

SolarWinds, Inc.
Form DEF 14A
April 04, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

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

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

Check the appropriate box:

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

SOLARWINDS, 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)(4) and 0-11.

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 - 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:
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“ Fee paid previously with preliminary materials.

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SolarWinds, Inc.
3711 South MoPac Expressway
Building Two
Austin, Texas 78746

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 15, 2014

To the Stockholders of SolarWinds, Inc.:

The annual meeting of stockholders for SolarWinds, Inc. (“we,” “us,” or the “Company”) will be held at 7171 Southwest Parkway, Building 500, Austin, Texas, U.S.A. 78735, on Thursday, May 15, 2014 at 8:30 a.m. local time. The purposes of the meeting are:

1. To elect two Class II directors named in the accompanying proxy statement (Proposal One);

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm
2. for the fiscal year ending December 31, 2014 (Proposal Two);
3. To approve, on a non-binding basis, the compensation of the named executive officers (Proposal Three);
4. To provide for the adjournment or postponement of the annual meeting, if necessary, to solicit additional proxies if there are insufficient shares present or voting affirmatively at the time of the annual meeting either (1) to establish a quorum; or (2) if a quorum is present, to approve Proposals One through Three (Proposal Four); and
5. To transact such other business as may properly come before the annual meeting.

Our board of directors (the “Board”) has fixed the close of business on March 21, 2014 as the record date for determining holders of our common stock entitled to notice of, and to vote at, the annual meeting or any adjournments or postponements thereof. A complete list of such stockholders will be available for examination at our offices in Austin, Texas during normal business hours for a period of ten days prior to the annual meeting. This notice of annual meeting of stockholders and accompanying proxy statement are being distributed or made available to stockholders beginning on or about April 4, 2014.

Our annual meeting will be webcast on our website at <http://ir.solarwinds.com>. The webcast will begin at 8:30 a.m. Central Time on May 15, 2014 and an archived copy of the webcast will be available on our website for at least 30 days thereafter.

YOUR VOTE IS IMPORTANT!

Please vote by using the Internet or by telephone or, if you received a paper copy of the proxy card by mail, by signing and returning the enclosed proxy card. Instructions for your voting options are described on the Notice of Internet Availability of Proxy Materials or proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on May 15, 2014: The proxy statement and annual report are available at www.proxyvote.com.

By order of the Board of Directors,

Kevin B. Thompson
President, Chief Executive Officer and Director

Austin, Texas

Date: April 4, 2014

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SOLARWINDS, INC.

Proxy Statement

For the Annual Meeting of Stockholders

To Be Held on May 15, 2014

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SOLARWINDS, INC.

3711 South MoPac Expressway

Building Two

Austin, Texas 78746

(512) 682-9300

PROXY STATEMENT

FOR THE

2014 ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies to be voted at our annual meeting of stockholders, which will be held at 7171 Southwest Parkway, Building 500, Austin, Texas, U.S.A. 78735, on Thursday, May 15, 2014 at 8:30 a.m. local time. On April 4, 2014, we began mailing to stockholders of record a Notice of Internet Availability of Proxy Materials (the "Notice").

Why did I receive a Notice of Internet Availability of Proxy Materials in the mail instead of a printed set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission ("SEC"), we are permitted to furnish our proxy materials over the Internet to our stockholders by delivering the Notice in the mail to notify our stockholders that such materials are available. As a result, most of our stockholders have not been provided a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review the proxy statement and annual report over the Internet at www.proxyvote.com. The Notice also instructs you on how you may submit your proxy over the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials contained in the Notice.

What is the purpose of these materials?

You have received these proxy materials because our Board is soliciting your proxy to vote your shares at the annual meeting. This proxy statement describes issues on which we would like you to vote at our annual meeting of stockholders and gives you information on these issues so that you can make an informed decision.

Our Board has made this proxy statement and proxy card available to you on the Internet because you own shares of SolarWinds, Inc. common stock, in addition to delivering printed versions of this proxy statement and proxy card to certain stockholders by mail.

When you vote by using the Internet, by telephone or (if you received your proxy card by mail) by completing, signing and returning the proxy card, you appoint Kevin B. Thompson and Jason Ream as your representatives at the annual meeting. They will vote your shares at the annual meeting as you have instructed them or, if an issue that is not listed on the accompanying notice of annual meeting of stockholders comes up for vote, in accordance with their best judgment. Consequently, your shares will be voted whether or not you attend the annual meeting. Even if you plan to attend the annual meeting, we encourage you to vote in advance by using the Internet, by telephone or (if you received your proxy card by mail) by completing, signing and returning your proxy card.

I share an address with another stockholder and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure, approved by the SEC, called "householding." Under this procedure, we deliver a single copy of the Notice and, if applicable, this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, including any amendments (the "Annual Report"), to stockholders of record who have the same address unless we are notified that one or more of these stockholders wishes to continue receiving individual copies. This procedure reduces our printing costs and postage fees.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Notice, this proxy statement and the Annual Report, or if you hold our common stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact the Household Department of Broadridge Financial Solutions, Inc. at 51 Mercedes Way, Edgewood, New York 11717; or by telephone at 1-800-542-1061. If you participate in householding and wish to receive a separate copy of this proxy statement and the Annual Report, or if you do not wish

to continue to participate in householding and prefer to receive separate copies of these documents in the future, please contact Broadridge Financial Solutions, Inc. as indicated above.

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If your shares are held in street name through a broker, bank or other nominee, please contact your broker, bank or nominee directly if you have questions, require additional copies of the Notice, this proxy statement or the Annual Report or wish to receive a single copy of such materials in the future for all beneficial owners of shares of our common stock sharing an address.

