

NEW RELIC, INC.  
Form DEF 14A  
July 11, 2018  
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**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

Filed by the Registrant  
Filed by a Party other than the Registrant  
Check the appropriate box:

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

**NEW RELIC, INC.**

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

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

Payment of Filing Fee (Check the appropriate box)

No fee required.

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

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

**2.** Aggregate number of securities to which transaction applies:

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

Fee paid previously with preliminary materials.

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

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



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**NEW RELIC, INC.**

**188 Spear Street, Suite 1200**

**San Francisco, California 94105**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On August 21, 2018**

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of New Relic, Inc., a Delaware corporation (the Company). The meeting will be held on Tuesday, August 21, 2018 at 9:00 a.m. local time at the offices of our outside counsel, Cooley LLP, at 101 California Street, 5th Floor, San Francisco, California 94111 for the following purposes:

1. To elect the three nominees for director named in the Proxy Statement accompanying this Notice to the Board of Directors to hold office until the 2021 Annual Meeting of Stockholders.
  2. To approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Proxy Statement accompanying this Notice.
  3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for its fiscal year ending March 31, 2019.
  4. To conduct any other business properly brought before the meeting.
- These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the upcoming Annual Meeting is June 22, 2018. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders**

**Meeting to Be Held on Tuesday, August 21, 2018 at 9:00 a.m. local time at the offices of**

**Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111.**

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

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

By Order of the Board of Directors

/s/ Mark Sachleben

Mark Sachleben

Chief Financial Officer and Corporate Secretary

San Francisco, California

July 11, 2018

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

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**NEW RELIC, INC.**

**188 Spear Street, Suite 1200**

**San Francisco, California 94105**

**PROXY STATEMENT**

**FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS**

**August 21, 2018**

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

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

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the Internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the "Notice") because the Board of Directors (the "Board") of New Relic, Inc. (the "Company" or "New Relic") soliciting your proxy to vote at the 2018 Annual Meeting of Stockholders (the "Annual Meeting"), including at any adjournments or postponements of the Annual Meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about July 11, 2018 to all stockholders of record entitled to vote at the Annual Meeting.

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

We may send you a proxy card, along with a second Notice, on or after July 21, 2018.

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

The meeting will be held on Tuesday, August 21, 2018 at 9:00 a.m. local time at the offices of Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111. For directions, please call the offices of Cooley LLP at (415) 693-2000. Information on how to vote in person at the meeting is discussed below.

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

Only stockholders of record at the close of business on June 22, 2018 will be entitled to vote at the meeting. On this record date, there were 56,493,352 shares of common stock outstanding and entitled to vote.

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

If on June 22, 2018 your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy over the telephone, through the Internet or by using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote by

proxy to ensure your vote is counted.

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

If on June 22, 2018 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right



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to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

### **What am I voting on?**

There are three matters scheduled for a vote:

Election of three directors;

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

Ratification of selection by the Audit Committee of Deloitte & Touche LLP as independent registered public accounting firm of the Company for its fiscal year ending March 31, 2019.

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

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

### **How do I vote?**

You may either vote For all the nominees to the Board or you may Withhold your vote for any nominee you specify. For each of the other matters to be voted on, you may vote For or Against the proposal, or Abstain.

The procedures for voting are as follows:

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

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

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

To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice. Your telephone vote must be received by 11:59 p.m., Eastern Time on August 20, 2018 to be counted.

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To vote through the Internet, go to <http://www.proxyvote.com> to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your Internet vote must be received by 11:59 p.m., Eastern Time on August 20, 2018 to be counted.

To vote using the proxy card that may be delivered to you, simply complete, sign, and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

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

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a Notice containing voting instructions from that organization rather than from New Relic. Simply follow the voting instructions in the Notice to ensure that your vote is counted. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

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

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

On each matter to be voted upon, you have one vote for each share of common stock you owned as of June 22, 2018.

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

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

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

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

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

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

If you are a beneficial owner of shares held in street name and you do not instruct your broker, bank or other agent how to vote your shares, your broker, bank or other agent may still be able to vote your shares in its discretion. In this regard, under the rules of the New York Stock Exchange ( NYSE ), brokers, banks and other securities intermediaries that are subject to NYSE rules may use their discretion to vote your uninstructed shares with respect to matters considered to be routine under NYSE rules, but not with respect to non-routine matters. Proposals 1 and 2 are considered to be non-routine under NYSE rules, meaning that your broker may not vote your shares on those proposals in the absence of your voting instructions. However, Proposal 3 is considered to be a routine matter under NYSE rules meaning that if you do not return voting instructions to your broker by its deadline, your shares may be voted by your broker in its discretion on Proposal 3.

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

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted, as applicable, For the election of each nominee for director, For the advisory approval of the compensation of our named executive officers, and For the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

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

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

other agents for the cost of forwarding proxy materials to beneficial owners.

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

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

**Can I change my vote after submitting my proxy?**

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

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

You may submit another properly completed proxy card with a later date.

You may grant a subsequent proxy by telephone or through the Internet.

You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 188 Spear Street, Suite 1200, San Francisco, California 94105. Such notice will be considered timely if it is received at the indicated address by the close of business on the business day immediately preceding the date of the Annual Meeting.

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

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

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

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

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

To be considered for inclusion in next year's proxy materials, your proposal must be submitted in writing by March 13, 2019 to our Corporate Secretary at 188 Spear Street, Suite 1200, San Francisco, California 94105, and must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act); provided, however, that if our 2019 Annual Meeting of Stockholders is held before July 22, 2019 or after September 20, 2019, then the deadline is a reasonable amount of time prior to the date we begin to print and mail our proxy statement for the 2019 Annual Meeting of Stockholders.

Pursuant to our amended and restated bylaws, if you wish to bring a proposal before the stockholders or nominate a director at the 2019 Annual Meeting of Stockholders, but you are not requesting that your proposal or nomination be included in next year's proxy materials, you must notify our Corporate Secretary, in writing, not later than the close of business on May 23, 2019 nor earlier than the close of business on April 23, 2019. However, if our 2019 Annual

Meeting of Stockholders is not held between July 22, 2019 and September 20, 2019, to be timely, notice by the stockholder must be received no earlier than the close of business on the 120th day prior to the 2019 Annual Meeting of Stockholders and not later than the close of business on the later of the 90th day prior to the 2019 Annual Meeting of Stockholders or the 10th day following the day on which public announcement of the date of the 2019 Annual Meeting of Stockholders is first made. You are also advised to review our amended and restated bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

The chair of the 2019 Annual Meeting of Stockholders may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting. In addition, the proxy solicited by the Board for the 2019 Annual Meeting of Stockholders will confer discretionary voting authority with respect to (i) any proposal presented by a stockholder at that meeting for which we have not been

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provided with timely notice and (ii) any proposal made in accordance with our amended and restated bylaws, if the 2019 proxy statement briefly describes the matter and how management's proxy holders intend to vote on it, and if the stockholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act.

### **How are votes counted?**

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, for the proposal to elect directors, votes For, Withhold, and broker non-votes; and, with respect to the other proposals, votes For, Against, abstentions and, if applicable, broker non-votes.

### **What are broker non-votes ?**

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

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

For the election of directors, the three nominees to serve until the 2021 Annual Meeting of Stockholders receiving the most For votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected. Only votes For will affect the outcome. Withheld votes and broker non-votes will have no effect.

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

To be approved, the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year ending March 31, 2019 must receive For votes from the holders of a majority of the shares present in person or represented by proxy and entitled to vote generally on the subject matter. If you select to Abstain from voting on this proposal, it will have the same effect as an Against vote. Broker non-votes will have no effect; however, this proposal is considered a routine matter, and therefore no broker non-votes are expected to exist in connection with this proposal.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if shares representing a majority of the common stock outstanding and entitled to vote are present at the Annual Meeting in person or represented by proxy. On the record date, there were 56,493,352 shares of common stock outstanding and entitled to vote. Thus, the holders of 28,246,677 shares must be present in person or represented by proxy at the Annual Meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank, or other nominee) or if you vote in person at the meeting. Abstentions and broker non-votes will

be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the shares present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.



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

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

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**COMPANY OVERVIEW**

We are defining a new category of enterprise software that is designed to make every aspect of modern software and infrastructure observable. Our cloud-based platform and suite of products, which we collectively call the New Relic Platform, enable organizations to collect, store, and analyze massive amounts of data in real time so they can better operate their applications and infrastructure, improve their digital customer experience, and achieve greater business success. We design all our products to be highly intuitive and frictionless; they are easy to deploy, and customers can rapidly, often within minutes, see results and realize benefits. Software developers can build better applications faster, as they can see how their software will perform and is actually performing for end-users. IT operations teams can use our products to quickly find and fix performance problems as well as prevent future issues. Business users such as product managers can get answers to how their new product launch is being received, or how a pricing change impacted customer retention, without waiting for help from IT. For each of these audiences—software developers, IT operations, and business users—the New Relic Platform can help them operate their digital business.

Our New Relic Platform is made up of our integrated suite of products, a powerful big data database, and an open and extensible cloud platform. Our products for technology users focus on software performance management and monitoring and include New Relic APM, or Application Performance Management, New Relic Mobile, New Relic Browser, New Relic Synthetics, and New Relic Infrastructure. Built into the core of our technology platform, New Relic Insights provides big data analytics to both business and technology users that enable them to easily extract actionable information from the massive quantities of data flowing through their software.

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

The Board presently has seven members. There are three directors in the class whose term of office expires in 2018. If elected at the Annual Meeting, each of these nominees would serve until the 2021 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until his death, resignation, or removal.

The following table sets forth information with respect to our directors, including the three nominees for election at the Annual Meeting, as of June 1, 2018:

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Principal Occupation / Position Held with the Company</b>
<b><i>Class I Directors Nominees for Election at the Annual Meeting</i></b>			
Sohaib Abbasi	61	May 2016	Director of New Relic
Hope Cochran	46	May 2018	Venture Partner at Madrona Venture Group and Director of New Relic
Adam Messinger	46	Apr. 2014	Director of New Relic
<b><i>Class II Directors Continuing in Office until the 2019 Annual Meeting of Stockholders</i></b>			
Dan Scholnick	40	Oct. 2008	General Partner of Trinity Ventures and Director of New Relic
James Tolonen	69	May 2016	Director of New Relic
<b><i>Class III Directors Continuing in Office until the 2020 Annual Meeting of Stockholders</i></b>			
Lewis Cirne	48	Feb. 2008	Founder, Chief Executive Officer, and Director of New Relic
Peter Fenton	45	Feb. 2008	General Partner of Benchmark Capital Partners and Chair of the Board of Directors of New Relic

Each of the nominees for election at the Annual Meeting was recommended for election by the Nominating and Corporate Governance Committee. Regarding Ms. Cochran's appointment, a third-party search firm provided the Board and management with information regarding several potential candidates, including Ms. Cochran. After reviewing the potential candidates, management recommended Ms. Cochran to the Nominating and Corporate Governance committee for appointment. After performing further evaluation of Ms. Cochran's particular experience, qualifications, attributes, and skills, the Nominating and Corporate Governance Committee recommended her appointment to the Board.

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

serve.

The following is a brief biography of each nominee and each director whose term will continue after the Annual Meeting. The biographies below also include information regarding the specific experience, qualifications, attributes, or skills of each nominee or director that led the Nominating and Corporate Governance Committee to determine that such individual should serve as a member of the Board.

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

*Hope Cochran* has served as a member of our Board since May 2018. Since January 2017, Ms. Cochran has served as a venture partner at Madrona Venture Group. From September 2013 to June 2016, Ms. Cochran served as the Chief Financial Officer of the gaming company King Digital Entertainment plc, which was acquired by Activision Blizzard, Inc. in February 2016. Prior to King Digital, she served as the Chief Financial Officer of Clearwire Corporation, a telecommunications operator, from February 2011 until its acquisition by Sprint, Inc. in July 2013. Previously, she has held several roles in the software industry, including at PeopleSoft, Inc., Evant Inc. and SkillsVillage Inc., a human resources software company that she founded. Ms. Cochran currently serves on the board of directors of Hasbro, Inc. and MongoDB, Inc. Ms. Cochran received a B.A. in Economics and Music from Stanford University. We believe Ms. Cochran is qualified to serve as a member of our Board based on her financial and operating background and her experience serving on the board of directors of public companies.

