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105.

<b>Name of Beneficial Owner</b>	<b>Number</b>	<b>Percentage</b>
<b>Named Executive Officers and Directors:</b>		
Lewis Cirne(1)	10,564,106	19.4%
Mark Sachleben(2)	1,053,848	1.9%
James Gochee(3)	491,579	*
Robin Schulman(4)	12,085	*
Sohaib Abbasi(5)	3,123	*
Peter Fenton(6)	368,414	*
Sarah Friar(7)	103,020	*
Adam Messinger(8)	40,000	*
Dan Scholnick	34,090	*
James Tolonen(9)	3,123	*
	12,673,388	23.1%

All executive officers and directors as a group (10 persons)(10):		
<b>Former Executive Officer:</b>		
Hilarie Koplow-McAdams(11)	418,688	*
<b>5% Stockholders:</b>		
FMR LLC(12)	7,818,404	14.5%
T. Rowe Price Associates, Inc.(13)	3,434,766	6.4%
Matrix Capital Management Company LP(14)	4,848,100	9.0%

\* Represents beneficial ownership of less than 1% of the outstanding common stock.

(1) Consists of 250,000 shares held by J.P. Morgan Trust Company of Delaware, as Trustee of the Cirne Family 2012 Irrevocable Trust, 7,961,356 shares held by Lewis Cirne and his spouse, as Trustees of the Cirne

**Table of Contents**

- Family Revocable Trust UAD March 20, 2012, 1,888,000 held by the Beloved in Christ Foundation at which he is an officer and may be deemed to hold voting and dispositive power over the shares, and 464,750 shares of common stock issuable pursuant to stock options exercisable within 60 days of June 1, 2017.
- (2) Consists of 731,165 shares held by trusts for which Mr. Sachleben and his spouse are the trustees, 320,480 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017, and 2,203 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2017.
  - (3) Consists of 360,906 shares of common stock held by Mr. Gochee, 129,844 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017, and 829 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2017.
  - (4) Consists of 577 shares of common stock held by Ms. Schulman, 10,720 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017, and 788 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2017.
  - (5) Consists of 904 shares of common stock held by Mr. Abbasi and 2,219 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017.
  - (6) Consists of 368,414 shares of common stock held by Mr. Fenton as Trustee of the Fenton Family Trust UA November 7, 2007.
  - (7) Consists of 103,020 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017.
  - (8) Consists of 40,000 shares of common stock held by Mr. Messinger, of which 7,500 shares would be subject to repurchase by us as of 60 days after June 1, 2017.
  - (9) Consists of 904 shares of common stock held by Mr. Tolonen and 2,219 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017.
  - (10) Consists of (i) 11,636,316 shares of common stock, of which 7,500 shares would be subject to repurchase by us as of 60 days after June 1, 2017, (ii) 1,033,252 shares of common stock issuable pursuant to options exercisable within 60 days after June 1, 2017, and (iii) 3,820 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2017.
  - (11) Consists of 2,682 shares of common stock held by Ms. Koplow-McAdams and 416,006 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2017. Reflects the terms of her separation agreement with us as set forth in Separation Agreement with Ms. Koplow-McAdams below.
  - (12) This information is based on a Schedule 13G/A filed with the SEC on February 14, 2017. According to the Schedule 13G/A, FMR LLC has the sole power to vote or direct the vote of 318,211 shares of common stock and the sole power to dispose or direct the disposition of 7,818,404 shares of common stock, and Abigail P. Johnson has the sole power to dispose or direct the disposition of 7,818,404 shares of common stock. FMR LLC is acting as a parent holding company for a number of its relevant entities that beneficially own the shares being reported, including Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research (Hong Kong) Limited and FMR Co., Inc., which is reported as beneficially owning 5% or more of our shares. Ms. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC. Members of the Johnson family, including Ms. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ( Fidelity Funds ) advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by



the Fidelity Funds Boards of Trustees. The address for this entity is 245 Summer Street, Boston, Massachusetts 02210.

**Table of Contents**

- (13) This information is based on a Schedule 13G/A filed with the SEC on February 7, 2017. According to the Schedule 13G/A, T. Rowe Price Associates, Inc. has the sole power to vote or direct the vote of 687,322 shares of common stock and the sole power to dispose or direct the disposition of 3,434,766 shares of common stock. The address of this entity is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (14) This information is based on a Schedule 13G/A filed with the SEC on February 10, 2017. According to the Schedule 13G/A, Matrix Capital Management Company LP and David E. Goel each have shared power to vote or direct the vote of and dispose or direct the disposition of 4,848,100 shares of common stock. David E. Goel is the Managing General Partner of Matrix Capital Management Company LP. Matrix Capital Management Company LP is the investment adviser to Matrix Capital Management Master Fund, L.P. and various other funds. Matrix Capital Management Master Fund, L.P. has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, these shares. The address for each of these individuals and entities is Bay Colony Corporate Center, 1000 Winter Street, Suite 4500, Waltham, MA 02451.

**Table of Contents**

**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 beneficially 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 March 31, 2017, all Section 16(a) filing requirements applicable to its officers, directors, and greater than ten percent beneficial owners were complied with.

**Table of Contents****EXECUTIVE OFFICERS AND OTHER EXECUTIVE MANAGEMENT**

The following table sets forth certain information with respect to our executive officers as of June 1, 2017.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Lewis Cirne	47	Founder, Chief Executive Officer, and Director
Mark Sachleben	52	Chief Financial Officer
James Gochee	47	Chief Product Officer
Robin Schulman	44	Vice President, General Counsel, and Corporate Secretary

There are no family relationships between any of our directors and any of our executive officers.

*Lewis Cirne.* Biographical information with regard to Mr. Cirne is presented under *Proposal No. 1 Election of Directors* in this proxy statement.

*Mark Sachleben* has served as our Chief Financial Officer since April 2008. From December 1999 to March 2006, Mr. Sachleben served as Vice President of Finance at Wily Technology, Inc., an application performance company. Mr. Sachleben holds an M.B.A. from Stanford University and an A.B. in Engineering Science and B.S. in Fluid and Mechanical Engineering from Dartmouth College.

*James Gochee* has served as our Chief Product Officer since August 2015. Mr. Gochee served as our Senior Vice President of Product Strategy and Chief Technology Officer from July 2014 to August 2015, our Senior Vice President of Product from January 2011 to July 2014, and our Vice President of Engineering from May 2008 to January 2011. From 2007 to 2008, Mr. Gochee was the Lead Architect for Introscope at Wily Technology, Inc., an application performance company. Mr. Gochee also served as Chief Technology Officer of FoodUSA.com, an internet-based trading system for the wholesale food industry, from 1999 to 2000. Mr. Gochee holds an A.B. in Computer Science from Dartmouth College.

*Robin J. Schulman* has served as our Vice President, General Counsel, and Corporate Secretary since December 2013, which also has included her role as our Chief Compliance and Privacy Officer. Prior to that, Ms. Schulman was Legal Counsel for Adobe Systems Incorporated, a computer software company, from May 2010 to December 2013. Ms. Schulman was an associate at Fenwick & West LLP, a law firm, from 2006 to 2010. Ms. Schulman holds a B.F.A. in dramatic writing from New York University and a J.D. from Rutgers School of Law.

**EXECUTIVE COMPENSATION****COMPENSATION DISCUSSION AND ANALYSIS****General**

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy and objectives, describes the material elements of our executive compensation program during fiscal 2017, and analyzes how and why the Compensation Committee arrived at the compensation decisions for our named executive officers for fiscal 2017 (the *Named Executive Officers*), including the key factors that the Compensation Committee considered in determining the compensation of our Named Executive Officers. Our Named Executive Officers for fiscal 2017 were:

Lewis Cirne, our Chief Executive Officer (our CEO );

Mark Sachleben, our Chief Financial Officer;

James Gochee, our Chief Product Officer;

## **Table of Contents**

Robin Schulman, our Vice President, General Counsel, and Corporate Secretary; and

Hilarie Koplow-McAdams, our former President.

### ***Management Changes in Fiscal 2017***

Ms. Koplow-McAdams resigned from her position as our President effective March 31, 2017. In April 2017, she entered into a separation agreement with us that set forth the terms of her transition through her final date of employment, June 11, 2017, as set forth in Separation Agreement with Ms. Koplow-McAdams below.

## **Executive Compensation Philosophy and Program Design**

### ***Compensation Philosophy***

The market for our products is increasingly competitive and subject to rapidly changing technology and evolving standards, and we expect competition among companies in our market 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 a skilled team of technical, sales, marketing, operations, and other business professionals, while facing intense competition both within the software industry and from other technology companies for highly-qualified executives. Our compensation philosophy is designed to establish and maintain an executive compensation program that attracts, incentivizes, retains, 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 compensation philosophy include the following:

*Pay for Performance* Our executive compensation program is heavily weighted towards at risk and performance-based compensation.

*Fair, Flexible, and Results-Oriented* We design our compensation structure to reward results and to provide parity and consistency within functions.

*Ownership Culture* We believe that ownership of our common stock by our executive officers is a critical retention tool, and the use of equity awards to deliver long-term incentive compensation opportunities emphasizes long-term results and aligns the interests of our executive officers and our stockholders.

### ***Program Design***

Our executive compensation program is designed to reflect our compensation philosophy and currently consists of three components: a base salary, an annual cash bonus opportunity, and long-term incentive compensation opportunities delivered in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock. As a result, a significant portion of our executive officers' target total direct compensation opportunities are at risk and dependent upon our performance or an increase in the market price of our

common stock.

To reward results and to provide parity and consistency within functions, our executive officers participate in the same annual cash bonus plan as our other employees and are eligible to receive cash bonuses if our pre-established quarterly corporate financial and operational performance objectives are achieved. The Compensation Committee believes that such annual bonus opportunities appropriately reward our executive officers for delivering financial and operational results that meet or exceed pre-established goals for each fiscal year.

## **Table of Contents**

Our executive compensation program is also heavily weighted towards long-term incentive compensation in the form of equity awards. The Compensation Committee believes that compensation in the form of equity awards enables us to closely align the decision-making of our executive officers with the long-term interests of our stockholders by driving achievement of our financial and strategic goals. To ensure that we remain faithful to our compensation philosophy, from time to time the Compensation Committee evaluates the relationship between the reported values of the equity awards granted to our executive officers, the amount of compensation realizable (and, ultimately, realized) from such awards in subsequent years, and our total stockholder return over this period.

As our needs evolve, the Compensation Committee intends to continue to evaluate our compensation philosophy, policies, and practices as circumstances require.

## **Fiscal 2017 Executive Compensation Program Overview**

### ***Fiscal 2017 Business Highlights***

Fiscal 2017 was a strong year for us, as we continued to execute on our vision to be the first, best place for companies of all sizes to understand their digital business. From a financial perspective, we increased our revenue to \$263.5 million, which was a 45% increase compared to fiscal 2016. Also, we continued to achieve positive cash from operations for the second consecutive fiscal year.

Meanwhile, we continued to make significant progress expanding our reach to enterprise customers. We closed the largest deal in our history – an upsell to an existing customer resulting in a three-year, \$24 million dollar total contract value relationship. In fact, we ended the year with more than 30 seven-figure annualized recurring revenue customers, up nearly 100% from fiscal 2016, and more than 500 six-figure annualized recurring revenue customers, up from over 350 at the end of fiscal 2016. Meanwhile, we saw significant progress on our multi-product strategy. We closed our first \$1 million dollar annualized recurring revenue customer for our New Relic Insights product, which contributed to our highest-ever percentage of new business coming outside of our core application performance management product, over 35% in our fourth fiscal quarter. At the same time, fiscal 2017 also saw us repeatedly set and exceed our previous records for largest transaction size amongst our small and medium size business customers.

### ***Fiscal 2017 Executive Compensation Highlights***

The following key compensation actions were taken with respect to the Named Executive Officers for fiscal 2017:

*Base Salaries* Their annual base salaries were increased in amounts ranging from 5% to 17% of their fiscal 2016 levels, including an increase to the annual base salary of our CEO of 5%.

*Cash Bonuses* Their cash bonuses ranged from 88% to 141% of their target annual cash bonus opportunities, including an aggregate cash bonus of \$341,776 for our CEO.

*Long-Term Incentive Compensation* With the exception of our CEO, who did not receive any long-term incentive compensation award, they were granted long-term incentive compensation opportunities in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock, in aggregate amounts ranging from \$505,926 to \$1,315,416.