Who is entitled to vote?

Holders of our common stock at the close of business on March 21, 2014 are entitled to vote. March 21, 2014 is referred to as the record date.

In accordance with Delaware law, a list of stockholders entitled to vote at the meeting will be available at the place of the annual meeting on May 15, 2014 and will be accessible in electronic form for ten days prior to the meeting at our principal place of business, 3711 South MoPac Expressway, Building Two, Austin, Texas 78746, between the hours of 9:00 a.m. and 5:00 p.m. local time.

To how many votes is each share of common stock entitled?

Holders of common stock are entitled to one vote per share. On the record date, there were 75,370,935 shares of our common stock outstanding and entitled to vote.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, to be a "stockholder of record." The Notice has been or will be sent directly to you, unless you previously requested printed copies of our proxy materials.

If your shares are held in a brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares held in "street name." In this case, the Notice or a printed copy of our proxy materials has been or will be sent to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote the shares in your account.

How do I vote?

Stockholders of record may vote by using the Internet, by telephone or (if you received a proxy card by mail) by mail as described below. Stockholders also may attend the meeting and vote in person.

Through the Internet. The address of the website for Internet voting is www.proxyvote.com. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on May 14, 2014. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

By telephone. The toll-free telephone number is noted on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m. Eastern Time on May 14, 2014. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

By mail. If you received a proxy card by mail and choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope.

The method you use to vote will not limit your right to vote at the annual meeting, if you decide to attend in person.

Written ballots will be passed out to anyone who wants to vote at the annual meeting.

If you hold shares in "street name" through a bank, broker or other holder of record, please refer to the Notice or other information forwarded by your bank, broker or other holder of record to see which voting options are available to you. You must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the annual meeting.

What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the annual meeting. If you are a record holder, you may do this by:

submitting a subsequent proxy by using the Internet, by telephone or by mail with a later date;

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• sending written notice of revocation to Corporate Secretary, SolarWinds, Inc., 3711 South MoPac Expressway, Building Two, Austin, Texas 78746; or

• voting in person at the annual meeting.

If you are a street name holder, you may do this by:

• submitting new voting instructions in the manner provided by your bank, broker or other holder of record; or

• obtaining a “legal proxy” from your bank, broker or other custodian in order to vote your shares at the annual meeting

Attendance at the meeting will not by itself revoke a proxy.

How many votes are needed to hold the annual meeting?

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the annual meeting will constitute a quorum. If a quorum is present, we can hold the annual meeting and conduct business. If a quorum is not present, we may adjourn the annual meeting to solicit additional proxies.

On what items am I voting?

You are being asked to vote on four items:

• the election of two Class II directors nominated by the Board and named in the proxy statement to serve a term of three years until our 2017 annual meeting of stockholders (Proposal One);

• the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2014 (Proposal Two);

• the approval, by non-binding vote, of the compensation of the named executive officers (Proposal Three); and

the adjournment or postponement of the annual meeting, if necessary, to solicit additional proxies if there are insufficient shares present or voting affirmatively at the time of the annual meeting either (1) to establish a quorum; or (2) if a quorum is present, to approve Proposals One through Three (Proposal Four).

No cumulative voting rights are authorized, and dissenters’ rights are not applicable to these matters.

How may I vote for the nominees for director, and how many votes must the nominees receive to be elected?

With respect to the election of each of the nominees for director, you may:

• vote FOR the election of the director nominee;

• vote AGAINST the election of the director nominee; or

• ABSTAIN from voting on the election of the director nominee.

A nominee for director shall be elected to the Board if the votes cast for such nominee’s election exceed the votes cast against such nominee’s election.

Abstentions and broker non-votes are not votes cast and will not be counted in determining the outcome of the election of directors.

What happens if a nominee is unable or unwilling to stand for election?

If a nominee is unable or unwilling for good cause to stand for election, the Board may either:

• reduce the number of directors that serve on the Board; or

• designate a substitute nominee.

If the Board designates a substitute nominee, shares represented by proxies voted for the nominee who is unable to stand for election or unwilling for good cause will be voted for the substitute nominee.

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How may I vote for the ratification of the appointment of our independent registered public accounting firm, and how many votes must the proposal receive to pass?

With respect to the proposal to ratify the appointment of our independent registered public accounting firm, you may:

- vote FOR the proposal;
- vote AGAINST the proposal; or
- ABSTAIN from voting on the proposal.

The ratification of the appointment of our independent registered public accounting firm must receive the affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal. If you abstain from voting on the proposal, it will have the same effect as a vote against the proposal. We do not expect there to be any broker non-votes on this proposal.

How may I vote for the non-binding approval of the compensation of the named executive officers, and how many votes must the proposal receive to pass?

With respect to the proposal to approve, on a non-binding basis, the compensation of the named executive officers, or the Say on Pay vote, you may:

- vote FOR the proposal;
- vote AGAINST the proposal; or
- ABSTAIN from voting on the proposal.

The affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal is required to approve the compensation paid to the named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, in this proxy statement. However, the vote to approve the compensation paid to our named executive officers is an advisory vote only and, therefore, the result of that vote will not be binding on our Board or Compensation Committee. Our Compensation Committee will, however, consider the outcome of the vote when determining future executive compensation arrangements. If you abstain from voting on the proposal, it will have the same effect as a vote against the proposal. Broker non-votes are not entitled to vote on the proposal and will not be counted in determining the outcome of this proposal.

How may I vote for the adjournment or postponement of the annual meeting, and how many votes must the proposal receive to pass?