*Adam Messinger* has served as a member of our Board since April 2014. From March 2013 until December 2016, Mr. Messinger served as the Chief Technology Officer of Twitter, Inc., an online social media company, where he previously served as Vice President of Application Development from April 2012 to March 2013, and Vice President of Platform Development from November 2011 to April 2012. Prior to that, Mr. Messinger was Vice President of Development at Oracle Corporation, a computer technology company, from January 2008 to November 2011. Mr. Messinger holds a B.S. in Physics and Computer Science from Willamette University and an M.S. in Management from Stanford University. We believe Mr. Messinger is qualified to serve as a member of our Board because of his extensive experience in the software development industry, both as a developer of tools for other developers and of large online services and as an executive at a variety of software development organizations.

**THE BOARD OF DIRECTORS RECOMMENDS****A VOTE IN FAVOR OF EACH NAMED NOMINEE.****DIRECTORS CONTINUING IN OFFICE UNTIL THE 2019 ANNUAL MEETING**

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

*James Tolonen* has served as a member of our Board since May 2016. Mr. Tolonen served as the Senior Group Vice President and Chief Financial Officer of Business Objects, S.A., an enterprise software solutions provider, where he was responsible for its finance and administration commencing in January 2003 until its acquisition by

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

**DIRECTORS CONTINUING IN OFFICE UNTIL THE 2020 ANNUAL MEETING**

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

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

**INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE****Director Independence**

Our Board has undertaken a review of its composition, the composition of its committees, and the independence of each director. Our Board has determined that, other than Mr. Cirne, none of our current directors has, and Sarah Friar did not have, a relationship that would bear on the materiality of his or her relationship to us and that each is independent as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE. Accordingly, a majority of our directors are independent, as required under applicable NYSE rules. In making this determination, our Board considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director and other transactions, relationships, and arrangements that are not required to be disclosed in this Proxy Statement.

**Board Leadership Structure**

The Board has an independent Chair, Mr. Fenton, who has authority, among other things, to call and preside over Board meetings, including meetings of the independent directors, to set meeting agendas, and to determine



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materials to be distributed to the Board. Accordingly, the Chair has substantial ability to shape the work of the Board. The Company believes that separation of the positions of Chair and Chief Executive Officer reinforces the independence of the Board in its oversight of the business and affairs of the Company. In addition, the Company believes that having an independent Chair creates an environment that is more conducive to objective evaluation and oversight of management's performance, increasing management accountability, and improving the ability of the Board to monitor whether management's actions are in the best interests of the Company and its stockholders. As a result, the Company believes that having an independent Chair can enhance the effectiveness of the Board as a whole.

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

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

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

The Board met four times during the last fiscal year. Each Board member attended 75% or more of the aggregate number of meetings of the Board and of the committees on which he or she served, held during the portion of the last fiscal year for which he or she was a director or committee member at the time of such meetings. In addition, as required under applicable NYSE listing standards, in the fiscal year ended March 31, 2018, the Company's non-management directors met four times in regularly scheduled executive sessions at which only non-management directors were present. In addition, as required under applicable NYSE listing standards, in the fiscal year ended March 31, 2018, the Company's independent directors met four times in executive sessions at which only independent directors were present. Mr. Fenton, the Chair of our Board, presided over the executive sessions.

Under our Corporate Governance Guidelines, directors are expected to attend each Annual Meeting of Stockholders. Three directors attended the 2017 Annual Meeting of Stockholders.

## **Stockholder Communications with the Board of Directors**

Our Board has adopted a formal process by which stockholders may communicate with the Board or any of its directors. This information is available on the Company's website at <http://ir.newrelic.com>. In addition, any interested person may communicate directly with the presiding director or the independent or non-management directors.

Persons interested in communicating directly with the independent or non-management directors

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regarding their concerns or issues are referred to the procedures for such communications on the Company's website at <http://ir.newrelic.com>.

During fiscal 2018, we engaged constructively with certain of our stockholders and incorporated their feedback into our disclosure.

### **Code of Conduct**

Our Board has adopted a Code of Conduct, which applies to all officers, directors, and employees, in order to maintain the highest standards of business conduct and ethics. The Code of Conduct is available on the Company's website at <http://ir.newrelic.com>. We intend to disclose any amendments to this code, or any waivers of its requirements, on our website to the extent required by the applicable rules and exchange requirements.

### **Corporate Governance Guidelines**

In June 2014, the Board documented the governance practices followed by the Company by adopting Corporate Governance Guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of the Company's stockholders. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning, and board committees and compensation. The Corporate Governance Guidelines are available on the Company's website at <http://ir.newrelic.com>.

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

Our insider trading policy prohibits our employees, including our executive officers, and the members of the Board of Directors from engaging in transactions in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company's securities. This prohibition extends to any hedging, inherently speculative transaction, or similar transaction designed to decrease the risks associated with holding Company securities. In addition, our executive officers, directors, and any person required to comply with the blackout periods or pre-clearance requirements under our insider trading policy are prohibited from pledging Company securities as collateral for loans, and may not hold Company securities in a margin account.

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

Our Board has three standing committees: an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The table below provides membership and meeting information for the fiscal year ended March 31, 2018 for each of the standing committees. Subsequent to fiscal 2018, Sarah Friar resigned from our Board and all committees thereof effective April 30, 2018, and Hope Cochran was appointed to our Board and to the Audit Committee effective May 1, 2018.

Name	Audit	Compensation	Nominating and Corporate Governance
Sohaib Abbasi(1)		X	
Lewis Cirne			
Peter Fenton		X*	
Sarah Friar	X		
Adam Messinger			X
Dan Scholnick	X		X*
James Tolonen	X*	X	
Total meetings in fiscal year:	7	5	2

\* Committee Chairperson

(1) Mr. Abbasi was appointed as a member of our Compensation Committee effective August 23, 2018.

Our Board may establish other committees to facilitate the management of our business. The composition and functions of each standing committee are described below. Members serve on these committees until their resignation or until otherwise determined by our Board. The Board has adopted a written charter for each of the committees below that is available to stockholders on the Company's website at <http://ir.newrelic.com>.

**Audit Committee**

Our Audit Committee consists of Dan Scholnick, Hope Cochran, and James Tolonen, each of whom satisfies the independence requirements under the NYSE listing standards and Rule 10A-3(b)(1) of the Exchange Act. Sarah Friar, a former director who served on the Audit Committee for all of fiscal 2018, also satisfied the independence requirements under the NYSE listing standards and Rule 10A-3(b)(1) of the Exchange Act during her tenure on the Audit Committee. Her resignation from the Board, including all of its committees, was effective April 30, 2018. The chair of our Audit Committee is Mr. Tolonen. Our Board has determined that each member of the Audit Committee is an audit committee financial expert within the meaning of SEC regulations and has the requisite financial expertise required under the applicable requirements of the NYSE. In arriving at this determination, our Board has examined each Audit Committee member's scope of experience and the nature of their employment in the corporate finance sector.

The primary functions of this committee include:

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reviewing and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services;

evaluating the performance of our independent registered public accounting firm and deciding whether to retain its services;

monitoring the rotation of partners on our engagement team of our independent registered public accounting firm;

reviewing our annual and quarterly financial statements and reports and discussing the statements and reports with our independent registered public accounting firm and management, including a review of disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations ;

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considering and approving or disapproving of related party transactions;

reviewing, with our independent registered public accounting firm and management, significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy, and effectiveness of our financial controls;

conducting a periodic assessment of the performance of the Audit Committee and its members, and the adequacy of its charter; and

establishing procedures for the receipt, retention, and treatment of complaints received by us regarding financial controls, as well as accounting or auditing matters.

## **Compensation Committee**

Our Compensation Committee consists of Sohaib Abbasi, Peter Fenton, and James Tolonen, each of whom our Board has determined to be independent under the NYSE listing standards and the rules and regulations of the SEC, a non-employee director as defined in Rule 16b-3 promulgated under the Exchange Act, and an outside director as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The chair of our Compensation Committee is Mr. Fenton.

The primary functions of this committee include:

determining the compensation and other terms of employment of our Chief Executive Officer and our other executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;

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

establishing policies with respect to equity compensation arrangements;

reviewing with management our disclosures under the caption Compensation Discussion and Analysis and recommending to our Board its inclusion in our periodic reports to be filed with the SEC; and

reviewing and evaluating, periodically, the performance of the Compensation Committee and the adequacy of its charter.

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

Our Compensation Committee meets periodically during each fiscal year, with such frequency as it determines to be appropriate under the circumstances, but at least quarterly. Typically, the agenda for each meeting is developed by the

chair of the Compensation Committee, in consultation with management. The charter of the Compensation Committee grants the committee full access to all books, records, facilities, and personnel of the Company. In addition, under its charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. Our Compensation Committee has direct responsibility for the oversight of the work of any advisors engaged for the purpose of advising the committee. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve reasonable fees and other retention terms for such consultants. Under its charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel, or other advisor to the Compensation Committee, other than in-house legal counsel and certain other types of advisors, only after taking into consideration the various factors prescribed by the SEC and NYSE that bear upon the advisor's independence; however, there is no requirement that any such external advisors to the Compensation Committee be independent.

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Since January 2014, our Board or Compensation Committee has engaged Compensia, Inc. ( Compensia ) to serve the Compensation Committee in the discharge of its responsibilities. In June 2018, our Compensation Committee, taking into account the various factors prescribed by the SEC and NYSE described above, reaffirmed the independence of Compensia as a compensation advisor and determined that its work did not give rise to any conflict of interest. A description of the services provided by Compensia is included in Executive Compensation Compensation Discussion and Analysis Governance of Executive Management Program below.

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

Under its charter, our Compensation Committee may form and delegate authority to subcommittees as appropriate, including but not limited to (i) a committee composed solely of employees of the Company to serve as an administrative and/or investment committee, with fiduciary responsibilities under the Employee Retirement Income Security Act of 1974 ( ERISA ), with respect to one or more Company plans that are subject to ERISA and (ii), if an exemption from Section 16(b) of the Exchange Act under Rule 16b-3 is desired, a subcommittee composed solely of at least two members of the committee who are non-employee directors under Rule 16b-3 to grant awards of equity securities and to take such other actions as may be necessary or appropriate to qualify transactions in the Company s equity securities under the Rule 16b-3 exemption. The Compensation Committee does not currently delegate any of its functions to others in determining or recommending executive or director compensation.

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

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

As noted above, the Compensation Committee consists of Messrs. Abbasi, Fenton, and Tolonen. None of the members of the Compensation Committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the Board or Compensation Committee of any entity that has one or more executive officers serving as a member of our Compensation Committee.

**Nominating and Corporate Governance Committee**

Our Nominating and Corporate Governance Committee consists of Adam Messinger and Dan Scholnick, each of whom our Board has determined to be independent under the NYSE listing standards. The chair of our Nominating and Corporate Governance Committee is Mr. Scholnick. The primary functions of this committee include:



reviewing periodically and evaluating director performance on our Board and its applicable committees, and recommending to our Board and management areas for improvement;

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reviewing and recommending to our Board the compensation of our directors;

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

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

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age, and having the highest personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment, and having the commitment to rigorously represent the long-term interests of the Company's stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company, and the long-term interests of stockholders. In conducting this assessment, the Nominating and Corporate Governance Committee typically considers diversity, age, skills, and such other factors as it deems appropriate, given the current needs of the Board and the Company, to maintain a balance of knowledge, experience, and capability.

In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair the directors' independence. The Nominating and Corporate Governance Committee will also take into account the results of the Board's self-evaluation, which will be conducted annually on a group and individual basis. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for NYSE purposes, which determination is based upon applicable NYSE listing standards, applicable SEC rules and regulations, and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee may use its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board.