***Pay-for-Performance Alignment***

We believe our executive compensation program is reasonable and competitive, and appropriately balances the goals of attracting, motivating, rewarding, and retaining our executive officers. To ensure our executive officers' interests are aligned with those of our stockholders and to motivate and reward individual initiative and effort, a substantial portion of their target total direct compensation opportunity each year is at-risk and will vary above or below target levels commensurate with our performance.

## **Table of Contents**

We emphasize variable compensation that appropriately rewards our executive officers for delivering financial, operational, and strategic results that meet or exceed pre-established goals through our annual cash bonus plan, as well as the options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock that we use to deliver long-term incentive compensation opportunities.

The target total direct compensation opportunities for the Named Executive Officers (other than our CEO), on average, during fiscal 2016 and fiscal 2017 reflect this philosophy:

The target total direct compensation over this period for our CEO is not included in the foregoing graphic because, as of March 31, 2017, he had not received any long-term incentive compensation opportunities since our IPO. Prior to March 31, 2017, his last long-term incentive compensation opportunity in the form of equity was granted prior to our IPO and is subject to vesting over a five-year period.

As illustrated by the foregoing graphics, for fiscal 2017 variable compensation (consisting of annual cash incentive and long-term incentive compensation opportunities) made up 76%, on average, of the target total direct compensation opportunities of the Named Executive Officers (other than our CEO). In addition, 62%, on average, of the target total direct compensation opportunities of the Named Executive Officers (other than our CEO) consisted of long-term incentive compensation in the form of equity awards to further align their interests with those of our stockholders and motivate them to create long-term stock price appreciation.

### ***Executive Compensation Policies and Practices***

During fiscal 2017, we either adopted or maintained the following executive compensation policies and practices, which include policies and practices that we have implemented to drive performance as well as policies and practices that either prohibit or minimize behaviors that we do not believe serve our stockholders' long-term interests:

*Independent Compensation Committee.* The Compensation Committee continues to be comprised solely of independent directors.

*Independent Compensation Committee Advisor.* The Compensation Committee engaged its own compensation consultant to assist it in carrying out its responsibilities in fiscal 2017. This consultant performed no other services for us during fiscal 2017.

*Annual Executive Compensation Review.* The Compensation Committee conducted an annual review and approval of our compensation strategy, including a review and determination of our compensation peer group used for comparative purposes, and of our compensation-related risk profile to ensure that our compensation programs 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 us.

## **Table of Contents**

*Executive Compensation Practices.* Our compensation philosophy and related corporate governance policies and practices are complemented by several specific compensation practices that are designed to align our executive compensation with long-term stockholder interests, including the following:

*Compensation At-Risk.* Our executive compensation program is designed so that a significant portion of compensation is at risk based on the Company's performance, as well as short-term cash and long-term equity incentives to align the interests of our executive officers and stockholders.

*No Pension or Nonqualified Deferred Compensation Plans.* We do not currently offer, nor do we have plans to provide, pension arrangements or nonqualified deferred compensation plans or arrangements to our executive officers.

*No Significant Perquisites.* We do not provide significant perquisites or other personal benefits to our executive officers.

*No Tax Reimbursements.* We do not provide any tax reimbursement payments (including gross-ups) on any perquisites or other personal benefits.

*Double-Trigger Change-in-Control Arrangements.* All change-in-control payments and benefits are based on a double-trigger arrangement (that is, they require both a change in control of the Company plus a qualifying termination of employment before payments and benefits are paid).

*No Special Health or Welfare Benefits.* Our executive officers participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees.

*No Post-Employment Tax Reimbursements.* We do not provide any tax reimbursement payments (including gross-ups) on any severance or change-in-control payments or benefits.

*Multi-Year Vesting Requirements.* The equity awards granted to our executive officers vest over multi-year periods, consistent with current market practice and our retention objectives.

*Hedging and Pledging Prohibited.* We prohibit our executive officers from hedging our securities, pledging our securities as collateral for loans, or holding our securities in margin accounts.

## **Governance of Executive Compensation Program**

### ***Role of the Compensation Committee***

The Compensation Committee discharges the responsibilities of our Board relating to the compensation of our executive officers, including the Named Executive Officers. The Compensation Committee has overall responsibility

for overseeing our compensation and benefits policies generally, overseeing, evaluating, and approving the compensation policies, practices, and plans applicable to our executive officers, determining the compensation of our CEO and other executive officers, determining and overseeing the process of evaluating our CEO's performance, and overseeing the preparation of, reviewing, and approving this Compensation Discussion and Analysis.

The Compensation Committee reviews the base salary levels, annual cash bonus opportunities, and long-term incentive compensation opportunities of our executive officers, including the Named Executive Officers, each year, or more frequently as warranted. Adjustments are generally effective at the beginning of the fiscal year. Each fiscal quarter, the Compensation Committee reviews our financial and operational performance and the corresponding projected payments under the annual bonus plan and the equity awards previously granted to our executive officers.

When selecting and setting the amount of each compensation element, the Compensation Committee generally considers the following factors:

our performance against the financial and operational objectives established by the Compensation Committee and our Board;

**Table of Contents**

each individual executive officer's skills, experience, and qualifications relative to other similarly-situated executive officers at the companies in our compensation peer group;

the scope of each executive officer's role compared to other similarly-situated executive officers at companies in our compensation peer group;

the performance of each individual executive officer, based on a subjective assessment of his or her contributions to our overall performance, ability to lead his or her business unit or function, and work as part of a team, all of which reflect our core values;

compensation parity among our executive officers;

our financial performance relative to our compensation and performance peers; and

the compensation practices of our compensation peer group and the positioning of each executive officer's compensation in a ranking of peer company compensation levels.

In addition, in determining the amount of long-term incentive compensation for our executive officers as part of its annual compensation review, the Compensation Committee also considers the outstanding equity holdings of each executive officer, the projected impact of the proposed awards on our earnings, the proportion of our total shares outstanding used for annual employee long-term incentive compensation awards (our burn rate) in relation to the median proportions of the companies in our compensation peer group, and the potential voting power dilution to our stockholders (our overhang) in relation to the median practice of the companies in our compensation peer group.

These factors provide the framework for compensation decision-making and final decisions regarding the compensation opportunity for each executive officer. No single factor is determinative in setting pay levels, nor is the impact of any factor on the determination of pay levels quantifiable.

***Role of Management***

In discharging its responsibilities, the Compensation Committee works with members of our management team, including our CEO. The management team assists the Compensation Committee by providing information on Company and individual performance, market data, and management's perspective and recommendations on compensation matters. The Compensation Committee solicits and reviews our CEO's recommendations and proposals with respect to adjustments to annual cash bonus opportunities, long-term incentive compensation opportunities, program structures, and other compensation-related matters for our executive officers (other than with respect to his own compensation). The Compensation Committee reviews and discusses these recommendations and proposals with our CEO and uses them as one factor in determining and approving the compensation for our executive officers, other than our CEO. In setting the compensation of our CEO, he recuses himself from all discussions and recommendations regarding his own compensation.

***Role of Compensation Consultant***

Pursuant to its charter, the Compensation Committee has the authority to retain the services of external advisors, including compensation consultants, legal counsel, and other advisors, to assist in the performance of its responsibilities. In fiscal 2017, the Compensation Committee again retained Compensia, a national compensation consulting firm, to serve as its compensation advisor. Compensia serves at the discretion of the Compensation Committee.

During fiscal 2017, Compensia attended the meetings of the Compensation Committee (both with and without management present) and provided the following services:

consulting with the Compensation Committee chair and other members between Compensation Committee meetings;

**Table of Contents**

providing competitive market data based on the compensation peer group for our executive officer positions and evaluating how the compensation we pay our executive officers compares both to our performance and to how the companies in our compensation peer group compensate their executive officers;

review and analysis of the base salary levels, annual cash bonus opportunities, and long-term incentive compensation opportunities of our executive officers;

assessment of executive compensation trends within our industry, and updating on corporate governance and regulatory issues and developments;

review of market equity compensation practices, including burn rate and overhang; and

providing competitive market data based on the compensation peer group for the non-employee members of our Board and evaluating the compensation we pay our non-employee directors.

In fiscal 2017, Compensia provided no services to us other than the consulting services to the Compensation Committee.

***Competitive Positioning***

For purposes of comparing our executive compensation against the competitive market, the Compensation Committee reviews and considers the compensation levels and practices of a group of comparable technology companies. In November 2015, the Compensation Committee, with the assistance of its compensation consultant, developed and approved the following compensation peer group for purposes of understanding the competitive market:

Actua	Imperva
Benefitfocus	LogMeIn
Callidus Software	Marketo
Cvent	Proofpoint
Demandware	Qualys
Ellie Mae	SPS Commerce
Hortonworks	Textura
Hubspot	Zendesk

The companies in this compensation peer group were selected on the basis of their similarity to us in size, as determined using the following criteria:

similar revenue size ~0.5x to ~2.0x our last four fiscal quarters revenue of \$126 million (~\$60 million to ~\$250 million);

similar market capitalization ~0.3x to ~3.0x our market capitalization of \$1.8 billion (~\$500 million to ~\$5.5 billion);

similar business model and/or product software-as-a-service business model and/or business intelligence or data analytics products;

a market capitalization multiple of revenue greater than 5x;

annual revenue growth greater than 20%;

an initial public offering of equity securities during 2010 or later;

a business-to-business model; and

companies identified by Institutional Shareholder Services as peers.

This compensation peer group was used by the Compensation Committee during fiscal 2017 as a reference for understanding the compensation practices of companies in our industry sector.



## **Table of Contents**

To analyze the compensation practices of the companies in our compensation peer group, the Compensation Committee's compensation consultant gathered data from public filings (primarily proxy statements) and also used information drawn from the Radford's Global Technology Survey & Global Sales Survey. This market data was then used as a reference point for the Compensation Committee to assess our current compensation levels in the course of its deliberations on compensation forms and amounts.

The Compensation Committee reviews our compensation peer group at least annually and makes adjustments to its composition as necessary or appropriate, taking into account changes in both our business and the businesses of the companies in the peer group.

## **Compensation Elements**

During fiscal 2017, the principal elements of our compensation program for our executive officers, including the Named Executive Officers, consisted of base salary, an annual cash bonus opportunity, and a long-term incentive compensation opportunity delivered in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock. While the pay mix may vary from year to year, the ultimate goal is to achieve our compensation objectives as described above. In the following chart, we provide an overview of each material element of our fiscal 2017 executive compensation program and describe how each such element is tied to our compensation objectives.

We also offer our executive officers severance benefits upon certain terminations of employment, including a termination of employment following a change in control of the Company.

In addition, all of our Named Executive Officers are eligible to participate in our 2014 Employee Stock Purchase Plan ( ESPP ) if they meet the requirements for participation in the ESPP, as described below. Further, all of our Named Executive Officers are eligible to receive the other benefits generally available to all employees, which include being eligible to participate in our 401(k) plan. Each compensation element is evaluated based on the factors discussed below.

### ***Base Salary***

Base salary represents the fixed portion of the compensation of our executive officers, including the Named Executive Officers, and is an important element of compensation intended to attract and retain highly-talented individuals. We provide base salaries to our executive officers to compensate them for their daily services rendered during the year and to provide them with a level of stable fixed compensation.

Generally, the initial base salary of an executive officer is established through an arm's-length negotiation with us at the time we hire the executive officer, taking into account his or her position, qualifications, experience, prior salary level, and the base salaries of our existing executive officers in establishing such initial base salary. The Compensation Committee reviews the base salaries of our executive officers annually and makes adjustments to base salaries as it determines to be necessary or appropriate.

**Table of Contents**

In May 2016, in connection with its annual review of our executive compensation program, the Compensation Committee evaluated the base salaries of our executive officers, including the Named Executive Officers, taking into consideration the competitive market analysis prepared by its compensation consultant, the recommendations of our CEO (except with respect to his own base salary), and the other factors described above in Governance of Executive Compensation Program. Following this review, the Compensation Committee determined to increase the base salaries of our executive officers to better position their compensation against the competitive market.