With respect to the proposal adjourn or postpone the annual meeting, you may:

- vote FOR the proposal;
- vote AGAINST the proposal; or
- ABSTAIN from voting on the proposal.

The adjournment or postponement of the annual meeting must receive the affirmative vote of a majority of the shares of our common stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal. If you abstain from voting on the proposal, it will have the same effect as a vote against the proposal. Broker non-votes are not entitled to vote on the proposal and will not be counted in determining the outcome of this proposal.

How does the board of directors recommend that I vote?

The Board recommends a vote:

- FOR both director nominees;
- FOR the ratification of the appointment of our independent registered public accounting firm;
- FOR the approval, on a non-binding basis, of the compensation of the named executive officers; and
- FOR the adjournment or postponement of the annual meeting, if necessary.

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What happens if I do not give specific voting instructions?

If you either:

• indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board; or

• sign and return a proxy card without giving specific voting instructions,

then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the annual meeting. See the section entitled “Other Matters” below.

If I hold my shares in a brokerage account, what happens if I do not provide voting instructions to broker?

If your shares are held in street name through a broker and you do not provide voting instructions to your broker, your broker will have discretion to vote your shares only on “routine matters,” such as the ratification of the appointment of our independent registered public accounting firm described in Proposal Two of this proxy statement. Proposals One, Three and Four in this proxy statement are considered “non-routine matters.” If the broker that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, your broker will not have the authority to vote on this matter with respect to your shares. Therefore, if you do not submit voting instructions and your broker exercises its discretion to vote your shares on Proposal Two, your shares will constitute “broker non-votes” with respect to each of Proposals One, Three and Four. See “How are broker non-votes and abstentions treated” below.

We encourage you to provide instructions to your brokerage firm through one of the voting methods they have provided. This action ensures your shares will be voted at the meeting in accordance with your wishes.

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. With respect to the various proposals:

• Proposal One: Abstentions and broker non-votes will not count as a vote “FOR” or “AGAINST” with respect to a nominee’s election and thus will not be counted in determining the outcome of the election of directors.

Proposal Two: Abstentions will be counted towards the vote total and will have the same effect as votes against this proposal. The approval of Proposal Two is a routine matter on which a broker or other nominee is generally empowered to vote. Accordingly, no broker non-votes will likely result from this proposal.

Proposal Three: Abstentions will be counted towards the vote total and will have the same effect as votes against this proposal. Broker non-votes will not be counted in determining the outcome of this proposal as brokers are not entitled to vote on this proposal in the absence of voting instructions from the beneficial owner.

Proposal Four: Abstentions will be counted towards the vote total and will have the same effect as votes against the proposal. Broker non-votes will not be counted in determining the outcome of this proposal as brokers are not entitled to vote on this proposal in the absence of voting instructions from the beneficial owner.

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions to the broker that holds your shares by carefully following the instructions provided by your broker.

What do I need to show to attend the annual meeting in person?

For beneficial owners of shares held in street name, you will need proof of your share ownership and a form of photo identification. Proof of share ownership may be a recent brokerage statement or letter from your broker showing that you owned shares of our common stock as of March 21, 2014. For stockholders of record, you will need a copy of your Notice of Internet Availability of Proxy Materials or proxy card and photo identification. If you do not have the above-listed materials, you may not be admitted to the annual meeting. All bags, briefcases and packages will be held at registration and will not be allowed in the meeting.

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How can I submit a proposal for the 2015 annual meeting?

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

Stockholders interested in submitting a proposal for inclusion in the proxy materials distributed by us for the 2015 annual meeting of stockholders may do so by following the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act"). To be eligible for inclusion, stockholder proposals must be submitted in accordance with Rule 14a-8 and received by us not later than December 5, 2014. Stockholder proposals received after the close of business on December 5, 2014 would be untimely. Stockholder proposals must be in writing and received by the deadline described above at our principal executive offices at SolarWinds, Inc., 3711 South MoPac Expressway, Building Two, Austin, Texas 78746, Attention: Corporate Secretary. If we do not receive a stockholder proposal by the deadline described above, the proposal may be excluded from our proxy statement for our 2015 annual meeting.

Requirements for Stockholder Proposals or Director Nominations to Be Brought Before the 2015 Annual Meeting of Stockholders. Notice of any proposal or director nomination that you intend to present at the 2015 annual meeting of stockholders, but do not intend to have included in the proxy statement and form of proxy relating to the 2015 annual meeting of stockholders, must be delivered to our Corporate Secretary by mail at 3711 South MoPac Expressway, Building Two, Austin, Texas 78746, Attention: Corporate Secretary not less than 90 days nor more than 120 days in advance of the anniversary of our 2014 annual meeting. In addition, to be properly brought before the annual meeting your notice must set forth the information required by the Company's bylaws with respect to each director nomination or other proposal that you intend to present at the 2015 annual meeting of stockholders. A copy of our bylaw provisions governing the notice requirements set forth above may be obtained by writing to our Corporate Secretary. Such requests and all notices of proposals and director nominations by stockholders should be sent to SolarWinds, Inc., 3711 South MoPac Expressway, Building Two, Austin, Texas 78746, Attention: Corporate Secretary.

Important Notice Regarding the Availability of Proxy Materials
for the Meeting to be Held on Thursday, May 15, 2014

This proxy statement and our Annual Report to Stockholders are available online at www.proxyvote.com.