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

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**PROPOSAL NO. 2**

**ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

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

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

Accordingly, our Board is asking the stockholders to indicate their support for the compensation of the Company's named executive officers as described in this proxy statement by casting a non-binding advisory vote FOR the following resolution:

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

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

Advisory approval of this proposal requires the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote generally on the subject matter at the Annual Meeting. Unless the Board decides to modify its policy regarding the frequency of soliciting say-on-pay votes, the next scheduled say-on-pay vote will be at the 2019 Annual Meeting of Stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS**

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

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

The Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2019 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Deloitte & Touche LLP has audited our financial statements since the fiscal year ended March 31, 2011. Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our amended and restated bylaws nor other governing documents or law require stockholder ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm. However, the Audit Committee is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm for the fiscal year ending March 31, 2019. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table represents aggregate fees billed to the Company for the fiscal years ended March 31, 2018 and March 31, 2017, by Deloitte & Touche LLP, the Company's principal accountant.

	<b>Fiscal Year Ended March 31, 2018      2017 (in thousands)</b>	
Audit Fees(1)	\$ 1,230	\$ 1,215
Audit-related Fees(2)	10	10
Tax Fees(3)	23	
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,263</b>	<b>\$ 1,225</b>

(1) Audit fees consist of fees for professional services provided in connection with the audit of our annual consolidated financial statements, the review of our quarterly consolidated financial statements, and audit services that are normally provided by an independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years, such as statutory audits.

(2) Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under Audit Fees. These fees include fees for professional services provided in connection with our Registration Statement on Form S-8.

(3) Tax fees consist of fees in connection with tax consulting services.

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

In connection with the audit of our fiscal 2018 financial statements, the Company entered into an engagement agreement with Deloitte & Touche LLP that sets forth the terms by which Deloitte & Touche LLP will perform audit services for the Company.

**PRE-APPROVAL POLICIES AND PROCEDURES**

In February 2018, the Audit Committee adopted a revised pre-approval policy pursuant to which the Audit Committee has the authority to pre-approve audit and non-audit services rendered by our independent registered

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public accounting firm, Deloitte & Touche LLP. The committee can pre-approve, among other things, specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor on a collective basis, or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service. Pursuant to the revised pre-approval policy, delegated concurrent pre-approval authority to the chair of the Audit Committee.

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

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote generally on the subject matter will be required to ratify the selection of Deloitte & Touche LLP.

**THE BOARD OF DIRECTORS RECOMMENDS**

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

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS(1)**

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended March 31, 2018 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board ( PCAOB ). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm s independence. Based on the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

James Tolonen

Hope Cochran

Dan Scholnick

(1) The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the Securities Act ) or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

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

The following table sets forth, as of June 1, 2018, information regarding beneficial ownership of our capital stock by:

each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;

each of our named executive officers;

each of our directors; and

all of our current executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, or has the right to acquire beneficial ownership of that security within 60 days. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

Our calculation of the percentage of beneficial ownership is based on 56,301,564 shares of our common stock outstanding as of June 1, 2018. Common stock subject to stock options currently exercisable or exercisable within 60 days of June 1, 2018 or restricted stock unit ( RSU ) awards scheduled to vest within 60 days of June 1, 2018 is deemed to be outstanding for computing the percentage ownership of the person holding these options and RSU awards and the percentage ownership of any group of which the holder is a member but is not deemed outstanding for computing the percentage of any other person.

The table is based upon information supplied by officers and directors and Schedules 13D and 13G filed with the SEC. The address of each executive officer and director, unless otherwise indicated by footnote, is c/o New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105.

<b>Name of Beneficial Owner</b>	<b>Number</b>	<b>Percentage</b>
<b>Named Executive Officers and Directors:</b>		
Lewis Cirne(1)	9,887,506	17.4%
Mark Sachleben(2)	840,213	1.5%
James Gochee(3)	444,438	*
Sohaib Abbasi(4)	10,592	*
Hope Cochran		
Peter Fenton(5)	368,414	*
Adam Messinger	40,000	*
Dan Scholnick	34,090	*
James Tolonen(6)	10,592	*
All executive officers and directors as a group (10 persons)(7):	11,754,001	20.4%
<b>Former Executive Officer:</b>		



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Robin Schulman	2,431	*
<b>5% Stockholders:</b>		
FMR LLC(8)	7,442,429	13.2%
The Vanguard Group(9)	3,432,135	6.1%
Eminence Capital, LP(10)	3,130,056	5.6%

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

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- (1) Consists of 234,000 shares held by J.P. Morgan Trust Company of Delaware, as Trustee of the Cirne Family 2012 Irrevocable Trust, 7,234,756 shares held by Lewis Cirne and his spouse, as Trustees of the Cirne Family Revocable Trust UAD March 20, 2012, 1,802,000 held by the Beloved in Christ Foundation at which he is an officer and may be deemed to hold voting and dispositive power over the shares, and 607,750 shares of common stock issuable pursuant to stock options exercisable within 60 days of June 1, 2018.
- (2) Consists of 467,163 shares held by trusts for which Mr. Sachleben and his spouse are the trustees, 370,847 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2018, and 2,203 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2018.
- (3) Consists of 323,257 shares of common stock held by Mr. Gochee, 120,186 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2018, and 995 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2018.
- (4) Consists of 3,169 shares of common stock held by Mr. Abbasi and 7,423 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2018.
- (5) Consists of 368,414 shares of common stock held by Mr. Fenton as Trustee of the Fenton Family Trust UA November 7, 2007.
- (6) Consists of 3,169 shares of common stock held by Mr. Tolonen and 7,423 shares of common stock issuable pursuant to stock options exercisable within 60 days after June 1, 2018.
- (7) Consists of (i) 10,538,375 shares of common stock, (ii) 1,210,630 shares of common stock issuable pursuant to options exercisable within 60 days after June 1, 2018, and (iii) 4,996 shares of common stock issuable pursuant to RSU awards vesting within 60 days after June 1, 2018.
- (8) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2018. According to the Schedule 13G/A, FMR LLC has the sole power to vote or direct the vote of 1,397,317 shares of common stock and the sole power to dispose or direct the disposition of 7,422,429 shares of common stock, and Abigail P. Johnson has the sole power to dispose or direct the disposition of 7,422,429 shares of common stock. FMR LLC is acting as a parent holding company for a number of its relevant entities that beneficially own the shares being reported, including FIAM LLC, Fidelity (Canada) Asset Management ULC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research (Hong Kong) Limited, FMR Co., Inc., which is reported as beneficially owning 5% or more of our shares, and Strategic Advisers, Inc. Ms. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ( Fidelity Funds ) advised by Fidelity Management & Research Company ( FMR Co ), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for this entity is 245 Summer Street, Boston, Massachusetts 02210. The Schedule 13G/A provides information only as of December 29, 2017 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 29, 2017 and June 1, 2018.
- (9) This information is based solely on information contained in the Schedule 13G filed with the SEC on February 9, 2018 by The Vanguard Group, Inc. ( Vanguard ). Vanguard may be deemed to beneficially own the indicated shares and has sole dispositive power over 3,369,874 shares, shared dispositive power over 62,261 shares, sole voting power over 62,486 shares and shared voting power over 2,300 shares. Vanguard reported its beneficial ownership on behalf of itself and the following: Vanguard Fiduciary Trust Company and Vanguard Investments

Australia, Ltd., each a wholly owned subsidiary of Vanguard. The

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address for Vanguard is 100 Vanguard Blvd., Malvern, PA 19355. The Schedule 13G provides information only as of December 31, 2017 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 31, 2017 and June 1, 2018.

- (10) This information is based solely on information contained in the Schedule 13G/A filed with the SEC on February 14, 2018 by Eminence Capital, LP ( Eminence Capital ). The Schedule 13G/A was filed on behalf of Eminence Capital, Eminence GP, LLC ( Eminence GP ) and Ricky C. Sandler, and relates to shares held for the accounts of (i) Eminence Partners, L.P., a New York limited partnership ( Eminence I ); Eminence Partners II, L.P., a New York limited partnership ( Eminence II ); Eminence Eaglewood Master, L.P., a Delaware limited partnership ( Eminence Eaglewood ); Eminence Partners Long, L.P., a Delaware limited partnership (together with Eminence I, Eminence II and Eminence Eaglewood, the Partnerships ); as well as Eminence Fund Master, Ltd., a Cayman Islands company ( Eminence Offshore Master Fund ); Eminence Fund Leveraged Master, Ltd., a Cayman Islands company (together with Eminence Offshore Master Fund, the Master Funds ), and Eminence Fund Long, Ltd., a Cayman Islands company ( Eminence Offshore Long ). The Partnerships, Master Funds and Eminence Offshore Long are collectively referred to as the Eminence Funds and (ii) a separately managed account. Eminence Capital serves as the management company to the Eminence Funds and the investment advisor to the separately managed account and may be deemed to have voting and dispositive power over shares held for the accounts of the Eminence Funds and the separately managed account. Eminence GP serves as general partner or manager with respect to the shares directly owned by the Partnerships and Master Funds and may be deemed to have voting and dispositive power over the shares held for the accounts of the Partnerships and the Master Funds. Ricky C. Sandler is the chief executive officer of Eminence Capital and managing member of Eminence GP and may be deemed to have voting and dispositive power over the shares held for the accounts of the Eminence Funds and the separately managed account. Eminence Capital and Mr. Sandler have shared voting and dispositive power with respect to all reported 3,130,056 shares and Eminence GP has shared voting and dispositive power with respect to 2,381,383 shares. The business address of Eminence Capital, Eminence GP and Mr. Sandler is 65 East 55th Street, 25th Floor, New York, New York 10022. The Schedule 13G/A provides information only as of December 31, 2017 and, consequently, the beneficial ownership of the above-mentioned entities may have changed between December 31, 2017 and June 1, 2018.

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**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors, and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended March 31, 2018, all Section 16(a) filing requirements applicable to its officers, directors, and greater than ten percent beneficial owners were complied with, except that one Form 4 was filed late by Mr. Sachleben with respect to one transaction due to an administrative error.

**Table of Contents****EXECUTIVE OFFICERS**

The following table sets forth certain information with respect to our executive officers as of June 1, 2018.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Lewis Cirne	48	Founder, Chief Executive Officer, and Director
Mark Sachleben	53	Chief Financial Officer and Corporate Secretary
James Gochee	48	Chief Product Officer
Erica Schultz	44	Chief Revenue Officer

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

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

*Mark Sachleben* has served as our Chief Financial Officer since April 2008 and our Corporate Secretary since February 2018. From December 1999 to March 2006, Mr. Sachleben served as Vice President of Finance at Wily Technology, Inc., an application performance company. Mr. Sachleben holds an M.B.A. from Stanford University and an A.B. in Engineering Science and B.S. in Fluid and Mechanical Engineering from Dartmouth College.

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

*Erica Schultz* has served as our Chief Revenue Officer since April 2018. Ms. Schultz served as our EVP of Sales and Customer Success from April 2017 to April 2018, EVP of Commercial and Enterprise from August 2015 to April 2017, and SVP of Global Enterprise Sales from June 2014 to August 2015. From February 2012 to March 2014, she served as Executive Vice President of Global Sales and Customer Success at LivePerson, Inc., a digital engagement company, where she led the global field operations, which included sales, customer success, services, support, and alliances. From November 1995 to January 2012, Ms. Schultz served in various roles at Oracle Corporation, where she founded and led numerous teams within the sales organization, including pioneering the company's cloud business, and leading teams for North American and Latin American markets. She holds a B.A. from Dartmouth College where she also currently serves as a member of the Board of Trustees.

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**General**

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy and objectives, describes the material elements of our executive compensation program during fiscal 2018, and analyzes how and why the Compensation Committee arrived at the compensation decisions for our named executive officers for fiscal 2018 (the Named Executive Officers ), including the key factors that the Compensation Committee considered in determining the compensation of our Named Executive Officers. Our Named Executive Officers for fiscal 2018 were:

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

Mark Sachleben, our Chief Financial Officer and Corporate Secretary;

James Gochee, our Chief Product Officer; and

Robin Schulman, our former Vice President, General Counsel, and Corporate Secretary.

***Management Changes in Fiscal 2018***

Ms. Schulman resigned from her position as our Vice President, General Counsel, and Corporate Secretary effective February 16, 2018. Simultaneously with her resignation, she entered into a consulting agreement with us, pursuant to which she served in an advisory capacity regarding transition matters until March 16, 2018, as set forth in Consulting Agreement with Ms. Schulman below.

**Executive Compensation Philosophy and Program Design**

***Compensation Philosophy***

The market for our products is increasingly competitive and subject to rapidly changing technology and evolving standards, and we expect competition among companies in our market to continue to increase for the foreseeable future. To grow our business successfully in this dynamic environment, we must continually develop and enhance our products to stay ahead of customer needs and challenges.