The base salaries of the Named Executive Officers for fiscal 2016 and 2017 were as follows:

<b>Named Executive Officer</b>	<b>Fiscal 2016 Base Salary</b>	<b>Fiscal 2017 Base Salary</b>	<b>Percentage Increase</b>
Mr. Cirne	\$300,000	\$ 315,000	5%
Mr. Sachleben	\$300,000	\$ 325,000	8%
Mr. Gochee	\$278,000 through August 6, 2015; \$290,000 on and following August 7, 2015	\$ 320,000	10%(1)
Ms. Schulman	\$260,000	\$ 295,000	14%
Ms. Koplow-McAdams	\$300,000	\$ 350,000	17%

(1) Reflects percentage adjustment from \$290,000 to \$320,000.

The actual salary amounts earned by the Named Executive Officers for fiscal 2017 are reflected in the Fiscal 2017 Summary Compensation Table below.

***Annual Cash Bonus Opportunity***

We seek to have a significant portion of the compensation of our executive officers, including the Named Executive Officers, tied to performance. To accomplish this objective, we provide our executive officers with the opportunity to earn cash bonuses to encourage the achievement of our corporate performance objectives and to reward those individuals who significantly impact our corporate results.

In May 2016, the Compensation Committee approved an incentive bonus plan, which provided an opportunity for our executive officers, including the Named Executive Officers, and other key employees to earn quarterly cash bonuses based on our ability to achieve corporate performance objectives consistent with our annual operating plan (the Fiscal 2017 Bonus Opportunity). At that time, the Compensation Committee also approved the corporate performance objectives and the formula for bonus payments under the Fiscal 2017 Bonus Opportunity.

***Target Annual Cash Bonus Opportunities***

In May 2016, the Compensation Committee reviewed the target annual cash bonus opportunities of our executive officers, including the Named Executive Officers, taking into consideration the competitive market analysis prepared by its compensation consultant, the recommendations of our CEO (except with respect to his own target annual cash bonus opportunity), and the other factors described above in Governance of Executive Compensation Program. Target annual cash bonus opportunities were expressed as a percentage of each executive officer's base salary.

Following this review, the Compensation Committee adjusted the target annual cash bonus opportunities of certain of our executive officers to maintain the competitiveness of these amounts by increasing their target annual cash bonus opportunities from their fiscal 2016 levels. Mr. Cirne's target annual cash bonus opportunity increased from 67% to 100%, Mr. Sachleben's target annual cash bonus opportunity increased from 50% to 60%, Mr. Gochee's target annual cash bonus opportunity increased from 40% to 45%, and Ms. Schulman's target

**Table of Contents**

annual cash bonus opportunity increased from 25% to 40%, in each case to bring their target total cash compensation in line with that of similarly positioned executive officers at the companies in the compensation peer group.

Ms. Koplow-McAdams' bonus opportunity was maintained at 100%.

The target annual cash bonus opportunities of the Named Executive Officers for purposes of the Fiscal 2017 Bonus Opportunity were as follows:

Named Executive Officer	Fiscal 2016 Target	Fiscal 2017 Target Annual	
	Annual Cash Bonus Opportunity	Annual Cash Bonus Opportunity	Annual Cash Bonus Opportunity
Mr. Cirne	67%	100%	\$ 315,000
Mr. Sachleben	50%	60%	\$ 195,000
Mr. Gochee	30% through August 6, 2015; 40% on and following August 7, 2015	45%	\$ 144,000
Ms. Schulman	25%	40%	\$ 118,000
Ms. Koplow-McAdams	100%	100%	\$ 350,000

*Corporate Performance Objectives and Bonus Formula*

In May 2016, the Compensation Committee, after receiving input from our CEO and Chief Financial Officer, selected annual recurring revenue ( ARR ) and adjusted operating income as the corporate performance measures for purposes of determining potential bonus payouts under the Fiscal 2017 Bonus Opportunity. The Compensation Committee believed that these were appropriate corporate performance measures to use because, in its view, they would be clear indicators of our successful operation of our business. For purposes of these potential bonus payouts:

ARR, which was based on our net incremental annual recurring revenue, is calculated on a quarter-to-quarter basis to measure our sales growth. For this purpose, we define ARR as the revenue we would contractually expect to receive from those customers over the following 12 months, without any increase or reduction in any of their subscriptions.

Adjusted operating income, which was calculated as our GAAP operating income adjusted for non-cash compensation charges, certain litigation-related expenses, and other extraordinary items as determined by our management, is a profitability measure that is used by the analysts who follow our Company and that we disclose quarterly.

In previous years, potential bonus payouts were also based on average monthly downgrade rate, but the Compensation Committee ceased to use that metric as a performance measure in fiscal 2017 because it determined that it was largely captured by ARR and it was not material to the business alone.

For each of these performance measures, the Compensation Committee established a target achievement level and payment schedule for each fiscal quarter, as well as the target weighting for each measure, as follows:

For ARR (70% weighting), payments were to be based on our actual ARR for a quarter as measured against our ARR target level for the quarter, raised to the 1.5 power.

**Table of Contents**

For adjusted operating income (30% weighting), payments were to be based on a sliding scale as follows:

<b>Adjusted Operating Income as a Percentage of Target</b>	<b>Adjusted Operating Income Attainment Percentage</b>
110% or more	40%
105% <110%	35%
100% <105%	30%
95% <100%	25%
90% <95%	20%
85% <90%	15%
80% <85%	10%
<80%	0%

The target levels established for each of these performance measures were intended to require significant effort on the part of our executive officers and, therefore, were set at levels the Compensation Committee believed would be difficult to achieve and for which average or below-average performance would result in smaller or no bonus payments. The aggregate target levels for these performance measures represented a significant increase from fiscal 2016. The target levels were adjusted for the second, third and fourth quarters of fiscal 2017 by the Compensation Committee during fiscal 2017 to reflect business expectations, but remained at levels the Compensation Committee believed would be difficult to achieve.

Using these aggregate target levels, the Compensation Committee established quarterly target levels for each corporate performance measure that were consistent with our past experience, our existing new business pipeline, and its understanding of our current business environment.

The amount that each executive officer, including our Named Executive Officers, was eligible to actually earn was based on our actual achievement with respect to each of these performance measures. The actual amount of the quarterly bonuses awarded to each executive officer for fiscal 2017 could have been more or less than his or her target annual cash bonus opportunity depending on whether and what extent we achieved our corporate objectives. In addition, the Compensation Committee retains the ability, in its sole discretion, to increase or decrease the amounts actually paid to any executive officer regardless of the actual performance against these measures. Accordingly, whether or not a performance bonus is paid for any year, and the amount of any such bonus, is within the discretion of the Compensation Committee.

*Fiscal 2017 Bonus Decisions*

Our actual performance against the relevant target level for each corporate performance measure for each fiscal quarter, as well as the determination of the amount to be received by each executive officer, were determined by the Compensation Committee after taking into consideration the recommendations of our CEO (other than with respect to his own quarterly bonus) and subject to the discretion of the Compensation Committee to adjust any payment based on corporate financial or other considerations. The Compensation Committee did not make any discretionary adjustments to the quarterly bonuses paid to the Named Executive Officers in fiscal 2017.



**Table of Contents**

The following table provides information regarding the quarterly bonus awards earned by the Named Executive Officers during fiscal 2017:

Named Executive Officer	Performance Period	Target Performance		
		Target Quarterly Bonus	Level Achievement	Actual Quarterly Bonus
Mr. Cirne	First Quarter	\$ 78,750	88%	\$ 69,300
	Second Quarter	\$ 78,750	94%	\$ 74,025
	Third Quarter	\$ 78,750	141%	\$ 111,038
	Fourth Quarter	\$ 78,750	111%	\$ 87,413
	<b>Total 2017</b>	\$ 315,000		\$ 341,776
Mr. Sachleben	First Quarter	\$ 48,750	88%	\$ 42,900
	Second Quarter	\$ 48,750	94%	\$ 45,825
	Third Quarter	\$ 48,750	141%	\$ 68,738
	Fourth Quarter	\$ 48,750	111%	\$ 54,113
	<b>Total 2017</b>	\$ 195,000		\$ 211,576
Mr. Gochee	First Quarter	\$ 36,000	88%	\$ 31,680
	Second Quarter	\$ 36,000	94%	\$ 33,840
	Third Quarter	\$ 36,000	141%	\$ 50,760
	Fourth Quarter	\$ 36,000	111%	\$ 39,960
	<b>Total 2017</b>	\$ 144,000		\$ 156,240
Ms. Schulman	First Quarter	\$ 29,500	88%	\$ 25,960
	Second Quarter	\$ 29,500	94%	\$ 27,730
	Third Quarter	\$ 29,500	141%	\$ 41,595
	Fourth Quarter	\$ 29,500	111%	\$ 32,745
	<b>Total 2017</b>	\$ 118,000		\$ 128,030
Ms. Koplow-McAdams	First Quarter	\$ 87,500	88%	\$ 77,000
	Second Quarter	\$ 87,500	94%	\$ 82,250
	Third Quarter	\$ 87,500	141%	\$ 123,375
	Fourth Quarter	\$ 87,500	111%	\$ 97,125
	<b>Total 2017</b>	\$ 350,000		\$ 379,750

The above cash bonuses earned by the Named Executive Officers for fiscal 2017 are also reflected in the Fiscal 2017 Summary Compensation Table below.

**Long-Term Incentive Compensation**

The Compensation Committee believes that long-term incentive compensation is an effective means for incentivizing our executive officers, including the Named Executive Officers, to increase stockholder value over a multi-year period, provides a meaningful reward for appreciation in our stock price and long-term value creation, and motivates them to remain employed with us. Currently, the Compensation Committee uses equity awards to deliver the annual long-term incentive compensation opportunities to our executive officers and to address special situations as they may arise from time-to-time. Our equity award grant practices are designed to reflect a balance between:

our desire to motivate and retain executive talent;



our need to remain competitive in recruiting; and

effectively managing the dilution of stockholders' interests.

We use equity awards in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock to deliver the annual long-term incentive compensation opportunities to our executive officers, including the Named Executive Officers, and to address special situations as they may

**Table of Contents**

arise from time-to-time. The Compensation Committee believes that stock options, when granted with exercise prices equal to the fair market value of our common stock on the date of grant, provide an appropriate long-term incentive for our executive officers, since the options reward them only to the extent that our stock price grows and stockholders realize value following their grant date. The Compensation Committee believes that RSU awards help us to retain our executive officers and reward them for long-term stock price appreciation while at the same time providing some value to the recipient even if the market price of our common stock declines. The Compensation Committee also believes that RSU awards helps us to manage dilution to existing stockholders and provide greater transparency and predictability to our executive officers regarding the ultimate value of their compensation opportunities.

In determining the appropriate mix of stock options and RSU awards, the Compensation Committee considers the current stock and other equity holdings of each executive officer and competitive market data of the types of equity compensation provided to executive officers by the companies in our compensation peer group, with a goal of reaching a mix that would provide the appropriate incentives while staying competitive in our market.

As discussed above, the Compensation Committee determines the amount of long-term incentive compensation for our executive officers as part of its annual compensation review and after taking into consideration the competitive market analysis prepared by its compensation consultant, the recommendations of our CEO (except with respect to his own long-term incentive compensation), the outstanding equity holdings of each executive officer, the projected impact of the proposed awards on our earnings, our burn rate in relation to the median proportions of the companies in our compensation peer group, our overhang in relation to the median practice of the companies in our compensation peer group, and the other factors described above in Governance of Executive Compensation Program.

In May 2016, after considering the factors described above, the Compensation Committee granted our executive officers, including the Named Executive Officers other than Mr. Cirne, options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock. Mr. Cirne did not receive any additional equity awards because the Compensation Committee believed that additional grants would be unnecessary to appropriately incentivize him given the option grant he received in fiscal 2015, a substantial portion of which remained subject to vesting, as well as in light of his substantial existing equity ownership in the Company.

The equity awards granted to the other Named Executive Officers for fiscal 2017, which were effective as of May 16, 2016, were as follows:

Named Executive Officer	Annual Options to Purchase Shares of our Common Stock		RSU Awards for Shares of our Common	
	(number of shares)(1)	Stock (number of shares)(2)	Equity Awards Granted (aggregate grant date fair value)	
Mr. Sachleben	21,352	29,346	\$	1,011,851
Mr. Gochee	17,082	23,477	\$	809,491
Ms. Schulman	10,676	14,673	\$	505,926
Ms. Koplow-McAdams	27,758	38,150	\$	1,315,416

(1) The number of shares of our common stock subject to the options was determined based on the same method we use to calculate fair market value of stock options in our financial statements, using the average closing market price for our common stock as reported on The New York Stock Exchange for the 30-day calendar period

immediately preceding May 16, 2016, except that no provision was made for estimated forfeitures related to service-based vesting requirements.

