

MODEL N, INC.  
Form DEF 14A  
January 04, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material under § 240.14a-12

Model N, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

Fee paid previously with preliminary materials.

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

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

MODEL N, INC.

777 MARINERS ISLAND BOULEVARD, SUITE 300

SAN MATEO, CALIFORNIA 94404

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held at 11:30 a.m. Pacific Time on Friday, February 16, 2018

TO THE HOLDERS OF COMMON STOCK OF MODEL N, INC.:

The Annual Meeting of Stockholders of Model N, Inc., a Delaware corporation (“Model N”), will be held on Friday, February 16, 2018 at 11:30 a.m. Pacific Time at Model N, Inc., located at 777 Mariners Island Boulevard, Suite 300, San Mateo, California, for the following purposes:

1. To elect three Class II directors to serve until the 2021 Annual Meeting of Stockholders and until their successors are elected and qualified, subject to earlier resignation or removal;
2. To approve an amendment to our 2013 Equity Incentive Plan;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2018; and
4. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors of Model N has fixed the close of business on December 19, 2017 as the record date for the meeting. Only stockholders of record of our common stock at the close of business on December 19, 2017 are entitled to notice of and to vote at the meeting. Further information regarding voting rights and the matters to be voted upon is presented in our proxy statement.

A Notice Regarding the Availability of Proxy Materials (“Notice”) is being mailed to stockholders of record as of the record date beginning on or about January 4, 2018. The Notice contains instructions on how to access our proxy statement for our 2018 Annual Meeting of Stockholders and our Annual Report on Form 10-K for our fiscal year ended September 30, 2017 (together, the proxy materials). The Notice also provides instructions on how to vote online and how to receive a paper or email copy of proxy materials by mail. The proxy materials can be accessed directly at the following Internet address:

<http://investor.modeln.com/CustomPage/Index?KeyGenPage=1073749823>.

If you have any questions regarding this information or the proxy materials, please visit our website at [www.modeln.com](http://www.modeln.com) or contact our investor relations department at 650-610-4998.

**YOUR VOTE IS IMPORTANT.** Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to submit your vote via the Internet, telephone or mail.

We appreciate your continued support of Model N and look forward to receiving your proxy.

By order of the Board of Directors,

Zack Rinat

Chief Executive Officer

and Chairman of the Board of Directors

San Mateo, California

January 4, 2018

---

## TABLE OF CONTENTS

	PAGE
<u>QUESTIONS AND ANSWERS</u>	1
<u>PROPOSAL NO. 1—ELECTION OF DIRECTORS</u>	5
<u>PROPOSAL NO. 2—APPROVAL OF AN AMENDMENT TO THE MODEL N, INC. 2013 EQUITY INCENTIVE PLAN</u>	8
<u>Summary of the Proposal</u>	8
<u>Summary of the Plan</u>	8
<u>Historical Plan Benefits</u>	12
<u>Approval of the Plan Amendment</u>	13
<u>PROPOSAL NO. 3—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	14
<u>DIRECTORS AND CORPORATE GOVERNANCE</u>	16
<u>Director Independence</u>	16
<u>Leadership Structure</u>	16
<u>Lead Independent Director</u>	16
<u>Risk Oversight</u>	16
<u>Executive Sessions of Independent Directors</u>	16
<u>Codes of Conduct</u>	16
<u>Meetings of the Board of Directors</u>	17
<u>Committees of the Board of Directors</u>	17
<u>Compensation Committee Interlocks and Insider Participation</u>	19
<u>Considerations in Evaluating Director Nominees</u>	19
<u>Stockholder Recommendations for Nominations to the Board of Directors</u>	20
<u>Non-Employee Director Compensation</u>	20
<u>Communications with the Board of Directors</u>	21
<u>REPORT OF THE AUDIT COMMITTEE</u>	22
<u>RELATED PERSON TRANSACTIONS</u>	23
<u>EXECUTIVE OFFICERS</u>	24
<u>EXECUTIVE COMPENSATION</u>	25
<u>Overview</u>	25
<u>Executive Compensation Philosophy, Objectives and Design</u>	25
<u>Elements of Our Executive Compensation Program</u>	25
<u>SUMMARY COMPENSATION TABLE</u>	28
<u>Outstanding Equity Awards at 2017 Fiscal Year-End Table</u>	29
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	30
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	31
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	33
<u>EMPLOYMENT ARRANGEMENTS AND INDEMNIFICATION AGREEMENTS</u>	34
<u>ADDITIONAL INFORMATION</u>	37
<u>Stockholder Proposals for 2019 Annual Meeting</u>	37
<u>Solicitation of Proxies</u>	37
<u>Fiscal Year 2017 Annual Report on Form 10-K</u>	37
<u>OTHER MATTERS</u>	37



## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements. All statements contained in this report other than statements of historical fact, including statements regarding our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “continue,” “anticipate,” “intend,” “expect,” “seek”, and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2017. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this proxy statement may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results. We are under no duty to update any of these forward-looking statements after the date of this proxy statement.

As used in this proxy statement, the terms “Model N,” “we,” “us,” and “our” mean Model N, Inc. and its subsidiaries unless the context indicates otherwise.

---

MODEL N, INC.