Our ability to compete and succeed is dependent on our ability to recruit, incentivize, retain, and reward a skilled team of technical, sales, marketing, operations, and other business professionals, while facing intense competition both within the software industry and from other technology companies for highly-qualified executives. Our compensation philosophy is designed to establish and maintain an executive compensation program that attracts, incentivizes, retains, and rewards talented individuals who possess the skills necessary to create long-term value for our stockholders, expand our business, and assist in the achievement of our strategic goals.

The key elements of our compensation philosophy include the following:

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

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

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



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### ***Program Design***

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

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

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

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

### **Fiscal 2018 Executive Compensation Program Overview**

#### ***Fiscal 2018 Business Highlights***

We had an outstanding fiscal 2018 as software continued to become more central to business models across every industry and we focused our efforts on helping enterprises master the complexity of modern software. Our success is highlighted in the following key annual highlights from fiscal 2018:

revenue of \$355.1 million, an increase of 35% compared to the prior fiscal year;

operating cash flow of \$35.7 million, an increase of 88% compared to the prior fiscal year;

operating margin of (13)%, an improvement of 10% compared to the prior fiscal year; and

more than 2,100 enterprise paid business accounts as of March 31, 2018, an improvement of approximately 24% compared to March 31, 2017.

***Fiscal 2018 Executive Compensation Highlights***

The following key compensation actions were taken with respect to the Named Executive Officers for fiscal 2018:

*Base Salaries* The annual base salaries of the Named Executive Officers, other than our CEO, were increased by approximately 5% compared to fiscal 2017 levels. The annual base salary of our CEO remained unchanged from fiscal 2017.

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*Cash Bonuses* Our Named Executive Officers' quarterly cash bonuses ranged from 76% to 123% of their target annual cash bonus opportunities, including an aggregate cash bonus of \$331,066 for our CEO.

*Long-Term Incentive Compensation* They were granted long-term incentive compensation opportunities in the form of options to purchase shares of our common stock and, with the exception of our CEO, RSU awards that may be settled for shares of our common stock, in aggregate amounts of value ranging from \$549,214 to \$2,515,150.

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

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

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

The target total direct compensation opportunities for the Named Executive Officers (other than our CEO), on average, during fiscal 2017 and for the Named Executive Officers, on average, during fiscal 2018 reflect this philosophy:

As illustrated by the foregoing graphics, for fiscal 2018 variable compensation (consisting of annual cash incentive and long-term incentive compensation opportunities) made up 90% of the target total direct compensation opportunity of our CEO and 80%, on average, of the target total direct compensation opportunities of the other Named Executive Officers. In addition, 80% of the target total direct compensation opportunity of our CEO and 70%, on average, of the target total direct compensation opportunities of the other Named Executive Officers consisted of long-term incentive compensation in the form of equity awards to further align their interests with those of our stockholders and motivate them to create long-term stock price appreciation.

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

During fiscal 2018, we either adopted or maintained the following executive compensation policies and practices, which include policies and practices that we have implemented to drive performance as well as policies and

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practices that either prohibit or minimize behaviors that we do not believe serve our stockholders' long-term interests:

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

*Independent Compensation Committee Advisor.* The Compensation Committee engaged its own compensation consultant to assist it in carrying out its responsibilities in fiscal 2018. This compensation consultant performed no other services for us during fiscal 2018.

*Annual Executive Compensation Review.* The Compensation Committee conducted an annual review and approval of our compensation strategy, including a review and determination of our compensation peer group used for comparative purposes, and of our compensation-related risk profile to ensure that our compensation programs do not encourage excessive or inappropriate risk taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.

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

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

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

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

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

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

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

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

*Multi-Year Vesting Requirements.* The equity awards granted to our executive officers vest over multi-year periods, consistent with current market practice and our retention objectives (other than one grant to our CEO, which vests over one year, but will not begin vesting until the completion of vesting of his prior multi-year grant).

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

### **Governance of Executive Compensation Program**

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

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

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

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

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

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

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

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

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

compensation parity among our executive officers, including the Named Executive Officers (other than our CEO);

our financial performance relative to our peers; and

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

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

These factors provide the framework for compensation decision-making and final decisions regarding the compensation opportunity for each executive officer. No single factor is determinative in setting pay levels, nor is the impact of any factor on the determination of pay levels quantifiable. Our Compensation Committee retains significant authority to adjust compensation levels of our executive officers based on these and other factors that they deem appropriate to achieve our overall compensation goals.

***Role of Management***

In discharging its responsibilities, the Compensation Committee works with members of our management team, including our CEO. The management team (with the assistance of our compensation consultant) assists the

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

### ***Role of Compensation Consultant***

Pursuant to its charter, the Compensation Committee has the authority to retain the services of external advisors, including compensation consultants, legal counsel, and other advisors, to assist in the performance of its responsibilities. In fiscal 2018, the Compensation Committee again retained Compensia, a national compensation consulting firm, to serve as its compensation advisor. Compensia serves at the discretion of the Compensation Committee.

During fiscal 2018, Compensia attended the meetings of the Compensation Committee (both with and without management present) and provided the following services:

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

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

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

review of market short- and long-term incentive plan designs;

assisting us with our compensation risk assessment;

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



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

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

In fiscal 2018, Compensia provided no services to us other than the consulting services to the Compensation Committee.

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***Competitive Positioning***

For purposes of comparing our executive compensation against the competitive market, the Compensation Committee reviews and considers the compensation levels and practices of a group of comparable technology companies. In November 2016, the Compensation Committee, with the assistance of its compensation consultant, developed and approved the following compensation peer group for purposes of understanding the competitive market:

Benefitfocus	Paylocity Holding
Box	Proofpoint
Callidus Software	Q2
Cornerstone OnDemand	Qualys
Ellie Mae	Rapid7
HubSpot	SPS Commerce
Imperva	Twilio
LogMeIn	Workiva
Paycom Software	Zendesk

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

similar revenue size ~0.5x to ~2.0x our last four fiscal quarters revenue of \$202 million (~\$100 million to ~\$400 million);

similar market capitalization ~0.3x to ~3.0x our market capitalization of \$1.9 billion as of September 30, 2016 (~\$600 million to ~\$5.6 billion);

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

a market capitalization multiple of revenue greater than 5x;

annual revenue growth greater than 20%;

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

a business-to-business model; and

companies identified by Institutional Shareholder Services as peers.

This compensation peer group was used by the Compensation Committee during fiscal 2018 as a reference for understanding the compensation practices of companies in our industry sector.

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

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

### **Compensation Elements**

During fiscal 2018, the principal elements of our compensation program for our executive officers, including the Named Executive Officers, consisted of base salary, an annual cash bonus opportunity, and a long-term incentive

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compensation opportunity delivered in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock. While the pay mix may vary from year to year, the ultimate goal is to achieve our compensation objectives as described above. In the following chart, we provide an overview of each material element of our fiscal 2018 executive compensation program and describe how each such element is tied to our compensation objectives.

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

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

***Base Salary***

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

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

In May 2017, in connection with its annual review of our executive compensation program, the Compensation Committee evaluated the base salaries of our executive officers, including the Named Executive Officers, taking into consideration the competitive market analysis prepared by its compensation consultant, the recommendations of our management (including our CEO) (except with respect to their own base salaries), and the other factors described above in Governance of Executive Compensation Program. Following this review, the Compensation Committee determined to increase the base salaries of our executive officers, other than our CEO, to better position their compensation against the competitive market. Following a detailed compensation review and consultation with Compensia, the Compensation Committee determined to maintain Mr. Cirne s annual base salary at its fiscal 2017 level.

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The base salaries of the Named Executive Officers for fiscal 2017 and 2018 were as follows:

<b>Named Executive Officer</b>	<b>Fiscal 2017 Base Salary</b>	<b>Fiscal 2018 Base Salary</b>	<b>Percentage Increase</b>
Mr. Cirne	\$ 315,000	\$ 315,000	
Mr. Sachleben	\$ 325,000	\$ 340,000	4.6%
Mr. Gochee	\$ 320,000	\$ 335,000	4.7%
Ms. Schulman	\$ 295,000	\$ 310,000	5.1%

The actual salary amounts earned by the Named Executive Officers for fiscal 2018 are reported in the Fiscal 2018 Summary Compensation Table below.

***Annual Cash Bonus Opportunity***

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

In May 2017, the Compensation Committee approved an incentive bonus plan, which provided an opportunity for our executive officers, including the Named Executive Officers, and other key employees to earn quarterly cash bonuses based on our ability to achieve corporate performance objectives consistent with our annual operating plan (the Fiscal 2018 Bonus Opportunity). At that time, the Compensation Committee also approved the quarterly corporate performance objectives and the formula for bonus payments under the Fiscal 2018 Bonus Opportunity.

***Target Annual Cash Bonus Opportunities***

In May 2017, the Compensation Committee reviewed the target annual cash bonus opportunities of our executive officers, including the Named Executive Officers, taking into consideration the competitive market analysis prepared by its compensation consultant, the recommendations of our CEO and Chief Financial Officer (except with respect to their own target annual cash bonus opportunities), and the other factors described above in Governance of Executive Compensation Program. Target annual cash bonus opportunities were expressed as a percentage of each executive officer's base salary.

Following this review, the Compensation Committee adjusted the target annual cash bonus opportunities of certain of our executive officers to maintain the competitiveness of these amounts by increasing their target annual cash bonus opportunities from their fiscal 2017 levels. Mr. Gochee's target annual cash bonus opportunity increased from 45% to 50%, and Ms. Schulman's target annual cash bonus opportunity increased from 40% to 45%, in each case to bring their target total cash compensation in line with that of similarly positioned executive officers at the companies in the compensation peer group. Mr. Cirne's target annual cash bonus opportunity was maintained at 100%, and Mr. Sachleben's target annual cash bonus opportunity was maintained at 60%.

The target annual cash bonus opportunities of the Named Executive Officers for purposes of the Fiscal 2018 Bonus Opportunity were as follows:

<b>Named Executive Officer</b>	<b>Fiscal 2017 Target Annual Cash Bonus Opportunity</b>	<b>Fiscal 2018 Target Annual Cash Bonus Opportunity (as a percentage of base salary)</b>	<b>Fiscal 2018 Target Annual Cash Bonus Opportunity (\$)</b>
Mr. Cirne	100%	100%	\$ 315,000
Mr. Sachleben	60%	60%	\$ 204,000
Mr. Gochee	45%	50%	\$ 167,500
Ms. Schulman	40%	45%	\$ 139,500

**Table of Contents***Corporate Performance Objectives and Bonus Formula*

In May 2017, the Compensation Committee, after receiving input from our CEO and Chief Financial Officer, selected annual recurring revenue ( ARR ) and non-GAAP operating income as the corporate performance measures for purposes of determining potential quarterly bonus payouts under the Fiscal 2018 Bonus Opportunity. The Compensation Committee believed that these were appropriate corporate performance measures to use because, in its view, they would be clear indicators of our successful operation of our business. For purposes of these potential bonus payouts:

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

Non-GAAP operating income, which was calculated as our GAAP loss from operations adjusted for stock-based compensation expense, amortization of stock-based compensation capitalized in software development costs, amortization of purchased intangibles, lawsuit litigation expense and employer payroll tax expense on equity incentive plans.

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

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

For non-GAAP operating income (30% weighting), payments were to be based on a sliding scale as follows: For the first three quarters of fiscal 2018:

<b>Non-GAAP Operating Income as a Percentage of Target</b>	<b>Non-GAAP Operating Income Attainment Percentage</b>
120% or more	40%
110% - <120%	35%
100% - <110%	30%
95% - <100%	25%
90% - <95%	20%
85% - <90%	15%
80% - <85%	10%
<80%	0%

For the fourth quarter of fiscal 2018:

<b>Non-GAAP Operating</b>	
<b>Non-GAAP Operating Income as a Percentage of Target</b>	<b>Income Attainment Percentage</b>
120% or more	40%
110% - <120%	35%
100% - <110%	30%
95% - <100%	15%
90% - <95%	0%

The Fiscal 2018 Cash Bonus Opportunity also contained a profitability bonus provision, which provided that an incremental 5% would be added to the non-GAAP operating income component in the event non-GAAP operating income was greater than zero in any of the first, second or third fiscal quarters. The profitability bonus was earned and paid out for the third fiscal quarter.



