

Zendesk, Inc.  
Form DEF 14A  
April 09, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

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

**ZENDESK, 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):

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(4) Date Filed:

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**Zendesk, Inc.**

1019 Market Street

San Francisco, CA 94103

April 9, 2019

Dear Zendesk Stockholder:

I am pleased to invite you to attend the 2019 Annual Meeting of Stockholders (the Annual Meeting ) of Zendesk, Inc. ( Zendesk ), which will be held virtually on May 29, 2019 at 1:00 p.m. Pacific Time. You can attend the Annual Meeting by visiting [www.virtualshareholdermeeting.com/ZEN2019](http://www.virtualshareholdermeeting.com/ZEN2019), where you will be able to listen to the Annual Meeting live, submit questions, and vote online. We are embracing the latest technology to provide expanded access, improved communication, and cost savings for our stockholders and Zendesk. We believe that holding the Annual Meeting virtually provides greater access to those who may wish to attend, including participation from locations around the world, and therefore have chosen this over an in-person meeting.

Details regarding the Annual Meeting, including how to attend the Annual Meeting online and the business to be conducted at the Annual Meeting, are more fully described in the accompanying Notice of 2019 Annual Meeting of Stockholders and Proxy Statement.

Thank you for your ongoing support of and continued interest in Zendesk. We look forward to your attendance at our Annual Meeting.

Sincerely,

Mikkel Svane

*Chair of the Board of Directors and Chief Executive Officer*

**YOUR VOTE IS IMPORTANT**

On or about April 9, 2019, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice ) containing instructions on how to access our proxy statement for our 2019 Annual Meeting of Stockholders (the Proxy Statement ) and our 2018 Annual Report to Stockholders (the 2018 Annual Report ). The Notice provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of proxy materials by mail. The Proxy Statement and the 2018 Annual Report can be accessed directly at the Internet address [www.proxyvote.com](http://www.proxyvote.com) using the control number located on your proxy card.

In order to ensure your representation at the Annual Meeting, whether or not you plan to attend the Annual Meeting virtually, please vote your shares as promptly as possible. Your participation will help to ensure the presence of a

quorum at the Annual Meeting and save Zendesk the extra expense associated with additional solicitation. If you hold your shares through a broker, your broker is not permitted to vote on your behalf in the election of directors unless you provide specific instructions to your broker by completing and returning any voting instruction form that your broker provides (or following any instructions that allow you to vote your broker-held shares via telephone or the Internet). For your vote to be counted, you will need to communicate your voting decision before the date of the Annual Meeting. Voting your shares in advance will not prevent you from attending the Annual Meeting virtually, revoking your earlier submitted proxy, or voting your stock at the virtual meeting.

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**ZENDESK, INC.**

**1019 Market Street**

**San Francisco, CA 94103**

**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that Zendesk, Inc. ( "Zendesk" ) will hold its 2019 Annual Meeting of Stockholders (the "Annual Meeting" ) virtually on May 29, 2019 at 1:00 p.m. Pacific Time for the following purposes:

To elect three Class II directors, Mr. Carl Bass, Mr. Michael Frandsen, and Mr. Thomas Szkutak, to hold office until the 2022 annual meeting of stockholders or until their successors are duly elected and qualified, subject to their earlier resignation or removal;

To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

To conduct a non-binding advisory vote to approve the compensation of our Named Executive Officers; and

To transact any other business that properly comes before the Annual Meeting (including adjournments, continuations, and postponements thereof).

On or about April 9, 2019, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice" ), containing instructions on how to access our proxy statement for our 2019 Annual Meeting of Stockholders (the "Proxy Statement" ) and our 2018 Annual Report to Stockholders (the "2018 Annual Report" ). The Notice provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of proxy materials by mail. The Proxy Statement and the 2018 Annual Report can be accessed directly at the Internet address [www.proxyvote.com](http://www.proxyvote.com) using the control number located on your proxy card.

We believe that hosting a virtual meeting will enable participation by more of our stockholders in our annual meeting while lowering the cost of conducting the meeting. Stockholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

Only stockholders of record at the close of business on April 1, 2019 (the "Record Date" ) are entitled to notice of and to vote at the Annual Meeting as set forth in the Proxy Statement. You are entitled to attend the Annual Meeting only if you were a stockholder as of the close of business on the Record Date or hold a valid proxy for the Annual Meeting.

If you have any questions regarding this information or the proxy materials, please contact our investor relations department at [ir@zendesk.com](mailto:ir@zendesk.com).

By Order of the Board of Directors,

Mikkel Svane

*Chair of the Board of Directors and Chief Executive Officer*

San Francisco, California

April 9, 2019

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**ZENDESK, INC.**

**2019 ANNUAL MEETING OF STOCKHOLDERS**

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**ZENDESK, INC.**

**1019 Market Street**

**San Francisco, CA 94103**

**PROXY STATEMENT**

**FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 29, 2019**

**GENERAL INFORMATION**

Our Board of Directors (our **Board** ) solicits your proxy on our behalf for the 2019 Annual Meeting of Stockholders (the **Annual Meeting** ) and at any adjournment, continuation, or postponement of the Annual Meeting for the purposes set forth in this proxy statement for our 2019 Annual Meeting of Stockholders (the **Proxy Statement** ) and the accompanying Notice of 2019 Annual Meeting of Stockholders. The Annual Meeting will be held virtually on May 29, 2019 at 1:00 p.m. Pacific Time. You can attend the Annual Meeting by visiting [www.virtualshareholdermeeting.com/ZEN2019](http://www.virtualshareholdermeeting.com/ZEN2019), where you will be able to listen to the meeting live, submit questions, and vote online. The Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and our 2018 Annual Report to Stockholders (the **2018 Annual Report** ) is first being mailed on or about April 9, 2019 to all stockholders entitled to vote at the Annual Meeting.

In this Proxy Statement, the terms **Zendesk**, **the Company**, **we**, **us**, and **our** refer to Zendesk, Inc. and its subsidiaries. The mailing address of our principal executive offices is Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103.

<b>Record Date</b>	April 1, 2019.
<b>Quorum</b>	A majority of the shares of all issued and outstanding stock entitled to vote on the Record Date must be present at the virtual Annual Meeting or represented by proxy to constitute a quorum.
<b>Shares Outstanding</b>	109,259,076 shares of common stock outstanding as of the Record Date.
<b>Voting</b>	There are four ways a stockholder of record can vote:  (1) directly at the Annual Meeting any stockholder can attend the Annual Meeting by visiting <a href="http://www.virtualshareholdermeeting.com/ZEN2019">www.virtualshareholdermeeting.com/ZEN2019</a> , where stockholders may vote and submit questions during the Annual Meeting. The

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meeting starts at 1:00 p.m. Pacific Time. Please have your 16-Digit Control Number to join the Annual Meeting;

- (2) via the Internet at [www.proxyvote.com](http://www.proxyvote.com);
- (3) by toll-free telephone at 1-800-690-6903, until 11:59 p.m. Eastern Time on May 28, 2019. Please have your 16-Digit Control Number when you call; or

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- (4) by completing, signing, dating, and mailing your proxy card. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you instruct.

In order to be counted, proxies submitted by telephone or Internet must be received by 11:59 p.m. Eastern Time on May 28, 2019. Proxies submitted by U.S. mail must be received before the start of the Annual Meeting.

If you hold your shares through a bank or broker, please follow their instructions.

**Revoking Your Proxy**

Stockholders of record may revoke their proxies by attending and voting at the virtual Annual Meeting (although attendance at the virtual Annual Meeting will not, by itself, revoke a proxy), by filing an instrument in writing revoking the proxy, by filing another duly executed proxy bearing a later date with our Secretary before the vote is counted, or by voting again using the telephone or Internet before the cutoff time (your latest telephone or Internet proxy is the one that will be counted). If you hold shares through a bank or broker, you may revoke any prior voting instructions by contacting that firm.

**Votes Required to Adopt Proposals**

Each share of our common stock outstanding on the Record Date is entitled to one vote on any proposal presented at the Annual Meeting:

For Proposal One, the affirmative vote of the majority of the votes properly cast is required for the election of each nominee to the Board. This means that the number of shares voted for a nominee must exceed the number of shares voted against such nominee. If the votes cast for any nominee do not exceed the votes cast against the nominee, the Board will consider whether to accept or reject such director's resignation, which is tendered to the Board pursuant to our corporate governance guidelines.

For Proposal Two, the affirmative vote of the majority of the votes properly cast is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019. This means that the number of shares voted for this proposal must exceed the number of shares voted against this proposal.

For Proposal Three, the affirmative vote of the majority of the votes properly cast is required in order for our stockholders to approve the compensation of our Named Executive Officers. This means that the number of shares voted for this proposal must exceed the number of shares voted against this proposal. Since this proposal is an advisory vote, the result will not be binding on our Board, the compensation committee of our Board, or the Company. Our Board and the compensation committee will consider the outcome of the vote when determining the compensation of our Named Executive Officers.

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### **Effect of Abstentions and Broker Non-Votes**

Abstentions, and broker nonvotes (*i.e.*, where a broker has not received voting instructions from the beneficial owner and for which the broker does not have discretionary power to vote on a particular matter) are counted as present for purposes of determining the presence of a quorum. Abstentions are not considered votes cast for Proposal One, Proposal Two or Proposal Three, and will have no effect on the votes for these proposals.

Under the rules that govern brokers holding shares for their customers, brokers who do not receive voting instructions from their customers have the discretion to vote uninstructed shares on routine matters, but do not have discretion to vote such uninstructed shares on non-routine matters. Only Proposal Two, the ratification of the appointment of Ernst & Young LLP, is considered a routine matter where brokers are permitted to vote shares held by them without instruction. If your shares are held through a broker, those shares will not be voted with regard to Proposal One or Proposal Three unless you affirmatively provide the broker instructions on how to vote. Broker non-votes also will have no effect on the outcome of Proposal One or Proposal Three.

### **Voting Instructions**

If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you submit proxy voting instructions but do not direct how your shares should be voted on each item, the persons named as proxies will vote **FOR** the election of the nominees for director, **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, and **FOR** the non-binding advisory vote to approve the compensation of our Named Executive Officers. The persons named as proxies will vote on any other matters properly presented at the Annual Meeting in accordance with their best judgment, although we have not received timely notice of any other matters that may be properly presented for voting at the Annual Meeting.

### **Voting Results**

We will announce preliminary results at the Annual Meeting. We will report final results by filing a Form 8-K within four business days after the Annual Meeting. If final results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

### **Notice of Internet Availability of Proxy Materials**

In accordance with the rules of the Securities and Exchange Commission (the SEC), we have elected to furnish our proxy materials, including this Proxy Statement and the 2018 Annual Report, primarily via the Internet. On or about April 9, 2019, we mailed to our stockholders a Notice of

Internet Availability of Proxy Materials (the Notice ) that contains instructions on how to access our proxy materials on the Internet, how to vote at the virtual meeting, and how to request printed copies of the proxy materials and

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2018 Annual Report. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our annual meetings.

**Additional Solicitation/Costs**

We are paying for the distribution of the proxy materials and solicitation of the proxies. As part of this process, we reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. Proxy solicitation expenses that we will pay include those for preparation, mailing, returning, and tabulating the Notice and proxies. Our directors, officers, and employees may also solicit proxies on our behalf in person, by telephone, email, or facsimile, but they do not receive additional compensation for providing those services.

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**PROPOSAL ONE:**

**ELECTION OF DIRECTORS**

**Number of Directors; Board Structure**

Our Board is divided into three staggered classes of directors. One class is elected each year at the annual meeting of stockholders for a term of three years. The term of the Class II directors expires at the Annual Meeting, the term of the Class III directors expires at the 2020 annual meeting, and the term of the Class I directors expires at the 2021 annual meeting. Following re-election of a director, such director is expected to hold office for a three-year term or until the election and qualification of his or her successor in office. On February 1, 2019, one of our Class II directors, Dana Stalder, notified our Board of his intent not to stand for reelection as a Class II director. Mr. Stalder's decision not to stand for reelection is not a result of any disagreement with us on any matter relating to our operations, policies, or practices. In connection with the expiration of Mr. Stalder's current term at the Annual Meeting, the Board nominated Thomas Szkutak to stand for election as a Class II director at the Annual Meeting. Mr. Szkutak notified our Board of his intention to resign as a Class III director at the conclusion of the Annual Meeting, contingent upon his election as a Class II director at the Annual Meeting. Mr. Szkutak's decision to resign as a Class III director is solely to facilitate his election as a Class II director at the Annual Meeting and is not a result of any disagreement with us on any matter relating to our operations, policies, or practices.

**Nominees**

Our Board has nominated each of Carl Bass, Michael Frandsen, and Thomas Szkutak for election as a Class II director of the Company, to hold office until the 2022 annual meeting of stockholders or until his or her successor is duly elected and qualified, subject to his or her earlier resignation or removal.

Unless you direct otherwise through your proxy voting instructions, the persons named as proxies will vote all proxies received **FOR** the election of each nominee. If any nominee is unable or unwilling to serve at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee chosen by the present Board. In the alternative, the proxies may vote only for the remaining nominee, leaving a vacancy on our Board. Our Board may fill such vacancy at a later date or reduce the size of our Board. Each of the nominees is a current member of our Board and has consented to serve if elected, and we have no reason to believe that any of the nominees will be unwilling or unable to serve if elected as a director.

**Recommendation of our Board**

**OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES.**

The below biographies of each of the nominees, continuing directors, and executive officers contain information regarding each such person's service as a director or executive officer, business experience, and, with respect to the nominees and continuing directors, director positions held currently or at any time during the last five years and the experiences, qualifications, attributes, or skills that caused our Board to determine that the person should serve as a director of the Company. In addition to the information presented below regarding each nominee's and continuing director's specific experience, qualifications, attributes, and skills that led our Board to the conclusion that he or she should serve as a director, we also believe that each of our directors has a reputation for integrity, honesty, and adherence to high ethical standards. Each of our directors has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to our Company and our Board. Finally, we value our directors' experience in relevant areas of business management and on other boards of directors and board committees.



Our corporate governance guidelines also dictate that a majority of our Board be comprised of independent directors whom our Board has determined have no material relationship with the Company and who are

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otherwise independent directors under the published listing requirements of the New York Stock Exchange (the NYSE ).

**Executive Officers and Directors**

The following table sets forth information regarding our executive officers and directors, including their ages, as of April 1, 2019:

Name	Age	Positions and Offices Held with the Company
<i>Executive Officers:</i>		
Mikkel Svane	48	Chair of the Board and Chief Executive Officer
Elena Gomez	49	Chief Financial Officer
John T. Keiser	53	Chief Operating Officer
Norman Gennaro	52	Senior Vice President, Worldwide Sales
InaMarie Johnson	54	Chief People Officer
Adrian McDermott	50	President of Products
John Geschke	48	Chief Legal Officer and Senior Vice President, Administration
Jeffrey Titterton	46	Chief Marketing Officer
<i>Non-Employee Directors:</i>		
Carl Bass <sup>(1)</sup>	61	Director
Hilarie Koplou-McAdams <sup>(1)</sup>	55	Director
Caryn Marooney <sup>(1)(2)</sup>	51	Director
Elizabeth Nelson <sup>(2)(3)(4)</sup>	58	Director
Thomas Szkutak <sup>(2)(3)</sup>	58	Director
Dana Stalder <sup>(3)(5)</sup>	50	Director
Michelle Wilson <sup>(2)(3)</sup>	56	Director
Michael Frandsen <sup>(3)</sup>	57	Director

(1) Member of our compensation committee.