777 Mariners Island Boulevard, Suite 300

San Mateo, California 94404

## PROXY STATEMENT

### FOR 2018 ANNUAL MEETING OF STOCKHOLDERS

to be held on Friday, February 16, 2018 at 11:30 a.m. PT

This proxy statement and the enclosed form of proxy are furnished in connection with solicitation of proxies by our Board of Directors for use at the annual meeting of stockholders (the “Annual Meeting”) to be held at 11:30 a.m. PT on Friday, February 16, 2018, and any postponements or adjournments thereof. The Annual Meeting will be held at Model N, Inc., located at 777 Mariners Island Boulevard, Suite 300, San Mateo, California. Beginning on or about January 4, 2018, we mailed to our stockholders a Notice Regarding the Availability of Proxy Materials (“Notice”) containing instructions on how to access our proxy materials.

## QUESTIONS AND ANSWERS

The information provided in the “question and answer” format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully.

What matters am I voting on?

You will be voting on:

- the election of three Class II directors to hold office until the 2021 Annual Meeting of Stockholders and until their successors are elected and qualified, subject to earlier resignation or removal;
- a proposal to amend our 2013 Equity Incentive Plan;
- a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2018; and
- any other business that may properly come before the meeting.

How does the Board of Directors recommend I vote on these proposals?

The Board of Directors recommends a vote:

- FOR the re-election of Baljit Dail, Melissa Fisher and Alan Henricks, our nominees for Class II directors;
- FOR the amendment to our 2013 Equity Incentive Plan; and
- FOR the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2018.

Who is entitled to vote?



Edgar Filing: MODEL N, INC. - Form DEF 14A

Holders of our common stock as of the close of business on December 19, 2017, the record date, may vote at the Annual Meeting. As of the record date, we had 29,473,563 shares of common stock outstanding. In deciding all matters at the Annual Meeting, each holder of common stock of Model N will be entitled to one vote for each share of common stock held as of the close of business on the record date. We do not have cumulative voting rights for the election of directors.

Registered Stockholders. If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares, and the Notice was provided to you directly by us. As the stockholder of record,

1

---

you have the right to grant your voting proxy directly to the individuals listed on the proxy card or to vote in person at the Annual Meeting.

**Street Name Stockholders.** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and the Notice was forwarded to you by your broker or nominee who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker or nominee how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, since beneficial owners are not stockholders of record, you may not vote your shares in person at the Annual Meeting unless you follow your broker's procedures for obtaining a legal proxy. If you request a printed copy of the proxy materials by mail, your broker or nominee will provide a voting instruction card for you to use.

How do I vote?

There are four ways for stockholders of record to vote:

• by Internet at <http://www.voteproxy.com>, 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on February 15, 2018 (have your Notice or proxy card in hand when you visit the website);  
We encourage you to vote this way as it is the most cost-effective method.

• by toll-free telephone at 800-776-9437 (or 718-921-8500 for international callers) until 11:59 p.m. Eastern Time on February 15, 2018 (have your Notice or proxy card in hand when you call);  
• by completing and mailing your proxy card so that it is received prior to the Annual Meeting; or  
• by written ballot at the Annual Meeting.

Street name holders may submit their voting instructions by internet or telephone using the information provided by their respective brokers or nominees and may complete and mail voting instruction forms to their respective brokers or nominees. However, street name holders may not vote by written ballot at the Annual Meeting unless they obtain a legal proxy from their respective brokers or nominees.

Can I change my vote?

Yes. If you are a stockholder of record, you can change your vote or revoke your proxy any time before the Annual Meeting by:

• entering a new vote by Internet or by telephone (until 11:59 p.m. Eastern Time on February 15, 2018);  
• returning a later-dated proxy card so that it is received prior to the Annual Meeting;  
• notifying the Corporate Secretary of Model N, in writing, at the address listed on the front page; or  
• completing a written ballot at the Annual Meeting.

Street name holders may change their voting instructions by submitting new instructions by internet or by telephone or returning a later-dated voting instruction form to their respective brokers or nominees. In addition, street name holders who obtain a legal proxy from their respective brokers or nominees may change their votes by completing a ballot at the Annual Meeting.

What is the effect of giving a proxy?

Proxies are solicited by and on behalf of our Board of Directors. The persons named in the proxy card have been designated as proxies by our Board of Directors. When proxy votes are properly dated, executed and returned, the shares represented by such proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the

recommendations of our Board of Directors as described above. If any matters not described in the Proxy Statement are properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is adjourned, the proxy holders can vote your shares at the adjourned meeting date as well, unless you have properly revoked your proxy instructions, as described above.

What is a quorum?

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our Bylaws and Delaware state law. The presence, in person or by proxy, of a majority of the voting power of the shares of stock entitled to vote at the meeting will constitute a quorum at the meeting.

What is the effect of broker non-votes and abstentions?

A proxy submitted by a stockholder may indicate that the shares represented by the proxy are not being voted (stockholder withholding) with respect to a particular matter. In addition, a broker may not be permitted to vote on shares held in street name on a particular matter in the absence of instructions from the beneficial owner of the stock (broker non-vote). The shares subject to a proxy which are not being voted on a particular matter because of either stockholder withholding or broker non-votes will count for purposes of determining the presence of a quorum, but are not treated as votes cast and, therefore, will have no effect on the election of directors, the ratification of the appointment of PricewaterhouseCoopers LLP or the amendment to our 2013 Equity Incentive Plan. Abstentions are voted neither “for” nor “against” a matter, and, therefore, will have no effect on the election of directors, the ratification of the appointment of PricewaterhouseCoopers LLP or the amendment to our 2013 Equity Incentive Plan, but are counted in the determination of a quorum.