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

Using these aggregate target levels, the Compensation Committee established quarterly target levels for each corporate performance measure that were consistent with our past experience, our existing new business pipeline, and its understanding of our current business environment and competitive factors. During fiscal 2018, the Compensation Committee recommended, and the Board approved, adjustments for the second, third and fourth quarters of fiscal 2018 to reflect business expectations, but the targets remained at levels the Compensation Committee believed would be difficult to achieve.

The amount that each executive officer, including our Named Executive Officers, was eligible to actually earn was based on our actual achievement with respect to each of these performance measures. The actual amount of the quarterly bonuses awarded to each executive officer for fiscal 2018 could have been more or less than his or her target annual cash bonus opportunity depending on whether and what extent we achieved our corporate objectives. In addition, the Compensation Committee retains the ability, in its sole discretion, to increase or decrease the amounts actually paid to any executive officer regardless of the actual performance against these measures. Accordingly, whether or not a performance bonus is paid for any year, and the amount of any such bonus, is within the discretion of the Compensation Committee.

*Fiscal 2018 Bonus Decisions*

Our actual performance against the relevant target level for each corporate performance measure for each fiscal quarter, as well as the determination of the amount to be received by each executive officer, were determined by the Compensation Committee after taking into consideration the recommendations of our CEO and Chief Financial Officer (other than with respect to their own quarterly bonuses) and subject to the discretion of the Compensation Committee to adjust any payment based on corporate financial or other considerations. The Compensation Committee did not make any discretionary adjustments to the quarterly bonuses paid to the Named Executive Officers in fiscal 2018.

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The following table provides information regarding the quarterly bonus awards earned by the Named Executive Officers during fiscal 2018:

Named Executive Officer	Performance Period	Target Quarterly Bonus	Target Performance Level Achievement	Actual Quarterly Bonus
Mr. Cirne	First Quarter	\$ 78,750	76.0%	\$ 59,850
	Second Quarter	\$ 78,750	123.4%	\$ 97,178
	Third Quarter	\$ 78,750	106.0%	\$ 83,475
	Fourth Quarter	\$ 78,750	115.0%	\$ 90,563
	<b>Total 2018</b>	\$ 315,000		\$ 331,066
Mr. Sachleben	First Quarter	\$ 51,000	76.0%	\$ 38,760
	Second Quarter	\$ 51,000	123.4%	\$ 62,934
	Third Quarter	\$ 51,000	106.0%	\$ 54,060
	Fourth Quarter	\$ 51,000	115.0%	\$ 58,650
	<b>Total 2018</b>	\$ 204,000		\$ 214,404
Mr. Gochee	First Quarter	\$ 41,875	76.0%	\$ 31,825
	Second Quarter	\$ 41,875	123.4%	\$ 51,674
	Third Quarter	\$ 41,875	106.0%	\$ 44,388
	Fourth Quarter	\$ 41,875	115.0%	\$ 48,156
	<b>Total 2018</b>	\$ 167,500		\$ 176,043
Ms. Schulman	First Quarter	\$ 34,875	76.0%	\$ 26,505
	Second Quarter	\$ 34,875	123.4%	\$ 43,036
	Third Quarter	\$ 34,875	106.0%	\$ 36,968
	Fourth Quarter		115.0%	
	<b>Total 2018</b>	\$ 104,625		\$ 106,509

The aggregate cash bonus payments earned by the Named Executive Officers for fiscal 2018 are also reported in the Fiscal 2018 Summary Compensation Table below.

***Long-Term Incentive Compensation***

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

our desire to motivate, retain, and reward executive talent;

our need to remain competitive in recruiting; and

effectively managing the dilution of stockholders' interests.

We use equity awards in the form of options to purchase shares of our common stock and RSU awards that may be settled for shares of our common stock to deliver the annual long-term incentive compensation opportunities to our executive officers, including the Named Executive Officers, and to address special situations as they may arise from time to time. The Compensation Committee believes that stock options, when granted with exercise prices equal to the fair market value of our common stock on the date of grant, provide an appropriate long-term incentive for our executive officers, since the options reward them only to the extent that our stock price increases and stockholders realize value following their grant date. The Compensation Committee believes that RSU awards help us to retain our executive officers and reward them for long-term stock price appreciation while

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at the same time providing some value to the recipient even if the market price of our common stock declines. The Compensation Committee also believes that RSU awards helps us to manage dilution to existing stockholders and provide greater transparency and predictability to our executive officers regarding the ultimate value of their compensation opportunities.

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

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

In May 2017, after considering the factors described above, the Compensation Committee granted our executive officers, including the Named Executive Officers, options to purchase shares of our common stock and, with the exception of our CEO, RSU awards that may be settled for shares of our common stock. Following a discussion with Compensia regarding review of Mr. Cirne's target total direct compensation, including certain vesting and future compensation assumptions, as well as an analysis against the compensation arrangements of the chief executive officers at the companies in the compensation peer group and a detailed equity and other compensation analysis, Mr. Cirne received an option grant that will begin vesting when his fiscal 2015 option grant is fully vested to bring his total compensation more in line with market practices.

The equity awards granted to the Named Executive Officers for fiscal 2018, which were effective as of May 15, 2017, were as follows:

<b>Named Executive Officer</b>	<b>Annual Options to Purchase Shares of our Common Stock (number of shares)</b>	<b>Annual RSU Awards for Shares of our Common Stock (number of shares)(1)</b>	<b>Equity Awards Granted (aggregate grant date fair value)</b>
Mr. Cirne	125,000		\$ 2,515,150
Mr. Sachleben	55,662(2)	24,638	\$ 2,196,729
Mr. Gochee	41,746(2)	18,479	\$ 1,647,559
Ms. Schulman	13,916(2)	6,160	\$ 549,214

(1) The number of shares of our common stock subject to the RSU awards was determined using the average closing market price for our common stock as reported on The New York Stock Exchange for the 30-day calendar period immediately preceding May 15, 2017.

- (2) The number of shares of our common stock subject to the options was determined based on the same method we use to calculate fair market value of stock options in our financial statements, using the average closing market price for our common stock as reported on The New York Stock Exchange for the 30-day calendar period immediately preceding May 15, 2017, except that no provision was made for estimated forfeitures related to service-based vesting requirements.

The shares of our common stock subject to the stock options for our Named Executive Officers other than Mr. Cirne vest and become exercisable with respect to 1/48<sup>th</sup> of the total number of shares subject to the options vesting in equal increments each month following the vesting commencement date of April 1, 2017, subject to the Named Executive Officer's continued employment through each such vesting date. The shares of our

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common stock subject to the RSU awards vest with respect to 1/16<sup>th</sup> of the total number of shares subject to the award vesting in equal increments each fiscal quarter following the vesting commencement date of May 15, 2017, subject to the Named Executive Officer's continued employment through each such vesting date. The shares subject to Mr. Cirne's option vest and become exercisable in 12 equal monthly installments beginning on April 1, 2019.

The above equity awards granted to the Named Executive Officers in fiscal 2018 are reported in the Fiscal 2018 Summary Compensation Table and the Fiscal 2018 Grants of Plan-Based Awards Table below.

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

We maintain a 401(k) plan, which is intended to be qualified under Section 401(a) of the Code, with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Code. Our 401(k) plan provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Under our 401(k) plan, eligible employees may defer eligible compensation subject to applicable annual contribution limits imposed by the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the plan. Employees are immediately and fully vested in their contributions. We initiated an employer matching contribution program on employee contributions in the second quarter of fiscal 2015. We match 50% of employee contributions, up to \$4,000 in matching contributions per calendar year for each employee and such matching contributions are immediately and fully vested.

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

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

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

***Perquisites and Other Personal Benefits***

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites or other personal benefits to our executive officers, including the Named Executive Officers, except in situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes. During fiscal 2018, none of the Named Executive Officers received perquisites or other personal benefits that were, in the aggregate, \$10,000 or more for each individual.

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

***Pension Benefits***

Other than with respect to our 401(k) plan, our U.S. employees, including the Named Executive Officers, do not participate in any plan that provides for retirement payments and benefits, or payments and benefits that will be provided primarily following retirement.

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### ***Nonqualified Deferred Compensation***

During fiscal 2018, our U.S. employees, including the Named Executive Officers, did not contribute to, or earn any amounts with respect to, any defined contribution or other plan sponsored by us that provides for the deferral of compensation on a basis that is not tax-qualified.

### **Severance and Change-in-Control Arrangements**

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

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

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

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

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

We did not provide any executive officer, including any Named Executive Officer, with a "gross-up" or other reimbursement payment for any tax liability that the executive officer may owe as a result of the application of Sections 280G or 4999 during fiscal 2018, and we have not agreed and are not otherwise obligated to provide any executive officer with such a "gross-up" or other reimbursement.



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

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For information on the estimate of the potential payments and benefits payable under our post-employment compensation arrangements with our Named Executive Officers as of the end of fiscal 2018, see Potential Payments upon Termination or Change in Control below.

## **Other Compensation Policies and Practices**

### ***Equity Awards Grant Policy***

The Compensation Committee has delegated authority to our CEO and Chief Financial Officer to grant equity awards to our employees (other than our executive officers) and consultants, subject to the terms and conditions of the policy. Such awards may be granted on a monthly basis to newly-hired employees and consultants, to existing employees and consultants in connection with a promotion or in recognition of their contributions to the Company, to existing employees and consultants as part of our annual equity merit program, and to existing employees and consultants as spot awards. In each instance, the policy provides for a limitation on the maximum size of any such awards. In the case of options to purchase shares of our common stock, the exercise price of such options must be at least equal to the fair market value of our common stock on the date of grant.

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

At this time, we have not adopted a stock ownership policy with respect to our executive officers or otherwise, in part due to the significant existing equity holdings of our CEO. As detailed in Security Ownership of Certain Beneficial Owners and Management, the beneficial ownership of our current executive officers was approximately 19.9% of our stock as of June 1, 2018.

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

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

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

Our Insider Trading Policy, among other things, prohibits our employees, including our executive officers, and the members of our Board from engaging in short sales, hedging of stock ownership positions, and transactions involving derivative securities relating to our common stock. In addition, our executive officers and the members of our Board and any person required to comply with the blackout periods or pre-clearance requirements under our Insider Trading Policy are prohibited from pledging Company securities as collateral for loans, and may not hold Company securities in margin accounts.

## **Tax and Accounting Considerations**

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

Generally, Section 162(m) of the Code disallows a federal income tax deduction for public corporations of remuneration in excess of \$1 million paid for any fiscal year to certain executive officers.

Companies that recently completed an initial offering of their equity securities to the public, generally are permitted a transition period before the deduction limit of Section 162(m) becomes applicable to compensation paid in accordance with plans and arrangements that were in effect at the time of their initial public offering, subject to certain exceptions. This transition period may extend until the Annual Meeting, unless it is terminated earlier under the Section 162(m) post-initial public offering rules or under the amendments to Section 162(m) that were part of the Tax Cuts and Jobs Act of 2017 effective for taxable years beginning after December 31, 2017.

**Table of Contents*****Taxation of Parachute Payments and Deferred Compensation***

Sections 280G and 4999 of the Code provide that executive officers and members of our Board who hold significant equity interests and certain other service providers may be subject to an excise tax if they receive payments or benefits in connection with a change in control of the Company that exceeds certain prescribed limits, and that the Company, or a successor, may forfeit a deduction on the amounts subject to this additional tax. Section 409A of the Code imposes additional significant taxes on the individual in the event that an executive officer, member of our Board, or other service provider receives deferred compensation that does not meet the requirements of Section 409A.

We did not provide any executive officer, including any Named Executive Officer, with a gross-up or other reimbursement payment for any tax liability that he or she might owe as a result of the application of Sections 280G, 4999, or 409A of the Code during fiscal 2018, and we have not agreed and are not otherwise obligated to provide any executive officer with such a gross-up or other reimbursement.