(2) Member of our nominating and corporate governance committee.

(3) Member of our audit committee.

(4) Lead Independent Director.

(5) Mr. Stalder does not intend to stand for re-election for the 2019 annual meeting of stockholders.

**Information Concerning Nominees for Election for a Three Year Term Ending at the 2022 Annual Meeting**

**Carl Bass.** Mr. Bass has served as a member of our Board since February 2016. Mr. Bass served as President and Chief Executive Officer of Autodesk, Inc., a software company, from May 2006 to February 2017. Mr. Bass served as Interim Chief Financial Officer of Autodesk, Inc. from August 2014 to November 2014. Mr. Bass has served on the board of directors of Autodesk, Inc. from January 2006 to June 2018. Mr. Bass also served on the board of directors of HP Inc., a provider of software and technology, from November 2015 to September 2017. Mr. Bass served on the board of directors of E2open, Inc., a software company, from July 2011 until it was acquired by Insight Venture Partners in March 2015. Mr. Bass holds a B.A. in mathematics from Cornell University.

Mr. Bass was selected to serve on our Board because of his extensive experience as an executive in the technology industry.

**Michael Frandsen.** Mr. Frandsen has served as a member of our Board since November 2017. Mr. Frandsen has led the Products team of Workday, Inc., a software company, since January 2010. Mr. Frandsen is currently Executive Director, Products at Workday, Inc. and has been responsible for product management, quality

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assurance and product delivery. Mr. Frandsen served as its Executive Vice President of Products, Support and Delivery from March 2015 to October 2017, and as Senior Vice President of Products from July 2012 to February 2015. Mr. Frandsen served on the board of directors of Advent Software, Inc., a software company, from May 2014 until it was acquired by SS&C Technologies, Inc. in July 2015. Mr. Frandsen holds a B.S. in Finance and Information Systems from the University of Colorado at Boulder.

Mr. Frandsen was selected to serve on our Board because of his extensive experience as a product executive in the technology industry.

**Thomas Szkutak.** Mr. Szkutak has served as a member of our Board since January 2019. Mr. Szkutak was the Senior Vice President and Chief Financial Officer of Amazon.com, Inc., an Internet retail company, from October 2002 to June 2015. Mr. Szkutak has served as a member of the board of directors of Intuit Inc., a software company, since January 2018. Mr. Szkutak has also served as an advisor and operating partner of Advent International, a global private equity firm, since August 2017.

Mr. Szkutak was selected to serve on our Board because of his financial, accounting, and operational expertise from prior experience as a chief financial officer for a public technology company.

## **Information Concerning Directors Continuing in Office Until the 2020 Annual Meeting**

**Mikkel Svane.** Mr. Svane co-founded Zendesk and has served as our Chief Executive Officer since August 2007 and as a member of our Board since August 2007. He was appointed Chair of our Board in January 2014. Prior to founding Zendesk, Mr. Svane founded and served as the Chief Executive Officer of Caput A/S, a software company, and served as a technology consultant. Since October 2018, Mr. Svane has served as a member of the board of directors of Stitch Fix Inc., an online personal styling service. Mr. Svane holds an A.P. in marketing management from Arhus Kobmandsskole.

Mr. Svane was selected to serve on our Board because of his operational and historical expertise gained from serving as our Chief Executive Officer. As one of our founders and the longest serving member of our Board, we also value his deep understanding of our business as it has evolved over time.

**Elizabeth Nelson.** Ms. Nelson has served as a member of our Board since July 2013. Ms. Nelson currently serves on the board of directors of Nokia Corporation, a network telecommunications company, Upwork Inc., a software platform company, and several private companies. Ms. Nelson's public company board service includes serving as a director of Pandora Media, an internet radio service company, from 2013 to 2017, and Brightcove Inc., an online video hosting platform, from 2010 to 2014. Ms. Nelson holds a B.S.F.S. in foreign service from Georgetown University and an M.B.A. in finance with distinction from the Wharton School at the University of Pennsylvania.

Ms. Nelson was selected to serve on our Board because of her financial, accounting, and operational expertise from prior experience as a chief financial officer, executive, and director of public and private technology companies.

## **Information Concerning Directors Continuing in Office Until the 2021 Annual Meeting**

**Caryn Marooney.** Ms. Marooney has served as a member of our Board since January 2014. Since May 2011, Ms. Marooney has served in various roles at Facebook, Inc., a social networking service, currently serving as the company's Vice President, Global Communications. Ms. Marooney holds a B.S. in labor relations from Cornell University.

Ms. Marooney was selected to serve on our Board because of her prior executive experience and her experience advising technology companies.

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**Michelle Wilson.** Ms. Wilson has served as a member of our Board since January 2014. Ms. Wilson has served as a member of the board of directors of Okta, Inc., a software company, since August 2015. From July 2003 to September 2012, Ms. Wilson served as Senior Vice President, General Counsel, and Secretary of Amazon.com, Inc, an Internet retail company. Ms. Wilson holds a B.A. in business administration from the University of Washington and a J.D. from the University of Chicago.

Ms. Wilson was selected to serve on our Board because of her significant experience as an executive in the technology industry.

**Hilarie Koplow-McAdams.** Ms. Koplow-McAdams has served as a member of our Board since September 2017. Ms. Koplow-McAdams has served as a Venture Partner of New Enterprise Associates, a venture capital firm, since December 2017. Ms. Koplow-McAdams has served as a member of the board of directors of Tableau Software, Inc., a software company, since December 2016. Ms. Koplow-McAdams served as the President of New Relic, Inc., a digital intelligence company, from October 2015 until April 2017 and, prior to that, served as New Relic's Chief Revenue Officer from December 2013 to September 2015. Additionally, Ms. Koplow-McAdams served as a member of the board of directors at Informatica Corporation from March 2014 to August 2015. Ms. Koplow-McAdams holds an M.A. in Public Policy from the University of Chicago and a B.A. in Sociology from Mills College.

Ms. Koplow-McAdams was selected to serve on our Board because of her extensive experience as an executive in sales, marketing, customer success, and business development for various companies in the technology industry.

## **Information Concerning Executive Officers**

In addition to Mr. Mikkel Svane, our Chair of the Board and Chief Executive Officer, who also serves as a director, our executive officers as of April 1, 2019 consisted of the following:

**Elena Gomez.** Ms. Gomez has served as our Chief Financial Officer since May 2016. Ms. Gomez currently serves on the board of directors of Smartsheet, Inc., a software Company, since October 4, 2017. From July 2010 to April 2016, Ms. Gomez served in senior finance roles at salesforce.com, inc., a software company, including Senior Vice President Go To Market Distribution from July 2015 to April 2016, and Vice President Sales and Support and Marketing Finance from June 2011 to June 2015. Ms. Gomez holds a B.S. in business administration from the Haas School of Business at the University of California at Berkeley.

**John T. Keiser.** Mr. Keiser has served as our Chief Operating Officer since August 2017. Mr. Keiser served as the Company's Chief Information Officer from May 2016 until his appointment as Chief Operating Officer in August 2017, and as the Company's Senior Vice President, Technology Operations from October 2016 until his appointment as Chief Operating Officer in August 2017. From January 2014 to March 2015, Mr. Keiser served as Executive Vice President of Global Product Operations at The Gap, Inc., an apparel company. Mr. Keiser holds a B.S. in systems science from the University of West Florida.

**Norman Gennaro.** Mr. Gennaro has served as our Senior Vice President, Worldwide Sales since January 2018. From April 2012 to December 2017, Mr. Gennaro served as a Territories Market Segment Leader for North America for Amazon Web Services, a software company. Mr. Gennaro holds a Management in Information Systems degree from the University of Notre Dame and an M.B.A. from the Notre Dame de Namur University.

**InaMarie Johnson.** Ms. Johnson has served as our Chief People Officer since June 2018. From July 2015 to June 2018, Ms. Johnson served as Senior Vice President and Chief Human Resources Officer for Plantronics, Inc., an audio communications company. From September 2011 to June 2015 she held the role of Chief Human Resources Officer at

UTi Worldwide Inc., a supply chain management company. Ms. Johnson holds a B.A. in

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Social Sciences, with an emphasis in Human Resource Management, from the University of California, Berkeley, and a M.A. in Organizational Development and Management from John F. Kennedy University.

***Adrian McDermott.*** Mr. McDermott has served as our President of Products since October 2016. Mr. McDermott currently serves on the board of directors of FireEye, Inc., a security software company, since February 2019. Mr. McDermott served as our Senior Vice President, Product Development from July 2010 until October 2016. Mr. McDermott holds a B.Sc. in computer science from De Montfort University.

***John Geschke.*** Mr. Geschke has served as our Senior Vice President, Administration since October 2015 and as our Chief Legal Officer since May 2017. Mr. Geschke served as our General Counsel and Secretary from July 2012 to May 2017. From April 2010 to June 2012, Mr. Geschke served as General Counsel of Norwest Ventures Partners, a venture capital firm. From March 1996 to April 1998 and from May 1999 to March 2010, Mr. Geschke practiced law at Cooley LLP, a law firm. Mr. Geschke holds an A.B. from Princeton University with a concentration in the Woodrow Wilson School of Public and International Affairs and a J.D. from Stanford University.

***Jeffrey Titterton.*** Mr. Titterton has served as our Chief Marketing Officer since October 2018 and our Senior Vice President, Marketing from May 2017 to October 2018. From January 2017 to May 2017, Mr. Titterton served as the Head of Global Campaign and Engagement Marketing for Adobe Inc., a software company, and as Head of Engagement Marketing, Creative Cloud, from August 2013 to January 2017. Mr. Titterton holds a B.A. in English with a concentration in Economics from Cornell University.



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**CORPORATE GOVERNANCE**

Our Board, which is elected by our stockholders, is responsible for directing and overseeing our business and affairs. In carrying out its responsibilities, our Board selects and monitors our top management, provides oversight of our financial reporting processes, and determines and implements our corporate governance policies. A copy of our corporate governance guidelines can be found on our website at <https://investor.zendesk.com>.

Our Board and management are committed to good corporate governance to ensure that we are managed for the long-term benefit of our stockholders, and we have a variety of policies and procedures to promote such goals. To that end, during the past year, our management periodically reviewed our corporate governance policies and practices to ensure that they remain consistent with the requirements of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act ), SEC rules, and the listing standards of the NYSE.

Besides verifying the independence of the members of our Board and committees (which is discussed in the section titled *Independence of our Board of Directors* below), at the direction of our Board, we also:

Periodically review and make necessary changes to the charters for our audit, compensation, and nominating and corporate governance committees;

Have established disclosures control policies and procedures in accordance with the requirements of the Sarbanes-Oxley Act and the rules and regulations of the SEC;

Have a procedure in place for receipt and treatment of anonymous and confidential complaints or concerns regarding audit or accounting matters; and

Have a code of business conduct and ethics that applies to our officers, directors, and employees. In addition, we have adopted a set of corporate governance guidelines. The nominating and corporate governance committee is responsible for reviewing our corporate governance guidelines from time to time and reporting and making recommendations to our Board concerning corporate governance matters. Our corporate governance guidelines address such matters as:

Director independence Independent directors must constitute at least a majority of our Board;

Monitoring board effectiveness Our Board must conduct an annual self-evaluation of itself and its committees;

Board access to independent advisors Our Board as a whole, and each of its committees separately, has authority to retain independent experts, advisors, or professionals as each deems necessary or appropriate;

Majority Voting Our Board maintains policies on director resignations to facilitate our majority vote standard; and

Board committees All members of the audit, compensation, and nominating and corporate governance committees are independent in accordance with applicable NYSE criteria.

**Meetings of the Board of Directors and Annual Meeting Attendance**

Our Board held six meetings in fiscal year 2018. During their respective terms of service, each director continuing after the Annual Meeting attended at least 75% of all meetings of our Board and the committees on which they served that were held during fiscal year 2018. Under our corporate governance guidelines, directors are expected to spend the time needed and meet as frequently as our Board deems necessary or appropriate to discharge their responsibilities. Directors are also expected to make efforts to attend our annual meeting of stockholders, all meetings of our Board, and all meetings of the committees on which they serve. Seven of our directors then serving in such capacity attended our 2018 Annual Meeting of Stockholders.

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### **Code of Business Conduct and Ethics**

Our Board has adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. A copy of our code of business conduct and ethics is available on our Internet website at <https://investor.zendesk.com> and may also be obtained without charge by contacting our Secretary at Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Securities Exchange Act of 1934, as amended (the Exchange Act), as required by the applicable rules and NYSE requirements. During fiscal year 2018, no waivers from any provision of our code of business conduct and ethics were granted to our executive officers and directors.

### **Independence of our Board of Directors**

Our Board has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment, and affiliations, our Board has determined that Mmes. Koplow-McAdams, Marooney, Nelson, and Wilson and Messrs. Bass, Frandsen, Stalder, and Szkutak do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is independent as that term is defined under the applicable rules and regulations of the SEC and the listing standards of the NYSE. In making these determinations, 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 and the transactions involving them described in the section titled Related Party Transactions.

### **Board's Role in Risk Oversight**

Our Board's role in overseeing the management of our risks is conducted primarily through committees of our Board, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees. Our full Board (or the appropriate Board committee in the case of risks that are under the purview of a particular committee) discusses with management our major risk exposures, their potential impact on our Company, and the steps we take to manage them. When a Board committee is responsible for evaluating and overseeing the management of a particular risk or risks, the chair of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables our Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

### **Risks Related to Compensation Policies and Practices**

As part of its oversight function, our Board, and the compensation committee in particular, along with our management team, considers potential risks when reviewing and approving various compensation plans, including executive compensation. Based on this review, our Board has concluded that such compensation plans, including executive compensation, do not encourage risk taking to a degree that is reasonably likely to have a materially adverse impact on us or our operations.

### **Board Leadership Structure**

Mikkel Svane, our founder and Chief Executive Officer, serves as Chair of our Board and presides over meetings of our Board, holds such other powers, and carries out such other duties as are customarily carried out by the Chair of a

board. Mr. Svane brings valuable insight to our Board due to the perspective and experience he brings as our founder and Chief Executive Officer. Our Board has appointed Elizabeth Nelson to serve as our lead independent director. As lead independent director, Ms. Nelson presides over periodic meetings of our independent directors, serves as a liaison between our Chair of the Board and the independent directors, and performs such additional duties as our Board may otherwise determine and delegate.

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### **Committees of the Board of Directors**

Our Board has established an audit committee, a compensation committee, and a nominating and corporate governance committee. The composition and responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our Board. Each of the audit, compensation, and nominating and corporate governance committee operates pursuant to a separate written charter adopted by our Board that are available to stockholders on our Internet website at <https://investor.zendesk.com>.