How many votes are needed for approval of each matter?

• Proposal No. 1: The election of directors requires a plurality vote of the shares of common stock voted at the meeting. “Plurality” means that the nominees who receive the largest number of votes cast “FOR” are elected as directors. As a result, any shares not voted “FOR” a particular nominee (whether as a result of stockholder withholding or a broker non-vote) will not be counted in such nominee’s favor.

• Proposal No. 2: The amendment of our 2013 Equity Incentive Plan must receive the affirmative vote of a majority of the votes cast by the holders of shares represented in person or by proxy at the meeting and entitled to vote thereon to be approved.

• Proposal No. 3: The ratification of the appointment of PricewaterhouseCoopers LLP must receive the affirmative vote of a majority of the votes cast by the holders of shares represented in person or by proxy at the meeting and entitled to vote thereon to be approved.

How are proxies solicited for the Annual Meeting?

The Board of Directors is soliciting proxies for use at the Annual Meeting. All expenses associated with this solicitation will be borne by Model N. We will reimburse brokers or other nominees for reasonable expenses that they incur in sending these proxy materials to you if a broker or other nominee holds your shares.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares of common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker will have discretion to vote your shares on our sole routine matter—the proposal to ratify the appointment of PricewaterhouseCoopers LLP. Your broker will not have discretion to vote on the election of directors or the amendment to our 2013 Equity Incentive Plan, which are “non-routine” matters, absent direction from you.

Why did I receive a notice regarding the availability of proxy materials on the Internet instead of a full set of proxy materials?

In accordance with the rules of the Securities and Exchange Commission (“SEC”), we have elected to furnish our proxy materials, including this proxy statement and our Annual Report on Form 10-K, primarily via the Internet. Beginning on or about January 4, 2018, we mailed to our stockholders a “Notice Regarding the Availability of Proxy Materials” that contains notice of the Annual Meeting and instructions on how to access our proxy materials on the Internet, how to vote at the meeting and how to request printed copies of the proxy materials and 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.

What does it mean if multiple members of my household are stockholders but we only received one Notice or full set of proxy materials in the mail?

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for notices and proxy materials with respect to two or more stockholders sharing the same address by delivering a single notice or set of proxy materials addressed to those stockholders. In accordance with a prior notice sent to certain brokers, banks, dealers or other agents, we are sending only one Notice or full set of proxy materials to those addresses with multiple stockholders unless we received contrary instructions from any stockholder at that address. This practice, known as “householding,” allows us to satisfy the requirements for delivering Notices or proxy materials with respect to two or more stockholders sharing the same address by delivering a single copy of these documents. Householding helps to reduce our printing and postage costs, reduces the amount of mail you receive and helps to preserve the environment. If you currently receive multiple copies of the Notice or proxy materials at your address and would like to request “householding” of your communications, please contact your broker. Once you have elected “householding” of your communications, “householding” will continue until you are notified otherwise or until you revoke your consent. You may revoke your consent at any time by contacting the Corporate Secretary of Model N, in writing, at the address listed on the front page, or by telephone at (650) 610-4600.

Is my vote confidential?

Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Model N or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy solicitation.

Where can I find Model N’s Corporate Governance Guidelines and other governance documents?

Model N has adopted Corporate Governance Guidelines. A copy of the Corporate Governance Guidelines, as well as copies of the Code of Business Conduct for Directors, Code of Business Conduct for Employees, Audit Committee Charter, Compensation Committee Charter and Nominating and Corporate Governance Committee Charter, can be accessed through the Investors section of our website, under Company—Investors—Governance Documents, or by clicking on the following link:

<http://investor.modeln.com/govdocs>.

## PROPOSAL NO. 1

## ELECTION OF DIRECTORS

Our Board of Directors may establish the authorized number of directors from time to time by resolution. Our Board of Directors currently consists of seven members. Our Certificate of Incorporation and Bylaws provide for a classified Board of Directors consisting of three classes of directors, with directors serving staggered three-year terms.

Directors in a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their terms expire. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. The class of each director is set forth in the table below.

The directors who are serving for terms that end following the meeting, and their ages, occupations and length of board service as of December 19, 2017, are provided in the table below. Additional biographical descriptions of each nominee and director are set forth in the text below the table. These descriptions include the primary individual experience, qualifications, qualities and skills of our nominees and directors that led to the conclusion that each person should serve as a member of our Board of Directors.