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

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

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

**COMPENSATION COMMITTEE REPORT(1)**

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis (the CD&A ) contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board that the CD&A be included in this proxy statement and incorporated into the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

Peter Fenton

Sohaib Abbasi

James Tolonen

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

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

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

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

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

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

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

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

our overall compensation levels are competitive with the market;

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

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

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

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

the use of sliding payout scales where appropriate; and

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

although the equity awards granted to our employees could motivate them to, among other things, focus on increasing our short-term stock price rather than the creation of long-term stockholder value, we believe that any

potential risks are controlled or mitigated by one or more of the following:

use of a combination of equity vehicles;

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

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

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

The Compensation Committee conducts an annual review of our compensation-related risk profile to ensure that our compensation programs do not encourage excessive or inappropriate risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.

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

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

**Fiscal 2018 Summary Compensation Table**

Name and Principal Position	Year	Non-Equity All					Total (\$)	
		Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Incentive Plan Compensation (\$)(4)		Other Compensation (\$)(5)
Lewis Cirne	2018	315,000			2,515,150	331,066	2,250	3,163,466
<i>Chief Executive Officer</i>	2017	315,000				341,776	2,000	658,776
	2016	300,000				185,423	2,500	487,923
Mark Sachleben	2018	340,000		1,098,362	1,098,367	214,404	4,000	2,755,133
<i>Chief Financial Officer</i>	2017	325,000		758,888	252,964	211,576	2,000	1,550,428
<i>and Corporate Secretary</i>	2016	300,000		766,767	768,649	138,375	2,500	1,976,291
James Gochee	2018	335,000		823,794	823,765	176,043	4,000	2,162,602
<i>Chief Product Officer</i>	2017	320,000		607,115	202,376	156,240	2,000	1,287,731
	2016	285,800		482,510	483,402	94,676	2,500	1,348,888
Robin Schulman(6)	2018	272,442		274,613	274,602	106,509	12,940(7)	941,106
<i>Former Vice President,</i>	2017	295,000		379,444	126,482	128,030	2,000	930,956
<i>General Counsel, and</i>	2016	260,000		325,004	325,811	59,963	2,500	973,278
<i>Corporate Secretary</i>								

- (1) The dollar amounts reported in this column represent base salary earned during the indicated fiscal year. For more information regarding base salaries in fiscal 2018, see Compensation Discussion and Analysis Compensation Elements Base Salary above.
- (2) The dollar amounts reported in this column reflect the aggregate grant date fair value of all RSU awards granted during the indicated fiscal year computed in accordance with ASC 718 and excluding the effect of estimated forfeitures. The grant date fair value of each RSU award is measured based on the closing price of our shares of our common stock on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.
- (3) The dollar amounts reported in this column reflect the aggregate grant date fair value of all stock option awards granted during the indicated fiscal year. These amounts have been calculated in accordance with ASC 718, using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the indicated fiscal year as filed with the SEC. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.
- (4) The dollar amounts reported in this column represent the cash bonus earned under the annual performance bonus opportunity for the indicated fiscal year. For more information, see Compensation Discussion and Analysis Compensation Elements Annual Cash Bonus Opportunity above.
- (5)



The dollar amounts reported in this column include Company matching contributions made pursuant to our 401(k) plan of up to \$4,000 in a calendar year. Prior to fiscal 2018, the Company provided matching contributions of up to \$2,000 in a calendar year. In fiscal 2016, a one-time discretionary additional amount of \$500 was paid into the 401(k) accounts of all U.S. employees who contributed at least one dollar to their 401(k) account in calendar year 2015.

- (6) Ms. Schulman resigned as our Vice President, General Counsel and Corporate Secretary effective February 16, 2018.
- (7) Includes \$8,490 paid to Ms. Schulman following her resignation pursuant to her consulting agreement. See Consulting Agreement with Ms. Schulman for more information.

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

The following table provides information with regard to each grant of plan-based award made to a Named Executive Officer under any plan during the fiscal year ended March 31, 2018.

**Fiscal 2018 Grants of Plan Based Awards Table**

Name	Award Type	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Target (\$)(1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Maximum (\$)(1)	All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Awards: Number of Securities or Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh)(4)	Grant Date Fair Value of Stock and Option Awards (\$)(5)
Lewis Cirne	Annual Stock Option	5/15/2017	5/5/2017				125,000	44.58	2,515,150
	Annual RSU Grant								
	Annual Bonus			315,000	630,000				
Mark Sachleben	Annual Stock Option	5/15/2017	5/5/2017				55,662	44.58	1,098,367
	Annual RSU Grant	5/15/2017	5/5/2017			24,638			1,098,362
	Annual Bonus			204,000	408,000				
James Gochee	Annual Stock Option	5/15/2017	5/5/2017				41,746	44.58	823,765
	Annual RSU Grant	5/15/2017	5/5/2017			18,479			823,794
	Annual Bonus			167,500	335,000				
Robin Schulman	Annual Stock Option	5/15/2017	5/5/2017				13,916	44.58	274,602
	Annual RSU Grant	5/15/2017	5/5/2017			6,160			274,613
	Annual Bonus			139,500	279,000				

- (1) These columns set forth the target and maximum bonus amounts for each Named Executive Officer for the year ended March 31, 2018 under the Fiscal 2018 Bonus Opportunity. There are no threshold bonus amounts for each individual officer established under the performance bonus plan. Target bonuses were set as a percentage of each Named Executive Officer's base salary earned for the fiscal year ended March 31, 2018, and maximum bonuses were set at 200% of target bonus. The dollar value of the actual bonus award earned for the year ended March 31, 2018 for each Named Executive Officer is set forth in the Fiscal 2018 Summary Compensation Table above. As such, the amounts set forth in these columns do not represent either additional or actual compensation earned by the Named Executive Officers for the year ended March 31, 2018. For a description of the Fiscal 2018 Bonus Opportunity, see Compensation Discussion and Analysis Compensation Elements Annual Cash Bonus Opportunity above.
- (2) The RSU awards were granted under the 2014 Equity Incentive Plan (2014 Plan). The shares of our common stock subject to the RSU awards vest with respect to 1/16<sup>th</sup> of the total number of shares subject to the award vesting in equal increments each quarter following the grant date, subject to the Named Executive Officer's

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

- (3) The stock option awards were granted under the 2014 Plan. With respect to Mr. Cirne, the shares of our common stock subject to the stock option vest and become exercisable with respect to 1/12<sup>th</sup> of the total number of shares subject to the option vesting in equal increments each month following the vesting commencement date of April 1, 2019. With respect to the other Named Executive Officers, the shares of our common stock subject to the stock options vest and become exercisable with respect to 1/48<sup>th</sup> of the total number of shares subject to the options vesting in equal increments each month following the vesting commencement date of April 1, 2017, subject to the Named Executive Officer's continued employment through each such vesting date. The stock option awards are subject to potential vesting acceleration as described under Potential Payments upon Termination or Change in Control below.

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- (4) Stock options were granted with an exercise price equal to 100% of the fair market value of our common stock on the date of grant, which was \$44.58 per share for the annual grants that were granted on May 15, 2017, based on the closing market price of our common stock on the grant date.
- (5) The dollar amounts in this column represent the grant date fair value of each stock option and RSU award, as applicable, granted to the Named Executive Officers in fiscal 2018. These amounts have been calculated in accordance with ASC 718. The grant date fair value of each stock option is calculated using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the indicated fiscal year. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the Named Executive Officers.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**

The following table provides information with regard to each outstanding equity award held by the Named Executive Officers at March 31, 2018.

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

Name	Vesting Commencement Date	Option Awards				Stock Awards	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)(1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
Lewis Cirne	4/1/2014	560,083	154,917(3)	16.93	5/14/2024		
	4/1/2019		125,000(4)	44.58	5/14/2027		
Mark Sachleben	4/1/2012	250,000		3.19	6/5/2022		
	12/15/2014	57,281	13,219(5)	23.00	12/10/2024		
	5/15/2015	21,776	30,447(6)	30.71	5/14/2025		
	4/1/2016	10,231	11,121(7)	25.86	5/15/2026		
	4/1/2017	12,755	42,907(7)	44.58	5/14/2027		
	12/15/2014					6,610(8)	489,933
	5/15/2015					14,981(9)	1,110,392
	5/15/2016					16,508(10)	1,223,573
	5/15/2017					20,019(10)	1,483,808
James Gochee	5/1/2012	55,000		3.19	6/5/2022		
	12/15/2014	20,566	5,972(11)	23.00	12/10/2024		
	5/15/2015	9,230	12,906(6)	30.71	5/14/2025		
	8/15/2015	6,486	3,558(12)	34.39	8/16/2025		
	4/1/2016	8,184	8,898(7)	25.86	5/15/2026		
	4/1/2017	9,566	32,180(7)	44.58	5/14/2027		
	12/15/2014					2,986(13)	221,322
	5/15/2015					6,350(9)	470,662
	8/15/2015					1,718(14)	127,338

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	5/15/2016					13,206(10)	978,829
	5/15/2017					15,015(10)	1,112,912
Robin Schulman	12/15/2014	1,837	(15)	23.00	12/10/2024		
	5/15/2015	369	(15)	30.71	5/14/2025		
	4/1/2017	870	(15)	44.58	5/14/2027		

(1) In addition to the specific vesting schedule for each stock option award, each unvested stock option is subject to the general terms of the 2014 Plan and 2008 Equity Incentive Plan ( 2008 Plan ), as applicable,

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- including the potential for future vesting acceleration described below under the heading Potential Payments upon Termination or Change in Control.
- (2) The market values of the RSU awards that have not vested are calculated by multiplying the number of shares underlying the RSU awards shown in the table by \$74.12, the closing price of our shares of our common stock on March 29, 2018, the last trading day of fiscal 2018.
  - (3) The shares subject to the stock option vest over a five-year period, with 1/60th of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (4) The shares subject to the option vest over a one-year period, with 1/12<sup>th</sup> of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (5) The shares subject to the stock option vest over a four-year period, with 1/4<sup>th</sup> of the shares vesting on each of the first four anniversaries of the vesting commencement date, subject to continued service with us through each vesting date.
  - (6) The shares subject to the stock option vest over a four-year period, with 10% of the shares vesting on the one-year anniversary of the vesting commencement date, 15% vesting in monthly installments over the next year, 20% vesting in monthly installments over the year thereafter, and 55% vesting in monthly installments over the final year, subject to continued service with us through each vesting date.
  - (7) The shares subject to the stock option vest over a four-year period, with 1/48<sup>th</sup> of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (8) The shares subject to the RSU award vest over a four-year period, with 1/4<sup>th</sup> of the shares vesting on each of the first four anniversaries of the vesting commencement date], subject to continued service with us through each vesting date.
  - (9) The shares subject to the RSU award vest over a four-year period, with 10% of the shares vesting on the one-year anniversary of the vesting commencement date, 15% vesting in quarterly installments over the second year, 20% vesting in quarterly installments over the third year, and 55% vesting in quarterly installments over the final year, subject to continued service with us through each vesting date.
  - (10) The shares subject to the RSU award vest over a four-year period, with 1/16<sup>th</sup> of the shares vesting each quarter following the vesting commencement date, subject to continued service with us through each vesting date.
  - (11) The shares subject to the stock option vest over a four-year period, with 20% of the shares vesting on the one-year anniversary of the vesting commencement date, 25% vesting on the two-year anniversary of the vesting commencement date, 25% of the shares vesting on the three-year anniversary of the vesting commencement date and 30% vesting on the four-year anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (12) The shares subject to the stock option vest over a four-year period, with 1/4<sup>th</sup> of the shares vesting on the one-year anniversary of the vesting commencement date and thereafter 1/48<sup>th</sup> of the shares vesting on each monthly anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (13) The shares subject to the RSU award vest over a four-year period, with 20% of the shares vesting on the one-year anniversary of the vesting commencement date, 25% vesting on the two-year anniversary of the vesting commencement date, 25% of the shares vesting on the three-year anniversary of the vesting commencement date and 30% vesting on the four-year anniversary of the vesting commencement date, subject to continued service with us through each vesting date.
  - (14) The shares subject to the RSU award vest over a four-year period, with 1/4<sup>th</sup> of the shares vesting on the one-year anniversary of the vesting commencement date and thereafter 1/16<sup>th</sup> of the shares vesting each quarter, subject to continued service with us through each vesting date.
  - (15) Ms. Schulman's equity awards ceased vesting on March 16, 2018 upon the completion of her consulting period with us. See Consulting Agreement with Ms. Schulman for more information.