- (2) The number of shares of our common stock subject to the RSU awards was determined using the average closing market price for our common stock as reported on The New York Stock Exchange for the 30-day calendar period immediately preceding May 16, 2016.

---

**Table of Contents**

The shares of our common stock subject to the stock options vest and become exercisable with respect to 1/48<sup>th</sup> of the total number of shares subject to the options vesting in equal increments each month following the vesting commencement date of April 1, 2016, subject to the Named Executive Officer's continued employment through each such vesting date. The shares of our common stock subject to the RSU awards vest with respect to 1/16<sup>th</sup> of the total number of shares subject to the award vesting in equal increments each fiscal quarter following the vesting commencement date of May 15, 2016, subject to the Named Executive Officer's continued employment through each such vesting date.

The above equity awards granted to the Named Executive Officers in fiscal 2017 are also reflected in the Fiscal 2017 Summary Compensation Table and the Fiscal 2017 Grants of Plan-Based Awards Table below.

***401(k) Plan, ESPP, Welfare, and Health Benefits***

We maintain a 401(k) plan, which is intended to be qualified under Section 401(a) of the Code, with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. Our 401(k) plan provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Under our 401(k) plan, eligible employees may defer eligible compensation subject to applicable annual contribution limits imposed by the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the plan. Employees are immediately and fully vested in their contributions. We initiated an employer matching contribution program on employee contributions in the second quarter of fiscal 2015. We match 50% of employee contributions, up to \$2,000 in matching contributions per calendar year for each employee and such matching contributions are immediately and fully vested.

We also offer our employees, including our executive officers, the opportunity to purchase shares of our common stock at a discount under our ESPP. Pursuant to the ESPP, all eligible employees, including the Named Executive Officers, may allocate up to 15% of their base salary to purchase our stock at a 15% discount to the market price, subject to specified limits.

In addition, we provide other benefits to our executive officers, including the Named Executive Officers, on the same basis as all of our full-time employees. These benefits include, but are not limited to, medical, dental, and vision benefits, group life, and accidental death and dismemberment insurance plans.

We design our employee benefits programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee benefits programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

***Perquisites and Other Personal Benefits***

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites or other personal benefits to our executive officers, including the Named Executive Officers, except in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes. During fiscal 2017, none of the Named Executive Officers received perquisites or other personal benefits that were, in the aggregate, \$10,000 or more for each individual.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as those described in the preceding paragraph. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

**Severance and Change-in-Control Benefits**

We have entered into post-employment compensation arrangements with each of our Named Executive Officers as described in more detail in [Potential Payments upon Termination or Change in Control](#) below.

## **Table of Contents**

We believe that having in place reasonable and competitive post-employment compensation arrangements are essential to attracting and retaining highly-qualified executive officers. Our post-employment compensation arrangements are designed to provide reasonable compensation to executive officers who leave the Company under certain circumstances to facilitate their transition to new employment. Further, we seek to mitigate any potential employer liability and avoid future disputes or litigation by requiring a departing executive officer to sign a separation and release agreement acceptable to us as a condition to receiving post-employment compensation payments or benefits.

In determining payment and benefit levels under the various circumstances covered by such post-employment compensation arrangements, the Compensation Committee has drawn a distinction between voluntary terminations of employment, terminations of employment for cause, and involuntary terminations of employment both in connection with or not involving a change in control of the Company. Payment in the latter circumstances has been deemed appropriate in light of the benefits to us described above, as well as the likelihood that the executive officer's departure is due, at least in part, to circumstances not within his or her control. In contrast, we believe that payments are generally not appropriate in the event of a voluntary resignation or a termination of employment for cause because such events often reflect either an affirmative decision by the executive officer to end his or her relationship with us or inadequate performance.

Other than our separation arrangement with Ms. Koplow-McAdams, the post-employment compensation arrangements with our Named Executive Officers also contain certain specified benefits in the event of an involuntary termination of employment in connection with a change in control of the Company. We believe that these arrangements are designed to align the interests of management and stockholders when considering the long-term future for the Company. The primary purpose of these arrangements is to keep our most senior executive officers focused on pursuing all corporate transaction activity that is in the best interests of stockholders regardless of whether those transactions may result in their own job loss. Reasonable post-acquisition payments and benefits should serve the interests of both the executive officer and our stockholders.

All payments and benefits in the event of a change in control of the Company are payable only if there is a subsequent loss of employment by an executive officer (a so-called "double-trigger" arrangement). In the case of the acceleration of vesting of outstanding equity awards, we use this double-trigger arrangement to protect against the loss of retention power following a change in control of the Company and to avoid windfalls, both of which could occur if vesting accelerated automatically as a result of the transaction.

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 the executive officer may owe as a result of the application of Sections 280G or 4999 during fiscal 2017, and we have not agreed and are not otherwise obligated to provide any executive officer with such a "gross-up" or other reimbursement.

The Compensation Committee does not consider specific amounts payable under these post-employment compensation arrangements when establishing annual compensation. It does believe, however, that these arrangements are necessary to offer compensation packages that are competitive.

For information on the estimate of the potential payments and benefits payable under our post-employment compensation arrangements with our Named Executive Officers as of the end of fiscal 2017, see "Potential Payments upon Termination or Change in Control" below.

## **Other Compensation Policies and Practices**

***Equity Awards Grant Policy***

The Compensation Committee has delegated authority to our CEO and Chief Financial Officer to grant equity awards to our employees (other than our executive officers) and consultants, subject to the terms and conditions

## **Table of Contents**

of the policy. Such awards may be granted on a monthly basis to newly-hired employees and consultants, to existing employees and consultants in connection with a promotion or in recognition of their contributions to the Company, to existing employees and consultants as part of our annual equity merit program, and to existing employees and consultants as spot awards. In each instance, the policy provides for a limitation on the maximum size of any such awards. In the case of options to purchase shares of our common stock, the exercise price of such options must be at least equal to the fair market value of our common stock on the date of grant.

### ***Stock Ownership Policy***

At this time, we have not adopted a stock ownership policy with respect to our executive officers or otherwise, in part due to the significant existing equity holdings of our CEO.

### ***Compensation Recovery Policy***

At this time, we have not adopted a compensation recovery, or clawback, policy for our executive officers or otherwise. We will comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and will adopt a compensation recovery policy to the extent required by law once the SEC adopts final regulations on the subject.

### ***Policy Prohibiting Hedging and Pledging of Our Equity Securities***

Our Insider Trading Policy, among other things, prohibits our employees, including our executive officers, and the members of our Board from engaging in short sales, hedging of stock ownership positions, and transactions involving derivative securities relating to our common stock. 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.

## **Tax and Accounting Considerations**

### ***Deductibility of Executive Compensation***

Generally, Section 162(m) of the Code disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of \$1 million paid to their chief executive officer and each of the three other most highly-compensated executive officers (other than the chief executive officer and chief financial officer) whose compensation is required to be disclosed to stockholders under the Exchange Act in any taxable year. Remuneration in excess of \$1 million may only be deducted if it is qualified performance-based compensation within the meaning of Section 162(m) or qualifies for one of the other exemptions from the deductibility limit. In making compensation decisions, the Compensation Committee considers the potential effects of Section 162(m) on the compensation paid to the Named Executive Officers.

As we have only recently become a publicly traded company, the Compensation Committee has not in past years taken the deductibility limit of Section 162(m) into consideration in setting compensation for the Named Executive Officers. In approving the amount and form of compensation for the Named Executive Officers in the future, however, the Compensation Committee will consider all elements of the cost to us of providing such compensation, including the potential impact of Section 162(m). Further, as a newly public company, we intend to rely upon certain transition relief under Section 162(m) with respect to awards or payments that are made under a compensation plan or agreement that existed before we became a publicly traded company.



From time to time, the Compensation Committee may, in its judgment, approve compensation for the Named Executive Officers that does not comply with an exemption from the deductibility limit of Section 162(m) when it believes that such compensation is in the best interests of the Company and our stockholders. The

## **Table of Contents**

Compensation Committee will continue to monitor the issue of deductibility of executive compensation, and make adjustments to our executive compensation program to maximize the deductibility of our executive compensation to the extent that it believes such result is consistent with the objectives of individual compensation elements and the best interests of the Company and our stockholders.

### ***Taxation of Parachute Payments and Deferred Compensation***

Sections 280G and 4999 of the Code provide that executive officers and members of our Board 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 of the Company 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 of the Code imposes additional significant taxes on the individual in the event that an executive officer, member of our Board, or other service provider receives deferred compensation that does not meet the requirements of Section 409A.

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 fiscal 2017, and we have not agreed and are not otherwise obligated to provide any executive officer with such a gross-up or other reimbursement.

### ***Accounting for Stock-Based Compensation***

We follow the Financial Accounting Standard Board Accounting Standards Codification Topic 718 ( FASB ASC Topic 718 ) for our stock-based compensation awards. FASB ASC Topic 718 requires us to measure the compensation expense for all share-based payment awards made to our employees and members of our Board, including options to purchase shares of our common stock and other stock awards, based on the grant date fair value of these awards. This calculation is performed for accounting purposes and reported in the executive compensation tables required by the federal securities laws, even though the recipients may never realize any value from their awards.

FASB ASC Topic 718 also requires us to recognize the compensation cost of our stock-based compensation awards in our income statements over the period that a recipient is required to render service in exchange for the stock option or other award.

### **COMPENSATION COMMITTEE REPORT<sup>(1)</sup>**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis (the CD&A ) contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board that the CD&A be included in this proxy statement and incorporated into the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017.

Peter Fenton

James Tolonen

- (1) The material in this report is not soliciting material, is furnished to, but not deemed filed with, the SEC, and is not deemed to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, other than the Company's Annual Report on Form 10-K, where it shall be deemed to be furnished, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

**Table of Contents**

**ANALYSIS OF RISKS PRESENTED BY OUR COMPENSATION POLICIES AND PROGRAMS**

Our compensation programs consist of both fixed and variable compensation. The fixed (or salary) portion is designed to provide a steady income regardless of our stock price performance so that our employees, including our executive officers, do not focus exclusively on stock price performance to the detriment of other important business measures and objectives. The variable (annual cash bonus and equity) portions are designed to reward both short-term and long-term corporate performance.

We have reviewed our compensation policies and practices for employees generally, as well as for our executive officers, and concluded that these policies and practices do not create risks that are reasonably likely to have a material adverse effect on us. In reaching this conclusion, we assessed our executive and broad-based compensation and benefits programs to determine if any of them created undesired or excessive risks of a material nature. This assessment included:

a review of our compensation policies and practices for employees generally;

identification of the risks that could result from such policies and practices; and

analysis of the potential risks against our business strategy and objectives.

In reaching this conclusion, we note the following factors that we believe may reduce the likelihood of undesired or excessive risk-taking:

our overall compensation levels are competitive with the market;

our compensation policies and practices appropriately balance fixed pay versus variable pay and short-term incentives versus long-term incentives;

although our annual incentive plans provide for variability of payout, we believe that any potential risks associated with such plans are controlled or mitigated by one or more of the following:

the performance measures being multi-dimensional, thereby increasing the range of performance over which incentives are paid;

the performance measures and related target levels being generally aligned with our annual operating plan and business objectives and being quantitative in nature;

the use of sliding payout scales where appropriate; and

the ability of management and/or the Compensation Committee to exercise discretion to reduce or increase payouts; and

although the equity awards granted to our employees could motivate them to, among other things, focus on increasing our short-term stock price rather than the creation of long-term stockholder value, we believe that any potential risks are controlled or mitigated by one or more of the following:

use of a combination of equity vehicles;

use of multi-year vesting schedules for our time-based equity awards; and

our prohibition on engaging in hedging transactions in our securities for our employees, including our executive officers.

We believe that the variable elements of compensation represent a sufficient percentage of overall compensation to motivate employees, including our executive officers, to produce positive short-term and long-term corporate results, while the fixed element is sufficient to ensure that our employees are not encouraged to take unnecessary or excessive risks in doing so.