Nominees	Class	Age	Position	Expiration		
				Year Elected	Current Term	For Which Nominated
Baljit Dail	II	50	Director	2017	2018	2021
Melissa Fisher	II	45	Director	2016	2018	2021
Alan Henricks	II	67	Director	2015	2018	2021
Continuing Directors						
Tim Adams	I	58	Director	2016	2020	—
David Bonnette	I	47	Director	2014	2020	—
Zack Rinat	III	59	Chief Executive Officer and Chairman of the Board	1999	2019	—
Charles Robel	III	68	Director	2007	2019	—

## Nominees for Director

Baljit Dail has served as a member of our board of directors since May 2017. Since January 2009, Mr. Dail has served as an independent director at Midcontinent Independent System Operator. From May 2013 to January 2017, Mr. Dail served as the Chairman of JDA Software where he was also Chief Executive Officer from April 2014 to January 2017. From April 2012 to December 2014, Mr. Dail served as a managing director of New Mountain Capital. From April 2012 to December 2014, Mr. Dail served as a member of the board of directors and chair of the compensation committee of Western Dental. From May 2012 to April 2014, Mr. Dail served as a member of the board of directors at AmWINS Group. From January 2008 to March 2012, Mr. Dail led Aon Consulting and Aon Hewitt as the Chief Executive Officer. Mr. Dail holds a B.Sc. in Computer Science from the University of Warwick

in England. Our board of directors determined that Mr. Dail should serve as a director based on his extensive experience as a chief executive officer and his understanding of the software industry.

Melissa Fisher has served as a member of our board of directors since August 2016 and previously served on the board of directors for Image Sensing Systems, Inc., as chair of the audit committee, as well as Digital Generation, Inc. Since April 2016, Ms. Fisher has served as Chief Financial Officer at Qualys, Inc., a provider of cloud-based security and compliance solutions. From April 2015 to April 2016, Ms. Fisher served as Head of Financial Planning and Analysis, Treasury and Investor Relations at Zynga Inc., a developer of online and mobile social games. From July 2013 to March 2015, Ms. Fisher served as Head of Corporate Development, Treasury and Investor Relations at Digital River, Inc., a cloud-based ecommerce and payments company. Prior to joining Digital River, Ms. Fisher spent 15 years as an investment banker advising companies in the technology sector. Ms. Fisher holds an MBA from Harvard Business School and A.B. degree in government from Harvard University. Our board of directors determined that Ms. Fisher should serve as a director based on her significant experience working with technology companies and her significant financial experience.



Alan Henricks has served as a member of our board of directors since May 2015. Since May 2009, Mr. Henricks has been a board member, advisor and consultant to a variety of private technology companies. He consulted as Chief Financial Officer for Livescribe Inc., Santur Corporation and AcademixDirect, Inc. From September 2006 to May 2009, Mr. Henricks served as Chief Financial Officer of Pure Digital Technologies, Inc. Prior to September 2006, Mr. Henricks served as Chief Financial Officer of several private and public companies including Traiana Inc., Informix Software, Inc., Documentum, Inc., Borland International, Inc., Cornish & Carey and Maxim Integrated Products, Inc. Since March 2014, Mr. Henricks has also served as a member of the board of directors of A10 Networks, Inc., and since May 2012 he has served as a member of the board of directors and audit committee chairman of Roku, Inc., a consumer electronics company. From April 2010 to June 2015 he served as a member of the board of directors of Ellie Mae, Inc., a provider of software solutions to the mortgage industry. Mr. Henricks holds a B.S. degree in Engineering from the Massachusetts Institute of Technology and an MBA from Stanford University. Our board of directors determined that Mr. Henricks should serve as a director based on his extensive experience serving as a chief financial officer of both public and private companies.

#### Continuing Directors

Tim Adams has served as a member of our board of directors since December 2016. Since January 2017, Mr. Adams has served as Chief Financial Officer of ObsEva SA, a biopharmaceutical company. From June 2014 to September 2016, Mr. Adams served as Executive Vice President, Chief Financial Officer and Treasurer of Demandware, Inc., a provider of cloud-based e-commerce solutions and services. Mr. Adams served as Senior Vice President and Chief Financial Officer of athenahealth, Inc., a provider of cloud-based services for electronic health records, practice management, and care coordination, from January 2010 to June 2014. Previously, Mr. Adams served as Chief Investment Officer of Constitution Medical Investors, Inc., a private investment firm focused on health-care-sector-related acquisitions and investments, as well as Senior Vice President of Corporate Strategy for Keystone Dental, Inc., a provider of dental health products and solutions. Earlier in his career, Mr. Adams was Chief Financial Officer at a number of other publicly traded companies. Mr. Adams began his career in public accounting at PricewaterhouseCoopers LLP, formerly Price Waterhouse, and is a Certified Public Accountant. Mr. Adams has served as a member of the board of directors of ABILITY Network, a private healthcare technology company, since November 2014. Mr. Adams obtained a B.S. from Murray State University and an MBA from Boston University. Our board of directors determined that Mr. Adams should serve as a director based on his significant experience working with technology companies and his significant financial experience.

David Bonnette has served as a member of our board of directors since August 2014. From March 2014 to November 2016, Mr. Bonnette has also served on the board of directors and as the Chief Executive Officer of Lanyon, Inc., a provider of cloud-based solutions for managing corporate meetings, events and travel programs. From May 2011 to January 2014, Mr. Bonnette served as the Chief Executive Officer at BigMachines, Inc., a provider of cloud-based Configure, Price and Quote (CPQ) solutions, and from 1995 to April 2011, Mr. Bonnette served as Group Vice President, North America Sales at Oracle Corporation. From 2008 to 2012, Mr. Bonnette served as a director of Brainware, Inc. (acquired by Lexmark International, Inc.). Mr. Bonnette holds a BA in Business Administration and Management from Keene State College. Our board of directors determined that Mr. Bonnette should serve as a director based on his experience as the Chief Executive Officer of cloud-based technology companies and his understanding of the software industry.