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

The following table provides information on RSU awards that vested and stock options that were exercised, including the number of shares of our common stock acquired upon vesting or exercise and the value realized, determined as described below, for the Named Executive Officers during the fiscal year ended March 31, 2018.

**Fiscal 2018 Option Exercises and Stock Vested Table**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Lewis Cirne				
Mark Sachleben			25,449	1,404,517
James Gochee	63,876	2,516,461	15,947	879,033
Robin Schulman	29,889	956,169	10,089	556,819

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

**EQUITY COMPENSATION ARRANGEMENTS**

Since our initial public offering, we have granted stock options and RSU awards to our employees, including the Named Executive Officers, under the 2014 Plan. Until our initial public offering, we granted stock options and RSU awards to our employees, including the Named Executive Officers, under the 2008 Plan. For more information on our current equity compensation program and decisions regarding the grants of equity awards in fiscal 2018 for our Named Executive Officers, see [Compensation Discussion and Analysis Compensation Elements Long-Term Incentive Compensation](#) above. The following is a brief summary of the material terms of each of our equity compensation plans.

**2008 Equity Incentive Plan**

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

***Equity Awards***

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



***Plan Administration***

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

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

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

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

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

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

**2014 Equity Incentive Plan**

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

***Stock Awards***

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

and RSU awards have been granted under our 2014 Plan.

***Plan Administration***

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

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

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

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

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

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

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

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

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

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

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

**2014 Employee Stock Purchase Plan**

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

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

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

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

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

**EMPLOYMENT ARRANGEMENTS**

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

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

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

These letters also set forth the rights and responsibilities of each party in the event of a termination of employment, including following a change in control of the Company. For each of the Named Executive Officers, these

post-employment compensation terms have been superseded by the change-in-control and

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

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

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

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

*Ms. Schulman.* Ms. Schulman was a party to an employment offer letter with us dated November 7, 2014 pursuant to which she agreed to serve as our Vice President and General Counsel. This employment offer letter provided for an initial base salary of \$250,000 and a target annual bonus opportunity of \$50,000, which, in each case, has been subsequently increased. Effective February 16, 2018, Ms. Schulman resigned as our Vice President, General Counsel and Corporate Secretary.

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

In December 2014, we entered into change-in-control and severance agreements (the Post-Employment Agreements) with Messrs. Cirne, Sachleben, and Gochee. In June 2016, Ms. Schulman also entered into a Post-Employment Agreement. Because Ms. Schulman resigned as our Vice President, General Counsel and Secretary effective February 16, 2018, she was not entitled to compensation pursuant to her Post-Employment Agreement and is not included in the discussion below.

The Post-Employment Agreements provide for payments and benefits upon certain terminations of employment, including a termination of employment in connection with or following a change in control of the Company. Each Post-Employment Agreement was originally in effect for three years from the date such agreement became effective, after which each agreement may be renewed by the mutual agreement of the parties thereto. The Post-Employment Agreements were amended in December 2017 to extend the term of such agreements to December 31, 2020.

Under the Post-Employment Agreements, the Named Executive Officers may receive payments and benefits in connection with or within 12 months following a change in control of the Company upon his or her involuntary termination of employment by us without cause (other than as a result of death or disability) or his or her termination of employment for good reason, and for terminations of employment not in connection with a change in control of the Company upon his or her involuntary termination of employment by us without cause (other than as a result of death or disability). Under the Post-Employment Agreements, payment and benefit levels are based on tiers, with the executive officers in higher positions generally receiving greater payments and benefits. In all cases, receipt of



payments and benefits is subject to the executive officer executing a release and waiver of claims in favor of us.

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

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

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

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

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

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

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

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

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

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

Under the Post-Employment Agreements, the term "good reason" means the executive officer's resignation of his or her employment following the occurrence of any of the following without the executive officer's written consent: (i) a material reduction in job duties, responsibilities, or authority inconsistent with the executive officer's position with us; provided, however, that any such reduction or change after a change in control will not constitute good reason if the executive officer retains reasonably comparable duties, position, and responsibilities with respect to our business within the successor entity following a change in control; (ii) a material reduction of the executive officer's then-current base salary, representing a reduction of more than 10% of the executive officer's then-current base salary; provided, that an across-the-board reduction in the salary level of all of our executive officers by the same percentage amount as part of a general salary level reduction will not constitute such a material salary reduction; (iii) the relocation of the executive officer's principal place of employment to a place that increases the executive officer's one-way commute by more than 50 miles as compared to the executive officer's then-current principal place of

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

If the total value of the payments and benefits payable to an executive officer in the event of a termination of employment in connection with a change in control of the Company would exceed the deductibility limits under

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Section 280G of the Code with respect to excess parachute payments, we will pay either the full amount of the benefits, or a reduced amount, whichever results in the greater after-tax benefit to the executive officer.

**Consulting Agreement with Ms. Schulman**

Simultaneously with her resignation on February 16, 2018, we entered into a consulting agreement with Ms. Schulman pursuant to which she served in an advisory capacity regarding transition matters until March 16, 2018. Ms. Schulman was paid on an hourly basis for the hours actually worked at a rate equivalent to her prior annualized based salary as of the date of her final date of employment with us. Ms. Schulman also continued vesting in her outstanding equity awards through March 16, 2018.

**Potential Payments Upon Termination or Change in Control as of March 31, 2018**

The table below sets forth the amount of compensation payable to each Named Executive Officer upon (i) the Named Executive Officer's termination of employment without cause or resignation for good reason, (ii) the Named Executive Officer's termination of employment without cause or good reason in connection with or following a change in control of the Company, or (iii) a change in control without any accompanying termination of employment. The amounts shown in the table below assume that such termination of employment and/or change in control was effective as of March 31, 2018, and thus are estimates of the amounts that would be paid out to the Named Executive Officers in such circumstances. Because Ms. Schulman resigned as our Vice President, General Counsel and Secretary effective February 16, 2018, she was not entitled to payments or benefits in connection with her termination and is not included in the table below. See Consulting Agreement with Ms. Schulman for more information.

**Potential Payments Upon Termination or Change in Control as of March 31, 2018**

<b>Executive benefits and payments upon termination:</b>	<b>Involuntary termination not for cause or resignation for good reason not in connection with a change in control (\$)</b>	<b>Involuntary termination not for cause or resignation for good reason in connection with or following a change in control (\$)</b>	<b>Change in control without termination of employment (\$)</b>	<b>2014 Plan and 2008 Plan Certain Corporate Transactions (\$)(1)</b>
Lewis Cirne				
Cash Severance	315,000	472,500		
Medical continuation	21,759	32,639		
Value of acceleration of equity awards(2)		12,552,203		12,552,203
Mark Sachleben				
Cash Severance	170,000	340,000		
Medical continuation	10,880	21,759		
Value of acceleration of equity awards(2)		8,109,338		8,109,338

James Gochee			
Cash Severance	167,500	335,000	
Medical continuation	10,880	21,759	
Value of acceleration of equity awards(2)		5,297,975	5,297,975

- (1) These benefits would be payable under the 2014 Plan and the 2008 Plan if, upon a corporate transaction event, the Board exercised its discretion to accelerate the vesting and exercisability of outstanding stock options and RSU awards, assuming the vesting acceleration took place on March 31, 2018. For a description

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of the potential vesting acceleration provisions in the 2014 Plan and the 2008 Plan, see *Equity Compensation Arrangements* above.

- (2) The value of stock option and RSU award vesting acceleration is based on the closing market price of \$74.12 per share of our common stock on March 29, 2018, the last trading day of fiscal 2018, less, in the case of stock options, the exercise price of the unvested stock option shares subject to acceleration, and therefore excludes any stock option award that has an exercise price that exceeded the closing price of our common stock on such date. In addition to the benefits described and quantified above, the 2014 Plan provides for an extended period of time during which an optionholder may exercise options following the optionholder's termination of service (the *post-termination exercise period*). Generally, under the 2014 Plan, if an optionholder's service relationship with us ends, the optionholder may exercise any vested options for up to three months after the date that the service relationship ends. However, if the optionholder's service relationship with us ceases due to disability or death, the optionholder, or his or her beneficiary, may exercise any vested options for up to 12 months in the event of disability or 18 months in the event of death, after the date the service relationship ends. Accordingly, each of our Named Executive Officers would be entitled to an extended post-termination exercise period in the event of a termination due to death or disability.

**PAY RATIO DISCLOSURE**

Under SEC rules, we are required to calculate and disclose the annual total compensation of our median employee, as well as the ratio of the annual total compensation of our median employee as compared to the annual total compensation of our CEO (*CEO Pay Ratio*). To identify our median employee, we used the following methodology:

To determine our total population of employees, we included all full-time, part-time, seasonal and temporary employees, including employees of consolidated subsidiaries as of March 31, 2018.

To identify our median employee from our employee population, we calculated the aggregate amount of each employee's fiscal 2018 base pay (using hours actually worked and overtime actually paid during fiscal 2018 for hourly employees and actual salary paid for our salaried employees), bonuses and commissions attributable to fiscal 2018 performance, and the target value of each fiscal 2018 equity award approved by our Board of Directors (which differs from the grant date fair value of the equity awards that is calculated in accordance with FASB Accounting Standards Codification Topic 718, *Compensation - Stock Compensation* because of the methodology used to calculate the number shares to be delivered).

In making this determination, we annualized the compensation of employees who were employed by us for less than the entire fiscal year by including each individual's target (instead of actual) base pay, bonuses and commissions, as applicable.

Compensation paid in foreign currencies was converted to U.S. dollars based on exchange rates in effect on March 31, 2018.

Using this approach, we determined our median employee and then calculated the annual total compensation of this employee for fiscal 2018 in accordance with the requirements of the Summary Compensation Table.

For fiscal 2018, the median of the annual total compensation of our employees (other than our CEO) was \$184,656 and the annual total compensation of our CEO, as reported in the Summary Compensation Table included in this Proxy Statement, was \$3,163,466. Based on this information, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees was 17 to 1.

The CEO Pay Ratio above represents our reasonable estimate calculated in a manner consistent with SEC rules and applicable guidance. SEC rules and guidance provide significant flexibility in how companies identify the

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median employee, and each company may use a different methodology and make different assumptions particular to that company. As a result, and as explained by the SEC when it adopted these rules, in considering the pay ratio disclosure, stockholders should keep in mind that the rule was not designed to facilitate comparisons of pay ratios among different companies, even companies within the same industry, but rather to allow stockholders to better understand and assess each particular company's compensation practices and pay ratio disclosures.

Neither the Compensation Committee nor our management used our CEO Pay Ratio measure in making compensation decisions.



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

The following table sets forth information regarding compensation earned by or paid to our non-employee directors during the fiscal year ended March 31, 2018:

**Fiscal 2018 Director Compensation Table**

<b>Name(1)</b>	<b>Fees earned or paid in cash (\$)</b>	<b>Stock Awards (\$)(2)</b>	<b>Option Awards (\$)(3)</b>	<b>Total (\$)</b>
Sohaib Abbasi	34,819	80,016	80,004	194,839
Peter Fenton	27,339			27,339
Sarah Friar	39,642	80,016	80,004	199,662
Adam Messinger	33,000	80,016	80,004	193,020
Dan Scholnick	27,946			27,946
James Tolonen	57,321	80,016	80,004	217,341

- (1) The aggregate number of shares of our common stock subject to outstanding stock options and restricted stock awards held by each non-employee director listed in the table above as of March 31, 2018 was as follows: (i) 11,438 shares subject to options to purchase our common stock held by Mr. Abbasi, of which 7,423 were vested and exercisable by Mr. Abbasi as of March 31, 2018; (ii) 1,667 shares subject to a RSU award held by Mr. Abbasi as of March 31, 2018; (iii) 119,015 shares subject to options to purchase our common stock held by Ms. Friar, of which 115,000 were vested and exercisable by Ms. Friar as of March 31, 2018; (iv) 1,667 shares subject to a RSU award held by Ms. Friar as of March 31, 2018; (v) 4,015 shares subject to an option to purchase our common stock held by Mr. Messinger, of which none were vested and exercisable by Mr. Messinger as of March 31, 2018; (vi) 40,000 shares subject to a restricted stock award held by Mr. Messinger, 834 of which remained subject to repurchase as of March 31, 2018; (vii) 1,667 shares subject to a RSU award held by Mr. Messinger as of March 31, 2018; (viii) 11,438 shares subject to options to purchase our common stock held by Mr. Tolonen, of which 7,423 were vested and exercisable by Mr. Tolonen as of March 31, 2018; and (ix) 1,667 shares subject to a RSU award held by Mr. Tolonen as of March 31, 2018.
- (2) The dollar amounts in this column reflect the aggregate grant date fair value of all RSU awards granted during fiscal 2018 computed in accordance with ASC 718 and excluding the effect of estimated forfeitures. The grant date fair value of each RSU award is measured based on the closing price of our shares of our common stock on the date of grant. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by each non-employee director.
- (3) The dollar amounts in this column reflect the aggregate grant date fair value of all stock option awards granted during fiscal 2018 computed in accordance with ASC 718 using the Black-Scholes option-pricing model and excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in our Annual Report on Form 10-K for the fiscal year ending March 31, 2018. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by each non-employee director.