### **Audit Committee**

Our audit committee consists of Mmes. Nelson and Wilson and Messrs. Stalder, Frandsen, and Szkutak with Ms. Nelson serving as Chair. The composition of our audit committee meets the requirements for independence under the listing standards of the NYSE and SEC rules and regulations. Each member of our audit committee meets the financial literacy requirements of the listing standards of the NYSE. Ms. Nelson, Messrs. Stalder and Szkutak are each an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended (the Securities Act ). Our audit committee, among other things:

selects a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;

helps to ensure the independence and performance of the independent registered public accounting firm;

discusses the scope and results of the audit with the independent registered public accounting firm, and reviews, with management and the independent registered public accounting firm, our interim and year-end operating results;

develops procedures for employees to submit concerns anonymously about questionable accounting or audit matters;

reviews our policies on risk assessment and risk management;

reviews related party transactions; and

approves all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

Our audit committee operates under a written charter that satisfies the applicable rules of the SEC and the listing standards of the NYSE. Our audit committee is responsible for reviewing the Company's enterprise risk management framework and major risk exposures. Our audit committee regularly reviews risk assessments from management with respect to cybersecurity, including the adequacy and effectiveness of the Company's internal controls regarding cybersecurity, emerging cybersecurity developments and threats, and the Company's strategy to mitigate cybersecurity

risks.

In accordance with and pursuant to Section 10A(i)(3) of the Exchange Act, our Board has delegated to Ms. Nelson the authority to pre-approve any audit and permissible non-audit services to be performed by our independent registered public accounting firm, provided that all such decisions to pre-approve an activity are presented to the full audit committee at its first meeting following any such decision. Our audit committee held five meetings during fiscal year 2018.

### **Compensation Committee**

Our compensation committee consists of Mmes. Marooney and Koplow-McAdams and Mr. Bass, with Mr. Bass serving as Chair. The composition of our compensation committee meets the requirements for

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independence under the listing standards of the NYSE and SEC rules and regulations. Each member of the compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The purpose of our compensation committee is to discharge the responsibilities of our Board relating to compensation of our executive officers. Our compensation committee, among other things:

reviews, approves, and determines the compensation of our executive officers and directors;

administers our stock and equity incentive plans;

reviews and approves, or makes recommendations to our Board regarding, incentive compensation and equity plans; and

establishes and reviews general policies relating to compensation and benefits of our employees.

Our compensation committee operates under a written charter that satisfies the applicable rules of the SEC and the listing standards of the NYSE. The charter of the compensation committee permits the compensation committee to, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the compensation committee. The compensation committee retains and does not delegate any of its responsibilities related to the review, approval, or determination of the compensation of our executive officers. Our compensation committee held four meetings during fiscal year 2018.

## **Nominating and Corporate Governance Committee**

Our nominating and corporate governance committee consists of Mmes. Marooney, Nelson, and Wilson, and Mr. Szkutak, with Ms. Wilson serving as Chair. The composition of our nominating and corporate governance committee meets the requirements for independence under the listing standards of the NYSE and SEC rules and regulations. Our nominating and corporate governance committee, among other things:

identifies, evaluates, selects, and makes recommendations to our Board regarding, nominees for election to our Board and its committees;

considers and makes recommendations to our Board regarding the composition of our Board and its committees;

reviews and assesses the adequacy of our corporate governance guidelines and recommends any proposed changes to our Board; and

evaluates the performance of our Board and of individual directors.

The nominating and corporate governance committee operates under a written charter that satisfies the applicable listing requirements and rules of the NYSE. Our nominating and corporate governance committee held four meetings during fiscal year 2018.

### **Identifying and Evaluating Director Nominees**

Our Board has delegated to the nominating and corporate governance committee the responsibility of identifying suitable candidates for nomination to our Board (including candidates to fill any vacancies that may occur) and assessing their qualifications in light of the policies and principles in our corporate governance guidelines and the nominating and corporate governance committee's charter. The nominating and corporate governance committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks, or any other means that the nominating and corporate governance committee deems to be appropriate in the evaluation process. The nominating and corporate governance committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis



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and taking into account the overall composition and needs of our Board. Based on the results of the evaluation process, the nominating and corporate governance committee recommends candidates for our Board's approval as director nominees for election to our Board.

## **Minimum Qualifications**

Our nominating and corporate governance committee uses a variety of methods for identifying and evaluating director nominees and will consider all facts and circumstances that it deems appropriate or advisable. In its identification and evaluation of director candidates, our nominating and corporate governance committee will consider the current size and composition of our Board and the needs of our Board and the respective committees of our Board. Some of the qualifications that our nominating and corporate governance committee considers include, without limitation, issues of character, ethics, integrity, judgment, diversity of experience, independence, skills, education, expertise, business acumen, length of service, understanding of our business and industry, potential conflicts of interest, and other commitments. Nominees must also have proven achievement and competence in their field, the ability to offer advice and guidance to our management team, the ability to make significant contributions to our success, and an understanding of the fiduciary responsibilities that are required of a director. Director candidates must have sufficient time available in the judgment of our nominating and corporate governance committee to perform all board of director and committee responsibilities. Members of our Board are expected to prepare for, attend, and participate in all board of director and applicable committee meetings. Other than the foregoing, there are no stated minimum criteria for director nominees, although our nominating and corporate governance committee may also consider such other factors as it may deem, from time to time, are in our and our stockholders' best interests.

Although our Board does not maintain a specific policy with respect to board diversity, our Board believes that our Board should be a diverse body, and our nominating and corporate governance committee considers a broad range of backgrounds and experiences. In making determinations regarding nominations of directors, our nominating and corporate governance committee may take into account the benefits of diverse viewpoints. Our nominating and corporate governance committee also considers these and other factors as it oversees the annual Board and committee evaluations. After completing its review and evaluation of director candidates, our nominating and corporate governance committee recommends to our full Board the director nominees for election to our Board.

## **Stockholder Recommendations**

Stockholders may submit recommendations for director candidates to the nominating and corporate governance committee by sending the individual's name and qualifications to our Secretary at Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103, who will forward all recommendations to the nominating and corporate governance committee. The nominating and corporate governance committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

## **Stockholder Communications**

Our Board provides to every stockholder or other interested party the ability to communicate with our Board as a whole, the non-employee directors as a group, and with individual directors on our Board through an established process for stockholder communication. For a stockholder communication directed to our Board as a whole, stockholders and other interested parties may send such communication to our Secretary at [secretary@zendesk.com](mailto:secretary@zendesk.com) or via U.S. Mail or Expedited Delivery Service to: Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103, Attn: Board of Directors c/o Secretary.

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For a stockholder communication directed to the non-employee directors as a group or an individual director in his or her capacity as a member of our Board, stockholders and other interested parties may send such

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communication to the attention of the non-employee directors or the individual director at secretary@zendesk.com or via U.S. Mail or Expedited Delivery Service to: Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103, Attn: [Non-Employee Directors or Name of Individual Director] c/o Secretary.

The Secretary shall review all incoming communications and forward such communications to the appropriate member(s) of our Board. The Secretary will generally not forward communications that are unrelated to the duties and responsibilities of our Board, including communications that the Secretary determines to be primarily commercial in nature, product complaints, or inquires, and materials that are patently offensive or otherwise inappropriate.

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**PROPOSAL TWO:**

**RATIFICATION OF THE APPOINTMENT OF**

**OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have appointed Ernst & Young LLP as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2019, and we are asking you and other stockholders to ratify this appointment. Ernst & Young LLP served as our independent registered public accounting firm during our fiscal year ended December 31, 2018.

The audit committee annually reviews the independent registered public accounting firm's independence, including reviewing all relationships between the independent registered public accounting firm and us and any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm, and the independent registered public accounting firm's performance. As a matter of good corporate governance, our Board is submitting the appointment of Ernst & Young LLP to our stockholders for ratification. A majority of the votes properly cast is required in order to ratify the appointment of Ernst & Young LLP. In the event that a majority of the votes properly cast do not ratify this appointment of Ernst & Young LLP, we will review our future appointment of Ernst & Young LLP.

We expect that a representative of Ernst & Young LLP will attend the Annual Meeting and the representative will have an opportunity to make a statement if he or she so chooses. The representative will also be available to respond to appropriate questions from stockholders.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

We have adopted a policy under which the audit committee must pre-approve all audit and permissible non-audit services to be provided by the independent registered public accounting firm. As part of its review, the audit committee also considers whether the categories of pre-approved services are consistent with the rules on accountant independence of the SEC and the Public Company Accounting Oversight Board. The audit committee has pre-approved all services performed since the pre-approval policy was adopted.

**Audit Fees**

The following table sets forth the fees billed or expected to be billed by Ernst & Young LLP for audit, audit-related, tax, and all other services rendered for 2018 and 2017 (in thousands):

<b>Fee Category</b>	<b>2018</b>	<b>2017</b>
	(\$)	(\$)
Audit Fees	2,927	2,734
Audit-Related Fees	310	225
Tax Fees	422	166
All Other Fees	2	4
<b>Total Fees</b>	<b>3,661</b>	<b>3,129</b>

Consist of aggregate fees for professional services provided in connection with the annual audits of our consolidated financial statements and internal control over financial reporting, the review of our quarterly condensed consolidated financial statements, and fees related to accounting matters that were addressed during the annual and quarterly review. This category also includes fees for services that were incurred in connection with statutory and regulatory filings or engagements.

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*Audit-Related Fees*

Consist of aggregate fees for professional services related to Statement on Standards for Attestation Engagements (SSAE) No. 16, and other services that were reasonably related to the performance of audits or reviews of our consolidated financial statements and were not reported above under Audit Fees.

*Tax Fees*

Consist of aggregate fees for tax compliance and consultation services.

*All Other Fees*

Consist of aggregate fees billed for products and services provided by the independent registered public accounting firm other than those disclosed above, which include subscription fees paid for access to online accounting research software applications and data.

**Recommendation of our Board**

**OUR BOARD RECOMMENDS THAT YOU VOTE FOR RATIFICATION OF THE APPOINTMENT  
OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019.**

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**PROPOSAL THREE:**

**NON-BINDING ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED  
EXECUTIVE OFFICERS**

Section 14A of the Exchange Act requires that we provide our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, not less frequently than once every three years, the compensation of our Named Executive Officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. As described in detail under the heading Compensation Discussion and Analysis, we seek to closely align the interests of our Named Executive Officers with the interests of our stockholders.

Our compensation programs are designed to reward our Named Executive Officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total stockholder return, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking.

Stockholders are urged to read the Compensation Discussion and Analysis and Executive Compensation sections of this proxy statement, which discuss how our executive compensation policies and procedures implement our compensation philosophy and contain tabular information and narrative discussion about the compensation of our Named Executive Officers. Our Board and the compensation committee believe that these policies and procedures are effective in implementing our compensation philosophy and in achieving our compensation program goals.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our Named Executive Officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC. The vote is advisory, which means that the vote is not binding on the Company, our Board, or the compensation committee. To the extent there is any significant vote against our Named Executive Officer compensation as disclosed in this proxy statement, the compensation committee will evaluate whether any actions are necessary to address the concerns of stockholders.

Accordingly, we are asking our stockholders to vote on the following resolution at the Annual Meeting:

**RESOLVED**, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including in the Compensation Discussion and Analysis, the compensation tables, and the narrative disclosures that accompany the compensation tables, is hereby APPROVED.

**Recommendation of our Board**

**OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF, ON AN ADVISORY  
BASIS, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN  
THIS PROXY STATEMENT.**

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview**

Our Compensation Discussion and Analysis describes our executive compensation program and the decisions for the year ended December 31, 2018, or fiscal year 2018, regarding the compensation for:

Mikkel Svane, our Chief Executive Officer;

Elena Gomez, our Chief Financial Officer;

Norman Gennaro, our Senior Vice President, Worldwide Sales;

InaMarie Johnson, our Chief People Officer; and

John T. Keiser, our Chief Operating Officer.

We refer to these executive officers collectively in this Compensation Discussion and Analysis and the accompanying compensation tables as the Named Executive Officers.

We believe the compensation program for our Named Executive Officers in 2018 was instrumental in helping us to achieve strong performance in 2018, including 39% year-over-year growth in revenue for fiscal year 2018, by providing a combination of short-term and long-term incentives designed to lead to such performance.

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each element of compensation that we provide. In addition, we explain how and why the compensation committee arrived at the specific compensation policies and decisions involving our Named Executive Officers during fiscal year 2018.

This Compensation Discussion and Analysis contains forward-looking statements that are based on our current plans, considerations, expectations, and determinations regarding future compensation plans and arrangements. The actual compensation plans and arrangements that we adopt may differ materially from currently anticipated plans and arrangements as summarized in this Compensation Discussion and Analysis.

**Executive Compensation Philosophy, Objectives, and Design**

Our compensation philosophy is to provide an executive compensation program that rewards our management team for meeting our long-term business strategy, while rewarding the individual contributions of the team members.

Our executive compensation program is designed to achieve the following objectives:



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attract, motivate, and retain employees at the executive level who contribute to our long-term success;

provide compensation packages to our executives that are competitive, reward the achievement of our business objectives, and effectively align executive officers' interests with those of our stockholders;

increase the incentive to achieve key strategic performance measures by linking incentive award opportunities to the achievement of performance objectives and by providing a portion of total compensation for executive officers in the form of ownership in the Company; and

promote teamwork while also recognizing the individual role each executive officer plays in our success. Our executive compensation program design uses a mix of compensation elements including base salary, performance-based incentives, long-term equity incentives, and benefits, including change in control benefits, to

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attract and maintain key personnel. In determining the amount of base salary, performance-based incentives, long-term equity incentives, and benefits awarded to each Named Executive Officer, the compensation committee does not apply any rigorous percentage of any one element in relation to the overall compensation package. Rather, the compensation committee looks at the overall compensation package and the relative amount of each element on an individual basis for each Named Executive Officer to determine whether such amounts and mix of components further the basic principles and objectives of our overall compensation program.

A significant portion of the compensation opportunity for our Named Executive Officers is weighted towards equity, as opposed to cash compensation. Our compensation committee believes that making equity awards a key component of executive compensation focuses our leadership team on the achievement of our long-term strategic and financial goals, thereby aligning their interests with those of our stockholders.

We evaluate our compensation philosophy and compensation programs as circumstances require, and at a minimum, we review our executive compensation annually. As part of this review process, we apply our values and the objectives outlined above, while also considering whether our proposed compensation ensures that we remain competitive for talent, that we meet our retention objectives, and that our cost of replacement for a key employee is reasonable.

## **Compensation Setting Process**

### *2018 Advisory Vote on Compensation*

We submitted a non-binding proposal to our stockholders at the 2018 Annual Meeting of Stockholders. This proposal consisted of a non-binding advisory vote to approve the compensation of the Named Executive Officers as disclosed in the proxy statement for the 2018 Annual Meeting of Stockholders.

Approximately 97% of the votes cast were in favor of the non-binding advisory vote to approve the compensation of the Named Executive Officers at the 2018 Annual Meeting of Stockholders. The compensation committee believes this indicates that our stockholders strongly support the philosophy, strategy, and objectives of our executive compensation programs. After considering this result and following our annual review of our executive compensation philosophy, the compensation committee decided to retain our overall approach to executive compensation. The compensation committee intends to continue to monitor stockholder concerns, including the results of the annual non-binding advisory vote to approve the compensation of the Named Executive Officers, in making future decisions affecting the compensation of the Named Executive Officers.