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MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL ONE: ELECTION OF DIRECTORS

General

Our Board is currently comprised of six (6) directors and is divided into three classes with staggered three-year terms. The Board currently has two directors in Class I, two directors in Class II and two directors in Class III. The term of office of our Class I directors, J. Benjamin Nye and Kevin B. Thompson, will expire at the 2016 annual meeting of stockholders. The term of office of our Class II directors, Steven M. Cakebread and Roger J. Sippl, will expire at this year's annual meeting. The term of office of our Class III directors, Ellen F. Siminoff and Lloyd G. Waterhouse, will expire at the 2015 annual meeting of stockholders. There are no family relationships among any of our directors or executive officers.

Nominees for Election as Class II Directors at the Annual Meeting

Listed below are this year's nominees for election to the Board as Class II directors. Each of the director nominees has consented to be named in this proxy statement and to serve if elected. If elected, each nominee will serve for a term of three years expiring at the 2017 annual meeting of stockholders, and until a successor has been duly elected and qualified or until the nominee's earlier death, resignation or removal. The age of each director is as of the date of this proxy statement.

Name	Age	Positions and Offices Held with Company	Director Since
Steven M. Cakebread	62	Director	January 2008
Roger J. Sippl	59	Director	March 2010

Steven M. Cakebread has served as the Chief Financial Officer and Chief Administrative Officer of D-Wave Systems Inc., a quantum computing company, since April 2013. Mr. Cakebread served as the Chief Financial Officer of Pandora Media, Inc., a publicly-traded Internet radio company, from March 2010 to December 2012. From February 2009 to August 2009, he served as the Senior Vice President, Chief Financial Officer and Chief Administrative Officer at Xactly Corporation, a provider of on-demand sales performance management software, where he was responsible for financial operations, legal, information technology, facilities and human resources. From February 2008 to January 2009, Mr. Cakebread served as the President and Chief Strategy Officer of salesforce.com, a publicly-traded software company that provides customer relationship management services, and as Executive Vice President and Chief Financial Officer of salesforce.com from May 2002 to February 2008. In his various positions at salesforce.com, Mr. Cakebread was responsible for managing the company's global financial staff and initiatives and evaluating its software service deliverability. From April 1997 to April 2002, Mr. Cakebread served as Senior Vice President and Chief Financial Officer at Autodesk, a software company. From April 1992 to April 1997, he was Vice President of Finance for Silicon Graphics World Trade, a subsidiary of a company that developed high-performance computing and data management hardware and software. Mr. Cakebread received a B.S. from the University of California at Berkeley and an M.B.A. from Indiana University. Mr. Cakebread also serves on the board of directors of ServiceSource (NASDAQ: SREV), Care.com, Inc. (NYSE: CRCM), Financialforce.com and Exponential Interactive. We believe that Mr. Cakebread's considerable management, operational and financial expertise, including a deep understanding of public company accounting principles and financial reporting rules and regulations, and his insight into opportunities and challenges facing global technology companies fostered as a senior officer of various software companies make him well-qualified to serve as a director.

Roger J. Sippl was the founder, CTO and Executive Chairman of Elastic Intelligence, Inc., a cloud computing company and developer of Connection Cloud, which was founded in 2009 and acquired by Intuit Inc. in 2013. Mr. Sippl is now a Cloud Architect at Intuit Inc. and has been a Managing Member and Partner of Sippl Investments, LLC, a venture capital firm, since 1998. In 2002, Mr. Sippl founded Above All Software, Inc., a business integration software company, and served as its Chief Executive Officer until April 2005 and as its Chairman of the Board from April 2005 until March 2007. Mr. Sippl served as the Chief Executive Officer and Chairman of the Board of Visigenic Software, Inc., a software development tools provider that he founded, from 1993 until it was acquired by Borland International, Inc. in 1998. He co-founded The Vantive Corporation, a global enterprise software company specializing in customer relationship management software that was acquired by PeopleSoft, Inc. in 2000. From 1980

to 1989, Mr. Sippl served as Chief Executive Officer of Informix Corporation, a database company that he founded, and from 1989 to 1993, as its Chairman of the Board of Directors. Mr. Sippl was also a director of Interwoven from April 2007 until it was acquired by Autonomy Corporation plc in March 2009. Mr. Sippl holds a B.S. in computer science from the University of California at Berkeley. We believe that Mr. Sippl's business experience as a director and senior officer in several technology companies and his expertise in software in particular make him well-qualified to serve as a director.

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Required Vote and Recommendation of the Board for Proposal One

The affirmative vote of a majority of the votes cast at the annual meeting is required for the election of our Class II directors. You may vote “FOR” or “AGAINST” on each of the two nominees for election as director or you may “ABSTAIN” from voting on the election of each director nominee.

A nominee receiving more “FOR” votes than “WITHHOLD” votes among votes properly cast in person or by proxy will be elected to the Board as a Class II director. Abstentions and broker non-votes are not votes cast and will have no effect on the outcome.

Our Corporate Governance Guidelines include a director resignation policy for directors. This policy states that in an uncontested election, any incumbent director nominee who receives a greater number of votes “WITHHELD” from his or her election than votes “FOR” his or her election at a meeting of stockholders shall promptly tender his or her resignation to the Board following certification of the election results. For purposes of applying this policy, we treat votes “AGAINST” a director nominee as a vote “WITHHELD” from his or her election. The Nominating and Governance Committee of the Board is required to make recommendations to the Board with respect to any such tendered resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept an incumbent director nominee’s resignation. Our full director resignation policy is set forth in our Corporate Governance Guidelines, which may be found at the investor relations portion of our website at www.solarwinds.com

Our Board recommends that you vote FOR Mr. Cakebread and Mr. Sippl.

Continuing Directors Not Standing for Election

Certain information about those directors whose terms do not expire at the annual meeting is furnished below. The ages of each director are as of the date of this proxy statement.