The Compensation Committee intends to conduct an annual review of our compensation-related risk profile to ensure that our compensation programs 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 us.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table sets forth certain summary information for the year indicated with respect to the compensation earned by each of our Named Executive Officers.

**Fiscal 2017 Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards (\$)(3)	Option Awards (\$)(4)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation (\$)(5)	Other Compensation (\$)(6)	
Lewis Cirne <i>Chief Executive Officer</i>	2017	315,000				341,776	2,000	658,776
	2016	300,000				185,423	2,500	487,923
	2015	300,000			6,058,507	210,968	4,000	6,573,475
Mark Sachleben <i>Chief Financial Officer</i>	2017	325,000		758,888	252,964	211,576	2,000	1,550,428
	2016	300,000		766,767	768,649	138,375	2,500	1,976,291
	2015	300,000	50,000	810,750	793,096	105,960	4,000	2,063,806
James Gochee <i>Chief Product Officer</i>	2017	320,000		607,115	202,376	156,240	2,000	1,287,731
	2016	285,800		482,510	483,402	94,676	2,500	1,348,888
Robin Schulman <i>Vice President, General Counsel, and Corporate Secretary</i>	2017	295,000		379,444	126,482	128,030	2,000	930,956
	2016	260,000		325,004	325,811	59,963	2,500	973,278
Hilarie Koplow-McAdams <i>Former President</i>	2017	350,000		986,559	328,857	379,750	2,000	2,047,166
	2016	300,000		383,384	384,332	276,750		1,344,466

- (1) The dollar amounts reported in this column represent base salary earned during the indicated fiscal year. For more information regarding base salaries in fiscal 2017, see Compensation Discussion and Analysis Compensation Elements Base Salary above.
- (2) The dollar amount reported in this column includes a one-time merit cash bonus payment.
- (3) The dollar amounts reported in this column reflect the aggregate grant date fair value of all RSU awards granted during the indicated fiscal year computed in accordance with ASC 718 and excluding the effect of estimated forfeitures. The grant date fair value of each RSU award is measured based on the closing price of our shares of our common stock on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.
- (4) The dollar amounts reported in this column reflect the aggregate grant date fair value of all stock option awards granted during the indicated fiscal year. These amounts have been calculated in accordance with ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the indicated fiscal year as filed with the SEC. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.
- (5) The dollar amounts reported in this column represent the cash bonus earned under the annual performance bonus opportunity for the indicated fiscal year. For more information, see Compensation Discussion and Analysis Compensation Elements Annual Cash Bonus Opportunity above.

- (6) The dollar amounts reported in this column include contributions made to our 401(k) plan of up to \$2,000 in a calendar year. In fiscal 2016, a one-time discretionary additional amount of \$500 was paid into the 401(k) accounts of all U.S. employees who contributed at least one dollar to their 401(k) account in calendar year 2015. Employer matching contributions did not begin until August 1, 2014.

**Table of Contents****GRANTS OF PLAN BASED AWARDS**

The following table provides information with regard to each grant of plan-based award made to a Named Executive Officer under any plan during the fiscal year ended March 31, 2017.

**Fiscal 2017 Grants of Plan Based Awards Table**

Name	Award Type	Grant Date	Approval Date	Estimated	All	Other	Grant
				Possible	Other	Date	
				Under	Stock	Option	Fair
				Non-Equity	Awards:	Awards:	Exercise
				Incentive	Number	Number	Price of
				Plan	of Shares	Underlying	Option
				Awards	or Units	Options	Awards
				Target	(#)(2)	(#)(3)	(\$/Sh)(4)
				(\$)(1)			(\$)(5)
Lewis Cirne	Annual Stock Option						
	Annual RSU Grant						
	Annual Bonus			315,000			
Mark Sachleben	Annual Stock Option	5/16/2016	5/3/2016			21,352	25.86
	Annual RSU Grant	5/16/2016	5/3/2016		29,346		
	Annual Bonus			195,000			
James Gochee	Annual Stock Option	5/16/2016	5/3/2016			17,082	25.86
	Annual RSU Grant	5/16/2016	5/3/2016		23,477		
	Annual Bonus			144,000			
Robin Schulman	Annual Stock Option	5/16/2016	5/3/2016			10,676	25.86
	Annual RSU Grant	5/16/2016	5/3/2016		14,673		
	Annual Bonus			118,000			
Hilarie Koplow-McAdams	Annual Stock Option	5/16/2016	5/3/2016			27,758	25.86
	Annual RSU Grant	5/16/2016	5/3/2016		38,150		
	Annual Bonus			350,000			

(1) This column sets forth the target bonus amount for each Named Executive Officer for the year ended March 31, 2017 under the Fiscal 2017 Bonus Opportunity. There are no thresholds or maximum bonus amounts for each individual officer established under the performance bonus plan. Target bonuses were set as a percentage of each Named Executive Officer's base salary earned for the fiscal year ended March 31, 2017. The dollar value of the actual bonus award earned for the year ended March 31, 2017 for each Named Executive Officer is set forth in the Summary Compensation Table above. As such, the amounts set forth in this column do not represent either additional or actual compensation earned by the Named Executive Officers for the year ended March 31, 2017. For a description of the Fiscal 2017 Bonus Opportunity, see Compensation Discussion and Analysis Compensation Elements Annual Cash Bonus Opportunity above.

(2) The RSU awards were granted under the 2014 Plan. The shares of our common stock subject to the RSU awards vest with respect to 1/16<sup>th</sup> of the total number of shares subject to the award vesting in equal increments each quarter following the vesting commencement date of May 15, 2016, subject to the Named Executive Officer's



continued employment through each such vesting date. RSU awards are subject to potential vesting acceleration as described under Potential Payments upon Termination or Change in Control below.

- (3) The stock option awards were granted under the 2014 Plan. The shares of our common stock subject to the stock options vest and become exercisable with respect to 1/48<sup>th</sup> of the total number of shares subject to the options vesting in equal increments each month following the vesting commencement date of April 1, 2016, subject to the Named Executive Officer's continued employment through each such vesting date. The stock option awards are subject to potential vesting acceleration as described under Potential Payments upon Termination or Change in Control below.
- (4) Stock options were granted with an exercise price equal to 100% of the fair market value of our common stock on the date of grant, which was \$25.86 per share for the annual grants that were granted on May 16, 2016, based on the closing market price of our common stock on the grant date.
- (5) The dollar amounts in this column represent the grant date fair value of each stock option and RSU award, as applicable, granted to the Named Executive Officers in fiscal 2017. These amounts have been calculated in accordance with ASC 718. The grant date fair value of each stock option is calculated using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the indicated fiscal year. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table provides information with regard to each outstanding equity award held by the Named Executive Officers at March 31, 2017.

**Fiscal 2017 Outstanding Equity Awards at Fiscal Year End Table**

Name	Vesting Commencement Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)(1)			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
Lewis Cirne	4/1/2014	417,083	297,917(3)	16.93	5/14/2024		
Mark Sachleben	4/1/2012	250,000		3.19	6/5/2022		
	12/15/2014	39,656	30,844(4)	23.00	12/10/2024		
	5/15/2015	11,750	40,473(5)	30.71	5/14/2025		
	5/15/2016	4,893	16,459(6)	25.86	5/15/2026		
	12/15/2014					15,422(7)	571,694
	5/15/2015					19,663(8)	728,907
	5/15/2016					23,844(9)	883,897
James Gochee	5/1/2012	118,876		3.19	6/5/2022		
	12/15/2014	13,600	12,938(10)	23.00	12/10/2024		
	5/15/2015	4,980	17,156(5)	30.71	5/14/2025		
	8/15/2015	3,975	6,069(4)	34.39	8/16/2025		
	5/15/2016	3,914	13,168(6)	25.86	5/15/2026		
	12/15/2014					6,469(11)	239,806
	5/15/2015					8,335(8)	308,978
	8/15/2015					2,863(7)	106,131
	5/15/2016					19,076(9)	707,147
Robin Schulman	12/9/2013		9,375(4)	11.29	12/10/2023		
	12/15/2014	1,050	12,075(12)	23.00	12/10/2024		
	5/15/2015	4,980	17,156(5)	30.71	5/14/2025		
	5/15/2016	890	2,446(6)	25.86	5/15/2026		
	12/15/2014					6,038(13)	223,829
	5/15/2015					8,335(8)	308,978
	5/15/2016					11,922(9)	441,945
Hilarie Koplow-McAdams	12/11/2013	435,924	159,375(4)	11.29	12/11/2023		
	12/15/2014	3,995	5,405(12)	23.00	12/10/2024		
	5/15/2015	5,875	20,237(5)	30.71	5/14/2025		
	5/15/2016	6,361	21,397(6)	25.86	5/15/2026		

12/15/2014	2,703(13)	100,200
5/15/2015	9,832(8)	364,472
5/15/2016	30,997(9)	1,149,059

- (1) In addition to the specific vesting schedule for each stock option award, each unvested stock option is subject to the general terms of the 2014 Plan and 2008 Equity Incentive Plan ( 2008 Plan ), as applicable, including the potential for future vesting acceleration described below under the heading Potential Payments upon Termination or Change in Control.

**Table of Contents**

- (2) The market values of the RSU awards that have not vested are calculated by multiplying the number of shares underlying the RSU awards shown in the table by \$37.07, the closing price of our shares of our common stock on March 31, 2017.
- (3) The shares subject to the stock option vest over a five-year period, with 1/60th of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
- (4) The shares subject to the stock option vest over a four-year period, with 1/4th of the shares vesting on the one-year anniversary of the vesting commencement date and thereafter 1/48th of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
- (5) The shares subject to the stock option vest over a four-year period, with 10% of the shares vesting on the one-year anniversary of the vesting commencement date, 15% vesting in monthly installments over the next year, 20% vesting in monthly installments over the year thereafter, and 55% vesting in monthly installments over the final year, subject to continued service with us through each vesting date.
- (6) The shares subject to the stock option vest over a four-year period, with 1/48th of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
- (7) The shares subject to the RSU award vest over a four-year period, with 1/4th of the shares vesting on the one-year anniversary of the vesting commencement date and thereafter 1/16th of the shares vesting each quarter, subject to continued service with us through each vesting date.
- (8) The shares subject to the RSU award vest over a four-year period, with 10% of the shares vesting on the one-year anniversary of the vesting commencement date, 15% vesting in quarterly installments over the second year, 20% vesting in quarterly installments over the third year, and 55% vesting in quarterly installments over the final year, subject to continued service with us through each vesting date.
- (9) The shares subject to the RSU award vest over a four-year period, with 1/16th of the shares vesting each quarter following the vesting commencement date, subject to continued service with us through each vesting date.
- (10) The shares subject to the stock option vest over a four-year period, with 20% of the shares vesting on the one-year anniversary of the vesting commencement date, 25% vesting in monthly installments over the next two years, and 30% vesting in monthly installments over the course of the final year, subject to continued service with us through each vesting date.
- (11) The shares subject to the RSU award vest over a four-year period, with 20% of the shares vesting on the one-year anniversary of the vesting commencement date, 50% vesting in quarterly installments over the second and third years, and 30% vesting in quarterly installments over the final year, subject to continued service with us through each vesting date.
- (12) The shares subject to the stock option vest over a four-year period, with 15% of the shares vesting on the one-year anniversary of the vesting commencement date, 20% vesting in monthly installments over the next year, 30% vesting in monthly installments over the year thereafter, and 35% vesting in monthly installments over the final year, subject to continued service with us through each vesting date.
- (13) The shares subject to the RSU award vest over a four-year period, with 15% of the shares vesting on the one-year anniversary of the vesting commencement date, 20% vesting in quarterly installments over the second year, 30% vesting in quarterly installments over the third year, and 35% vesting in quarterly installments over the final year, subject to continued service with us through each vesting date.

**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

The following table provides information on RSU awards that vested and stock options that were exercised, including the number of shares of our common stock acquired upon vesting or exercise and the value realized, determined as described below, for the Named Executive Officers during the fiscal year ended March 31, 2017.

**Fiscal 2017 Option Exercises and Stock Vested Table**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Lewis Cirne				
Mark Sachleben			19,620	645,505
James Gochee	200	7,367	11,683	391,607
Robin Schulman	27,140	497,553	7,361	243,421
Hilarie Koplow-McAdams	114,803	2,782,979	10,862	364,314

- (1) The value realized on exercise is based on the difference between the closing price of the shares of our common stock on the date of exercise and the applicable exercise price of those options, and does not represent actual amounts received by the Named Executive Officers as a result of the option exercises.
- (2) The value realized on vesting is based on the number of shares underlying the RSU awards that vested multiplied by the closing price of the shares of our common stock on the vesting date.