### *Role of the Compensation Committee and Executive Officers in Compensation Decisions*

The compensation of our Named Executive Officers is determined by our compensation committee. Our Chief Executive Officer typically provides annual recommendations to the compensation committee and discusses with the compensation committee the compensation and performance of our executive officers, other than himself. Because our Chief Executive Officer is involved in the day-to-day operation of our business, he is able to base his recommendations in part upon his review of the performance of our executive officers. Our compensation committee may exercise its discretion in modifying any recommended compensation adjustments or awards to executives. Our compensation committee reviews the performance of our Chief Executive Officer and meets in executive session without him to determine his compensation. In addition, compensation committee meetings typically have included, for all or a portion of each meeting, not only the committee members and our Chief Executive Officer, but also our Chief Legal Officer and Senior Vice President, Administration, our Chief People Officer, and senior members of our legal and people operations teams who may provide information, data, analysis, and updates to our compensation

committee.

*Role of Compensation Consultant and Use of Market Data*

The compensation committee has the authority to engage independent advisors to assist it in carrying out its responsibilities. For fiscal year 2018, the compensation committee retained the services of Compensia, Inc., an

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independent national compensation consulting firm ( Compensia ), to review and advise on the principal aspects of the Company's executive compensation program. The executive compensation program services included providing recommendations regarding the determination of peer group companies, analyzing publicly available compensation data of peer group companies, compensation survey data, and other publicly available data, and reviewing and advising on the target compensation opportunities for our executive officers, including base salaries, performance-based compensation, and long-term incentives. In addition, Compensia also reviewed Board compensation, provided market practices for equity compensation design and developed a compensation risk assessment. The compensation risk assessment included, among other factors, a review of executive compensation, base salary, annual bonuses, sales compensation, equity incentives, and other related categories and did not identify policies or practices likely to have a material adverse effect on the Company. In electing to engage Compensia, the compensation committee took into consideration all factors relevant to Compensia's independence from the Company's management and concluded that no conflict of interest existed that would prevent Compensia from independently advising the compensation committee.

With the assistance of Compensia, the compensation committee consulted market data to better inform its determination of the key elements of our compensation program in order to develop a compensation program that the compensation committee believes will enable us to compete effectively for new employees and retain existing employees. In general, this market data consists of compensation information from both broad-based third-party compensation surveys and peer groups. The compensation data for fiscal year 2018 consisted of compensation paid by companies in our peer group to executives in positions comparable to those held by our executive officers based on roles and responsibilities.

For the determination of compensation of our Named Executive Officers for fiscal year 2018, our compensation committee considered the following companies as our peer group:

Aspen Technology, Inc.	Guidewire Software, Inc.	New Relic, Inc.	RingCentral, Inc.
Barracuda Networks, Inc.	Hubspot, Inc.	Paycom Software, Inc.	Twilio, Inc.
Box, Inc.	Imperva, Inc.	Paylocity Holding Corporation	Veeva Systems, Inc.
Cornerstone OnDemand, Inc.	LogMeIn, Inc.	Proofpoint, Inc.	
Ellie Mae, Inc.	Medidata Solutions, Inc.	Qualys, Inc.	

Because publicly-filed compensation data is generally limited to those of a company's Chief Executive Officer, Chief Financial Officer, and three most highly paid executive officers (other than the Chief Executive Officer and the Chief Financial Officer), the compensation committee also utilized data from Compensia based on a custom cut of the Radford Global Technology Survey (which is based on the peer group companies with additional similarly sized companies in order to provide sufficient market data for all of the executive positions) in determining the compensation for Mr. Keiser.

The compensation committee selected the companies in our peer group and utilized the Radford Global Technology Survey because it believes that these companies compete with us for executive talent and were similar to us in revenue, revenue growth rate, market capitalization, industry, and size. The compensation committee also determined that the companies in the peer group generally have executive officer positions that are comparable to ours in terms of breadth, complexity, and scope of responsibilities.

While we compete for executive talent to some degree with companies that have revenues significantly in excess of those represented in the surveys and peer groups, we believe that the companies represented in the surveys and peer group similarly compete for talent with such larger companies and hence are an appropriate comparison for our

employment market. Our compensation committee uses market data as one information point when making compensation decisions, understanding that such data cannot be applied formulaically. The compensation committee used this market data to ensure that no individual element of the total compensation was below a level that, in the determination of the compensation committee, would prevent the Company from effectively competing for talent. In addition to market compensation studies, our compensation committee has historically taken into account other data, including input from the members of the compensation committee based on, among other things, their experience in compensation matters.

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The compensation committee reviews the peer group annually and removes companies that it no longer believes are comparable and adds new companies that may now be comparable and have disclosed public information for which the compensation committee can compare. In fiscal year 2018, the compensation committee, based on the recommendations of Compensia and the compensation committee, determined to use the following peer group in its review and determination of the compensation for executive officers for the year ending December 31, 2019:

Aspen Technology, Inc.	Guidewire Software, Inc.	Paycom Software, Inc.	RingCentral, Inc.
Box, Inc.	Hubspot, Inc.	Paylocity Holding Corporation	Tableau Software, Inc.
Cornerstone OnDemand, Inc.	LogMeIn, Inc.	Pegasystems Inc.	Twilio, Inc.
DocuSign, Inc.	Medidata Solutions, Inc.	Proofpoint, Inc.	Veeva Systems, Inc.
Ellie Mae, Inc.	New Relic, Inc.	Qualys, Inc.	

In reviewing the peer group for appropriateness for fiscal year 2019, as compared to fiscal year 2018, Barracuda Networks, Inc. was removed from the list of comparable companies because of its acquisition and ceasing to be a public company. Imperva, Inc. was removed from the list of comparable companies because during fiscal year 2018, its market capitalization was generally no longer comparable to our market capitalization. DocuSign, Inc. was added to the list because the compensation committee determined that sufficient public information regarding the compensation for its executive officers was available and that its financial, industry, and talent profiles were similar to ours. Pegasystems Inc. and Tableau Software, Inc. were added to the list of peer companies for fiscal year 2019 because their average market capitalization became comparable to ours in fiscal year 2018.

**Executive Compensation Program Elements**

The following describes each element of our executive compensation program, the rationale for each, and how compensation amounts and awards are determined.

*Base Salaries*

We provide a base salary as a fixed source of compensation for each of our Named Executive Officers, allowing them a degree of certainty relative to the significant portion of their compensation that is based on equity awards with values that are generally contingent on stock price appreciation. Our compensation committee recognizes the importance of base salaries as an element of compensation that helps to attract and retain highly qualified executive talent.

Generally, the initial base salaries of our executive officers are established through arm's-length negotiation at the time the individual executive officer is hired, taking into account his or her qualifications, experience, and comparable market data. Our compensation committee generally reviews, and adjusts as deemed necessary, base salaries for each of our Named Executive Officers annually. Specifically, during fiscal year 2018, we hired two executive officers Mr. Gennaro and Ms. Johnson. Each was identified by an executive search firm, and their initial base salaries were determined through the arm's-length negotiation described above.

In completing its annual review and adjustment, our compensation committee targets paying each of our Named Executive Officers base salaries that are competitive with the median of our peer group, if such information is available, or competitive with the median of salaries found in the survey data that it utilizes for similar positions. Additionally, in setting base salary levels, our compensation committee may consider a range of factors, including:

the individual's anticipated responsibilities and experience, and cash compensation for similarly situated executives at our peer group companies;

our compensation committee members' experience and knowledge in compensating similarly situated individuals at other companies;

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the value of the Named Executive Officer's existing equity awards and our cash needs; and

a general sense of internal pay equity among our Named Executive Officers.

In February 2018, our compensation committee reviewed the base salaries of our Named Executive Officers and determined to increase the base salaries for certain of our Named Executive Officers. In making a determination as to whether increases to the base salaries for each of our Named Executive Officers were necessary, the compensation committee took into account the competitive market for management within our industry and geographic area and the expanded obligations of our Named Executive Officers due to our growing operations. The base salaries of our Named Executive Officers prior to and following the increase approved by the compensation committee in February 2018 and adjusted retroactively to January 1, 2018 were as follows:

Base Salaries

<b>Named Executive Officer</b>	<b>Base Salary Prior to 2018 Increase (\$)</b>	<b>Base Salary Following 2018 Increase (\$)<sup>(1)</sup></b>	<b>Percent Increase</b>
Mikkel Svane	383,000	420,000	9.7%
Elena Gomez	350,000	375,000	7.1%
Norman Gennaro		300,000	
InaMarie Johnson		345,000	
John T. Keiser	375,000	395,000	5.3%

(1) Mr. Gennaro's employment with the Company commenced in January 2018 and Ms. Johnson's employment with the Company commenced in June 2018; the amounts set forth above reflect their starting annual base salaries.

Because their base salaries were prorated to their start date, the salary paid to each, as reflected in our Summary Compensation Table, may differ from the amount set forth above.

*Sign-on Bonus for Mr. Gennaro and Ms. Johnson*

We provide sign-on bonuses when necessary and appropriate to advance the Company's and stockholders' interests, including to attract top executive-level talent from other companies. Sign-on bonuses are an effective means of offsetting the compensation opportunities an executive forfeits when he or she leaves a former employer to join the Company.

Mr. Gennaro received a one-time sign-on bonus in connection with his hiring as our Senior Vice President, Worldwide Sales, equal to \$100,000. Mr. Gennaro's sign-on bonus was paid upon commencement of his employment with the Company, and was earned in one installment upon completion of twelve months of employment on January 2, 2019. Ms. Johnson received a one-time sign-on bonus in connection with her hiring as our Chief People Officer, equal to \$50,000. Ms. Johnson's sign-on bonus was paid upon commencement of her employment with the Company, and is earned in two installments upon completing twelve months and twenty-four months of employment, respectively. Ms. Johnson's first installment will be deemed earned as of June 11, 2019, and the second installment will be deemed earned as of June 11, 2020.





**Table of Contents***Performance-Based Incentives*

We adopted the Amended and Restated Executive Incentive Bonus Plan (the **Bonus Plan**) to provide for performance-based incentive payments upon the attainment of target objectives related to Company financial and operational measures, Company objectives, individual performance objectives, or a combination thereof, in each case as set by the compensation committee. The compensation committee took into account market data, relative levels of responsibility across the Company, tenure, and other relevant factors in order to set the target performance-based incentive for each Named Executive Officer. The target performance-based incentive for the Named Executive Officers as compared to their base salaries was as follows:

**Target Performance-Based Incentives**

<b>Named Executive Officer</b>	<b>2018 Base Salary (\$)<sup>(1)</sup></b>	<b>2018 Target Performance-Based Incentive Under the Bonus Plan (\$)</b>	<b>2018 Target Performance-Based Incentive as Percent of Base Salary</b>
Mikkel Svane	420,000	315,000	75%
Elena Gomez	375,000	225,000	60%
Norman Gennaro	300,000	300,000	100%
InaMarie Johnson	345,000	138,000	40%
John T. Keiser	395,000	237,000	60%

(1) Mr. Gennaro's employment with the Company commenced in January 2018, and Ms. Johnson's employment commenced in June 2018, and the amounts set forth above reflect their starting annual base salaries as of their start dates.

Each executive officer who participates in the Bonus Plan has a target performance-based incentive set for the performance period, as well as one or more target objectives under the Bonus Plan for the performance period. The attainment level of the target objectives is measured at the end of the performance period after our financial results for the performance period have been released (or such other appropriate time as the compensation committee determines), with the payout based on such attainment level and as approved by the compensation committee. The Bonus Plan also permits the compensation committee to approve additional bonuses to executive officers in its sole discretion and to adjust incentive payments (by increasing or decreasing the amount payable), in each case based on an executive officer's attainment of individual performance objectives or other conditions, as determined by the compensation committee.

The compensation committee believes that the payment of performance-based incentives under the Bonus Plan allows the Company to create short-term incentives for the management team that, given the alignment of the target objectives with the Company's internal operating plan, will drive long-term value creation for our stockholders by motivating each member of the management team to focus his or her efforts on successfully executing such operating plan.

For the Named Executive Officers, the compensation committee established a twelve-month performance period commencing on January 1, 2018 and ending on December 31, 2018. The compensation committee also approved a

single advance payment in August 2018 for each of the Named Executive Officers as follows: tracking towards annual achievement above 85% for each component of the target objectives resulted in the advance payment of 20% of each component's target performance-based incentive. The final payment of the performance-based incentive followed December 31, 2018, based on performance for the twelve-month performance period as offset by the first payment.

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### **Target Performance Objectives under the Bonus Plan**

In considering target objectives for the management team for 2018, the compensation committee determined that establishing target objectives for the management team that encouraged efficient revenue growth, and an additional component for Mr. Gennaro that encourage achieving new business and expanding our go-to-market approach, aligned the management team's incentives with the interests of the Company's stockholders. Therefore, the compensation committee designed the target objectives as follows.

#### *Revenue Growth Rate Component*

One component of the target objectives for all of the Named Executive Officers' the Revenue Growth Rate Goal was the percentage of achievement of the year-over-year revenue growth during the period as compared to the internal operating plan. Year-over-year revenue growth during a period is determined by assessing the revenue generated over the period as compared to the revenue generated over the prior year period.

The compensation committee chose the Revenue Growth Rate Goal as a component of the target objectives because the compensation committee believes that achieving significant revenue growth is a primary objective for the Company and its stockholders and contributes to the Company's year-over-year financial performance. Furthermore, the compensation committee believes that each of our Named Executive Officers was in a position to focus on revenue growth, and the compensation committee desired to incentivize this focus.

#### *Operating Margin Component*

Another component of the target objective for all of the Named Executive Officers, the Operating Margin Goal, was the percentage of achievement of non-GAAP operating margin for the period as compared to the internal operating plan. Non-GAAP operating margin is the ratio of the non-GAAP operating loss for a period (which excludes share-based compensation, employer tax related to employee stock transactions, amortization of share-based compensation capitalized in internal-use software, amortization of purchased intangibles, and costs related to acquisitions from the GAAP operating loss for the period) to our revenue for the period.

The compensation committee chose the Operating Margin Goal as a component of the target objectives because the compensation committee believes that revenue growth must be achieved efficiently and with a long-term focus on achieving profitability. Further, the compensation committee believes that each of our Named Executive Officers was in a position to focus on scaling our operations efficiently and desired to incentivize this focus.

#### *Gross Bookings Component*

A additional component of the target objective for Mr. Gennaro) the Gross Bookings Goal was based on the consolidated gross additional monthly recurring revenue added during the performance period, as compared to the Company's internal operating plan. The Gross Bookings Goal was the percentage of achievement of the consolidated gross monthly recurring revenue added to customer accounts on our products during the performance period as compared to the internal operating plan. Gross bookings added during a period is determined by assessing the monthly recurring revenue for all new customer accounts added during such period, as of the date of addition and expansions within existing customer accounts on our products during such period, as of the date of expansion.

The compensation committee chose the Gross Bookings Goal as a component of Mr. Gennaro's target objective because the compensation committee wanted to provide an incentive that encouraged Mr. Gennaro to focus on achieving new business and expanding the reach of our go-to-market approach.