Zack Rinat is our founder and has served as the Chairman of our board of directors since our inception in December 1999. Mr. Rinat has also served as our Chief Executive Officer from December 1999 to February 2016, when he became our Executive Chairman. In November 2016, Mr. Rinat resumed his role as our Chief Executive Officer. Previously, Mr. Rinat served as Vice President and General Manager of Sun Microsystems, Inc.'s NetDynamics, Inc.

business unit. Mr. Rinat co-founded and served as President and Chief Executive Officer of NetDynamics, Inc., an application software company, until its acquisition by Sun Microsystems in 1998. From 2005 to 2012, Mr. Rinat also served on the board of directors of Conduit Ltd., a provider of cloud-based solutions for web publishers, including as the Chairman from 2005 to 2011. Previously, he held senior management positions in operations, marketing and engineering at Silicon Graphics, Inc., and at Advanced Technology Israel. Mr. Rinat holds an MBA from the Harvard Business School and a BA in computer science from the Technion (Israel Institute of Technology). Our board of directors determined that Mr. Rinat should serve as a director based on his position as Chief Executive Officer of our company, his long history with our company and his understanding of the software industry.

Charles Robel has served as a member of our board of directors since January 2007. Mr. Robel also currently serves on the board of directors of The Go Daddy Group, Inc. From January 2011 to June 2017, Mr. Robel served on the board of directors of Jive Software, from November 2005 to August 2015, Mr. Robel served on the board of directors of Informatica Corporation, from June 2011 to December 2014, Mr. Robel served as a member of the board of directors of Palo Alto Networks, Inc., from September 2007 to June 2013, Mr. Robel served as a member of the board of directors of Autodesk, Inc., from September 2006 to February 2012, Mr. Robel served as a member of the board of directors of DemandTec, Inc., from June 2006 to February 2011, Mr. Robel served as the Chairman of the board of directors of McAfee, Inc., and from June 2000 to December 2005, Mr. Robel served as Managing Member and Chief Operating Officer at Hummer Winblad Venture Partners. Mr. Robel began his career at PricewaterhouseCoopers LLP, from

which he retired as a partner in June 2000. Mr. Robel holds a BS in accounting from Arizona State University. Our board of directors determined that Mr. Robel should serve as a director based on his significant experience investing in and serving on the boards of directors of other technology companies and his significant financial and accounting experience.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR”

EACH OF THE NOMINEES NAMED ABOVE.

7

---

PROPOSAL NO. 2

APPROVAL OF AN AMENDMENT TO THE MODEL N, INC.

2013 EQUITY INCENTIVE PLAN

We are asking our stockholders to approve an amendment to the Model N, Inc. 2013 Equity Incentive Plan (“Plan”) to (i) increase the authorized number of shares of our common stock reserved for issuance under the Plan by 2,000,000 shares, (ii) limit the maximum number of shares that may be granted under the Plan to each of our non-employee directors each year and (iii) prohibit repricing of options or stock appreciation rights without prior stockholder approval (“Plan Amendment”). We believe the proposed Plan Amendment would enable us to continue to attract, retain and reward talented individuals who possess the skills necessary to expand our business and assist in the achievement of our strategic objectives.

We believe that our future success and our ability to remain competitive are dependent on our continuing efforts to attract, retain and motivate highly qualified personnel. Competition for these people in our industry is intense. Traditionally, a cornerstone of our method for attracting and retaining top caliber employees has been our equity-based compensation programs, including the grant of options, restricted stock units and other awards under the Plan. Allowing employees to participate in owning shares of our common stock helps align the objectives of our stockholders and our employees and is important in attracting, motivating and retaining the highly skilled personnel that are essential to our success.

Summary of the Proposal

We are asking our stockholders to approve an increase to the authorized number of shares of our common stock reserved for issuance under the Plan by 2,000,000 shares. We are also asking our stockholders to approve a limit on the maximum number of shares that may be granted to each of our non-employee directors each year and a prohibition on the repricing of options or stock appreciate rights without prior stockholder approval. Our Board of Directors approved the Plan Amendment on December 18, 2017, subject to approval by stockholders. If stockholders do not approve the Plan Amendment, no shares will be added to the number of shares reserved for issuance under the Plan the limit on grants to non-employee directors as well as the prohibition on repricing without prior stockholder approval will not take effect.

In evaluating the proposed Plan Amendment, our Board of Directors considered a number of factors, including the costs of the Plan Amendment as well as an analysis of certain burn rate, dilution and overhang metrics as summarized below:

**Historical Grant Practices.** During the past three fiscal years, we granted equity awards pursuant to the Plan for 1,816,880, 2,029,613 and 1,403,584 shares, and returned 1,226,611, 600,423 and 911,122 shares, respectively, to the

Plan in connection with canceled awards related to employee terminations. This represents a three-year average net burn rate of 3.07% of the weighted average shares of common stock outstanding.

Potential Dilution. Our fiscal year-end overhang rate, calculated by dividing (i) the number of shares subject to equity awards outstanding at the end of the fiscal year, plus the number of shares remaining available for issuance under the Plan by (ii) the number of shares outstanding at the end of the fiscal year, was 22%, 21% and 24%, respectively. If approved, the new shares reserved for issuance under the Plan would represent an additional potential equity dilution of approximately 7.03%. Estimated dilution rates noted herein exclude potential dilution resulting from shares issued pursuant to our Employee Stock Purchase Plan.