Name	Age	Positions and Offices Held with Company	Director Since
J. Benjamin Nye	48	Director	December 2005
Ellen F. Siminoff	46	Director	June 2008
Kevin B. Thompson	48	Director, President and Chief Executive Officer	March 2010
Lloyd G. Waterhouse	62	Director	May 2010

Class I Directors (Terms Expire in 2016)

J. Benjamin Nye is a Managing Director and leads the technology and infrastructure investing efforts for Bain Capital Venture Partners, LLC, which he joined in October 2004. Mr. Nye has also served as the Chief Executive Officer of VMTurbo, Inc., a software company that provides virtualization management solutions for control cloud and virtualized environments since September 2013. From June 2003 until October 2004, Mr. Nye was a Senior Vice President at VERITAS Software Corporation, a software company. Mr. Nye served as the Chief Operating Officer and Chief Financial Officer of Precise Software Solutions, Ltd., an application performance management company, where Mr. Nye joined in January 2000 and helped the Company through its initial public offering and growth from \$10 million to \$100 million in revenue prior to its acquisition by VERITAS Software Corporation for \$640 million in June 2003. He also serves on the boards of directors of several private companies, including AppNeta, AppAssure, Rapid7 and VMTurbo. Mr. Nye has been awarded the “Exceptional Service Award” for his tenure as a political appointee in the U.S. Department of the Treasury working for Lloyd Bentsen and Robert Rubin. He also served as a consultant in the strategy group at Mercer Management Consulting. Mr. Nye received a B.A. from Harvard College and an M.B.A. from Harvard Business School. We believe that Mr. Nye’s financial and business expertise, including his experience in managing and directing technology companies, make him well-qualified to serve as a director.

Kevin B. Thompson is our President and Chief Executive Officer. He has served as our President since January 2009 and our Chief Executive Officer since March 2010. He previously served as our Chief Financial Officer and Treasurer from July 2006 to March 2010 and our Chief Operating Officer from July 2007 to March 2010. Prior to joining the Company, Mr. Thompson was Chief Financial Officer of Surgient, Inc., a software company, from November 2005 until March 2006 and was Senior Vice President and Chief Financial Officer at SAS Institute, a privately-held business intelligence software company, from August 2004 until November 2005. From October 2000 until August

2004, Mr. Thompson served as Executive Vice President and Chief Financial

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Officer of Red Hat, Inc., a publicly-traded enterprise software company. Mr. Thompson holds a B.B.A. from the University of Oklahoma. He also serves on the board of directors of NetSuite, Inc. (NYSE: N) and Barracuda Networks, Inc. (NYSE: CUDA). We believe that Mr. Thompson's financial and business expertise and his daily insight into corporate matters as principal executive officer of the Company make him well-qualified to serve as a director.

Class III Directors (Terms Expire in 2015)

Ellen F. Siminoff has served as President and Chief Executive Officer of Shmoop University, an educational website, since March 2008. From March 2004 to March 2008, Ms. Siminoff served as President and Chief Executive Officer of Efficient Frontier, Inc., a pioneer of dynamic search engine marketing management services. From 1996 to 2002, Ms. Siminoff served in various capacities at Yahoo! Inc., including as Vice President of Business Development and Planning, Senior Vice President of Entertainment and Small Business and Senior Vice President of Corporate Development. She received an A.B. from Princeton University in Economics and an M.B.A. from the Stanford Graduate School of Business. She also serves on the board of directors of Zynga, Inc. (NASDAQ: ZNGA) and various private companies. We believe that Ms. Siminoff's financial, business and marketing skills with software companies acquired as a director and senior officer of technology companies make her well-qualified to serve as a director.

Lloyd G. Waterhouse has served as the Chief Executive Officer of McGraw-Hill Education since 2012. Mr. Waterhouse served as Chief Executive Officer and President of Harcourt Education, a global education company, from September 2006 until December 2007 and served as an independent director and consultant from August 2004 to September 2006. From April 2001 to July 2004, he served as Chief Executive Officer and Chairman of Reynolds and Reynolds Co., a leading provider of integrated solutions to automotive retailers. During the past five years, he was also a director of ITT Educational Services, Inc., Ascend Learning, LLC, Digimarc Corporation, i2 Technologies, Inc. and Atlantic Mutual Insurance Companies. We believe that Mr. Waterhouse's experience as a senior executive, particularly with software companies, and as a director, including his being a public company director for over ten years, make him well-qualified to serve as a director.

CORPORATE GOVERNANCE

Board Leadership

Currently, we do not have a Chairman of the Board. In the meantime, our Lead Independent Director, Steven M. Cakebread, acts as chairperson for regular meetings in addition to his role as chairperson of the executive sessions of the independent directors of the Board. Following an executive session of independent directors, the Lead Independent Director acts as a liaison between the independent directors and the Board regarding any specific feedback or issues. The Lead Independent Director also provides management with input regarding schedule and agenda items for Board and committee meetings and information to be provided to the independent directors in performing their duties. In addition, each of the committees of the Board is chaired by an independent director.

Because all but one of the Company's Board members is an independent director, we believe that our Lead Independent Director handles many of the responsibilities of a Chairman of the Board and also promotes efficient communication throughout the Board and allows us to make decisions efficiently to properly serve our stockholders. Therefore, we do not believe, at this time, a Chairman of the Board is necessary.