**Table of Contents***Individual Performance Adjustment*

In addition to the target objectives described above, our compensation committee may exercise its discretion to adjust payments of each Named Executive Officer's performance-based incentive up or down based on our Chief Executive Officer's assessment of performance and other achievements not otherwise reflected in the target objectives.

**Target Objectives Payment Guidelines**

For all of the Named Executive Officers, other than Mr. Gennaro, the Revenue Growth Rate Goal comprised 75% of the target objectives, and the Operating Margin Goal comprised 25% of the target objectives. For Mr. Gennaro, the Revenue Growth Rate Goal comprised 40% the target objectives, the Operating Margin Goal comprised 20% of the target objectives, and the Gross Bookings Goal comprised 40% of the target objectives. The target performance-based incentive subject to each component for each Named Executive Officer was as follows:

Target Performance-Based Incentive by Component

Named Executive Officer	<b>Total</b>				
	<b>Target Performance-Based Incentive</b>	<b>Target Performance-Based Incentive Subject to Revenue Growth Rate Component</b>	<b>Target Performance-Based Incentive Subject to Operating Margin Component</b>	<b>Target Performance-Based Incentive Subject to Gross Bookings Component</b>	
Mikkel Svane	315,000	75% \$ 236,250	25% \$ 78,750		
Elena Gomez	225,000	75% \$ 168,750	25% \$ 56,250		
Norman Gennaro	300,000	40% \$ 120,000	20% \$ 60,000	40%	\$120,000
InaMarie Johnson	138,000	75% \$ 103,500	25% \$ 34,500		
John T. Keiser	237,000	75% \$ 177,750	25% \$ 59,250		

The determination of the level of achievement for each of the components is rounded to the nearest whole number and subject to a minimum achievement threshold of 80% (below which no portion of the component for the period was earned). Payment for the performance-based incentive for the period for each component were determined as follows:

Component Payment Guidelines

<b>Component Achievement During Performance Period</b>	<b>Target Performance-Based Incentive Subject to the Revenue Growth Rate Component* Amount Earned (%)</b>	<b>Target Performance-Based Incentive Subject to the Operating Margin Component Amount Earned (%)</b>	<b>Target Performance-Based Incentive Subject to the Gross Bookings Component Amount Earned (%)</b>
Less than 80%	0%	0%	0%
80%	20%	20%	20%
81%-95%	5% for each 1% achievement	5% for each 1% achievement	5% for each 1% achievement
96%-105%	1% for each 1% achievement	1% for each 1% achievement	1% for each 1% achievement
106%-116%	5% for each 1% achievement	5% for each 1% achievement	5% for each 1% achievement

117%+

10% for each 1% achievement, subject to a maximum of 200% of the Target-Based Incentive

10% for each 1% achievement, subject to a maximum of 200% of the Target-Based Incentive

10% for each 1% achievement, subject to a maximum of 250% of the Target-Based Incentive

**Table of Contents****Performance-Based Incentives for 2018***2018 Attainment of Performance-Based Incentives*

Information regarding the attainment of the target objective to each of our Named Executive Officers under the Bonus Plan for 2018 is as follows:

**Component Attainment**

<b>Component</b>	<b>Component Attainment</b>	<b>Component Payout Level</b>
Revenue Growth Rate	112%	140%
Operating Margin	108%	120%
Gross Bookings	106%	110%

*Form of Payment for Bonus Awards for 2018*

For 2018, the compensation committee elected to pay the amounts to the Named Executive Officers under the Bonus Plan in cash because the compensation committee believed that it provided a predictable reward for the short-term incentive goals that the compensation committee wished to incentivize. The compensation committee did not adjust the bonus payments payable to any of our Named Executive Officers under the Bonus Plan for any Individual Performance Adjustment, as described above. Information regarding the payment of compensation to each of our Named Executive Officers under the Bonus Plan for 2018 is as follows:

**Performance-Based Incentive Payout**

<b>Named Executive Officer<sup>(1)</sup></b>	<b>Revenue Growth Rate</b>		<b>Operating Margin</b>		<b>Gross Bookings</b>		<b>Total Performance Incentive</b>	
	<b>Payout Level</b>	<b>Payout Level</b>	<b>Payout Level</b>	<b>Payout Level</b>	<b>Payout Level</b>	<b>Payout Level</b>	<b>Payout Level</b>	
Mikkel Svane	140%	\$330,750	120%	\$94,500			135%	\$425,250
Elena Gomez	140%	\$236,250	120%	\$67,500			135%	\$303,750
Norman Gennaro <sup>(2)</sup>	140%	\$167,079	120%	\$71,605	110%	\$131,277	124%	\$369,962
InaMarie Johnson <sup>(2)</sup>	140%	\$80,588	120%	\$23,025			135%	\$103,613
John T. Keiser	140%	\$248,850	120%	\$71,100			135%	\$319,950

- (1) The Named Executive Officer's achievement of their performance-based incentives were each measured annually, with semi-annual payments as a credit against overall achievement. The amounts reflected above reflect the overall value of the annual payout.
- (2) Mr. Gennaro and Ms. Johnson's performance-based incentive payouts, as reflected above, were pro-rated to each's start date.

*Long-Term Equity Incentives*

We believe that providing long-term incentives in the form of equity awards encourages our Named Executive Officers to take a long-term outlook and provides our Named Executive Officers with an incentive to manage our Company from the perspective of an owner with an equity stake in the business. By providing opportunities for our



Named Executive Officers to benefit from future successes in our business through the appreciation of the value of their equity awards, the compensation committee believes that equity awards align our Named Executive Officers interests and contributions with the long-term interests of our stockholders. In addition, the compensation committee believes that offering meaningful equity ownership in our Company assists us in retaining our Named Executive Officers and other key employees.

Generally, our executive officers are granted equity awards at the time of hire, the size and form of which are determined through arm's-length negotiation with the individual executive officer, taking into account his or

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her qualifications, experience, comparable market data, and expected roles and responsibilities. The equity awards granted to our executive officers upon hire generally vest over four years with 25% of the award vesting during the month of the first anniversary of the date of hire, and the remaining portion of the award vesting in equal monthly installments over the subsequent 36 months.

The equity compensation for our Named Executive Officers for fiscal year 2018 consisted of annual equity awards, in the form of stock options and restricted stock units. The compensation committee believes that, since the Company's annual equity awards require an equity award holder's continued provision of services to the Company through each applicable vesting date, the annual equity awards serve as effective retention tools. For fiscal year 2018, the compensation committee targeted providing 50% of the intended aggregate fair value of all equity awards for each Named Executive Officer in the form of stock options and the remaining 50% as restricted stock units. The compensation committee believes that weighting the awards in this manner motivates the management team to focus its efforts on increasing the market value of the Company's common stock through the execution of the Company's long-term objectives. The compensation committee determined the inclusion of the restricted stock units in the annual equity awards based on its belief that this would add to the retention effect of the annual equity awards, reward for growth in the market price of the Company's common stock, and permit the Company to use fewer shares in the grant of the annual equity awards than it would in granting annual equity awards that were comprised solely of stock options. The stock options used as part of our annual equity awards generally have a ten-year term and vest in equal monthly installments over four years, subject to an equity award holder's continued provision of services to the Company through each applicable vesting date. The restricted stock unit portion of each annual equity award generally vests in equal monthly installments over four years, subject to an equity award holder's continued provision of services to the Company through each applicable vesting date.

For its analysis of the intended aggregate fair value of the equity compensation to be granted to each Named Executive Officer for the year, the compensation committee compared the fair value of the award to those made to executives within the applicable peer group using a Black-Scholes valuation methodology for options that is consistent with the Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( FASB ASC Topic 718 ) and the grant date fair market value for restricted stock units. We believe these comparisons provide important additional context for assessing the competitiveness of our equity-based compensation practices with market practices.

The compensation committee targeted providing each of our Named Executive Officers with equity award grants that were competitive with similar executives at comparable companies. Given the competitive nature of the industry in which we operate, the compensation committee believes equity compensation at this level is generally required to retain our existing Named Executive Officers and to hire new executive officers when and as required.

*Employee Stock Purchase Plan*

Participation in the 2014 Employee Stock Purchase Plan ( ESPP ) is available to all Named Executive Officers on the same basis as our other employees. However, any Named Executive Officers who are 5% stockholders, or would become 5% stockholders as a result of their participation in the ESPP, are ineligible to participate in the ESPP. Under the ESPP, eligible employees are granted options to purchase shares of our common stock through payroll deductions. The ESPP provides for eighteen-month offering periods, which include three six-month purchase periods. At the end of each purchase period, employees are able to purchase shares at 85% of the lower of the fair market value of our common stock at the beginning of an offering period or the fair market value of our common stock at the end of the purchase period. Since employees that participate in the ESPP have the opportunity to benefit from any appreciation in the value of the Company's common stock due to the execution of the Company's long-term objectives between the beginning of each offering period and end of each purchase period, we believe that offering the ESPP aligns the

interests of our broad employee base with the Company's long-term objectives.

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**Table of Contents***Change in Control Benefits*

In fiscal year 2015, our compensation committee adopted a Change in Control Acceleration Plan (the Acceleration Plan) that provides participants with accelerated vesting of all outstanding and unvested equity awards in the event of the termination of the individual's employment from the Company under specified circumstances following a change in control (a double trigger). All Named Executive Officers were provided with the opportunity to participate in the Acceleration Plan; however, participation was not mandatory and executive officers could elect to maintain any existing rights to the accelerated vesting of equity awards in lieu of participating in the Acceleration Plan. However, once an executive officer makes an election to participate in the Acceleration Plan, the acceleration provisions of the Acceleration Plan supersede any other arrangements then in place related to the acceleration of equity awards. Following the adoption of the Acceleration Plan, the compensation committee does not anticipate that new executive officers will be eligible for change in control arrangements other than those provided by the Acceleration Plan.

Our compensation committee (and in periods prior to our initial public offering, our Board) determined that we would provide change in control arrangements to our Named Executive Officers in order to mitigate some of the risk that exists for executives working for a company that is smaller than many of its competitors. These arrangements are intended to attract and retain qualified executives that have alternatives that may appear to them to be less risky absent these arrangements, and to mitigate a potential disincentive to consideration and execution of such an acquisition, particularly where the services of these executive officers may not be required by the acquirer. We also believe that entering into these arrangements and the level of acceleration provided by such arrangements will help these executive officers maintain continued focus and dedication to their responsibilities to help maximize stockholder value if there is a potential transaction that could involve a change in control of the Company.

Mr. Svane has acceleration provisions pursuant to an agreement that pre-dates the adoption of the Acceleration Plan, and the terms of Mr. Svane's acceleration provisions are consistent with the Acceleration Plan. Ms. Gomez, Mr. Gennaro, Ms. Johnson, and Mr. Keiser are participants in the Acceleration Plan. For quantification of, and additional information regarding, the change in control arrangements of our Named Executive Officers, please see the discussion under Executive Compensation Potential Payments Upon Termination or Change in Control.

*Severance*

As the result of an arm's-length negotiation in connection with Ms. Johnson's hire, Ms. Johnson has severance provisions. None of our other Named Executive Officers currently have severance provisions. Ms. Johnson's severance provisions provide for severance payments in the event of termination of employment under specified circumstances. For quantification of, and additional information regarding, the severance arrangements of our Named Executive Officers, please see the discussion under Executive Compensation Potential Payments Upon Termination or Change in Control.

*Welfare and Other Benefits*

We have established a tax-qualified Section 401(k) retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Under this plan, employees may elect to defer their eligible compensation by up to the statutory limit and contribute to the plan. We initiated an employer matching contribution on employee contributions in 2017. We currently match 25% of the first 4% of eligible contributions made to the plan by our employees, including our Named Executive Officers. Such matching contributions are immediately and fully vested.

In addition, we provide other employee welfare and benefit programs to our executive officers, including our Named Executive Officers, on the same basis as all of our full-time employees in the country in which they are a resident. These benefits include medical, dental, and vision benefits, medical and dependent care flexible

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spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance, and basic life insurance coverage.

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

Other than payments for parking, gifts, and payments of membership fees in certain rewards programs, we do not generally provide perquisites to our executive officers except in limited 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. Consistent with these objectives, as the result of an arm's-length negotiation in connection with Ms. Johnson's hire, we have provided Ms. Johnson with a corporate housing perquisite.

In the future, we may provide other perquisites or personal benefits in certain circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation, or retention purposes.

### *Hart-Scott-Rodino Act Filing Fees*

The Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the "HSR Act"), requires that at any time certain individuals hold more than a certain amount of value in our stock, those individuals generally must make a filing under the HSR Act, unless an exception applies. Mr. Svane has been granted stock options and restricted stock units by the Board of Directors or its compensation committee in order to retain, incentivize and reward Mr. Svane's service to us in keeping with our executive compensation program objectives. In fiscal year 2018, our management determined that Mr. Svane's total holdings may place him above certain HSR Act filing thresholds in fiscal year 2019. After consideration, the compensation committee approved a direct payment to the government of the HSR Act filing fee, associated legal fees, and a tax gross-up that otherwise would have been payable by Mr. Svane. The compensation committee elected to pay these fees and expenses given that the filing would potentially be triggered by Mr. Svane's equity ownership in the Company, and the compensation committee's belief that his decision to maintain a significant equity ownership in the Company will continue to foster retention and long-term stockholder value alignment.

All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the compensation committee.

## **Other Compensation Policies**

### *Stock Ownership Guidelines*

Effective February 1, 2019, we have adopted an Executive Officer and Non-Employee Director Stock Ownership Policy, or Stock Ownership Policy, that is applicable to our non-employee directors and those employees who have been designated as officers for purposes of Section 16 of the Exchange Act. The Stock Ownership Policy requires that non-employee directors hold equity in the Company with a value equal to at least three times the non-employee director's annual Board cash compensation, the Chief Executive Officer own equity in the Company equal to at least three times his annual base salary and that all other covered executives own equity in the Company equal to at least one times his or her annual base salary. The Stock Ownership Policy provides for a phase-in period, which provides that an individual subject to the policy is required to be in compliance with the minimum equity ownership requirement by the first December 31st that occurs following the five-year anniversary of the date on which the non-employee director or Section 16 officer first became subject to the Stock Ownership Policy, or, if later, February

1, 2024. The Stock Ownership Policy also includes certain share retention obligations that apply to officers and directors who have not met the minimum equity ownership requirements by the end of their phase-in date or who cease to hold the minimum equity ownership at any time following such date.

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**Table of Contents***Compensation Clawback Policy*

At the recommendation of our compensation committee, on February 1, 2019, the board of directors adopted a policy that gives the board of directors (or any duly authorized committee of the board of directors) discretion to require that any of our company's executive officers, including the named executive officers, repay incentive-based compensation to our Company if the Board (or the committee to which it has delegated authority) determines, in its sole discretion based on relevant facts and circumstances, that the executive officer's intentional misconduct or fraud caused our company to materially restate all or a portion of its financial statements. The compensation committee believes that the clawback policy reflects good standards of corporate governance and reduces the potential for excessive risk taking by executive officers.