**EQUITY COMPENSATION ARRANGEMENTS**

Since our initial public offering, we have granted stock options and RSU awards to our employees, including the Named Executive Officers, under the 2014 Plan. Until our initial public offering, we granted stock options and RSU awards to our employees, including the Named Executive Officers, under the 2008 Plan. For more information on our current equity compensation program and decisions regarding the grants of equity awards in fiscal 2017 for our Named Executive Officers, see Compensation Discussion and Analysis Compensation Elements Long-Term Incentive Compensation above. The following is a brief summary of the material terms of each of our equity compensation plans.

**2008 Equity Incentive Plan**

The Board adopted and our stockholders subsequently approved our 2008 Plan in February 2008. The 2008 Plan was most recently amended by the Board and approved by our stockholders in November 2014. The 2008 Plan terminated at the time the underwriting agreement for our initial public offering was executed and no further grants were made under our 2008 Plan after it terminated.

**Stock Awards**

Outstanding awards granted under the 2008 Plan remain subject to its terms and applicable award agreements until such awards are exercised or otherwise terminate or are forfeited by their terms. Only stock options, restricted stock

awards, and RSU awards have been granted under our 2008 Plan.

***Plan Administration***

The Board has delegated its authority to administer the 2008 Plan to the Compensation Committee. Subject to the terms of the 2008 Plan, the Board or the Compensation Committee determined the recipients, dates of grant, the numbers and types of stock awards to be granted, and the terms and conditions of the stock awards that were granted under the 2008 Plan, including the period of their exercisability and vesting.

---

**Table of Contents*****Corporate Transactions; Change in Control***

Our 2008 Plan provides that in the event of a corporate transaction, any surviving or acquiring corporation (or, in either case, its parent company) may assume or continue any part or all of the stock awards outstanding under the 2008 Plan, or may substitute similar stock awards; and any reacquisition or repurchase rights held by us may be assigned to our successor (or the successor's parent company). In connection with a corporate transaction, in general, the vesting of stock awards not assumed in connection with a corporate transaction will not be accelerated and will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us will not terminate and may continue to be exercised notwithstanding the corporate transaction. Notwithstanding the foregoing, in the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the Board may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but will receive a payment, in such form as may be determined by the Board, equal in value to the excess, if any, of (A) the value of the property the holder of the stock award would have received upon the exercise of the stock award, over (B) any exercise price payable by such holder in connection with such exercise.

Under the 2008 Plan, a corporate transaction is generally the consummation of (1) a sale or other disposition of all or substantially all of our assets, (2) a sale or other disposition of at least 90% of our outstanding securities, (3) a merger, consolidation, or similar transaction following which we are not the surviving corporation, or (4) a merger, consolidation, or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

Our 2008 Plan provides that in the event of a change in control, stock awards may be subject to additional acceleration of vesting and exercisability as may be provided in the stock award agreement covering the options or any other written agreement with us, but in the absence of such provision, no such acceleration will occur.

Under our 2008 Plan, a change in control is generally (1) the acquisition by a person or entity of more than 50% of our combined voting power other than by merger, consolidation, or similar transaction; (2) a consummated merger, consolidation, or similar transaction immediately after which our stockholders cease to own more than 50% of the combined voting power of the surviving entity; (3) a complete dissolution or liquidation of the Company, except for a liquidation into a parent corporation; (4) a consummated sale, lease, or exclusive license or other disposition of all or substantially of our assets; or (5) when a majority of the Board becomes comprised of individuals who were not serving on the Board on the date of adoption of the 2008 Plan (the Incumbent Board), provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will be considered as a member of the Incumbent Board.

**2014 Equity Incentive Plan**

The Board adopted, and our stockholders approved, our 2014 Plan which became effective at the time the underwriting agreement for our initial public offering was executed.

***Stock Awards***

Our 2014 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, RSU awards, other stock awards, and performance awards that may be settled in cash, shares, or other property, which may be granted to employees, including our Named Executive Officers. Only stock options

and RSU awards have been granted under our 2014 Plan.

***Plan Administration***

The Board has delegated its authority to administer the 2014 Plan to the Compensation Committee. Subject to the terms of our 2014 Plan, the Compensation Committee has the authority to determine the terms of awards,



**Table of Contents**

including recipients, the exercise, purchase, or strike price of stock awards, if any, the number of shares subject to each stock award, the fair market value of a share of our common stock, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration, if any, payable upon exercise or settlement of the award, and the terms of the award agreements.

***Corporate Transactions; Change in Control***

Our 2014 Plan provides that in the event of certain corporate transactions, the following provisions will apply to outstanding stock awards, unless otherwise provided in a stock award agreement or any other written agreement between us and a participant, or unless otherwise expressly provided by the Board at the time of grant of a stock award:

the surviving or acquiring corporation (or its parent) may assume, continue, or substitute similar stock awards for outstanding stock awards under the 2014 Plan and any reacquisition or repurchase rights held by us may be assigned to the surviving or acquiring corporation (or its parent);

to the extent that outstanding stock awards are not so assumed, continued, or substituted, the vesting and, if applicable, exercisability of any such stock awards will not be accelerated and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of such corporation transaction, except that any reacquisition or repurchase rights held by us will not terminate and may continue to be exercised notwithstanding the corporate transaction; or

to the extent a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the Board may provide that the holder of the stock award may not exercise the stock award, but instead will receive a payment, in such form as may be determined by the Board, equal in value to the excess, if any, of the value of the property the participant would have received upon exercise of the stock award over any exercise price payable by such holder in connection with such exercise.

Under our 2014 Plan, a corporate transaction is generally the consummation of (1) a sale or other disposition of all or substantially all of our assets, (2) a sale or other disposition of at least 90% of our outstanding securities, (3) a merger, consolidation, or similar transaction following which we are not the surviving corporation, or (4) a merger, consolidation, or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

A stock award may be subject to additional acceleration of vesting and exercisability upon or after a change in control as may be provided in the stock award agreement for such stock award or in any other written agreement between us and a participant, but in the absence of such a provision, no such acceleration will occur.

Under our 2014 Plan, a change in control is generally (1) the acquisition by a person or entity of more than 50% of our combined voting power other than by merger, consolidation, or similar transaction; (2) a consummated merger, consolidation, or similar transaction immediately after which our stockholders cease to own more than 50% of the combined voting power of the surviving entity; (3) a consummated sale, lease, or exclusive license or other disposition of all or substantially of our assets; (4) a complete dissolution or liquidation of the Company, except for a liquidation into a parent corporation; or (5) when a majority of the Board becomes comprised of individuals who are not members

of the Incumbent Board, provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will be considered as a member of the Incumbent Board.

**2014 Employee Stock Purchase Plan**

Additional long-term equity incentives are provided through our ESPP, which became effective at the time the underwriting agreement for our initial public offering was executed. Our ESPP is intended to qualify as an

---

**Table of Contents**

employee stock purchase plan within the meaning of section 423 of the Code. Our employees, including our Named Executive Officers, may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by the administrator: (i) customary employment for more than 20 hours per week and more than five months per fiscal year, or (ii) continuous employment for a minimum period of time, not to exceed two years. An employee may not be granted rights to purchase stock under our ESPP if such employee (i) immediately after the grant would own stock possessing 5% or more of the total combined voting power or value of our common stock, or (ii) holds rights to purchase stock under our ESPP that would accrue at a rate that exceeds \$25,000 worth of our stock or 2,000 shares for each fiscal year that the rights remain outstanding.

The ESPP is implemented through a series of offerings of purchase rights to eligible employees. Under our ESPP, we may specify offerings with a duration of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which our shares of common stock will be purchased for employees participating in the offering. Unless otherwise determined by the Board, shares of common stock are purchased for accounts of employees participating in our ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of common stock on the first date of an offering or (b) 85% of the fair market value of a share of our common stock on the date of purchase.

In the event of a corporate transaction, a successor corporation may assume, continue, or substitute each outstanding purchase right. If the successor corporation does not assume, continue, or substitute for the outstanding purchase rights, the offering in progress will be shortened and the participants' accumulated contributions will be used to purchase shares within 10 business days prior to the effective date of the corporate transaction.

Under our ESPP, a corporate transaction is generally the consummation of (1) a sale or other disposition of all or substantially all of our assets, (2) a sale or other disposition of at least 90% of our outstanding securities, (3) a merger, consolidation, or similar transaction following which we are not the surviving corporation, or (4) a merger, consolidation, or similar transaction following which we are the surviving corporation but the shares of our common stock outstanding immediately prior to such transaction are converted or exchanged into other property by virtue of the transaction.

**EMPLOYMENT ARRANGEMENTS**

We have entered into written employment offer letters with certain of our executive officers, including each of the Named Executive Officers other than our CEO.

In filling our executive positions, our Board or the Compensation Committee, as applicable, recognized that it would need to develop competitive compensation packages to attract qualified candidates in a dynamic labor market. At the same time, our Board or the Compensation Committee, as applicable, was sensitive to the need to integrate new executive officers into the executive compensation structure that we were seeking to develop, balancing both competitive and internal equity considerations.

Each of these employment offer letters provides for at will employment and sets forth the initial compensation arrangements for the executive officer, including an initial base salary, an annual cash bonus opportunity (except in the case of Mr. Sachleben), and an equity award recommendation. In addition, each of these employment offer letters contains standard terms related to vacation and participation in our employee benefit plans.

These letters also set forth the rights and responsibilities of each party in the event of a termination of employment, including following a change in control of the Company. For each of the Named Executive Officers (other than Ms. Koplou-McAdams), these post-employment compensation terms have been superseded by the



**Table of Contents**

change-in-control and severance agreements described in more detail in *Severance and Change-in-Control Benefits and Potential Payments upon Termination or Change in Control* below.

*Mr. Cirne.* As a founder, Mr. Cirne did not join us pursuant to an offer letter or any other formal arrangement or understanding regarding his employment. We currently have no employment agreement with Mr. Cirne, and we currently do not anticipate entering into one in the future. Mr. Cirne is an at-will employee.

*Mr. Sachleben.* Mr. Sachleben is a party to an employment offer letter with us dated February 4, 2008 pursuant to which he agreed to serve as our Chief Financial Officer. This employment offer letter provided for an initial base salary of \$160,000, which has been subsequently increased. Under his employment offer letter, Mr. Sachleben was granted an option to purchase 1,225,000 shares of our common stock at an exercise price of \$0.06 per share, with vesting to occur over a four-year period.

*Mr. Gochee.* Mr. Gochee is a party to an employment offer letter with us dated April 16, 2008 pursuant to which he agreed to serve as our Vice President of Engineering. This employment offer letter provided for an initial base salary of \$140,000 and a target annual bonus opportunity of \$30,000, which, in each case, has been subsequently increased. Under his employment offer letter, Mr. Gochee was granted an option to purchase 360,000 shares of our common stock at an exercise price of \$0.06 per share, with vesting to occur over a four-year period.

*Ms. Schulman.* Ms. Schulman is a party to an employment offer letter with us dated November 7, 2014 pursuant to which she agreed to serve as our Vice President and General Counsel. This employment offer letter provided for an initial base salary of \$250,000 and a target annual bonus opportunity of \$50,000, which, in each case, has been subsequently increased.

*Ms. Koplow-McAdams.* Ms. Koplow-McAdams was a party to an employment offer letter with us dated November 29, 2013 pursuant to which she agreed to serve as our Chief Revenue Officer. This employment offer letter provided for an initial base salary of \$300,000 and a target annual bonus opportunity of \$200,000, which, in each case, was subsequently increased. Under her employment offer letter, Ms. Koplow-McAdams was granted an option to purchase 850,000 shares of our common stock at an exercise price of \$11.29 per share, with vesting to occur over a four-year period. Effective April 2017, Ms. Koplow-McAdams terminated the terms of her employment offer letter and is now entitled to the benefits set forth in *Separation Agreement with Ms. Koplow-McAdams* below.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL****Change-in-Control and Severance Agreements**

In December 2014, we entered into change-in-control and severance agreements (the *Post-Employment Agreements*) with Messrs. Cirne, Sachleben, and Gochee. In June 2016, Ms. Schulman also entered into a *Post-Employment Agreement*. Ms. Koplow-McAdams did not enter into a *Post-Employment Agreement*, and instead chose to retain the provisions contained in her employment offer letter, described in *Ms. Koplow-McAdams Employment Offer Letter* below. Ms. Koplow-McAdams did not receive any payments or benefits under her employment offer letter when she resigned as our President, effective as of March 31, 2017, but instead received the benefits described in *Separation Agreement with Ms. Koplow-McAdams* below.