Risk Oversight

Our business is subject to various types of risk, including competitive, technological, legal, personnel, financial and many others. While no one can foresee and eliminate every risk of negative events, our Board is charged with, among other things, overseeing our risk management processes implemented by management and ensuring that necessary steps are taken to foster a culture of risk-adjusted decision-making throughout our organization. Our Board believes that each of our directors other than Mr. Thompson is independent under the rules of the NYSE and the Board believes that this independence provides effective oversight of management. The Board regularly reviews information and reports from members of senior management on areas of material risk, including operational, financial, legal and regulatory, and strategic and reputational risks. The Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The Audit Committee oversees management of operational, financial, legal and regulatory risks. The Nominating and Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

Our Board believes that the processes it has established for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure as described under "Board Leadership Structure" above.

Board Committees

Our Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Pursuant to our Corporate Governance Guidelines, each committee consists entirely of directors who meet the requirement for independence under applicable NYSE and SEC rules as further described below under the caption "Director Independence." Our Board has adopted a charter for each committee that is available on the investor relations portion of our website at www.solarwinds.com. We believe that each of our committee charters and the functioning of each committee comply with the applicable requirements of the NYSE and SEC rules and regulations.

The table below lists the current membership of each committee and the number of committee meetings held in 2013.

	Audit Committee	Compensation Committee	Nominating and Governance Committee
Steven M. Cakebread	Chairman		
J. Benjamin Nye		Chairman	
Ellen F. Siminoff		Member	Member
Roger J. Sippl	Member	Member	Member
Lloyd G. Waterhouse	Member		Chairman
Number of Meetings held in 2013	9	6	4

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The primary responsibilities of each committee are described below.

Audit Committee

The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee oversees our corporate accounting and financial reporting processes. The Audit Committee also:

- evaluates our independent auditors' qualifications, independence and performance;
- determines the engagement of our independent auditors;
- pre-approves the retention of our independent auditors to perform any proposed permissible non-audit services;
- monitors the performance of the Company's internal audit function and independent auditors;
- monitors the rotation of partners of our independent auditors on our engagement team;
- monitors the Company's compliance with legal and regulatory requirements;
- reviews our financial statements and reviews our critical accounting policies and estimates; and
- reviews and discusses with management and our independent auditors the results of the annual audit and the quarterly reviews of our financial statements.

The members of the Audit Committee have been determined to be independent in accordance with the requirements of Section 303A.02 of the NYSE listing standards and the requirements of Rule 10A-3(b)(1) under the Exchange Act. In addition, each member of the Audit Committee is financially literate as required by the NYSE listing standards, is an "audit committee financial expert" as defined in the rules of the SEC implementing Section 407 of the Sarbanes Oxley Act of 2002 and fulfills the "accounting or related financial management expertise" requirements set forth in the NYSE listing standards.

Compensation Committee

The Compensation Committee has the general responsibility of overseeing our compensation and benefit programs, including the following:

- overseeing our compensation philosophy;
- reviewing and recommending plans and policies relating to compensation and benefits of our executive officers, employees and outside directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers;
- evaluating the performance of our executive officers in light of established goals and objectives;
- setting compensation of our executive officers based on their evaluations;
- preparing the compensation discussion and analysis and report of the Compensation Committee that the SEC requires in our annual proxy statements;
- reviewing, approving and making recommendations to our Board regarding our equity compensation plans and administering the same; and
- reviewing and evaluating, at least annually, its own performance and that of its members, including compliance with the committee charter.

In fulfilling its responsibilities, the Compensation Committee is solely responsible for making the final decisions on compensation for our executive officers. However, the Compensation Committee takes into account recommendations of our President and Chief Executive Officer in determining the compensation of our other executive officers and input requested from our President and Chief Executive Officer in determining his compensation. Otherwise, our executive officers do not have any role in determining the form or amount of compensation paid to the executive officers. In addition, the Compensation Committee retains the power to form and delegate matters to a subcommittee of the Compensation Committee, except that the Compensation Committee may not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Compensation Committee as a whole. Pursuant to this authority, the Compensation Committee has designated a Committee for Equity Awards to Non-Officers with the authority to grant equity awards to non-officer employees of the Company within guidelines established by the Compensation Committee from time to time. Such committee is required to consist of a minimum of one member of the Board, and currently consists of the Chief Executive Officer in his capacity as a member of the

Board.

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Pursuant to its charter, the Compensation Committee is authorized to retain or obtain the advice of a compensation consultant to assist in the evaluation of compensation to our executive officers. In August 2012, the Compensation Committee engaged Compensia to conduct a review of our executive compensation program and to make recommendations for 2013 compensation for our executive officers. The Compensation Committee is directly responsible for the appointment, compensation and oversight of Compensia's work, and has concluded that Compensia's engagement did not raise any conflict of interest. For additional information concerning Compensia's engagement, see "Executive Compensation—Compensation Discussion and Analysis" below. Each member of our Compensation Committee is a non-employee director, as defined by Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended.

Nominating and Governance Committee

The Nominating and Governance Committee identifies individuals qualified to become Board members and assists our Board in reviewing and recommending nominees for election as directors. The Nominating and Governance Committee also:

- oversees and evaluates the qualifications and performance of the members of our Board and management;
- develops and recommends to the Board our corporate governance principles;
- reviews potential conflicts of interest of members of the Board and executive officers;
- oversees compliance by the Board and its committees with applicable laws and regulations;
- reviews and assesses the composition and performance of our Board and its committees; and
- administers our Code of Business Conduct and Ethics.