*Policy Regarding the Pricing and Timing of Equity Awards*

All equity awards to our employees, including executive officers, and to our directors have been granted at the closing price of our common stock on the NYSE on the date of grant and reflected in our consolidated financial statements, in accordance with the applicable accounting guidance, based on such price. While we have not adopted a policy pertaining to the timing of stock option grants to executive officers relative to the timing of the release of material nonpublic information, and do not currently have any plans to implement such a policy, we generally do not grant stock options to executive officers during regularly scheduled quarterly blackout windows or in anticipation of the release of material nonpublic information. We do not time the release of material nonpublic information for the purpose of affecting the value of equity awards or other compensation granted to our executive officers. We believe that the grant of equity awards should be made in the normal course of business, aligning the interests of the stock option recipients with those of the stockholders, rather than seeking to provide an immediate benefit to option recipients through the timing of stock option grants.

*Insider Trading Policy and Rule 10b5-1 Sales Plans*

We have an insider trading policy that prohibits our officers, directors, and certain other persons from engaging in, among other things, short sales, hedging of stock ownership positions, use of our securities as collateral in a margin account, the pledging of our securities as collateral for loans, and transactions involving derivative securities relating to our common stock. Our insider trading policy permits our officers, directors, and employees to enter into trading plans complying with Rule 10b5-1 under the Exchange Act.

*Tax Considerations*

Section 162(m) of the Internal Revenue Code generally places a \$1 million limit on the amount of compensation a company can deduct in any one year for certain executive officers. While the compensation committee considers tax deductibility as one factor in determining executive compensation, the compensation committee also looks at other factors in making its decisions, as noted above, and retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if the awards are not deductible by us for tax purposes.

The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, such that compensation paid to our Named Executive Officers and certain other individuals in excess of \$1 million will not be deductible unless it qualifies for the limited transition relief applicable to certain arrangements in place as of November 2, 2017. Despite the compensation committee's efforts to structure certain performance-based awards in a manner intended to be exempt from Section 162(m) and therefore not subject to its deduction limits, because of ambiguities and uncertainties as to the



application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing the performance-based compensation exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, the compensation committee

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reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) if it determines that such modifications are consistent with our business needs. The compensation committee believes that shareholder interests are best served if its discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expenses.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table 2018**

The following table presents summary information regarding the total compensation awarded to, earned by, and paid to each Named Executive Officer for services rendered in all capacities to the Company for such years.

Name and Principal Position <sup>(1)</sup>	Year	Salary (\$)	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(4)</sup>	Non-Equity	All	Total (\$)
						Plan Compensation (\$) <sup>(5)</sup>	Other Compensation (\$) <sup>(6)</sup>	
<b>Executive Officers</b>								
Mikkel Svane, <i>Chief Executive Officer</i>	2018	420,000		1,247,400	1,040,312	425,250	170,617 <sup>(7)</sup>	3,303,579
	2017	382,308		681,912	957,965	103,525	4,855	2,130,565
	2016	364,481		586,000	840,270	93,838	0	1,884,589
Elena Gomez, <i>Chief Financial Officer</i>	2018	375,000		1,189,650	992,150	303,750	11,982	2,872,532
	2017	350,000		303,072	425,762	94,150	7,144	1,180,128
	2016	222,115		3,281,600	2,363,277	79,091	0	5,946,083
Norman Gennaro, <i>Senior Vice President, Worldwide Sales</i>	2018	298,846	100,000	4,429,800	1,688,200	369,962	40,340 <sup>(8)</sup>	6,927,147
InaMarie Johnson, <i>Chief People Officer</i>	2018	192,404	50,000	3,192,750	1,753,378	103,613	102,522 <sup>(9)</sup>	5,394,668
John T. Keiser, <i>Chief Operating Officer</i>	2018	395,000		1,128,050	940,776	319,950	64,001 <sup>(10)</sup>	2,847,777
	2017	359,519		259,776	1,574,229	99,500	33,625	2,326,649
	2016	222,115		3,281,600	2,363,277	79,091	0	5,946,083

(1) Mr. Gennaro and Ms. Johnson joined the Company in January and June 2018, respectively, and therefore were not Named Executive Officers for fiscal years 2016 or 2017.

(2) The amounts reported for Mr. Gennaro and Ms. Johnson reflect sign-on bonuses paid upon the commencement of their employment with the Company pursuant to the terms of their offer letters.

(3) The amounts reported represent the aggregate grant date fair value of the stock awards granted to the Named Executive Officer in the fiscal years ended December 31, 2016, 2017, and 2018, calculated in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock awards reported in this column are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission on February 14, 2019. The amounts reported in this column reflect the accounting cost for these stock awards, and do not correspond to the actual economic value that may be received by the Named Executive Officers upon vesting of the awards.

(4) The amounts reported represent the aggregate grant date fair value of the stock options awarded to the Named Executive Officer in the fiscal years ended December 31, 2016, 2017, and 2018, as applicable, calculated in

accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the stock options reported in this column for fiscal year 2018 are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission on February 14, 2019. The amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by the Named Executive Officers upon exercise of the options.

- (5) The amounts reported represent the bonuses paid to the applicable Named Executive Officer pursuant to the Bonus Plan. See the Executive Compensation Program Elements Performance-Based Incentives section under Compensation Discussion and Analysis for further discussion of the bonuses paid under the Bonus Plan in fiscal year 2018.
- (6) Amounts disclosed in this column include (i) company contributions made to our Named Executive Officers 401(k) account, which contribution was made to all eligible employees generally (ii) parking costs (and associated tax gross-up), and (iii) costs associated with a Company-provided credit card (and associated tax gross-up), each as further described in Compensation Discussion and Analysis Executive Compensation Program Elements Welfare and Other Benefits .
- (7) This amount includes \$19,565 for Company-paid costs of attending an incentive trip for top Company performers and \$19,239 for tax gross-ups provided with respect to such costs, consistent with how we treated these benefits for all other employees who attended such event. This amount also includes \$58,457 for the Company's payment of the fees associated with Mr. Svane's HSR Act filing otherwise payable by Mr. Svane (including associated legal fees) and a tax gross-up of \$64,857 provided with

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respect to such costs, each as approved by the compensation committee in October 2018 and as further described in Compensation Discussion and Analysis Executive Compensation Program Elements Hart-Scott-Rodino Act Filing Fees .

(8) This amount includes \$20,985 for Company-paid costs of attending an incentive trip for top Company performers and \$11,092 for tax gross-ups provided with respect to such costs, consistent with how we treated these benefits for all other employees who attended such event.

(9) This amount includes \$67,037 for payments in connection with relocation costs and \$30,454 for tax gross-ups provided with respect to such costs provided to Ms. Johnson pursuant to the terms of her offer letter.

(10) This amount includes \$26,339 for Company-paid costs of attending an incentive trip for top Company performers and \$25,900 for tax gross-ups provided with respect to such costs, consistent with how we treated these benefits for all other employees who attended such event.

**Grants of Plan-Based Awards in 2018**

The following table sets forth information regarding grants of awards made to our Named Executive Officers during fiscal year 2018.

Name and Principal Position	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			All other Stock Awards: Number of Shares of Stock or units (#)	All other Option Awards: Number of Underlying Options (#) <sup>(2)</sup>	Exercise or Base Price of Option Awards (\$/Sh)	Grant date fair value of Option Stock and Option Awards
		Threshold (\$)	Target (\$)	Maximum (\$)				
Mikkel Svane <i>Chief Executive Officer</i>	02/08/2018 02/08/2018 02/08/2018	63,000	315,000	630,000				
						64,800	38.50	1,040,312
					32,400 <sup>(3)</sup>			1,247,400
					1,000 <sup>(4)</sup>			38,500
Elena Gomez <i>Chief Financial Officer</i>	02/08/2018 02/08/2018 02/08/2018	45,000	225,000	450,000				
						61,800	38.50	992,150
					30,900 <sup>(3)</sup>			1,189,650
					900 <sup>(4)</sup>			34,650
Norman Gennaro <i>Senior Vice President, Worldwide Sales</i>	01/09/2018 01/31/2018	59,671	298,356	656,383				
						115,000	35.47	1,688,200
					115,000 <sup>(3)</sup>			4,429,800
InaMarie Johnson <i>Chief People Officer</i>	06/11/2018 07/27/2018	15,350	76,751	153,502				
						74,000	56.89	1,753,378
					55,000 <sup>(3)</sup>			3,192,750
John T. Keiser		47,400	237,000	474,000				

<i>Chief Operating Officer</i>	02/08/2018		58,600	38.50	940,776
	02/08/2018	29,300 <sup>(3)</sup>			1,128,050
	02/08/2018	1,000 <sup>(4)</sup>			38,500

- (1) These columns represent awards granted under our Bonus Plan for performance in fiscal year 2018. These columns show the awards that were possible at the threshold, target, and maximum levels of performance. In the first half of fiscal year 2018, the compensation committee approved payment of an advanced credit to the Named Executive Officers based on estimated attainment of the target objectives pursuant to the Bonus Plan. At the end of fiscal year 2018, pursuant to the Bonus Plan, the compensation committee approved a payment reflecting the final attainment under the Bonus Plan, taking into account the advance payment paid in the first half of fiscal year 2018. See the Executive Compensation Program Elements Performance-Based Incentives section under Compensation Discussion and Analysis for further discussion of the bonuses paid under the Bonus Plan in fiscal year 2018. Actual cash incentive awards earned in fiscal year 2018 by the Named Executive Officers under our Bonus Plan are shown in the column titled Non-Equity Incentive Plan Compensation in the Summary Compensation Table above.
- (2) The stock option was granted under our 2014 Plan, has a ten-year term, and vests monthly over four years, subject to the Named Executive Officer's continued employment through each applicable vesting date.
- (3) The restricted stock units were granted under our 2014 Plan, have a seven-year term, and vest monthly over four years, subject to the Named Executive Officer's continued employment through each applicable vesting date.

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(4) The restricted stock units were granted under our 2014 Plan, have a seven-year term, and vest monthly over one year, subject to the Named Executive Officer's continued employment through each applicable vesting date. The value of such awards were reported in the Summary Compensation Table in the Notice of 2018 Annual Meeting of Stockholders and Proxy Statement.

**Outstanding Equity Awards at Fiscal Year-End Table 2018**

The following table summarizes, for each of the Named Executive Officers, the outstanding equity awards held as of December 31, 2018.

Name and Principal Position	Grant Date	Option Awards <sup>(1)(2)(3)(5)</sup>				Stock Awards <sup>(1)(2)(3)(4)(5)</sup>	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Mikkel Svane <i>Chief Executive Officer</i>	02/13/2014 <sup>(6)(7)(8)</sup>	1,628,111	0	9.52	02/13/2024		
	02/05/2015 <sup>(7)(9)</sup>	223,192	9,708	24.77	02/05/2025		
	05/06/2016 <sup>(7)(10)</sup>	48,436	26,564	23.44	05/06/2026		
	05/09/2017 <sup>(7)(11)</sup>	29,924	45,676	27.06	05/09/2027		
	02/08/2018 <sup>(7)(12)</sup>	13,499	51,301	38.50	02/08/2028		
	02/05/2015 <sup>(7)(13)</sup>					1,705	99,521
	05/06/2016 <sup>(7)(14)</sup>					8,855	516,866
	05/09/2017 <sup>(7)(15)</sup>					15,226	888,742
	02/08/2018 <sup>(7)(16)</sup>					24,976	1,457,849
	02/08/2018 <sup>(7)(17)</sup>					84	4,903
Elena Gomez <i>Chief Financial Officer</i>	05/06/2016 <sup>(18)(19)</sup>	78,623	74,377	23.44	05/06/2026		
	05/09/2017 <sup>(20)</sup>	9,299	20,301	27.06	05/09/2027		
	02/08/2018 <sup>(21)</sup>	12,874	48,926	38.50	02/08/2028		
	05/06/2016 <sup>(18)(22)</sup>					49,585	2,894,276
	05/09/2017 <sup>(23)</sup>					6,767	394,990
	02/08/2018 <sup>(24)</sup>					23,819	1,390,315
Norman Gennaro <i>Senior Vice President, Worldwide Sales</i>	01/09/2018 <sup>(3)</sup>	0	115,000	35.47	01/09/2028		
	01/31/2018 <sup>(3)</sup>					115,000	6,712,550
InaMarie Johnson <i>Chief People Officer</i>	06/11/2018 <sup>(3)</sup>	0	74,000	56.89	06/11/2028		
	07/27/2018 <sup>(3)</sup>					55,000	3,210,350
John T. Keiser <i>Chief Operating Officer</i>	05/06/2016 <sup>(18)(19)</sup>	135,623	74,377	23.44	05/06/2026		
	05/09/2017 <sup>(26)</sup>	11,399	17,401	27.06	05/09/2027		

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08/11/2017 <sup>(27)</sup>	33,332	66,668	26.29	08/11/2027		
02/08/2018 <sup>(28)</sup>	12,208	46,392	38.50	02/08/2028		
05/06/2016 <sup>(18)(22)</sup>					49,585	2,894,276
05/09/2017 <sup>(29)</sup>					5,801	338,604
02/08/2018 <sup>(30)</sup>					22,586	1,318,345
02/08/2018 <sup>(31)</sup>					84	4,903

- (1) Each equity award was granted pursuant to our 2014 Plan, unless otherwise indicated below. Unless otherwise described in the footnotes below, the equity awards are not immediately exercisable.
- (2) Unless otherwise described in the footnotes below, the vesting of each equity award on a vesting date is subject to the equity award holder's provision of service through such vesting date.
- (3) Unless otherwise described in the footnotes below, each equity award vests over a four-year period, with 25% of the shares to vest upon completion of one year of service measured from the vesting commencement date, and the balance to vest in 36 successive equal monthly installments thereafter.
- (4) Amounts calculated using the closing market price of a share of the Company's common stock as of December 31, 2018, the last trading day of fiscal year 2018, which was \$58.37.
- (5) Unless as otherwise described in the footnotes provided herein, this equity award will accelerate in full if, upon a change in control (as defined in the Acceleration Plan) of the Company, the Named Executive Officer's employment



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- with us is terminated by us without cause (as defined in the Acceleration Plan) or by the Named Executive Officer for good reason (as defined in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change in control of the Company.
- (6) This stock option to purchase 2,150,000 shares of our common stock vests in 60 equal monthly installments commencing on February 13, 2014, and is immediately exercisable. Mr. Svane transferred 521,889 shares subject to the stock option pursuant to a qualified domestic relations order, in fiscal year 2017.
- (7) This equity award will accelerate in full if, upon a sale event (as defined in the 2009 Stock Option and Grant Plan (the 2009 Plan ) or the 2014 Plan, as applicable) of the Company, Mr. Svane's employment with us is terminated by us without cause (with a definition that is consistent with the definition in the Acceleration Plan) or by Mr. Svane for good reason (with a definition that is consistent with the definition in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change in control of the Company.
- (8) This stock option was granted under our 2009 Plan.
- (9) This stock option to purchase 232,900 shares of our common stock vests in 48 equal monthly installments commencing on February 5, 2015.
- (10) This stock option to purchase 75,000 shares of our common stock vests in 48 equal monthly installments commencing on May 6, 2016.
- (11) This stock option to purchase 75,600 shares of our common stock vests in 48 equal monthly installments commencing on May 9, 2017.
- (12) This stock option to purchase 64,800 shares of our common stock vests in 48 equal monthly installments commencing on February 8, 2018.
- (13) This restricted stock unit award for 40,900 shares of our common stock vests in 48 equal monthly installments commencing on February 15, 2015.
- (14) This restricted stock unit award for 25,000 shares of our common stock vests in 48 equal monthly installments commencing on May 15, 2016.
- (15) This restricted stock unit award for 25,200 shares of our common stock vests in 48 equal monthly installments commencing on May 15, 2017.
- (16) This restricted stock unit award for 32,400 shares of our common stock vests in 48 equal monthly installments commencing on January 15, 2018.
- (17) This restricted stock unit award for 1,000 shares of our common stock vests in 12 equal monthly installments commencing on January 15, 2018.
- (18) This inducement award will accelerate in full if, upon a change in control (as defined in the Acceleration Plan) of the Company, the Named Executive Officer's employment with us is terminated by us without cause (as defined in the Acceleration Plan) or by such Named Executive Officer for good reason (as defined in the Acceleration Plan) at any time during the period that ends 12 months following the consummation date of the change in control of the Company.
- (19) This stock option award for 210,000 shares was pursuant to an Inducement Option Agreement and vests over a four-year period, with 25% of the shares to vest upon completion of one year of service measured from the vesting commencement date of May 2, 2016, and the balance to vest in 36 successive equal monthly installments thereafter.
- (20) This stock option to purchase 33,600 shares of our common stock vests in 48 equal monthly installments commencing on May 9, 2017.
- (21) This stock option to purchase 61,800 shares of our common stock vests in 48 equal monthly installments commencing on February 8, 2018.
- (22) This restricted stock unit award for 140,000 shares was pursuant to an Inducement RSU Agreement and vests over a four-year period, with 25% of the shares to vest upon completion of one year of service measured from the vesting commencement date of May 15, 2016, and the balance to vest in 36 successive equal monthly installments thereafter.
- (23)

This restricted stock unit award for 11,200 shares of our common stock vests in 48 equal monthly installments commencing on May 15, 2017.