Expected Utilization. As of September 30, 2017, 4.4 million shares of our common stock remained available for future grant of awards under the Plan and any additional releases resulting from an over-achievement relating to performance-based restricted stock units. If stockholders do not approve the proposed share increase, then based on historical usage rates under the Plan, we believe we may be unable to make grants, including our annual grants, during fiscal year 2018 and future years, and lose an important compensation tool aligned with stockholder interests to attract and retain key executives and employees.

#### Summary of the Plan

The material terms of the Plan, as would be amended by the Plan Amendment, are summarized below. The summary is qualified in its entirety by reference to the full text of the Plan, which is attached as Appendix A to this Proxy Statement.

Background. The Plan was adopted by our Board of Directors in February 2013, and approved by our stockholders in March 2013 in connection with our initial public offering. At our Annual Meeting in January 2014, our stockholders re-approved the Plan to satisfy stockholder approval requirements of Section 162(m) of the Internal Revenue Code, as described below.

**Purpose.** The purpose of the Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to our success.

**Eligibility.** The individuals eligible to participate in the Plan include our officers and other employees, our non-employee directors and any consultants. However, only employees may receive incentive stock options under the Plan and consultants and directors must render bona fide services not in connection with the offer and sale of our securities in a capital-raising transaction. As of September 30, 2017, we had six executive officers, six non-employee directors and 858 other employees and consultants who were eligible to participate in the Plan.

**Administration.** The Plan is administered by our Compensation Committee, all of the members of which are non-employee directors under applicable federal securities laws and outside directors as defined under applicable federal tax laws. However, our Board of Directors will establish the terms for the grant of an award to non-employee directors. Subject to the terms of the Plan, the Compensation Committee has full power to implement and carry out the terms of the Plan, including to determine which individuals are eligible to receive awards under the Plan, the time or times when such awards are to be made, the number of shares subject to each such award, the status of any granted option as either an incentive stock option (ISO) or a non-statutory stock option (NSO) under U.S. federal tax laws, the vesting schedule applicable to an award, the maximum term for which any award is to remain outstanding, and the terms and conditions of the award agreements for use under the Plan. The Compensation Committee also determines the exercise price of stock options granted under the Plan, the purchase price for rights to purchase restricted stock, if applicable, and the exercise price for stock appreciation rights.

**Share Reserve.** As of the date the Plan Amendment is approved by Model N's stockholders, the total number of shares reserved for issuance under the Plan will be 15,131,932 shares. No more than 8,000,000 shares may be issued pursuant to the exercise of incentive stock options. The shares may be authorized but unissued or reacquired shares.

In addition, the following shares are available for grant and issuance under our Plan:

- shares subject to options or SARs granted under our Plan that cease to be subject to the option or SAR for any reason other than exercise of the option or SAR;
- shares subject to awards granted under our Plan that are subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our Plan that otherwise terminate without shares being issued;
- shares surrendered, cancelled, or exchanged for cash or a different award (or combination thereof);
- shares reserved but not issued or subject to outstanding grants under our 2010 Equity Incentive Plan;
- shares issuable upon the exercise of awards under our 2010 Equity Incentive Plan that cease to be subject to such awards by forfeiture or otherwise;
- shares issued under our 2010 Equity Incentive Plan that are forfeited or repurchased by us at the original issue price;
- and
- shares subject to awards under our 2010 Equity Incentive Plan or our Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award.

Subject to the terms of the Plan, the reserve under the Plan, the maximum number of shares that may be issued as ISOs, the maximum number of shares that may be granted to non-employee directors, the awards outstanding, applicable exercise prices, and individual or other award limits would be proportionately adjusted if the number of our outstanding shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in our capital structure, in each case, without consideration.

**Equity Awards.** The Plan permits us to grant the following types of awards:

Stock options. The Plan provides for the grant of ISOs to employees, and NSOs to employees, directors and consultants. Options may be granted with terms determined by the Compensation Committee, provided that ISOs are subject to additional statutory limitations. The exercise price of stock options granted under the Plan must be at least equal to the fair market value of our common stock on the date of grant. ISOs granted to an individual who holds, directly or by attribution, more than ten percent of the total combined voting power of all classes of our capital stock must have an exercise price of at least 110% of the fair market value of our common stock on the date of grant.

Options may vest based on service or achievement of performance conditions. The maximum term of options granted under the Plan is ten years from the date of grant, except that the maximum permitted term of ISOs granted to an individual who holds, directly or by

attribution, more than ten percent of the total combined voting power of all classes of our capital stock is five years from the date of grant.

After an optionee's employment or service terminates, he or she may exercise his or her vested option for the period of time stated in the stock option agreement to which such option relates. Generally, if termination is due to death or disability, the vested option will remain exercisable for 12 months. In all other cases, the vested option will generally remain exercisable for three months. Notwithstanding the foregoing, if an optionee is terminated for "cause" (as defined in the Plan), then the optionee's options shall expire on the optionee's termination date or at such later time and on such conditions as determined by the Compensation Committee. In no event may an option be exercised later than its expiration date.

**Restricted Stock Units.** RSUs represent the right to receive shares of our common stock at a specified date in the future, subject to forfeiture of such right due to termination of employment or failure to achieve specified performance conditions. If the RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU, whole shares of our common stock, cash or a combination of our common stock and cash.