The *Post-Employment Agreements* provide for payments and benefits upon certain terminations of employment, including a termination of employment following a change in control of the Company. Each *Post-Employment Agreement* is in effect for three years from the date such agreement became effective, after which each agreement may be renewed by the mutual agreement of the parties thereto.

Under the Post-Employment Agreements, the Named Executive Officers may receive payments and benefits in connection with or within 12 months following a change in control of the Company upon his or her involuntary termination of employment by us without cause (other than as a result of death or disability) or his or her

**Table of Contents**

termination of employment for good reason, and for terminations of employment not in connection with a change in control of the Company upon his or her involuntary termination of employment by us without cause (other than as a result of death or disability). Under the Post-Employment Agreements, payment and benefit levels are based on tiers, with the executive officers in higher positions generally receiving greater payments and benefits. In all cases, receipt of payments and benefits is subject to the executive officer executing a release and waiver of claims in favor of us.

For a qualifying termination of employment not in connection with a change in control of the Company, the payments and benefits consist of:

a salary continuation payment determined as a specified number of months of base salary; and

continuation (or reimbursement) of health benefit premiums for that same period.

For our CEO who is in Tier 1, the salary and benefit continuation period is 12 months, and for Mr. Sachleben, Mr. Gochee, and Ms. Schulman who are in Tier 2, the salary and benefit continuation period is six months.

For a qualifying termination of employment in connection with or within 12 months after a change in control of the Company, the payments and benefits consist of:

a lump-sum cash payment determined as a specified number of months of base salary;

continuation (or reimbursement) of health benefit premiums for the number of months used to determine the lump-sum cash payment; and

accelerated vesting of all outstanding equity awards then held by the executive officer.

For our CEO who is in Tier 1, the cash lump-sum payment is equal to 18 months of base salary, with 18 months of benefit continuation, and for Mr. Sachleben, Mr. Gochee, and Ms. Schulman who are in Tier 2, the cash lump-sum payment is equal to 12 months of base salary, with 12 months of benefit continuation.

Under the Post-Employment Agreements, the term "change in control" has the same meaning as under our 2014 Equity Incentive Plan ( "2014 Plan" ). The term "cause" means the executive officer's (i) willful failure substantially to perform his or her duties and responsibilities to us or deliberate violation of our policies; (ii) commission of any act of fraud, embezzlement, dishonesty, or any other willful misconduct that has caused or is reasonably expected to result in material injury to us; (iii) unauthorized use or disclosure by the executive officer of any proprietary information or trade secrets of ours or any other party to whom the executive officer owes an obligation of nondisclosure as a result of his relationship with us; or (iv) willful breach of any of his obligations under any written agreement or covenant with us.

Under the Post-Employment Agreements, the term "good reason" means the executive officer's resignation of his or her employment following the occurrence of any of the following without the executive officer's written consent: (i) a material reduction in job duties, responsibilities, or authority inconsistent with the executive officer's position with us; provided, however, that any such reduction or change after a change in control will not constitute good reason if the

executive officer retains reasonably comparable duties, position, and responsibilities with respect to our business within the successor entity following a change in control; (ii) a material reduction of the executive officer's then-current base salary, representing a reduction of more than 10% of the executive officer's then-current base salary; provided, that an across-the-board reduction in the salary level of all of our executive officers by the same percentage amount as part of a general salary level reduction will not constitute such a material salary reduction; (iii) the relocation of the executive officer's principal place of employment to a place that increases the executive officer's one-way commute by more than 50 miles as compared to the executive officer's then-current principal place of employment immediately prior to such relocation; (iv) any material breach by us of the Post-Employment Agreement or any other written agreement between us and the executive officer; or (v) the failure by any successor to our company to assume the obligations of the



---

**Table of Contents**

Post-Employment Agreement; provided, that (a) the executive officer gives written notice to us of the event forming the basis of the resignation for good reason within 30 days after the date on which we give written notice to the executive officer of our affirmative decision to take an action set forth in clause (i), (ii), (iii), (iv) or (v) above, (b) we fail to cure such basis for the good reason resignation within 30 days after receipt of the executive officer's written notice, and (c) the executive officer terminates his employment within 30 days following the expiration of the cure period.

If the total value of the payments and benefits payable to an executive officer in the event of a termination of employment in connection with a change in control of the Company would exceed the deductibility limits under Section 280G of the Code with respect to excess parachute payments, we will pay either the full amount of the benefits, or a reduced amount, whichever results in the greater after-tax benefit to the executive officer.

**Ms. Koplow-McAdams Employment Offer Letter**

Ms. Koplow-McAdams' employment offer letter with us provided that in the event that we terminated her employment without cause or if she resigned for good reason, and such termination of employment constituted a separation from service as defined under Section 409A of the Code, and provided she remained in compliance with the terms of her employment offer letter and provided us with an executed and effective release and waiver of claims in favor of us within 60 days following the termination of her employment, then we would pay her severance compensation equal to six months of her base salary in effect as of her employment termination date. In addition, the vesting of the option to purchase shares of our common stock granted to her in connection with her initial employment would have been accelerated for that number of shares equal to the amount that would have vested during the six-month period following the date of her termination.

Ms. Koplow-McAdams' employment offer letter also provided that, in the event of a change in control of the Company, then the vesting of the option to purchase shares of our common stock granted to her in connection with her initial employment would have been accelerated (as of the date of the closing of the change in control) for that number of shares equal to the amount that would have vested during the six-month period following the change in control. Further, if we terminated Ms. Koplow-McAdams' employment without cause or if she resigned for good reason, in each case within 18 months following a change in control of the Company and such termination of employment constituted a separation from service as defined under Section 409A of the Code, and provided she remained in compliance with the terms of her employment offer letter and provided us with an executed and effective release and waiver of claims in favor of us within 60 days following the termination of her employment, then all of the unvested shares of our common stock subject to the option to purchase shares of our common stock granted to her in connection with her initial employment would have been deemed immediately vested and exercisable as of the date of such termination of employment.

Under Ms. Koplow-McAdams' employment offer letter, the term "cause" meant her (i) conviction or nolo contendere plea of any felony, or any crime involving dishonesty or moral turpitude; (ii) intentional participation in any material fraud against the Company; (iii) intentional breach of any fiduciary duty to the Company; (iv) persistent unsatisfactory performance of material duties after receiving written notice and a reasonable opportunity to cure (if deemed curable by the Company in its reasonable discretion), which would in no event be more than 30 days following written identification of the unsatisfactory performance in reasonable detail; (v) intentional and material damage to any material property of the Company; (vi) intentional and material breach of any written agreement with the Company or of any written Company policy, including but not limited to any agreement regarding confidentiality of Company information; (vii) conduct that in the good faith and reasonable determination of the Company demonstrated gross unfitness to serve; (viii) incapacity to perform the essential functions of the job for a period of 90 calendar days, or for at least 65 business days within a 12-month period, provided, that the Company would act upon this reason only in

compliance with all applicable laws; or (ix) death.

Under Ms. Koplow-McAdams employment offer letter, the term "good reason" meant her written notice to the Company, within 20 days after the occurrence (in each case without her prior consent) of one of the following

---

**Table of Contents**

events, that she intended to terminate her employment for any of the following reasons, if not cured within a reasonable time: (i) the Company's assignment to her of any duties or responsibilities that, when considered together with all of her ongoing duties and responsibilities, would result in the material diminution of her duties and responsibilities; provided, however, that neither (A) a change in title, nor (B) the acquisition of the Company and conversion of the Company to a subsidiary, division, or unit of the acquiring corporation, and reasonable accompanying job changes, would by themselves result in such diminution; (ii) a reduction of her annual base salary or material reduction in her Company-sponsored benefits, except to the extent the base salaries or benefits of other executives of the Company were similarly reduced; or (iii) relocation of her principal office to a location outside San Francisco County, San Mateo County, or Santa Clara County.

On March 31, 2017, Ms. Koplow-McAdams terminated the terms of her employment offer letter and effective April 2017 she is now entitled to receive the payments and benefits set forth in Separation Agreement with Ms. Koplow-McAdams as described below.

**Separation Agreement with Ms. Koplow-McAdams**

In April 2017, we entered into a separation agreement with Ms. Koplow-McAdams covering the terms and conditions of her transition period through her final date of employment, June 11, 2017. Until that date, Ms. Koplow-McAdams agreed to transition her work-load and provide other transition assistance as requested by us. In exchange, we agreed to continue to pay her regular base salary and maintain her participation in our employee benefit plans in which she was enrolled.

In addition, this separation agreement provided, among other things, that, conditioned upon performance of certain terms in the agreement, including her execution of a release of claims and agreement to certain confidentiality obligations in favor of us, she would also be entitled to (i) a cash payment equal to six months base salary; (ii) up to six months continued COBRA premiums, and (iii) acceleration of six months additional vesting (106,250 shares of our common stock) under the option granted to her in connection with her initial employment.

**Potential Payments Upon Termination or Change in Control as of March 31, 2017**

The table below sets forth the amount of compensation payable to each Named Executive Officer upon (i) the Named Executive Officer's termination of employment without cause or resignation for good reason, (ii) the Named Executive Officer's termination of employment without cause or good reason in connection with or following a change in control of the Company, or (iii) a change in control without any accompanying termination of employment. The amounts shown in the table below assume that such termination of employment and/or change in control was effective as of March 31, 2017, and thus are estimates of the amounts that would be paid out to the Named Executive Officers in such circumstances.

**Table of Contents****Potential Payments Upon Termination or Change in Control as of March 31, 2017**

<b>Executive benefits and payments upon termination:</b>	<b>Involuntary termination not for cause or resignation for good reason not in connection with a change in control (\$)</b>	<b>Involuntary termination not for cause or resignation for good reason in connection with or following a change in control (\$)</b>	<b>Change in control without termination of employment (\$)</b>	<b>2014 Plan and 2008 Plan Certain Corporate Transactions (\$)(1)</b>
<b>Lewis Cirne</b>				
Cash Severance	315,000	472,500		
Medical continuation	19,001	28,501		
Value of acceleration of equity awards(2)		6,000,048		6,000,048
<b>Mark Sachleben</b>				
Cash Severance	162,500	325,000		
Medical continuation	9,500	19,001		
Value of acceleration of equity awards(2)		3,060,387		3,060,387
<b>James Gochee</b>				
Cash Severance	160,000	320,000		
Medical continuation	9,500	19,001		
Value of acceleration of equity awards(2)		1,817,091		1,817,091
<b>Robin Schulman</b>				
Cash Severance	147,500	295,000		
Medical continuation	10,874	18,123		
Value of acceleration of equity awards(2)		1,587,709		1,587,709
<b>Hilarie Koplow-McAdams(3)</b>				
Cash Severance	175,000	175,000		
Medical continuation				
Value of acceleration of equity awards(2)	2,739,125	4,108,688	2,739,125	6,167,035

- (1) These benefits would be payable under the 2014 Plan and the 2008 Plan if, upon a corporate transaction event, the Board exercised its discretion to accelerate the vesting and exercisability of outstanding stock options and RSU awards, assuming the vesting acceleration took place on March 31, 2017. For a description of the potential vesting acceleration provisions in the 2014 Plan and the 2008 Plan, see Equity Compensation Arrangements above.
- (2) The value of stock option and RSU award vesting acceleration is based on the closing market price of \$37.07 per share of our common stock on March 31, 2017, less, in the case of stock options, the exercise price of the unvested stock option shares subject to acceleration, and therefore excludes any stock option award that has an exercise price that exceeded the closing price of our common stock on such date.
- (3)

The amounts shown in the table above for Ms. Koplow-McAdams reflect the severance payments and benefits that she would have been entitled to pursuant to her employment offer letter that was in effect as of March 31, 2017. Effective March 31, 2017, Ms. Koplow-McAdams resigned as our President and, in April 2017, she entered into a separation agreement, which replaced the severance payments and benefits provided for by her employment offer letter, as described in Separation Agreement with Ms. Koplow-McAdams above.