- (24) This restricted stock unit award for 30,900 shares of our common stock vests in 48 equal monthly installments commencing on January 15, 2018.
- (25) This restricted stock unit award for 900 shares of our common stock vests in 12 equal monthly installments commencing on January 15, 2018.
- (26) This stock option to purchase 28,800 shares of our common stock vests in 48 equal monthly installments commencing on May 9, 2017.
- (27) This stock option to purchase 100,000 shares of our common stock vests in 48 equal monthly installments commencing on August 1, 2017.
- (28) This stock option to purchase 58,600 shares of our common stock vests in 48 equal monthly installments commencing on February 8, 2018.
- (29) This restricted stock unit award for 9,600 shares of our common stock vests in 48 equal monthly installments commencing on May 15, 2017.
- (30) This restricted stock unit award for 29,300 shares of our common stock vests in 48 equal monthly installments commencing on January 15, 2018.
- (31) This restricted stock unit award for 1,000 shares of our common stock vests in 12 equal monthly installments commencing on January 15, 2018

**Table of Contents****Option Exercises and Stock Vested in 2018**

The following table sets forth the number of shares of common stock acquired during 2018 by our Named Executive Officers upon the exercise of stock options and the vesting of restricted stock unit awards and the value realized upon such exercise or vesting.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(2)</sup>
Mikkel Svane, Chief Executive Officer			31,115	1,730,159
Elena Gomez, Chief Financial Officer	21,000	742,390	45,704	2,534,407
Norman Gennaro, Senior Vice President, Worldwide Sales				
InaMarie Johnson, Chief People Officer				
John T. Keiser, Chief Operating Officer			45,029	2,496,696

(1) The value realized on exercise is the difference between the market price of the shares of the Company's common stock underlying the options when exercised and the applicable exercise price.

(2) The value realized on vesting is determined by multiplying the number of vested restricted stock units by the closing price of the Company's common stock on the day prior to the vesting date.

**Pension Benefits**

Aside from our 401(k) plan, which is described below, we do not maintain any pension plan or arrangement under which our Named Executive Officers are entitled to participate or receive post-retirement benefits.

**Non-Qualified Deferred Compensation**

We do not maintain any non-qualified deferred compensation plans or arrangements under which our Named Executive Officers are entitled to participate.

**Employment Arrangements***Offer Letters and Employment Agreements*

**Elena Gomez.** On April 6, 2016, we entered into an offer letter with Ms. Gomez for the position of Chief Financial Officer. The offer letter provides for her at-will employment and sets forth her initial base salary, initial target annual performance-based incentive, initial equity award, eligibility to participate in the equity acceleration plan, and eligibility for the Company's benefit plans generally.

**Norman Gennaro.** On November 26, 2017, we entered into an offer letter with Mr. Gennaro for the position of Senior

Vice President, Worldwide Sales. The offer letter provided for his at-will employment and sets forth his initial base salary, initial target annual performance-based incentive, sign-on bonus in the amount of \$100,000, initial equity award, eligibility to participate in the equity acceleration provisions, and eligibility for the Company's benefit plans generally.

***InaMarie Johnson***. On April 26, 2018, we entered into an offer letter with Ms. Johnson for the position of Chief People Officer. The offer letter provided for her at-will employment and sets forth her initial base salary, initial target annual performance-based incentive, sign-on bonus in the amount of \$50,000, initial equity award, eligibility to participate in the equity acceleration plan, corporate housing perquisite, severance provisions, and eligibility for the Company's benefit plans generally.

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**John T. Keiser.** On March 29, 2016, we entered into an offer letter with Mr. Keiser for the position of Chief Information Officer. In August 2017, Mr. Keiser was promoted to our Chief Operating Officer. The offer letter provides for his at-will employment and sets forth his initial base salary, initial target annual performance-based incentive, initial equity award, eligibility to participate in the equity acceleration plan, and eligibility for the Company's benefit plans generally.

**Potential Payments upon Termination or Change in Control***Acceleration of Equity Awards and Severance*

**Mikkel Svane.** In the event of a sale event (as defined in the 2009 Plan or the 2014 Plan, as applicable), if Mr. Svane's employment is terminated by us without cause or by Mr. Svane for good reason (in each case, as defined in the applicable equity award agreement, with definitions consistent with those in the Acceleration Plan) at any time during the period that ends 12 months following the sale event, then 100% of the outstanding and unvested equity awards held by Mr. Svane will be fully accelerated.

**Elena Gomez.** Pursuant to the provisions of the Acceleration Plan, in the event of a change in control (as defined in the Acceleration Plan), if Ms. Gomez's employment is terminated by us without cause or by Ms. Gomez for good reason (in each case, as defined in the Acceleration Plan) at any time during the period that ends 12 months following the change in control, then 100% of the outstanding and unvested equity subject to the equity awards held by Ms. Gomez will be fully accelerated.

**Norman Gennaro.** Pursuant to the provisions of the Acceleration Plan, in the event of a change in control (as defined in the Acceleration Plan), if Mr. Gennaro's employment is terminated by us without cause or by Mr. Gennaro for good reason (in each case, as defined in the Acceleration Plan) at any time during the period that ends 12 months following the change in control, then 100% of the outstanding and unvested equity subject to the equity awards held by Mr. Gennaro will be fully accelerated.

**InaMarie Johnson.** Pursuant to the provisions of the Acceleration Plan, in the event of a change in control (as defined in the Acceleration Plan), if Ms. Johnson's employment is terminated by us without cause or by Ms. Johnson for good reason (in each case, as defined in the Acceleration Plan) at any time during the period that ends 12 months following the change in control, then 100% of the outstanding and unvested equity subject to the equity awards held by Ms. Johnson will be fully accelerated.

In addition, in the event Ms. Johnson's employment is terminated by us without cause or by Ms. Johnson for good reason (in each case, as defined in the Acceleration Plan), then we shall pay Ms. Johnson an amount equal to six months of her base salary in effect at the time of termination, provided that Ms. Johnson executes a release of claims in the form provided by us within sixty days of the date of her termination. The estimated payment that would be received by Ms. Johnson if a hypothetical termination of employment without cause or following a resignation for good reason had occurred on December 31, 2018 would have been \$172,500.

**John T. Keiser.** Pursuant to the provisions of the Acceleration Plan, in the event of a change in control (as defined in the Acceleration Plan), if Mr. Keiser's employment is terminated by us without cause or by Mr. Keiser for good reason (in each case, as defined in the Acceleration Plan) at any time during the period that ends 12 months following the change in control, then 100% of the outstanding and unvested equity subject to the equity awards held by Mr. Keiser will be fully accelerated.



**Table of Contents***Value of Potential Payments upon Termination or Change in Control***Payment on Qualifying Termination in Connection with Change in Control (\$)<sup>(1)</sup>**

<b>Name</b>	<b>Value of Accelerated Stock Options(\$)<sup>(2)</sup></b>	<b>Value of Accelerated Restricted Stock Units(\$)<sup>(3)</sup></b>	<b>Total(\$)</b>
Mikkel Svane, Chief Executive Officer	6,883,525	2,967,881	9,851,406
Elena Gomez, Chief Financial Officer	4,205,773	4,684,017	8,889,790
Norman Gennaro, Senior Vice President, Worldwide Sales	2,633,500	6,712,550	9,346,050
InaMarie Johnson, Chief People Officer	109,520	3,210,350	3,319,870
John T. Keiser, Chief Operating Officer	6,203,332	4,556,129	10,759,461

- (1) A qualifying event for a Named Executive Officer is deemed to occur when the conditions set forth in the section Potential Payments upon Termination or Change in Control Acceleration of Equity Awards have been met.
- (2) Based on a common stock price of \$58.37, equal to the closing market price of the Company's common stock on December 31, 2018, the last trading day of fiscal year 2018, less the applicable exercise price for each option for which vesting would have been accelerated.
- (3) Based on a common stock price of \$58.37, equal to the closing market price of the Company's common stock on December 31, 2018, the last trading day of fiscal year 2018, for each Restricted Stock Unit for which vesting would have been accelerated.

**Equity Compensation Plan Information**

The table below presents information as of December 31, 2018 for our compensation plans under which our equity securities are authorized for issuance.

<b>Plan Category</b>	<b>(a) Number of common stock to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>(c) Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))</b>
Equity compensation plans approved by stockholders <sup>(2)</sup>	12,308,814	\$ 20.68	12,133,254

Equity compensation plans not approved by stockholders <sup>(3)</sup>	462,170	\$	23.44	
Total	12,770,984	\$	20.85	12,133,254

- (1) The weighted-average exercise price is calculated based solely on outstanding stock options. It does not reflect the shares that will be issued in connection with the settlement of restricted stock units, since restricted stock units have no exercise price.
- (2) Includes our 2009 Plan, 2014 Plan and our ESPP. Our 2014 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning on January 1, 2015, by 5% of the outstanding number of shares of our common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. Our ESPP provides that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2015, by the lesser of 1,500,000 shares of our common stock, 1% of the outstanding number of shares of our common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee. On January 1, 2019, the



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- number of shares available for issuance under our 2014 Plan and our ESPP increased by 5,401,821 shares and 1,080,364 shares, respectively, pursuant to these provisions. These increases are not reflected in the table above.
- (3) Consists of awards granted outside of our 2014 Plan and intended to qualify as employment inducement awards within the meaning of Section 303A.08 of the New York Stock Exchange Listed Company Manual.

**Section 401(k) Plan**

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Plan participants are able to defer eligible compensation subject to applicable annual statutory limits. We currently match 25% of contributions made to the plan by our employees, including our Named Executive Officers, up to 1% of each employee's annual compensation in matching contributions, and such matching contributions are immediately and fully vested. The 401(k) plan 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. 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 401(k) plan.

**CEO Pay Ratio**

In the following table, we are disclosing the median employee's annual total compensation, the annual total compensation of, Mr. Svane, our chief executive officer ( CEO ) and the ratio between the two.

2018 CEO annual total compensation	\$ 3,303,579
2018 median employee annual total compensation	\$ 116,506
Ratio of CEO to median employee compensation	28:1

Consistent with applicable rules, we used reasonable estimates both in the methodology used to identify the median employee and in calculating the annual total compensation for employees other than the CEO. Compensation data was gathered for our entire employee population as of December 31, 2018, excluding Mr. Svane, for a trailing 12-month period. We used total 2018 earned compensation, including base salary, incentives, commissions, and stock-based compensation, as the compensation measure that best reflects the compensation of all our employees. In accordance with SEC rules, after identifying our median employee, the 2018 annual total compensation of the median employee and our CEO were determined using the same methodology that we use to determine our Named Executive Officers' annual total compensation for the Summary Compensation Table.

This information is being provided for compliance purposes and is a reasonable estimate calculated in a manner consistent with SEC rules, based on our initial records and the methodology described above. The SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Neither the compensation committee nor management of the company used the CEO pay ratio measure in making compensation decisions.

**Table of Contents****Non-Employee Director Compensation**

We maintain a policy providing for annual retainers for our non-employee directors which was amended and restated on April 30, 2018. In 2018, our non-employee directors had the option to elect to receive the following annual retainers for their service in the form of cash or restricted stock units having a fair market value equal to the value of the retainer to be paid during such period (based on the 30-trading day trailing average closing price of our common stock on the NYSE prior to the grant date). Any restricted stock units that were granted in lieu of cash were granted in four equal installments on each of February 15, May 15, August 15, and November 15, and will be fully-vested upon grant.

	<b>Cash Retainer (\$)</b>
Annual Retainer for Non-Employee Directors	35,000
Additional Annual Retainer for Lead Independent Director	15,000
Additional Annual Retainer for Audit Committee Chairperson	20,000
Additional Annual Retainer for Compensation Committee Chairperson	15,000
Additional Annual Retainer for Nominating and Corporate Governance Committee Chairperson	10,000
Additional Annual Retainer for Audit Committee Non-Chairperson Members	10,000
Additional Annual Retainer for Compensation Committee Non-Chairperson Members	7,500
Additional Annual Retainer for Nominating and Corporate Governance Committee Non-Chairperson Members	5,000

Our policy provides that on the date of each annual meeting of stockholders, each non-employee continuing director will be granted an annual award of restricted stock units having a fair market value of \$200,000. The restricted stock units will fully vest on the first anniversary of the grant date, in each case subject to continued service as a director through the vesting date, and such awards are subject to full acceleration of vesting upon a sale of the Company. In addition to the compensation for non-employee directors set forth in our policy, our Board, based on recommendations by the compensation committee, makes determinations regarding the grant of equity awards to non-employee directors upon the commencement of such director's service on our Board.

The following table presents the total compensation for each person who served as a non-employee member of our Board during fiscal year 2018. Directors who are also our employees receive no additional compensation for their service as a director. The compensation received by Mr. Svane as an employee of the Company is presented in Executive Compensation Summary Compensation Table 2018.