**Restricted Stock.** A restricted stock award is an offer by us to sell shares of our common stock subject to restrictions that the Compensation Committee may impose. These restrictions may be based on completion of a specified period of service with us or upon the completion of performance goals during a performance period. The price of a restricted stock award, if any, will be determined by the Compensation Committee. Unless otherwise determined by the Compensation Committee at the time of award, vesting ceases on the date the participant no longer provides services to us and unvested shares are forfeited to us or subject to repurchase by us.

**Stock Appreciation Rights.** Stock appreciation rights (SARs) provide for a payment, or payments, in cash or shares of common stock, to the holder based upon the difference between the fair market value of our common stock on the date of exercise and the stated exercise price. SARs may vest based on service or achievement of performance conditions.

**Performance Shares.** Performance shares are performance awards that cover a number of shares of our common stock that may be settled upon achievement of the pre-established performance conditions in cash or by issuance of the underlying shares. These awards are subject to forfeiture because of termination of employment or failure to achieve the performance conditions.

**Stock Bonuses.** Stock bonuses are granted as additional compensation for performance and therefore are not issued in exchange for cash.

**Performance Criteria.** Our Compensation Committee may establish performance goals under which performance-based awards may be made by selecting from one or more of the following performance criteria: profit before tax; billings; revenue; net revenue; earnings (which may include earnings before interest and taxes, earnings before taxes, and net earnings); operating income; operating margin; operating profit; controllable operating profit, or net operating profit; net profit; gross margin; operating expenses or operating expenses as a percentage of revenue; net income; earnings per share; total stockholder return; market share; return on assets or net assets; our stock price; growth in stockholder value relative to a pre-determined index; return on equity; return on invested capital; cash flow (including free cash flow or operating cash flows); cash conversion cycle; economic value added; individual confidential business objectives; contract awards or backlog; overhead or other expense reduction; credit rating; strategic plan development and implementation; succession plan development and implementation; improvement in workforce diversity; customer indicators; new product invention or innovation; attainment of research and development milestones; improvements in productivity; bookings; attainment of objective operating goals and employee metrics; and any other metric that is capable of measurement as determined by the Compensation Committee.



Our Compensation Committee may establish performance goals and relevant performance criteria on a company-wide basis; with respect to one or more business units, divisions, affiliates or business segments; and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless otherwise specified by our Compensation Committee (i) in the award agreement at the time the award is granted or (ii) in such other document setting forth the performance goals and relevant performance criteria at the time the performance goals and relevant performance criteria are established, our Compensation Committee will make adjustments, if it determines appropriate in its sole discretion, in the method of calculating the attainment of the performance goals as follows: to exclude restructuring and other nonrecurring charges; to exclude exchange rate effects; to exclude the effects of changes to generally accepted accounting principles, or GAAP; to exclude the effects of any statutory adjustments to corporate tax rates; to exclude the effects of any “extraordinary items” as determined under GAAP; to exclude the dilutive effects of acquisitions or joint ventures; to assume that any business divested by our company achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change,

or any distributions to common stockholders other than regular cash dividends; to exclude the effects of stock-based compensation and the award of bonuses under our bonus plans; to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under GAAP; to exclude the goodwill and intangible asset impairment charges that are required to be recorded under GAAP; and to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item.

**Prohibition on Repricing.** Other than in connection with certain changes to our capital structure, the Compensation Committee may not, without the approval of our stockholders, (i) lower the exercise price per share of any option or SAR after it is granted, (ii) cancel any option or SAR when the exercise price per share exceeds the fair market value of one share in exchange for cash or another award (other than in connection with a Corporate Transaction, as described below) or (iii) take any other action with respect to an option or SAR that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which our shares are listed.

**Award Limits.** No participant may be granted stock awards covering more than 2,000,000 shares of our common stock under the Plan during any calendar year pursuant to stock options, stock appreciation rights and other stock awards, except that new employees or directors may receive up to a maximum of 4,000,000 shares in the calendar year in which they commence service. Additionally, no participant may be granted in a calendar year a performance stock award or a performance cash award having a maximum value in excess of \$5 million under the Plan. The aggregate number of shares of our common stock that may be granted to each non-employee director in any calendar year shall not exceed 250,000.

**Corporate Transactions.** The Plan currently provides that in the event of a specified Corporate Transaction (as defined under the Plan) outstanding awards may, without the consent of any participant, be (i) continued by us, if we are the successor entity; (ii) assumed or substituted with a substantially equivalent award by the successor corporation; (iii) accelerated, such that the awards become fully vested and exercisable, as applicable, and any repurchase or forfeiture restrictions lapse; (iv) settled in cash, cash equivalents or the securities of the successor corporation; or (v) cancelled for no consideration. The treatment of outstanding awards upon a corporate transaction need not be identical.

However, in the event of a Corporate Transaction, the vesting of all awards granted to non-employee directors will accelerate and such awards will become exercisable, as applicable, in full prior to the consummation of the Corporate Transaction, at such times and on such conditions as the Compensation Committee determines.