**Table of Contents****DIRECTOR COMPENSATION**

The following table sets forth information regarding compensation earned by or paid to our non-employee directors during the fiscal year ended March 31, 2017:

**Fiscal 2017 Director Compensation Table**

<b>Name(1)</b>	<b>Fees earned or paid in cash (\$)</b>	<b>Stock Awards (\$)(2)</b>	<b>Option Awards (\$)(3)</b>	<b>Total (\$)</b>
Sohaib Abbasi	27,258	103,450	103,453	234,161
Peter Fenton				
Sarah Friar	39,000			39,000
Adam Messinger	33,000			33,000
Dan Scholnick				
James Tolonen	51,790	103,450	103,453	258,693

- (1) The aggregate number of shares of the Company's common stock subject to outstanding stock options and restricted stock awards held by each non-employee director listed in the table above as of March 31, 2017 was as follows: (i) 7,423 shares subject to an option to purchase our common stock held by Mr. Abbasi, of which 2,219 were vested and exercisable by Mr. Abbasi as of March 31, 2017; (ii) 2,265 shares subject to a RSU award held by Mr. Abbasi as of March 31, 2017; (iii) 115,000 shares subject to an option to purchase our common stock held by Ms. Friar, of which 93,437 were vested and exercisable by Ms. Friar as of March 31, 2017; (iv) 40,000 shares subject to a restricted stock award held by Mr. Messinger, 10,834 of which remained subject to repurchase as of March 31, 2017; (v) 7,423 shares subject to an option to purchase our common stock held by Mr. Tolonen, of which 2,219 were vested and exercisable by Mr. Tolonen as of March 31, 2017; and (vi) 2,265 shares subject to a RSU award held by Mr. Tolonen as of March 31, 2017.
- (2) The dollar amounts in this column reflect the aggregate grant date fair value of all RSU awards granted during fiscal 2017 computed in accordance with ASC 718 and excluding the effect of estimated forfeitures. The grant date fair value of each RSU award is measured based on the closing price of our shares of our common stock on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by each non-employee director.
- (3) The dollar amounts in this column reflect the aggregate grant date fair value of all stock option awards granted during fiscal 2017 computed in accordance with ASC 718 using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the fiscal year ending March 31, 2017. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by each non-employee director.

Our CEO does not receive 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.

**Annual Cash Compensation**

Pursuant to our non-employee director compensation policy, which became effective on April 1, 2015, non-employee directors, other than Messrs. Fenton and Scholnick due to their affiliations with Benchmark and Trinity Ventures,

respectively, receive the following cash compensation for Board and Board committee services, as applicable, paid on a quarterly basis in arrears, pro-rated for any partial months of service:

\$30,000 per year for service as a Board member;

## **Table of Contents**

\$18,000 per year for service as the chair of the Audit Committee and \$9,000 per year for service as a member (other than as chair) of the Audit Committee;

\$18,000 per year for service as the chair of the Compensation Committee and \$9,000 per year for service as a member (other than as chair) of the Compensation Committee; and

\$6,000 per year for service as the chair of the Nominating and Corporate Governance Committee and \$3,000 per year for service as a member (other than as chair) of the Nominating and Corporate Governance Committee.

## **Equity Compensation**

Pursuant to our non-employee director compensation policy, each person who, after April 1, 2015, is elected or appointed for the first time to be a non-employee director will automatically upon the date of his or her initial election or appointment be granted (i) an option to purchase a number of shares of our common stock having an initial value of \$80,000 and (ii) an RSU award with an initial value of \$80,000, multiplied by a fraction, the numerator of which is the number of days that will elapse between the non-employee director's date of initial appointment or election and the first anniversary of the date of grant of the Company's most recent annual grants (as discussed below) and the denominator of which is 365. Each initial option grant and initial RSU award will vest on August 15th following the first anniversary of the date of grant of the Company's most recent annual grants, subject to the non-employee director's continued service through such date.

In addition, each non-employee director, other than Messrs. Fenton and Scholnick, will automatically, on the date of each Annual Meeting of Stockholders, be granted (i) an option to purchase a number of shares of our common stock having an initial value of \$80,000 and (ii) an RSU award with an initial value of \$80,000. Each annual grant will vest on August 15th of the calendar year following the year in which such annual grant is made, subject to the non-employee director's continued service through such date. Ms. Friar and Mr. Messinger did not receive an annual grant on the date of the 2016 Annual Meeting of Stockholders because, in accordance with our non-employee director compensation policy, any non-employee director who served on the Board prior to April 1, 2015 will not be awarded any annual grants until the later of (A) the 2016 Annual Meeting of Stockholders and (B) the first Annual Meeting of Stockholders occurring at least three years following the date such non-employee director commenced his or her service on the Board.

Additionally, notwithstanding the foregoing vesting schedules, for each non-employee director who provides continued service to the Company until immediately prior to the closing of a change in control (as defined in the 2014 Plan), the shares of our common stock subject to his or her then-outstanding equity awards that were granted pursuant to this policy will become fully vested immediately prior to the closing of such change in control.

## **Reimbursement**

We also reimburse certain non-employee directors for ordinary, necessary, and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and Board committee meetings.



**Table of Contents****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 March 31, 2017.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(1)</b> <b>(a)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(2)</b> <b>(b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b> <b>(c)</b>
Equity Compensation Plans Approved By Security Holders	6,584,566(3)	\$ 17.49(4)	9,681,585(5)(6)(7)
Equity Compensation Plans not Approved by Security Holders			
<b>Total</b>	<b>6,584,566</b>	<b>\$ 17.49</b>	<b>9,681,585</b>

(1) Excludes purchase rights currently outstanding under the ESPP.

(2) Excludes RSU awards because they have no exercise price.

(3) The number in this column consists of: (i) 3,586,466 shares to be issued upon the exercise of outstanding options and 250,754 shares to be issued pursuant to the vesting of outstanding RSU awards that were in each case granted under the 2008 Plan and (ii) 1,020,520 shares to be issued upon the exercise of outstanding options and 1,726,826 shares to be issued pursuant to the vesting of outstanding RSU awards that were in each case granted under the 2014 Plan.

(4) The weighted average exercise price of outstanding options granted under the 2008 Plan was \$13.65 per share. The weighted average exercise price of outstanding options granted under the 2014 Plan was \$30.99 per share.

(5) No shares remain available for future issuance under the 2008 Plan. We ceased granting awards under our 2008 Plan when our 2014 Plan became effective on December 11, 2014. However, any outstanding options and RSU awards granted under the 2008 Plan remain outstanding, subject to the terms of the 2008 Plan and stock award agreements, until such outstanding awards are exercised or vest, or until they terminate or expire by their terms.

(6) As of March 31, 2017, 8,033,841 shares were available for future issuance under the 2014 Plan. Initially, the aggregate number of shares of our common stock that may be issued under the 2014 Plan was 5,184,878 shares. Pursuant to the terms of the 2014 Plan, on April 1 of each year, commencing on April 1, 2015 and ending on April 1, 2024, the number of shares authorized for issuance under the 2014 Plan is automatically increased by a number equal to: (i) 5% of the total number of shares of capital stock outstanding on March 31 of the preceding calendar year; or (ii) such lesser number of shares of common stock as is determined by the Board or the Compensation Committee for the applicable year. Pursuant to the previously described terms, on April 1, 2015, the number of shares available under the 2014 Plan was increased by 2,355,847 shares, on April 1, 2016, the number of shares available under the 2014 Plan was increased by 2,499,059 shares, and on April 1, 2017, the

number of shares available under the 2014 Plan was increased by 2,663,972 shares.

- (7) As of March 31, 2017, 1,647,744 shares were available for future issuance under the ESPP. Our ESPP became effective on December 11, 2014. Initially, the ESPP authorized the issuance of 1,000,000 shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our designated affiliates. Pursuant to the terms of the ESPP, on April 1 of each year, commencing on April 1, 2015 and ending on April 1, 2024, the number of shares authorized for issuance under the ESPP is automatically increased by a number equal to the lesser of: (i) 500,000 shares of our common stock; (ii) 1% of the total number of shares of capital stock outstanding on March 31 of the preceding calendar year; or (iii) such lesser number of shares of Common Stock as is determined by the Board or the Compensation Committee for the applicable year. Pursuant to the previously described terms, on April 1, 2015, the number of shares available under the ESPP was increased by 471,169 shares, on April 1, 2016, the number of shares available under the ESPP was increased by 499,811 shares, and on April 1, 2017, the number of shares available under the ESPP was increased by 500,000 shares. The maximum aggregate number of shares of our common stock available to be purchased by all participants in the ESPP during any current purchase period is 500,000 shares, or such lesser number of shares as are available for issuance under the ESPP.

**Table of Contents**

**TRANSACTIONS WITH RELATED PERSONS**

Since April 1, 2016, there has not been nor is there currently proposed any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$120,000 and in which any director, executive officer, holder of more than 5% of our common stock, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation agreements and other arrangements described elsewhere in this Proxy Statement.

**INVESTOR RIGHTS AGREEMENT**

In April 2014, we entered into an Amended and Restated Investor Rights Agreement, which we refer to as our investor rights agreement, with certain holders of our then-outstanding convertible preferred stock, including entities affiliated with each of Benchmark and Trinity Ventures, which our directors Peter Fenton and Dan Scholnick, respectively, are affiliated. Such holders party to our investor rights agreement, as well as certain affiliates and transferees therefrom, have rights, subject to certain conditions, to require us to file registration statements covering shares or to include shares in registration statements that we may file for ourselves or our stockholders.

**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, executive 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 be presented to our Audit Committee for review, consideration, and approval or ratification. 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. All of the transactions described above were presented, considered, and approved or ratified by our Board or the Audit Committee.

**Table of Contents**

**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 New Relic 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 New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105, or contact our Corporate Secretary at (650) 777-7600.

**OTHER MATTERS**

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 such matters in accordance with their best judgment.

By Order of the Board of Directors

/s/ Robin Schulman

Robin Schulman

Vice President, General Counsel, and Corporate Secretary

July 7, 2017

**A copy of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017 is available without charge upon written request to: Corporate Secretary, New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105.**

**Table of Contents**

*NEW RELIC, INC.*

*188 SPEAR STREET, SUITE 1200*

*SAN FRANCISCO, CA 94105*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK  
INK AS FOLLOWS:

E30778-P95479

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED DETACH AND RETURN THIS PORTION ONLY AND DATED.**

**NEW RELIC, INC.**

**For All      Withhold All      For All Except**

**The Board of Directors recommends you vote FOR the following:**

1. Election of Directors

**Nominees:**

01) Lewis Cirne

02) Peter Fenton

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

**The Board of Directors recommends you vote FOR the following proposal:**

**For Against Abstain**

2. To approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed in the Proxy Statement.

**The Board of Directors recommends you vote FOR the following proposal:**

**For Against Abstain**

3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the company for its fiscal year ending March 31, 2018.

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

In the event of a change of address, please check this box and write the new address on the back where indicated.

Please indicate if you plan to attend this meeting.

**Yes      No**

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or

partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Annual Report on Form 10-K and the Notice and Proxy Statement for the 2017 Annual Meeting are available at [www.proxyvote.com](http://www.proxyvote.com).

E30779-P95479

**NEW RELIC, INC.**

**Annual Meeting of Stockholders**

**August 22, 2017 9:00 AM**

**This Proxy is solicited on behalf of the Board of Directors**

The undersigned stockholder of New Relic, Inc. hereby acknowledges receipt of the Annual Report on Form 10-K and the Notice and Proxy Statement for the 2017 Annual Meeting and hereby appoints Lewis Cirne and Mark Sachleben, or either of them, as proxies and attorneys-in-fact, each with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2017 Annual Meeting of Stockholders of New Relic, Inc. to be held on Tuesday, August 22, 2017 at 9:00 a.m. local time at the offices of Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111, and at any adjournments thereof, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present, on the matters set forth on the reverse side.

**THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO CONTRARY DIRECTION IS INDICATED, WILL BE VOTED IN ACCORDANCE WITH THE BOARD OF DIRECTORS RECOMMENDATIONS, AND, WITH RESPECT TO SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF, AS SAID PROXIES DEEM ADVISABLE.**

**Address Change:**



(If you noted an address change above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**