**Director Compensation Table 2018**

<b>Name<sup>(12)</sup></b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)<sup>(1)(2)</sup></b>	<b>Total (\$)</b>
Carl Bass <sup>(3)</sup>	50,000 <sup>(11)</sup>	266,268 <sup>(10)</sup>	266,268
Michael Frandsen <sup>(4)</sup>	45,000 <sup>(11)</sup>	261,017 <sup>(10)</sup>	261,017
Hilarie Koplow-McAdams <sup>(5)</sup>	42,500	213,552 <sup>(10)</sup>	256,052

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Caryn Marooney <sup>(6)</sup>	47,500 <sup>(11)</sup>	263,632 <sup>(10)</sup>	263,632
Elizabeth Nelson <sup>(7)</sup>	71,250	213,552 <sup>(10)</sup>	284,802
Dana Stalder <sup>(8)</sup>	45,000 <sup>(11)</sup>	261,017 <sup>(10)</sup>	261,017
Michelle Wilson <sup>(9)</sup>	55,000	213,552 <sup>(10)</sup>	268,552

- (1) The amounts reported represent the aggregate grant date fair value of the stock awards, awarded to the director in fiscal year 2018, calculated in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of stock awards, as applicable, reported in this column are set forth in the notes to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year

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- ended December 31, 2018, as filed with the Securities and Exchange Commission on February 14, 2019. The amounts reported in this column reflect the accounting cost for these stock awards and do not correspond to the actual economic value that may be received by the directors.
- (2) Each restricted stock unit award was granted pursuant to our 2014 Plan. Unless otherwise specified, each restricted stock unit award will fully vest on the first anniversary of the grant date, in each case, subject to continued service as a director through the vesting date.
  - (3) As of December 31, 2018, Mr. Bass held a stock option to purchase 50,000 shares of our common stock and 3,887 restricted stock units.
  - (4) As of December 31, 2018, Mr. Frandsen held 3,887 restricted stock units.
  - (5) As of December 31, 2018, Ms. Koplow-McAdams held 3,887 restricted stock units.
  - (6) As of December 31, 2018, Ms. Marooney held a stock option to purchase 48,524 shares of our common stock and 3,887 restricted stock units.
  - (7) As of December 31, 2018, Ms. Nelson held a stock option to purchase 72,169 shares of our common stock and 3,887 restricted stock units.
  - (8) As of December 31, 2018, Mr. Stalder held 3,887 restricted stock units.
  - (9) As of December 31, 2018, Ms. Wilson held 3,887 restricted stock units.
  - (10) The Company targets granting non-employee directors an annual award of restricted stock units having a fair market value of \$200,000 based on the 30-trading day trailing average closing price of our common stock on the NYSE prior to the grant date. Due to the difference between the Company's method of determining the number of shares issuable pursuant to the restricted stock units and the determination of the grant date included in this column fair value of the stock awards in accordance with FASB ASC Topic 718, the fair market value of such grants is greater than \$200,000.
  - (11) The director elected to receive such amounts in the form of restricted stock units.
  - (12) Thomas Szkutak is not listed in the Director Compensation Table as he joined the Board on January 31, 2019.

**Compensation Committee Interlocks and Insider Participation**

During fiscal year ended December 31, 2018, Mr. Bass and Mmes. Marooney and Koplow-McAdams served as members of the compensation committee. None of our executive officers currently serves, or in the past year has served, as a member of the board or compensation committee of any entity that has one or more executive officers serving on our Board or compensation committee.

**Report of the Compensation Committee of the Board of Directors**

The information contained in this compensation committee report shall not be deemed to be (1) soliciting material, (2) filed with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act). No portion of this compensation committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, through any general statement incorporated by reference in its entirety the proxy statement in which this report appears, except to the extent that Zendesk specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

The compensation committee has reviewed and discussed the sections captioned Compensation Discussion and Analysis and Executive Compensation with management. Based on such review and discussions, the compensation committee recommended to our Board that these Compensation Discussion and Analysis and Executive Compensation sections be included in this proxy statement for the year ended December 31, 2018.

Compensation Committee

Carl Bass (Chair)

Caryn Marooney

Hilarie Koplow-McAdams

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**SECURITY OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 1, 2019, for:

each of our Named Executive Officers;

each of our directors;

all of our directors and executive officers as a group; and

each person known by us to be the beneficial owner of more than five percent of any class of our voting securities.

We have determined beneficial ownership in accordance with the rules of the SEC, and therefore it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to community property laws where applicable. We have deemed shares of our common stock subject to options and restricted stock units outstanding as of April 1, 2019 that were exercisable or issuable or will become exercisable or issuable within 60 days of April 1, 2019 to be outstanding and to be beneficially owned by the person holding the option or restricted stock unit for the purpose of computing the percentage ownership of that person, but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

We have based percentage ownership of our common stock on 109,259,076 shares of our common stock outstanding as of April 1, 2019.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Zendesk, Inc., 1019 Market Street, San Francisco, California 94103.

	Shares of Record	Ownership %
<b>Named Executive Officers and Directors:</b>		
Mikkel Svane <sup>(1)</sup>	3,405,809	3.1%
Elena Gomez <sup>(2)</sup>	159,208	*
InaMarie Johnson <sup>(3)</sup>		*
Norman Gennaro <sup>(4)</sup>	57,415	*
John (Tom) Keiser <sup>(5)</sup>	281,163	*
Carl Bass <sup>(6)</sup>	60,957	*
Hilarie Koplow <sup>(7)</sup>	6,767	*
Caryn Marooney <sup>(8)</sup>	113,116	*

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Elizabeth Nelson <sup>(9)</sup>	112,039	*
Dana Stalder/Matrix/Weston <sup>(10)</sup>	55,774	*
Michelle Wilson <sup>(11)</sup>	155,790	*
Michael Frandsen <sup>(12)</sup>	8,017	*
Thomas Szkutak <sup>(13)</sup>	1,845	*
<b>All directors and executive officers as a group (16 persons)<sup>(14)</sup></b>	<b>5,125,969</b>	<b>4.6%</b>
<b>Other 5% or Greater Stockholders</b>		
The Vanguard Group, Inc. <sup>(15)</sup>	9,172,767	8.5%
T. Rowe Price Associates, Inc. <sup>(16)</sup>	6,085,422	5.6%
FMR LLC <sup>(17)</sup>	5,656,632	5.2%
Blackrock, Inc. <sup>(18)</sup>	5,654,381	5.2%

\* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.

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- (1) Consists of (i) 1,422,744 shares held of record, (ii) 1,978,545 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 4,520 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (2) Consists of (i) 22,697 shares held of record, (ii) 128,096 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 8,415 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (3) Consists of (i) zero shares held of record, (ii) zero shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) zero shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (4) Consists of (i) 11,691 shares held of record, (ii) 40,282 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 5,442 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (5) Consists of (i) 36,435 shares held of record, (ii) 236,445 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 8,283 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (6) Consists of (i) 16,446 held of record, (ii) 40,624 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019 and (iii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (7) Consists of (i) 2,880 held of record, and (ii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (8) Consists of (i) 60,705 held of record, and (ii) 48,524 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (9) Consists of (i) 35,983 held of record, and (ii) 72,169 shares subject to outstanding options which are exercisable within 60 days of April 1, 2019, and (iii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (10) Consists of (i) 16,359 shares held of record, (ii) 35,528 shares by the Vista Grande Trust, and (iii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (11) Consists of (i) 151,903 shares held of record, and (ii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (12) Consists of (i) 4,130 held of record, and (ii) 3,887 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (13) Consists of (i) 186 held of record, and (ii) 1,659 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (14) Consists of (i) 1,932,703 shares held of record by our current directors and executive officers, (ii) 3,129,166 shares issuable pursuant to outstanding stock options which are exercisable within 60 days of April 1, 2019, and (iii) 64,100 shares issuable within 60 days of April 1, 2019 upon the vesting of restricted stock units.
- (15) Based on the most recently available Schedule 13G/A filed with the SEC on February 11, 2019 by The Vanguard Group. The Vanguard Group, an investment adviser, beneficially owned 9,172,767 shares, with sole voting power over 58,373 shares, shared voting power over 20,628 shares, sole dispositive power over 9,104,355 shares, and shared dispositive power over 68,412 shares. Vanguard Fiduciary Trust Company ( VFTC ), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 47,784 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. ( VIA ), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 31,217 shares as a result of its serving as investment manager of Australian investment offerings. The address for The Vanguard Group is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.
- (16)



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Based on the most recently available Schedule 13G/A filed with the SEC on February 14, 2019 by T. Rowe Price Associates, Inc., or T. Rowe. T. Rowe beneficially owned 6,085,422 shares, with sole voting power over 1,812,420 shares and sole dispositive power over 6,085,422 shares. T. Rowe's address is 100 E. Pratt Street, Baltimore, Maryland 21202.

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- (17) Based on the most recently available Schedule 13G/A filed with the SEC on February 13, 2019 by FMR LLC, or FMR. FMR, certain of its subsidiaries and affiliates, and other companies, beneficially owned 5,656,632 shares, with FMR having sole voting power over 1,772,249 shares, and sole dispositive power over 5,656,632 shares. The address of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210.
- (18) Based on the most recently available Schedule 13G filed with the SEC on February 11, 2019 by BlackRock, Inc., BlackRock, Inc. beneficially owned 5,654,381 shares, with BlackRock, Inc. having sole voting power over 5,183,435 shares, and sole dispositive power over 5,654,381 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of our common stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership. Officers, directors, and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all such reports.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that for 2018, all required reports were filed on a timely basis under Section 16(a), other than one report, covering a total of one transaction in 2018 by Ms. Johnson, which was inadvertently filed late.

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**RELATED PARTY TRANSACTIONS**

**Certain Relationships and Transactions**

Other than the transactions discussed below and the compensation agreements, equity compensation policies, grants of certain equity awards, and other arrangements which are discussed above in Executive Compensation, since January 1, 2018, there was not, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party for which the amount involved exceeds or will exceed \$120,000 and in which any director, executive officer, holder of 5% or more of any class of our capital stock, or any member of their immediate family, had or will have a direct or indirect material interest.

**Transactions**

We have granted stock options and other equity awards to our executive officers and our directors. See the sections titled Grants of Plan-Based Awards in 2018, Outstanding Equity Awards at Fiscal Year-End Table 2018 and Director Compensation Table 2018 for a description of these options and equity awards.

We have entered into arrangements with certain of our executive officers that, among other things, provide for certain severance and change in control benefits.

We believe the terms of the transactions described above were comparable to terms we could have obtained in arm's-length dealings with unrelated third parties.

**Indemnification of Officers and Directors**

Our certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

any breach of their duty of loyalty to our Company or our stockholders;

any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;

unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the General Corporation Law of the State of Delaware ( DGCL ); or

any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission, or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the DGCL.

In addition, our bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our bylaws provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our bylaws provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to very limited exceptions.

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Further, we have entered into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our certificate of incorporation and bylaws, and in indemnification agreements that we enter into with our directors and executive officers, may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees, or other agents or is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers or affiliated entities, be insured or indemnified against certain liabilities incurred in their capacity as members of our Board. In our indemnification agreements with these non-employee directors, we have agreed that our indemnification obligations are primary to any such other indemnification arrangements.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling our Company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## **Procedures for Approval of Related Party Transactions**

The audit committee has the primary responsibility for reviewing and approving or disapproving related party transactions, which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed \$120,000 and in which a related person has or will have a direct or indirect material interest. For purposes of this policy, a related person will be defined as a director, executive officer, nominee for director, or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and their immediate family members. Our audit committee charter provides that the audit committee shall review and approve or disapprove any related party transactions.

## **Report of the Audit Committee of the Board of Directors**

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The information contained in this audit committee report shall not be deemed to be (1) soliciting material, (2) filed with the SEC, (3) subject to Regulations 14A or 14C of the Securities Exchange Act of 1934, as amended (the Exchange Act ), or (4) subject to the liabilities of Section 18 of the Exchange Act. No portion of this audit committee report shall be deemed to be incorporated by reference into any filing under the Securities

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Act of 1933, as amended (the Securities Act ), or the Exchange Act, through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that Zendesk specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

This report is submitted by the audit committee of our Board. The audit committee consists of the five directors whose names appear below. None of the members of the audit committee is an officer or employee of Zendesk, and our Board has determined that each member of the audit committee is independent for audit committee purposes as that term is defined under Rule 10A-3 of the Exchange Act, and the applicable NYSE rules. Each member of the audit committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and NYSE.

The audit committee's general role is to assist our Board in monitoring our financial reporting process and related matters. Its specific responsibilities are set forth in its charter.

The audit committee has reviewed the Company's audited consolidated financial statements for 2018 and met with management, as well as with representatives of Ernst & Young LLP, the Company's independent registered public accounting firm, to discuss the audited consolidated financial statements. The audit committee also discussed with members of Ernst & Young LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

In addition, the audit committee received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and discussed with members of Ernst & Young LLP its independence.

Based on these discussions, the financial statement review, and other matters it deemed relevant, the audit committee recommended to our Board that the Company's audited consolidated financial statements for 2018 be included in its Annual Report on Form 10-K for 2018.

Audit Committee

Elizabeth Nelson (Chair)

Dana Stalder

Michelle Wilson

Michael Frandsen

Thomas Szkutak

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**TRANSACTION OF OTHER BUSINESS**

Our 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 Annual Meeting, the persons appointed in the accompanying proxy intend to vote the shares represented thereby in accordance with their best judgment on such matters, under applicable laws.



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**ADDITIONAL INFORMATION**

**Procedures for Submitting Stockholder Proposals**

*Requirements for Stockholder Proposals to be Brought Before the Annual Meeting*

Our amended and restated bylaws provide that, for nominations of persons for election to our Board or other proposals to be considered at an annual meeting of stockholders, a stockholder must give written notice to our Secretary at Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103, not later than the close of business 90 days, nor earlier than the close of business 120 days, prior to the first anniversary of the date of the preceding year's annual meeting. Since our Annual Meeting is being held on May 29, 2019, stockholder proposals must be received by our Secretary at our principal executive offices no earlier than January 30, 2020 and no later than February 29, 2020, in order to be raised at our 2019 annual meeting of stockholders. However, our amended and restated bylaws also provide that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Any nomination must include all information relating to the nominee that is required to be disclosed in solicitations of proxies for election of directors in election contests or is otherwise required under Regulation 14A of the Exchange Act, the person's written consent to be named in the proxy statement and to serve as a director if elected, and such information as we might reasonably require to determine the eligibility of the person to serve as a director. As to other business, the notice must include a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, and any material interest of such stockholder (and the beneficial owner) in the proposal. The proposal must be a proper subject for stockholder action. In addition, to make a nomination or proposal, the stockholder must be of record at the time the notice is made and must provide certain information regarding itself (and the beneficial owner), including the name and address, as they appear on our books, of the stockholder proposing such business, the number of shares of our capital stock which are, directly or indirectly, owned beneficially or of record by the stockholder proposing such business or its affiliates or associates (as defined in Rule 12b-2 promulgated under the Exchange Act) and certain additional information. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

*Requirements for Stockholder Proposals to be Considered for Inclusion in the Company's Proxy Materials*

In addition to the requirements stated above, any stockholder who wishes to submit a proposal for inclusion in our proxy materials must comply with Rule 14a-8 promulgated under the Exchange Act. For such proposals to be included in our proxy materials relating to our 2020 annual meeting of stockholders, all applicable requirements of Rule 14a-8 must be satisfied and we must receive such proposals no later than December 11, 2019. Such proposals must be delivered to our Secretary, c/o Zendesk, Inc., 1019 Market Street, San Francisco, CA 94103.

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