Director Independence

Our Corporate Governance Guidelines, which may be found at the investor relations portion of our website at www.solarwinds.com, state that our Board shall have a majority of directors who meet the criteria for independence established by applicable law, including the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC and those of the NYSE. The Nominating and Governance Committee annually reviews the independence of each Board nominee, conducts a periodic review of the independence of the other members of the Board and its Committees and reports its findings to the full Board. Based on the report and recommendation of the Nominating and Governance Committee, the Board has determined that each of the members of the Board except for Mr. Thompson, our President and Chief Executive Officer, satisfies the independence criteria set forth in the applicable NYSE listing standards and SEC rules, each of the members of our Audit Committee satisfies the enhanced criteria applicable to members of the Audit Committee set forth in the applicable NYSE listing standards and SEC rules and each of the members of our Compensation Committee satisfies the enhanced criteria applicable to members of the Compensation Committee set forth in the applicable NYSE listing standards and SEC rules. Furthermore, each Board committee member qualifies as a non-employee director within the meaning of Rule 16b-3 under the Exchange Act. The Board also previously determined that Mark Bonham, who resigned from the Board effective as of July 30, 2013, was independent under applicable NYSE listing standards and SEC rules for membership on the Board and on all committees of the Board on which he served prior to his resignation.

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationships (including vendor, supplier, consulting, legal, banking, accounting, charitable and family relationships) with us, other than as a director and a stockholder. NYSE listing standards set forth certain circumstances in which a director may not be deemed independent, including certain relationships that exist at the time of the determination or during the prior three years. Under these NYSE listing standards, Mr. Thompson could not be independent because he is a Company employee.

With respect to our non-employee directors, the Board considered all relevant facts and circumstances in making its determinations of independence, including the following:

- None of our non-employee directors receives any direct compensation from us other than under the director compensation plan;

No immediate family member (within the meaning of the NYSE listing standards) of any non-employee director is an employee or otherwise receives direct compensation from us;

No non-employee director is an employee of our independent registered public accounting firm and no non-employee director (or any of their respective immediate family members) is a current partner of our independent registered public accounting firm, or was within the last three years, a partner or employee of our independent registered public accounting firm and personally worked on our audit;

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- No non-employee director is a member, partner, or principal of any law firm, accounting firm or investment banking firm that receives any consulting, advisory or other fees from us;
- None of our executive officers is on the compensation committee of the board of directors of a company that employs any of our non-employee directors (or any of their respective immediate family members) as an executive officer;
- No non-employee director (or any of their respective immediate family members) is indebted to us and we are not indebted to any non-employee director (or any of their respective immediate family members);
- No non-employee director serves as an executive officer of a charitable or other tax-exempt organization that received contributions from us; and
- The transactions described below under “Certain Relationships and Related Transactions.”

Communications to the Board of Directors

Stockholders and any other interested parties may communicate with the members of the Board, or to individual directors, including our Lead Independent Director, or any group of directors, including our independent directors, by sending a letter to our Corporate Secretary at 3711 South MoPac Expressway, Building Two, Austin, Texas 78746 or a fax to (866) 568-3052. Our Corporate Secretary reviews all incoming stockholder communications (except for mass mailings, product complaints or inquiries, job inquiries, business solicitations, and patently offensive or otherwise inappropriate material) and, if appropriate, routes such communications to the appropriate member of the Board, or if none is specified, to the Lead Independent Director (or director acting in such capacity at the time).

Director Nomination Procedures

The Nominating and Governance Committee has the responsibility for reviewing and recommending to the Board candidates for director positions. The Nominating and Governance Committee, in evaluating Board candidates, considers factors such as professional background and skills, personal character, values and discipline, ethical standards, diversity and other outside commitments, all in the context of an assessment of the needs of the Board at the time. The Committee’s objective is to maintain a Board of individuals of the highest personal character, integrity and ethical standards, and that reflects a range of professional backgrounds and skills relevant to our business. The Nominating and Governance Committee considers diversity in identifying nominees for director, including personal characteristics such as race and gender, as well as diversity in the experience and skills that contribute to the Board’s performance of its responsibilities in the oversight of a global technology business.

The Nominating and Governance Committee will consider director candidates recommended by stockholders in the same manner and using the same criteria as used for any other director candidate. The Nominating and Governance Committee also may take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held. To have a candidate considered by the Nominating and Governance Committee, a stockholder must submit a recommendation in writing to our Corporate Secretary at 3711 South MoPac Expressway, Building Two, Austin, Texas 78746, and must include the following information:

- the name of the stockholder and evidence of the person’s ownership of our stock, including the number of shares owned and the length of time of ownership;
- the name of the candidate, the candidate’s resume or a listing of his or her qualifications to be a director;
- the written consent of the proposed candidate to be named as a nominee and to serve as a director if elected; and any other information about the stockholder and the candidate that would be required if the stockholder provided notice to the Company of its intent to nominate the director candidate pursuant to Section 2.4 of our amended and restated bylaws.

The Nominating and Governance Committee may require additional information as it deems reasonably required to determine the eligibility of the director candidate to serve as a member of the Board.

For a candidate to be considered by the Nominating and Governance Committee for nomination to the Board at an upcoming annual meeting, a stockholder recommendation must be received by our Corporate Secretary not less than 120 days prior to the anniversary date of the Company’s most recent annual meeting of shareholders.

The Nominating and Governance Committee believes that the minimum qualifications for serving as a director are that a nominee demonstrate: accomplishment in his or her field; an ability to make a meaningful contribution to the Board’s oversight of our business and affairs; and a record and reputation for integrity and ethical conduct in both his

or her professional and personal

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activities. In addition, the Nominating and Governance Committee examines: a candidate's specific experiences and skills; industry background and knowledge; time availability in light of other commitments; potential conflicts of interest; interpersonal skills and compatibility with the Board; ability to complement the competency and skills of the other Board members; and independence from management and the Company. The Nominating and Governance Committee also seeks to have the Board represent a diversity of backgrounds and experience.