The Plan generally defines a “Corporate Transaction” as the occurrence of any of the following events: (i) any person becoming the beneficial owner, directly or indirectly, of our securities representing more than 50% of total voting power represented by our then-outstanding voting securities; (ii) the consummation of a merger or consolidation of us with any other corporation, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to the transaction continuing to represent at least 50% of the total voting power of our voting securities or surviving entity in such transaction; (iii) sale or disposition of at least 50% of our outstanding capital stock; (iv) a change in the effective control of us that occurs on the date that a majority of members of the Board of Directors is replaced during any 12 month period by members of the Board of Directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election; or (v) any other transaction which qualifies as a “corporation transaction” under Section 424(a) of the Internal Revenue Code (Code).

**Transferability of Awards.** Generally, a participant may not transfer an award other than by will or the laws of descent and distribution unless, in the case of awards other than ISOs, the Compensation Committee permits the transfer of an award to certain authorized transferees, as set forth in the Plan.

**Amendment and Termination.** The term of the Plan is ten years from February 2013, the date the Plan was approved by the Board of Directors. The Board of Directors may amend or terminate the Plan or any form of award agreement at any time, subject to stockholder approval where required. In addition, no amendment that is detrimental to a participant in the Plan may be made to an outstanding award without the consent of the affected participant.

**Federal Income Tax Consequences.** The following is a general summary under current law of certain U.S. federal income tax consequences to participants who are citizens or individual residents of the United States relating to the types of equity awards that may be granted under the Plan. This summary deals with the general tax principles and is provided only for general information. Certain kinds of taxes, such as foreign taxes, state and local income taxes, payroll taxes and the alternative minimum tax, are not discussed.

**Nonqualified Stock Options, Stock Appreciation Rights.** A recipient of an NSO or SAR will not recognize taxable income upon the grant of those awards. However, the participant will recognize ordinary income upon exercise in an amount equal to the difference between the fair market value of the shares and the exercise price on the date of exercise. Any gain or loss

recognized on a subsequent disposition of the shares of common stock generally will be short term or long term capital gain or loss, depending on the length of time the recipient holds the shares.

**Incentive Stock Options.** Neither the grant nor the exercise of an incentive stock option will generally result in any taxable income to the recipient, except that the alternative minimum tax may apply at the time of exercise. The recipient will recognize a capital gain or loss on a later sale or other disposition of such shares provided the he or she does not dispose of such shares within two years from the date the option was granted or within one year after the shares were transferred to the recipient. If the shares are not held for holding period described above, the recipient will recognize ordinary income equal to the lesser of (i) the difference between the fair market value of the shares on the date of exercise and the exercise price, or (ii) the difference between the sales price and the exercise price. Any gain or loss recognized on a subsequent disposition of the shares of common stock generally will be short term or long term capital gain or loss, depending on the length of time the recipient holds the shares.

**Restricted Stock Units.** A holder of RSUs does not recognize taxable income when the RSU is granted. The recipient of the award generally will recognize ordinary income in each year in which the units vest in an amount equal to the fair market value of the shares of common stock received. Any gain or loss recognized on a subsequent disposition of the shares of common stock generally will be short term or long term capital gain or loss, depending on the length of time the recipient holds the shares.

**Other Awards.** The grant of Restricted Stock Awards, Stock Bonus Awards and Performance Shares generally will generally not be a taxable event. Generally, the recipient will recognize ordinary income equal to the excess of the fair market value over the price paid, if any, in the first taxable year in which his or her interest in the shares underlying the award becomes either (i) freely transferable or (ii) no longer subject to substantial risk of forfeiture (unless, with respect to an award of restricted stock, the recipient elects to accelerate recognition as of the date of grant).

In each of the foregoing cases, we will generally have a corresponding deduction at the time the participant recognizes ordinary income, subject to Section 162(m) of the Code and the relevant income tax regulations. Section 162(m) places a limit of \$1 million on the amount of compensation that we may deduct as a business expense in any year with respect to certain of our most highly paid executive officers unless, among other things, such compensation is performance based and has been approved by stockholders. Generally, as discussed above, we design our executive compensation program to permit our Compensation Committee to be able to grant compensation intended to be eligible for deductibility to the extent permitted by Section 162(m) of the Code. We may from time to time, however, pay compensation to our executives that may not be deductible if the Compensation Committee believes that doing so is in the best interests of our stockholders.

**ERISA Information.** The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

**New Plan Benefits Table.** We cannot currently determine the benefits or number of shares subject to awards that may be granted in the future to executive officers and employees under the Plan, as amended by the Plan Amendment, because our equity award grants are discretionary in nature. As of the date hereof, we have not granted any awards that are contingent upon the approval of the Plan Amendment.

**Historical Plan Benefits.**

Edgar Filing: MODEL N, INC. - Form DEF 14A

The following table sets forth, for each of the individuals and groups indicated, the total number of shares of our common stock subject to awards that have been granted (even if not currently outstanding) under the Plan, for the period from March 18, 2013 (the date the plan became effective) through September 30, 2017. The options outstanding as of September 30, 2017 had a weighted-average exercise price of \$7.71 per share. The closing price per share of our common stock as reported by the New York Stock Exchange on September 29, 2017, was \$14.95.

Name and Position	Number of Options Granted	Number of RSUs Granted
Zack Rinat	–	637,531
Chief Executive Officer		
David Barter	–	115,272
Senior Vice President and Chief Financial Officer		

12

---

Russell Mellott	– 136,209
Senior Vice President and Chief Revenue Officer	
All Current Executive Officers (6) persons	–