Our CEO does not receive additional compensation for his service on our Board. In addition, in prior years and during the first quarter of fiscal 2018, we did not provide certain non-employee directors who are affiliated with an institutional or venture investor of our Company with compensation for their service on our Board. In August 2017, our Board amended our non-employee director compensation policy to remove this limitation. Thus, beginning in the second quarter of fiscal 2018, Messrs. Fenton and Scholnick became entitled to receive compensation as non-employee directors.

The Compensation Committee reviews and assesses non-employee director pay levels every year with the assistance of its compensation consultant, Compensia. This process involves a review of competitive market data, including an assessment of our director compensation policy against the director compensation programs of

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companies in our executive compensation peer group, an update on recent trends in director compensation, and a review of best practices relating to the governance surrounding director compensation programs. Following the last review and assessment process in August 2017, the Compensation Committee determined to amend the program as described below.

### **Annual Cash Compensation**

Pursuant to our non-employee director compensation policy, which was amended effective August 23, 2017, non-employee directors receive the following cash compensation for Board and Board committee services, as applicable, paid on a quarterly basis in arrears, pro-rated for any partial months of service:

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

\$20,000 per year for service as the chair of the Audit Committee and \$10,000 per year for service as a member (other than as chair) of the Audit Committee;

\$15,000 per year for service as the chair of the Compensation Committee and \$7,500 per year for service as a member (other than as chair) of the Compensation Committee; and

\$6,000 per year for service as the chair of the Nominating and Corporate Governance Committee and \$3,000 per year for service as a member (other than as chair) of the Nominating and Corporate Governance Committee. For the first quarter of fiscal 2018 (prior to the amendment of our non-employee director compensation policy), fees paid to our non-employee directors were calculated pursuant to our non-employee director compensation policy as then in effect, which provided for the following:

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

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

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

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

### **Equity Compensation**

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

In addition, each non-employee director will automatically, on the date of each Annual Meeting of Stockholders, be granted (i) an option to purchase a number of shares of our common stock having an initial value of \$80,000 and (ii) an RSU award with an initial value of \$80,000. Each annual grant will vest on August 15th of the calendar year following the year in which such annual grant is made, subject to the non-employee director's continued service through such date. Because our non-employee director compensation policy was amended to

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remove the limitation on compensation to non-employee directors who may be affiliated with an institutional or venture investor of our Company only after our 2017 Annual Meeting of Stockholders, Messrs. Fenton and Scholnick did not receive equity compensation during fiscal 2018.

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

Further, pursuant to our non-employee director compensation policy, in lieu of cash, and prior to the start of each fiscal year, a non-employee director may elect to receive 100% of the annual cash compensation to which he or she is entitled pursuant to the policy in the form of an RSU award under the 2014 Plan with a value equal to the projected annual cash compensation for such non-employee director for the fiscal year based on Board and committee membership on the first day of such fiscal year (the Optional RSU Grant). The grant date for any Optional RSU Grant will be the April 15<sup>th</sup> first occurring after the start of a fiscal year, unless such day is not a trading day on the NYSE, in which case the grant date shall be the next trading date. The vesting commencement date for any Optional RSU Grant will be the May 15<sup>th</sup> first occurring after the start of a fiscal year. Each Optional RSU Grant will vest with respect to 1/4<sup>th</sup> of the total number of units on each quarterly anniversary of the vesting commencement date for such Optional RSU Grant, subject to the non-employee director's continued service through each applicable vesting date. Optional RSU Grants will not be subject to accelerated vesting in connection with a change in control.

In the event a non-employee director were to become entitled to a greater annual cash compensation amount (either as a result of an increase in the cash compensation amounts approved by the Board or a new committee membership or role), such non-employee director will be entitled to receive the difference paid in cash. There would be no effect upon the Optional RSU Grant in the event a non-employee maintains continuous service but would have otherwise been entitled to a lesser amount of cash compensation than that which was used to calculate the Optional RSU Grant (either as a result of a decrease in the cash compensation amounts approved by the Board or a decreased committee membership or role).

## **Expense Reimbursement**

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

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table provides certain information with respect to all of the Company's equity compensation plans in effect as of March 31, 2018.

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(1)</b> <b>(a)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(2)</b> <b>(b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b> <b>(c)</b>
Equity Compensation Plans Approved By Security Holders	5,294,036(3)	\$ 22.79(4)	11,505,196(5)(6)(7)
Equity Compensation Plans not Approved by Security Holders			
<b>Total</b>	<b>5,294,036</b>	<b>\$ 22.79</b>	<b>11,505,196</b>

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

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

(3) The number in this column consists of: (i) 2,111,083 shares to be issued upon the exercise of outstanding options and 85,043 shares to be issued pursuant to the vesting of outstanding RSU awards that were in each case granted under the 2008 Plan and (ii) 1,104,281 shares to be issued upon the exercise of outstanding options and 1,993,629 shares to be issued pursuant to the vesting of outstanding RSU awards that were in each case granted under the 2014 Plan.

(4) The weighted average exercise price of outstanding options granted under the 2008 Plan was \$14.16 per share. The weighted average exercise price of outstanding options granted under the 2014 Plan was \$39.28 per share.

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

(6) As of March 31, 2018, 9,575,959 shares were available for future issuance under the 2014 Plan. Initially, the aggregate number of shares of our common stock that may be issued under the 2014 Plan was 5,184,878 shares. Pursuant to the terms of the 2014 Plan, on April 1 of each year, commencing on April 1, 2015 and ending on April 1, 2024, the number of shares authorized for issuance under the 2014 Plan is automatically increased by a number equal to: (i) 5% of the total number of shares of capital stock outstanding on March 31 of the preceding calendar year; or (ii) such lesser number of shares of common stock as is determined by the Board or the Compensation Committee for the applicable year. Pursuant to the previously described terms, on April 1, 2015, the number of shares available under the 2014 Plan was increased by 2,355,847 shares, on April 1, 2016, the number of shares available under the 2014 Plan was increased by 2,499,059 shares, on April 1, 2017, the number

of shares available under the 2014 Plan was increased by 2,663,972 shares, and on April 1, 2018, the number of shares available under the 2014 Plan was increased by 2,797,664 shares.

- (7) As of March 31, 2018, 1,929,237 shares were available for future issuance under the ESPP. Our ESPP became effective on December 11, 2014. Initially, the ESPP authorized the issuance of 1,000,000 shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our designated affiliates. Pursuant to the terms of the ESPP, on April 1 of each year, commencing on April 1, 2015 and ending on April 1, 2024, the number of shares authorized for issuance under the ESPP is automatically increased by a number equal to the lesser of: (i) 500,000 shares of our common stock; (ii) 1% of the total number of shares of capital stock outstanding on March 31 of the preceding calendar year; or (iii) such lesser number of shares of Common Stock as is determined by the Board or the Compensation Committee for the applicable year. Pursuant to the previously described terms, on April 1, 2015, the number

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of shares available under the ESPP was increased by 471,169 shares, on April 1, 2016, the number of shares available under the ESPP was increased by 499,811 shares, on April 1, 2017, the number of shares available under the ESPP was increased by 500,000 shares, and on April 1, 2018, the number of shares available under the ESPP was increased by 500,000 shares. The maximum aggregate number of shares of our common stock available to be purchased by all participants in the ESPP during any current purchase period is 500,000 shares, or such lesser number of shares as are available for issuance under the ESPP.



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**TRANSACTIONS WITH RELATED PERSONS**

Since April 1, 2017, there has not been nor is there currently proposed any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$120,000 and in which any director, executive officer, holder of more than 5% of our common stock, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation agreements and other arrangements described elsewhere in this Proxy Statement.

**INVESTOR RIGHTS AGREEMENT**

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

**INDEMNIFICATION AGREEMENTS**

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law. In addition, we have entered into indemnification agreements with each of our current directors, executive officers, and some of our employees. These agreements provide for the indemnification of such persons for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were serving in such capacity. We have obtained director and officer liability insurance to cover liabilities our directors and officers may incur in connection with their services to us.

**POLICIES AND PROCEDURES FOR TRANSACTIONS WITH RELATED PERSONS**

We have adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock, and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the prior consent of our Audit Committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock, or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$100,000 and such person would have a direct or indirect interest, must be presented to our Audit Committee for review, consideration, and approval or ratification. In approving or rejecting any such proposal, our Audit Committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction. All of the transactions described above were presented, considered, and approved or ratified by our Board or the Audit Committee.

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**HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are New Relic stockholders will be householding the Company's proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from us (if you are a stockholder of record) or from your broker (if you are a beneficial owner) that we or they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, or if you currently receive multiple copies and would like to request householding of your communications, please notify your broker or the Company. Direct your written request to the Company to our Corporate Secretary at New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105, or contact our Corporate Secretary at (650) 777-7600. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the Notice of Internet Availability of Proxy Materials or other Annual Meeting materials, as applicable, to a stockholder at a shared address to which a single copy of the documents was delivered.

**OTHER MATTERS**

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

By Order of the Board of Directors

/s/ Mark Sachleben

Mark Sachleben

Chief Financial Officer and Corporate Secretary

July 11, 2018

**A copy of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2018 is available without charge upon written request to: Corporate Secretary, New Relic, Inc., 188 Spear Street, Suite 1200, San Francisco, California 94105.**

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***NEW RELIC, INC.***  
***188 SPEAR STREET, SUITE 1200***  
***SAN FRANCISCO, CA 94105***

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

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

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

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

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

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

**VOTE BY MAIL**

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

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

E49225-P11500

KEEP THIS PORTION FOR YOUR RECORDS

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

**NEW RELIC, INC.**

**For All      Withhold All      For All Except**

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

1. Election of Directors

**Nominees:**

- 01) Sohaib Abbasi
- 02) Hope Cochran
- 03) Adam Messinger

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

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

**For Against Abstain**

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

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

**For Against Abstain**

3. To ratify the selection by the Audit Committee of the Board of Directors of Deloitte & Touche LLP as the independent registered public accounting firm of the Company for its fiscal year ending March 31, 2019.

**NOTE:** In their discretion, the proxyholders are authorized to vote upon such other business as may properly come before the meeting and any adjournment or postponement thereof.

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

Please indicate if you plan to attend this meeting.

**Yes      No**

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

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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

The Annual Report on Form 10-K and the Notice and Proxy Statement for the 2018 Annual Meeting are available at [www.proxyvote.com](http://www.proxyvote.com).

E49226-P11500

**NEW RELIC, INC.**

**Annual Meeting of Stockholders**

**August 21, 2018 9:00 AM Local Time**

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

The undersigned stockholder of New Relic, Inc. hereby acknowledges receipt of the Annual Report on Form 10-K and the Notice and Proxy Statement for the 2018 Annual Meeting and hereby appoints Lewis Cirne and Mark Sachleben, or either of them, as proxies and attorneys-in-fact, each with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2018 Annual Meeting of Stockholders of New Relic, Inc. to be held on Tuesday, August 21, 2018 at 9:00 a.m. local time at the offices of Cooley LLP, 101 California Street, 5th Floor, San Francisco, California 94111, and at any adjournments thereof, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present, on the matters set forth on the reverse side.

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

**Address Change:**

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

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