The Nominating and Governance Committee annually reviews with the Board the requisite skills and characteristics of Board members, as well as the composition of the Board as a whole. This assessment includes a consideration of independence, diversity, age, skills, experience and industry backgrounds in the context of the needs of the Board and the Company, as well as the ability of current and prospective directors to devote sufficient time to performing their duties in an effective manner. Directors are expected to exemplify the highest standards of personal and professional integrity; and to constructively challenge management through their active participation and questioning. In particular, the Nominating and Governance Committee seeks directors with established strong professional reputations and expertise in areas relevant to the strategy and operations of the Company's businesses.

Board Meetings and Attendance

The Board held five (5) meetings in 2013. During 2013, each member of the Board attended 75% or more of the aggregate of (i) the total number of Board meetings held during the period of such member's service and (ii) the total number of meetings of committees on which such member served, during the period of such member's service.

Director Attendance at Annual Meetings of Stockholders

Directors are encouraged, but not required, to attend our annual stockholder meetings. All of our current directors attended our 2013 annual stockholder meeting.

Non-Employee Director Compensation

The Compensation Committee reviews and makes recommendations to the Board regarding the form and amount of compensation for non-employee directors. Directors who are employees of the Company receive no additional compensation for service on the Board. The Company's director compensation program is designed to enable continued attraction and retention of highly qualified directors by ensuring that director compensation is in line with peer companies competing for director talent, and is designed to address the time, effort, expertise and accountability required of active Board membership. In general, the Compensation Committee and the Board believe that annual compensation for non-employee directors should consist of both a cash component, designed to compensate members for their service on the Board and its Committees, and an equity component, designed to align the interests of directors with our stockholders and, by vesting over time, to create an incentive for continued service on the Board.

In August 2012, our Compensation Committee engaged Compensia, an independent third-party compensation consultant, to conduct a review of our director compensation plan and compensation programs at comparable companies. Our Compensation Committee, with the assistance of Compensia, selected the following companies to be our 2013 peer group ("2013 Peer Group") based on a number of factors, including market capitalization, industry, revenue, growth rate, operating margin in conjunction with revenue growth rate, complexity of operations, board size and composition and tenure as a publicly-traded company:

- | | |
|----------------------------|---------------------------|
| athenahealth, Inc. | NetSuite Inc. |
| CommVault Systems, Inc. | Qlik Technologies Inc. |
| Concur Technologies, Inc. | RealPage, Inc. |
| Cornerstone OnDemand, Inc. | Red Hat, Inc. |
| Fortinet, Inc. | Riverbed Technology, Inc. |
| Guidewire Software, Inc. | ServiceNow, Inc. |
| HomeAway, Inc. | Sourcefire, Inc. |
| Jive Software, Inc. | Splunk Inc. |
| LinkedIn Corporation | |

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Upon market review and the comparison of our performance versus the performance of the 2013 Peer Group, our Compensation Committee determined that it would be advisable to increase the amount of the lead director retainer, but otherwise maintain the director compensation plan that we adopted in 2012. In February 2013, our Compensation Committee recommended, and our Board approved, increasing the lead director retainer amount to \$25,000, with such increase effective on the date of the 2013 annual meeting. The other terms of our director compensation plan remained the same as those in the 2012 director compensation plan. Therefore, effective May 9, 2013, our director compensation plan for all non-employee directors was as follows (all retainers are annual amounts paid quarterly):

General Board member retainer	\$40,000
Lead director retainer	\$25,000
Audit Committee Chair retainer	\$26,000
Compensation Committee Chair retainer	\$16,000
Nominating and Governance Committee Chair retainer	\$12,000
Audit Committee member retainer	\$13,000
Compensation Committee member retainer	\$10,000
Nominating and Governance Committee member retainer	\$6,000
Initial equity grant	\$360,000 value (50% stock options and 50% restricted stock units) (1)(2)
Annual equity grant	\$240,000 (50% stock options and 50% restricted stock units) (1)(3)

The value of the stock options will be determined as of the date of grant using the Black-Scholes option-pricing (1) model. All options granted will have an exercise price equal to the closing price per share of our common stock on the date of grant.

The grant is awarded on or about the date on which each person first becomes a non-employee director. This initial equity grant applies only to non-employee directors becoming a director after the date of adoption of the revised (2) director compensation plan. One-third of each stock option vests on the first anniversary of the grant date, with the remainder vesting ratably over the next 24 months, subject to continued service through each applicable date. One-third of each restricted stock unit vests on each of the first three anniversaries of the vesting commencement date, subject to continued service through each applicable date.

The grant is awarded to continuing directors on the date of our annual meeting of stockholders if, as of such date, a director has served on the Board for at least the preceding six months. Each equity award will fully vest on the (3) earlier of (i) the date of the next year's annual stockholder meeting or (ii) December 31 of the calendar year following the calendar year in which the award is granted, whichever is earlier, subject to continued service through the applicable date. The number of restricted stock units granted will be calculated using the closing price of a single share of our common stock on the date of our annual shareholder meeting, and the number of options granted will be calculated using the fair value of the options as calculated on the date of our annual shareholder meeting using the Black-Scholes valuation method.

Non-Employee Director Compensation Table for Year Ended December 31, 2013

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (1)	Total
Mark Bonham (2)	\$36,317	\$119,992	\$120,007	\$276,316
Steven M. Cakebread	89,236	119,992	120,007	329,235
J. Benjamin Nye	56,000	119,992	120,007	